



COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2013

COUNTY COUNCIL

Phillip M. Taylor, Sr., Chairman
Evon Robinson, Sr.
Gene Whetsell
Steven D. Murdaugh
Joseph F. Flowers, MD

COUNTY ADMINISTRATOR

Kevin Griffin

ADMINISTRATIVE SERVICES DIRECTOR/CFO

Dennis E. Averkin

PREPARED BY:
FINANCE DEPARTMENT

Colleton County, South Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

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INTRODUCTORY SECTION

Colleton County, South Carolina



December 2, 2013

To The Honorable Chairman & Honorable Members of County Council and the Citizens of Colleton County, South Carolina:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Colleton County for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations management of the County has established a comprehensive internal control framework, that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, Colleton County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Baird and Company, CPAS, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Colleton County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Colleton County was founded in 1682 through a land grant to Sir John Colleton by King Charles II, of England and was one of the original proprietary counties in the present-day Carolinas. It is located in the Lowcountry region of South Carolina, midway between Charleston, South Carolina and Savannah, Georgia on the I-95 corridor. The County currently occupies a land area of approximately 1,100 square miles and has a population of roughly 38,153 (2012 estimate). The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

The County operates under the Council-Administrator form of government. Policy-making and legislative authority are vested in a governing council consisting of five members. Policy-making and legislative authority are vested with the Council along with passing ordinances, adopting the budget, appointing committees, and hiring both the County Administrator and County Attorney. The government's Administrator is responsible for carrying out policies and ordinances of the governing council, for overseeing the day-to-day operations of the County, and for appointing the heads of various departments. The five Council members are each elected to four-year staggered terms, with three council members elected every two years, and two elected every two years. County elections occur in the spring of even-numbered years.

The County provides a full range of services including police and fire protection, assessment and taxation, corrections, roads and bridges maintenance, recreation, recreational activities, animal and environmental control, cultural events, court services, planning and development services, and economic development. In addition to the various operational departments of the County, two discreetly presented component units of Colleton County (Colleton County Economic Development Corp.'s One and Two) were established in 2012 to aggressively promote and preserve job opportunities and increase per capita income by rehabilitating vacant commercial properties with environmental issues and recruiting high quality, environmentally-conscious industries to re-locate and purchase these properties.

The annual budget serves as the foundation for the County's financial planning and control. All departments of Colleton County are required to submit requests for appropriations to the manager on or before the last day in March each year. The County Administrator uses these requests as the starting point for developing a proposed budget. The County Administrator then presents this proposed budget to the Council for review prior to May 15th of each year. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30th, the close of the County's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the Administrator at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 54 as part of the required supplementary information for governmental funds.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy

The County's fiscal year 2013 assessable property tax base is \$124,529,285. As reported by the US Census Bureau, per capita income for the County in 2012 was \$18,221 for Colleton County as a whole and \$23,906 for South Carolina. Median household income in the County was \$31,289 compared to \$44,623 for South Carolina.

The U.S. Census Bureau estimated the 2012 population for the Colleton County to be 38,153. For 2013, the U.S. Census Bureau estimates that the overall County population has declined by 1.9% since 2010. To date, there are approximately 1,900 single family homes in Colleton County. Historically, Colleton County has had fairly static growth in population since 1940, the County has experienced significant job growth and had significant investment within the past year. The County population base is primarily located within the Walterboro City Census Division (CCD), which had 20,542 persons in 2000, nearly 54% of the total county population. The Hendersonville and Cottageville CCDs totaled 5,996 and 5,365 respectively or almost 30% of the county population in 2000.

Colleton County has 5 interchanges along Interstate 95 with Exits 42, 53, 57, 62, and 68. Two major arterials, US Highway 17 (running north/south) and SC Highway 17A (running north/south) accommodate a majority of the traffic in Colleton County that transits to Charleston, Beaufort, Savannah and Summerville respectively. The County seat, the City of Walterboro, is the economic center of the county and is located midway between exits 53 and 57.

Colleton County has been proactive in attracting new industry to its three industrial parks, the Colleton County Commerce Center, the Airport Industrial Park and the Colleton Venture Park. In the past year, two new manufacturing industries have re-located to Colleton County creating over 200 jobs and over 50 million dollars in new investment, thanks in part to a skilled workforce, attractively-priced industrial space and excellent road and airport connectivity. Additionally, a new Career Skills Center has been constructed in the Airport Industrial Park that allows employers to train their workforces using incentives provided by "*Workforce Training with ReadySC™*". The Lowcountry Regional Airport located near Walterboro has a 6,002 ft runway with ILS, GPS, ADS-B Tower and RCO with parallel taxiway. Prospects for industrial development with a heavy focus on exporting are encouraging, due to numerous available Level IV certified Foreign Trade Zone sites combined with interstate or airport access connections. Colleton County is attractively situated approximately 45 miles from the Port of Charleston, South Carolina. Economic development remains the chief driver of the County's efforts at improving the quality of life for residents. A major cornerstone of this effort is the groundbreaking of the County's Commerce Center Speculative Building II located at Exit 62 off Interstate 95, with expected completion in the summer of 2014.

Civic uses have also increased in recent years. The County has recently completed construction of one of the most modern multi-field baseball recreation complexes in the state of South Carolina, the ACE Basin Sports Complex, which hosts baseball and softball tournaments that include participants from throughout the Southeast. The nationally acclaimed, award-winning Colleton Museum and Farmer's market also opened recently and has been a major success in drawing tourists and locals alike to the County. Located within County limits, The University of South Carolina - Salkehatchie ("USC-Salk") has a four-year university campus established in 1965 as a regional center of the University of South Carolina with over 900 students enrolled. USC-Salkehatchie offers bachelor degrees in Elementary Education, Nursing, Liberal Studies and Organizational Leadership. The 131 bed, acute-care Colleton Medical Center Hospital facility is regionally affiliated with 6-member HCA South Atlantic network and has provided services for over 50 years. Colleton County has significant tourism that includes Edisto Beach and the Ashepoo, Combahee, and Edisto River Basins also known as the ACE Basin. Tourism is vibrant within these areas of the County with abundant recreational and eco-tourism opportunities.

Long-Term Financial Planning

The County closed FY13 with a strong financial position as noted with Moody's rating on Colleton County Government debt at Aa3. Additionally, Standard & Poor's rating on County Debt is at A+. Total fund balance and unassigned fund balance as of June 30, 2013, in the General Fund was \$7,929,223 and \$7,921,046 respectively. These figures represent 33.5% and 33.4% of total expenditures, respectively. County budget ordinance requires the general fund balance to be 25% of total expenditures. As a reference point, 15% is the minimum level of general fund unassigned fund balance recommended by the GFOA in its 2002 and 2009 "Best Practice" bulletins.

Pension Plans

Eligible employees of the County are participants in the South Carolina Retirement System (SCRS) and the South Carolina Police Retirement System (PORS), both of which are cost sharing multiple-employer defined benefit plans administered by the Retirement Division of the State Budget and Control Board. SCRS and PORS provide retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits to plan members and beneficiaries. The plans' provisions are established under Title 9 of the South Carolina Code of Laws. A comprehensive annual financial report containing financial statements and required supplementary information for the South Carolina Retirement System and the South Carolina Police Officers Retirement System are issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, South Carolina 29211-1960.

Economic Development Goals & Strategies

The County actively promotes quality land use development, provides exceptional educational opportunities to the existing work force, facilitates the expansion of existing businesses, and actively assists/promotes with the location of new industries in Colleton County. The County continues to improve educational and training opportunities to help Colleton County residents improve their job skills and train for new careers. Lastly, the County actively encourages expansion of existing facilities and the location of new industries to help diversify the existing opportunities for employment in Colleton County by working with the 7-member board of the Colleton County Development Board whose mission is to "promote the economic growth of Colleton County through new and expanding manufacturing, distribution, aviation, and healthcare investments which will create quality jobs, improve per-capita income, and broaden the tax base".

Risk Management

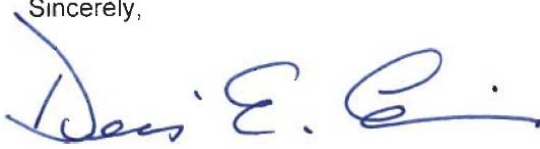
The County is exposed to various risks related to torts, theft of, damage to, and destruction of assets, errors and omission, injuries to employees and natural disasters. The County, along with other counties in the state, is insured under the Insurance Reserve Fund. The Insurance Reserve Fund functions as a governmental insurance operation with the mission to provide insurance specifically designed to meet the needs of governmental entities at the lowest possible cost. The Insurance Reserve Fund operates like an insurance company, by issuing policies, collecting premiums (based on actuarially calculated rates), and by paying claims from the accumulated premiums in accordance with the terms and conditions of the insurance policies it has issued. The Insurance Reserve Fund uses Towers Watson, as its consulting actuaries in determining rates, IBNR reserves, adequacy of loss reserves, and adequacy of policyholders' equity in making management recommendations to the Budget and Control Board regarding the financial management of the Fund.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement in Financial Reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report will conform to certificate of achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of the comprehensive annual financial report would not have been possible without the assistance of the Finance Department staff. The hard work and dedication of these individuals significantly contributed to the completion of this document. Moreover, the support and leadership of the County Council have been instrumental in the development of this project.

Sincerely,



Dennis E. Averkin
Administrative Services Director/CFO



J. Kevin Griffin
County Administrator

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COLLETON COUNTY VOTERS

COLLETON COUNTY GOVERNMENT

BOARD OF EDUCATION

SUPERINTENDENT OF EDUCATION

SCHOOL OPERATIONS

CONSTITUTIONAL & GENERAL ASSEMBLY CREATED OFFICES

AUDITOR

CLERK OF COURT

CORONER

SHERIFF

E-911

JAIL

TREASURER

COLLETON COUNTY COUNCIL

COUNTY ATTORNEY

CLERK TO COUNCIL

ALCOHOL & DRUG COMMISSION

LIBRARY BOARD

COUNTY ADMINISTRATOR

ADMINISTRATIVE SERVICES DIRECTOR/CFO
 Accounts Payable/Payroll
 Accounting/Audits
 Fixed Assets/ Reporting
 Procurement

Government Affairs Manager
 Administrator Support
 Public Relations
 Insurance Services
 Legal Liaison

County Engineer
 Project Management
 CTC

JUDICIAL

PROBATE JUDGE

PUBLIC DEFENDER

SOLICITOR

CIRCUIT COURT

FAMILY COURT

MAGISTRATES

LEGISLATIVE DELEGATION

BOARD of ELECTIONS & VOTER REGISTRATION

VETERAN'S AFFAIRS OFFICE

COUNTY TRANSPORTATION COMMITTEE (CTC)

DELEGATION SECRETARY

ANIMAL & ENVIRONMENTAL CONTROL

- Responses Adoptions
- Pickup and Protection
- Ordinance Enforcement
- Emergency

FACILITIES MGMT

- Building Maintenance
- Custodial Services
- Landings
- Grounds Maintenance

ECONOMIC DEVELOPMENT

- Industrial Parks
- Project Recruiting
- Expansion & Retention
- Workforce Dev.
- Partnerships

FIRE/ RESCUE

- Fire Response Services
- Ambulatory Services
- Rescue Services
- Fire Prevention

TECHNOLOGY

- IS Plan
- IS Operations & Installations
- LAN/WAN Maintenance
- IP Phone System
- GIS System

MUSEUM

- Operations Community Activities
- Farmers Market
- Fundraising

PLANNING & DEVELOPMENT

- Land Use Planning/ Administration
- Flood Plain Administration
- Building Inspection
- Nuisance Enforcement

Human Resources

- Safety
- Injury at Work Prevention
- Workers Comp

ROADS & BRIDGES

- Road Repair Maintenance
- Paved Road Repairs

SOLID WASTE

- Transfer Station
- Convenience Centers
- C&D Landfill

TAX ASSESSOR

- Land Use/Tax Determinations
- Re-Appraisal

DELINQUENT TAX

- Delinquent Property Tax Collection
- Mobile Home Decal

EMERGENCY PREPAREDNESS

- Disaster Planning
- EOP
- EOC
- LEPC

Recreation

- Parks
- Active Recreation
- Fitness

Register of Deeds

- Plats
- Deeds
- Recording

GENERAL COUNTY OPERATIONS

FLEET MGMT

- Vehicle Repair Maintenance
- Vehicle Purchasing
- Project Management



**COLLETON COUNTY
SOUTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2013**

TITLE	NAME
County Administrator	Kevin Griffin
Chairman	Phillip M. Taylor, Sr.
Council Member	Evon Robinson, Sr.
Council Member	Gene Whetsell
Council Member	Steven D. Murdaugh
Council Member	Joseph F. Flowers, M.D.
Administrative Services Director/CFO	Dennis Averkin
Auditor	James O. Hiott, Jr.
Clerk of Court	Patricia Grant
Treasurer	Becky S. Hill
Sheriff	R.A. Strickland
Coroner	Richard M. Harvey
Probate Judge	Ashley H. Amundson
Chief Magistrate	Kenneth A. Campbell, Jr.

FINANCIAL SECTION

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Colleton County Commission on Alcohol and Drug Abuse, a discretely presented component unit, whose statements reflect total assets of \$419,036 and total net position of \$372,431 as of June 30, 2013, and total general revenues of \$901,472 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Colleton County Commission on Alcohol and Drug Abuse, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits and the report of the other auditors, 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, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the schedule of funding progress on pages 11 through 20, page 54, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Colleton County, South Carolina's basic financial statements. The introductory section, combining individual fund statements and schedules, statement of changes in assets and liabilities – agency funds, schedule of court fines, assessments, and surcharges, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements.

The combining individual fund statements and schedules, statement of changes in assets and liabilities – agency funds, schedule of court fines, assessments, and surcharges, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The combining individual fund statements and schedules, statement of changes in assets and liabilities – agency funds, schedule of court fines, assessments, and surcharges, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 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* in considering Colleton County, South Carolina's internal control over financial reporting and compliance.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
December 2, 2013

COLLETON COUNTY, SOUTH CAROLINA Management's Discussion and Analysis

As management of Colleton County, South Carolina, (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013. Please read this information in conjunction with the detail statements and notes to the financial statements in order to achieve a better understanding of the County's financial performance for the fiscal year.

Financial Highlights

- FY 2013 General Fund Revenues were \$25,545,838 and General Fund Expenditures were \$23,687,307. The County General Fund, when normalized by removing capital bond and lease purchase proceeds and related expenditures, grew from \$7,436,492 at the beginning of FY 2012 to \$7,929,223 at the end of FY 2013.
- The assets of the County exceed its liabilities at the close of the most recent fiscal year by \$49,182,945 (net position). Of this amount, \$10,997,674 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors. The County's net position decreased by \$1,612,637. When normalized by assets held by non-major component units (CCEDC One and Two, Alcohol & Drug) of the County, net position is \$51,347,529 an increase of \$551,947 over the prior year.
- At the close of the current fiscal year the County's governmental funds reported combined ending fund balances of \$19,524,418, a decrease of \$2,580,646. This decrease is attributable to capital expenditures on the ACE Basin Recreation complex (G.O. Bond Proceeds) and equipment expenditures (2011-2012 Lease Purchase Proceeds).

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 the County and are similar to financial statements issued in the private sector. They include a statement of net position and a statement of activities. These statements appear on pages 21 and 22 of this report.

Component Units, which are other governmental units over which the County 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 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 non-major component units to the primary government are the Colleton County Memorial Library and the Colleton County Fire and Rescue Commission. Non-major component units include CCEDC One, CCEDC Two, and the Alcohol and Drug Commission.

The statement of net position shows the County's assets less its liabilities at June 30, 2013. The difference between these assets and liabilities is reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position.

The statement of activities follows the statement of net position and presents information showing how the net position 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 intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The County has no business-type activities. Governmental activities reported in the statements include general government, judicial, public safety, streets and highways, sanitation, recreation and culture, health and human services, intergovernmental, and economic development.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Colleton County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Colleton County Government can be divided into two categories: governmental and fiduciary.

Governmental Funds – Governmental funds, presented on pages 23 and 25, essentially account for the same functions as those reported under the government-wide statement of net position 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 the 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 funds 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 the County's statements include one major fund, the Colleton County General Fund. Although there are many smaller funds in the County government reporting system, they have been presented in a total column termed "Non-major Governmental Funds". Combining statements for these other governmental funds have been presented on pages 58 to 70 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 27 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 to the financial statements are presented on pages 28 to 53 of this report.

Other Information – In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the County's budget. Also included is the schedule of funding progress for the OPEB health plan.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 58 – 82 of this report.

A schedule for court fines, assessments, and surcharges has been presented on page 85 in accordance with state law.

Government-wide Financial Analysis

As noted earlier, over time net position 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 \$49,182,945 at June 30, 2013, as compared to \$50,982,093 at June 30, 2012.

COLLETON COUNTY, SOUTH CAROLINA NET POSITION		
	Governmental Activities	
	2013	2012
Assets		
Current and other assets	\$ 26,893,194	\$ 29,409,781
Capital assets	42,987,891	43,568,075
Total assets	<u>69,881,085</u>	<u>72,977,856</u>
Liabilities		
Long-term liabilities	15,604,602	16,895,853
Other liabilities	5,093,538	5,099,910
Total liabilities	<u>20,698,140</u>	<u>21,995,763</u>
Net Position		
Investment in capital assets, net of related debt	29,208,570	28,162,225
Fund balance:		
Restricted	8,976,701	10,192,511
Unrestricted	10,997,674	12,627,357
Total net position	<u>\$ 49,182,945</u>	<u>\$ 50,982,093</u>

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

By far the largest portion of the County net position \$29,208,570 (60%) represents its 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, 2013, as compared to \$28,162,225 (55%) at June 30, 2012. 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, 2013, the County had a net position restricted for Debt Service in the amount of \$1,970,937, as compared to \$1,455,356 restricted at June 30, 2012.

The restricted portion of net position of \$8,976,701 (18%) represents the balances of net position that have restricted resources and are not available to fund other commitments. The restricted net position relate to solid waste, debt service accounts, economic development, emergency and law enforcement services, and other revenue sources that are earmarked for specific County functions.

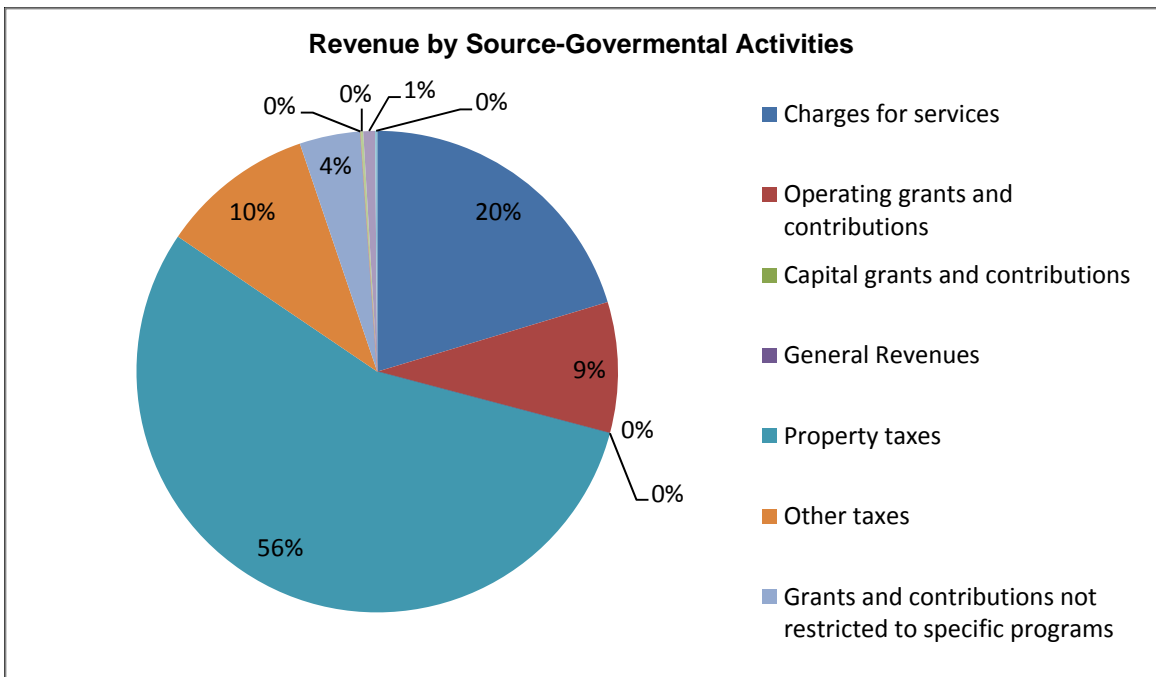
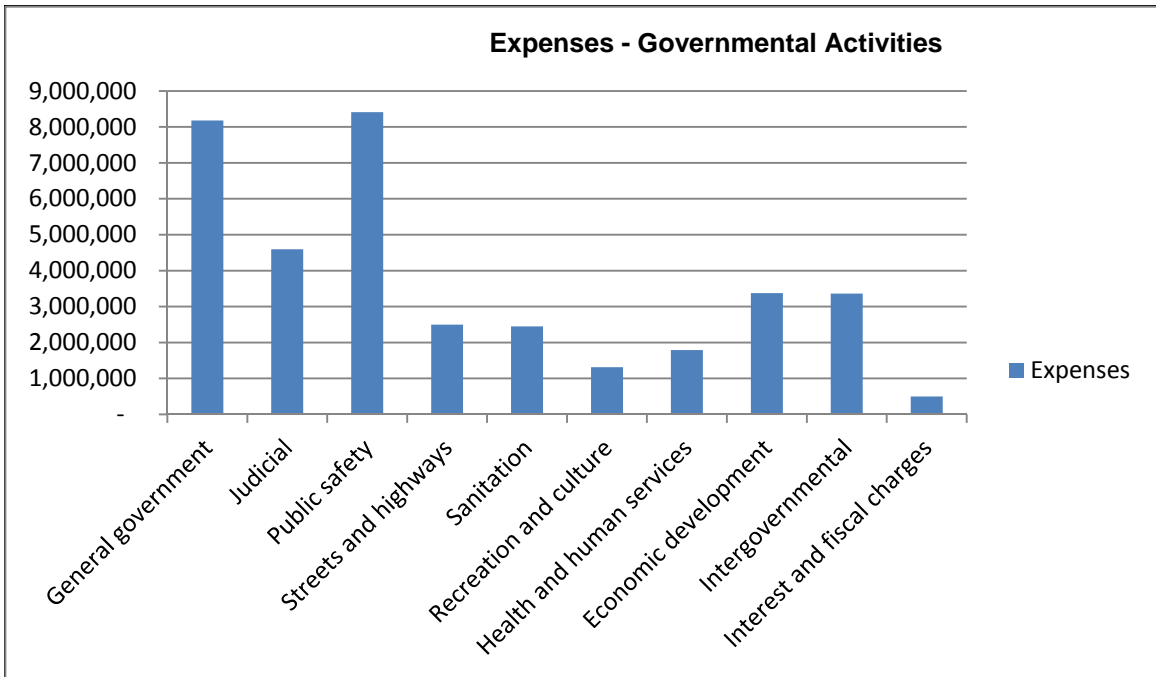
The balance of unrestricted net position, \$10,997,674 (22%), may be used to meet the County's ongoing obligations to citizens and creditors.

Governmental Activities. The County's total net position decreased \$1,612,637 in 2013 compared to an increase of \$2,295,853 in 2012. Key elements of this change in net position are as shown in the following table.

COLLETON COUNTY, SOUTH CAROLINA CHANGES IN NET POSITION		
	Governmental Activities	
	2013	2012
Revenues:		
Program Revenues		
Charges for services	\$ 7,107,783	\$ 6,628,878
Operating grants and contributions	3,073,637	3,540,479
General Revenues		
Property taxes	19,352,855	20,945,671
Other taxes	3,603,539	3,592,909
Grants and contributions not restricted to specific programs	1,430,665	1,197,122
Gain on sale of capital assets	66,667	227,984
Miscellaneous income	271,784	390,982
Transfers	(52,796)	-
Total Revenues	<u>34,854,134</u>	<u>36,524,025</u>
Expenses:		
Governmental Activities:		
General government	8,178,472	8,000,488
Judicial	4,594,583	4,996,680
Public safety	8,410,210	8,202,681
Streets and highways	2,496,358	2,320,046
Sanitation	2,449,740	2,280,816
Recreation and culture	1,313,153	1,036,373
Health and human services	1,789,799	1,672,744
Economic development	3,373,628	2,027,728
Intergovernmental	3,360,676	3,130,391
Interest and fiscal charges	500,152	560,225
Total Expenses	<u>36,466,771</u>	<u>34,228,172</u>
Change in Net Position	(1,612,637)	2,295,853
Net Position, beginning of year	50,982,093	48,686,240
Prior period adjustment	(186,511)	-
Net Position, end of year	<u>\$ 49,182,945</u>	<u>\$ 50,982,093</u>

During the current fiscal year, net position for governmental activities decreased \$1,612,637 from the prior fiscal year for an ending balance of \$49,182,945. Overall expenses were up \$2,238,599 primarily related to the ACE Basin Sports Complex completion and capital equipment purchases. Economic Development was up as related to the disposition of property held for resale regarding the speculative building at the Colleton Commerce Center.

The prior period adjustment of \$186,511 represents the correction of an error of \$513,218 in reporting property held for resale as capital assets less \$699,729 that reflected the implementation of GASB Statement No. 65 to remove bond issuance costs.



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, unassigned fund balance may serve as a useful measure of the County's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County, itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County Council.

At June 30, 2013, the County's governmental funds reported combined fund balances of \$19,524,418, a decrease of \$2,580,646 in comparison with the prior year. Approximately 41% of this amount \$7,921,046 constitutes *unassigned fund balance*, with is available for spending at the County's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$573,751), 2) restricted for particular purposes (\$7,731,053), 3) committed for particular purposes (\$3,136,266), 4) assigned for particular purposes (\$162,302).

The general fund is the chief operating fund of the County. At June 30, 2013, unassigned fund balance of the general fund was \$7,921,046. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 33.4 percent of total general expenditures, while total fund balance represents approximately 33.4 percent. County ordinance requires that unassigned fund balance be maintained at 25% of total general fund expenditures.

During the current fiscal year, the fund balance of the County's general fund decreased by \$1,257,666. As indicated on page 54 of the financial report, this decrease is attributable to capital expenditures on the ACE Basin Recreation complex (G.O. Bond Proceeds) and equipment expenditures (2011-2012 Lease Purchase Proceeds).

General Fund Budgetary Highlights

There was a downward variance in revenues of (\$205,510) in vehicle tax collections related to vehicle tax collections of \$1,195,000 as compared to the budget of \$1,461,000. This variance in revenues is related to the delayed billing of the 120 days dealer bills within the Auditor's office. There was a downward variance in revenues of (\$195,000) in Magistrate fines collected at \$365,000 compared to the budget of \$560,000. This variance in revenues is primarily related to the administration change with a newly elected Sheriff taking office and numerous deputy positions remaining open for an extended period. The downward revenue variances were offset by reduced spending on operations to from the budgeted \$25,304,713 to actual expenditures of \$23,687,307. Final revenues were \$25,545,838 with final expenditures at \$23,687,307.

Capital Asset and Debt Administration

Capital Assets – the County’s investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$42,987,891 (net of accumulated depreciation) as compared to \$43,568,076 at June 30, 2012. 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 2013 include some of the following:

- Recreational Complex & Improvements - \$4,454,764
- Heavy Equipment/Tractors/Compactors - \$195,098
- Jail Camera System - \$16,064
- Building Renovations - \$148,095
- Server Replacement - \$36,938
- Ambulances - \$394,609
- Vehicles & Forklift - \$518,271

Additional information on the County’s capital assets can be found on pages 49 to 51 in the notes to the financial statements. Please note that these assets do not include assets held by CCEDC One and Two and the Alcohol and Drug Abuse Commission valued at \$2,164,584.

COLLETON COUNTY, SOUTH CAROLINA CAPITAL ASSETS - NET OF DEPRECIATION

Governmental Activities	2013	2012
Land and land infrastructure	\$ 8,210,386	\$ 8,723,604
Construction in progress	319,596	3,358,259
Buildings and improvements	16,757,340	17,472,159
Improvements other than buildings	6,606,784	2,602,507
Equipment and vehicles	6,507,612	6,726,835
Infrastructure	4,586,173	4,684,712
Total	<u>\$ 42,987,891</u>	<u>\$ 43,568,076</u>

Debt Administration - On June 30, 2013, Colleton County had long term obligations of \$15,604,602 compared to outstanding debt at June 30, 2012 totaling \$17,545,691, which represents a 14.0% decrease from the prior fiscal year. During the fiscal year, no new debt was issued. Payments on debt were made in accordance with the scheduled debt payments.

COLLETON COUNTY, SOUTH CAROLINA LONG TERM OBLIGATIONS

Governmental Activities	2013	2012
General obligation bonds	\$ 7,280,000	\$ 8,206,240
Special source revenue	4,455,000	5,033,701
Capital leases	1,526,344	2,109,152
Net OPEB obligation	890,273	649,838
Note payable	517,977	677,062
Landfill closure and post closure costs	430,950	406,447
Compensated absences	504,058	463,251
Total	<u>\$ 15,604,602</u>	<u>\$ 17,545,691</u>

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 2012 tax assessments is \$10,536,276 for fiscal year ending June 30, 2013, which represents a 4.6 percent increase from the prior year capacity of \$10,068,526 at June 30, 2012.

Debt Rating - On January 20, 2012, Moody's Investor Services listed their rating on Colleton County debt at Aa3. Additionally, Standard and Poor's listed its rating on County debt at A+. S&P's rating 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 passed budget ordinance no. 13-O-03 to provide for the levy of taxes in Colleton County, South Carolina with third and final reading on June 4, 2013 to be effective July 1, 2013 through June 30, 2014. The following budgets and millages were approved by this ordinance:

	<u>Amount</u>	<u>Millage</u>
General Fund	\$ 24,913,152	108.45
Debt Service Fund	1,380,660	7.41
Fire Rescue Commission	7,830,422	33.56
Fire Rescue Commission Debt Service	1,731,935	17.67
Capital Fund	1,551,907	-
Special Revenue Fund SRO	3,007,650	-
Memorial Library Fund	552,165	-
IV-D Sheriff Unit Costs	12,936	-
IV-D Clerk of Court Unit Costs	135,281	-
IV-D clerk of Court Fund Incentives	43,066	-
Victim Witness Services	53,927	-
Animal Care & Control	18,500	-
SSRB Canady's DSF	1,119,366	-
Non-GOB Related Debt Service	311,076	-
Emergency Telephone Fund	323,655	-
Infrastructure/Industrial Development Fund	664,896	-
SSRB Economic Dev & Capital Improvements Fund	649,130	-
County Hospitality Tax Fund	455,630	-
County Accommodations Tax Fund	374,742	-
Recreation Fund	843,632	-
Road & Bridges Fund	2,049,525	-
Solid Waste Fund	2,520,012	-
Total	<u>\$ 50,543,265</u>	<u>167.09</u>

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 Chief Financial Officer, P.O. Box 157, Walterboro, SC 29488.

BASIC FINANCIAL STATEMENTS

COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Component Units			
	Governmental Activities	Memorial Library	Fire and Rescue Commission	Other Nonmajor
Assets				
Cash and cash equivalents	\$ 1,244,237	\$ 92,487	\$ 12,410	\$ 518,222
Investments	17,827,347	-	928,639	-
Restricted cash	414,676	-	2,075,547	-
Receivables, net of allowances	4,083,775	3,132	2,312,153	85,332
Notes receivable	-	-	-	680,000
Due from other funds	1,897,780	-	-	-
Due from component units	625,585	-	-	14,945
Due from agency funds	6,823	-	-	-
Due from primary government	-	-	42,506	-
Prepays and deposits	225,296	9,169	114,710	-
Assets held for resale	567,675	-	-	866,085
Capital assets				
Nondepreciable	8,529,981	-	2,047,196	-
Depreciable, net of accumulated depreciation	34,457,910	259,278	8,583,749	-
Total assets	<u>\$ 69,881,085</u>	<u>\$ 364,066</u>	<u>\$ 16,116,910</u>	<u>\$ 2,164,584</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 1,211,524	\$ 4,254	\$ 250,521	\$ 32,841
Payroll liabilities	592,149	15,968	184,547	-
Accrued liabilities	635,378	-	77,312	-
Due to other funds	1,897,780	-	-	-
Due to agency funds	195,348	-	-	-
Due to component units	42,506	-	-	14,945
Due to primary government	-	39,223	586,362	-
Unearned revenues	518,853	10,291	-	-
Noncurrent liabilities				
Due within one year	2,370,488	3,357	1,216,685	2,065
Due in more than one year	13,234,114	97,626	8,660,283	11,699
Total liabilities	<u>20,698,140</u>	<u>170,719</u>	<u>10,975,710</u>	<u>61,550</u>
Net position				
Invested in capital assets, net of related debt	29,208,570	259,278	1,145,945	-
Restricted				
Community development	223,453	-	-	-
Emergency services	391,749	-	-	-
Fire and rescue services	-	-	1,809,174	-
Courts administration	158,274	-	-	-
Law enforcement	141,075	-	-	-
Solid waste	1,042,499	-	-	-
Economic development				
Expendable	4,471,160	-	-	184,518
Nonexpendable	567,675	-	-	1,546,085
Debt service	1,970,937	-	516,444	-
Other purposes	9,879	-	-	-
Unrestricted	10,997,674	(65,931)	1,669,637	372,431
Total net position	<u>49,182,945</u>	<u>193,347</u>	<u>5,141,200</u>	<u>2,103,034</u>
Total liabilities and net position	<u>\$ 69,881,085</u>	<u>\$ 364,066</u>	<u>\$ 16,116,910</u>	<u>\$ 2,164,584</u>

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
					Governmental Activities	Memorial Library	Fire and Rescue Commission	Other Nonmajor
Primary Government								
Governmental activities								
General government	\$ 8,178,472	\$ 483,659	\$ 102,696	\$ -	\$ (7,592,117)	\$ -	\$ -	\$ -
Judicial	4,594,583	2,769,668	415,402	-	(1,409,513)	-	-	-
Public safety	8,410,210	364,705	777,440	-	(7,268,065)	-	-	-
Streets and highways	2,496,358	1,015,102	55,155	-	(1,426,101)	-	-	-
Sanitation	2,449,740	1,636,460	118,701	-	(694,579)	-	-	-
Recreation and culture	1,313,153	210,835	58,167	-	(1,044,151)	-	-	-
Health and human services	1,789,799	627,354	538,086	-	(624,359)	-	-	-
Economic development	3,373,628	-	1,007,990	-	(2,365,638)	-	-	-
Intergovernmental	3,360,676	-	-	-	(3,360,676)	-	-	-
Interest and fiscal charges	500,152	-	-	-	(500,152)	-	-	-
Total governmental activities	<u>36,466,771</u>	<u>7,107,783</u>	<u>3,073,637</u>	<u>-</u>	<u>(26,285,351)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units								
Memorial Library	812,737	27,706	648,931	93,136		(42,964)	-	-
Fire and Rescue Commission	8,979,774	1,293,992	2,793,230	-		-	(4,892,552)	-
Other Nonmajor	917,336	377,085	1,504,558	-		-	-	964,307
Total component units	<u>\$ 10,709,847</u>	<u>\$ 1,698,783</u>	<u>\$ 4,946,719</u>	<u>\$ 93,136</u>		<u>(42,964)</u>	<u>(4,892,552)</u>	<u>964,307</u>
			General Revenues					
			Property taxes		19,352,855	-	4,412,902	-
			Local option sales tax		2,681,641	-	-	-
			Local accommodations tax		386,578	-	-	-
			Hospitality tax		474,921	-	-	-
			Franchise fees		60,399	-	-	-
			Grants and contributions not restricted to specific programs		1,430,665	-	-	-
			Gain/Loss on sale of assets		66,667	-	800	-
			Miscellaneous		271,784	1,512	92,746	10,298
			Transfers		(52,796)	-	52,796	-
			Total general revenues		<u>24,672,714</u>	<u>1,512</u>	<u>4,559,244</u>	<u>10,298</u>
			Change in net position		(1,612,637)	(41,452)	(333,308)	974,605
			Net position - beginning of year		50,982,093	176,118	5,570,939	1,128,429
			Prior period adjustment		(186,511)	58,681	(96,431)	-
			Net position - end of year		<u>\$ 49,182,945</u>	<u>\$ 193,347</u>	<u>\$ 5,141,200</u>	<u>\$ 2,103,034</u>

**COLLETON COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,247,825	\$ 1,247,825
Investments	7,342,774	10,484,573	17,827,347
Receivables, net of allowances	3,109,277	974,498	4,083,775
Due from other funds	1,248,699	649,081	1,897,780
Due from component units	625,585	-	625,585
Due from agency funds	6,823	-	6,823
Prepaid expenses	6,076	-	6,076
Assets held for resale	-	567,675	567,675
Restricted cash	2,101	412,575	414,676
Total assets	<u>\$ 12,341,335</u>	<u>\$ 14,336,227</u>	<u>\$ 26,677,562</u>
LIABILITIES			
Cash overdraft	\$ 3,588	\$ -	\$ 3,588
Accounts payable	769,301	442,223	1,211,524
Accrued payroll and benefits	465,214	126,935	592,149
Accrued expenses	408,259	75,707	483,966
Due to other funds	649,081	1,248,699	1,897,780
Due to component units	42,506	-	42,506
Due to agency funds	195,348	-	195,348
Unearned revenue	124,057	394,796	518,853
Total liabilities	<u>2,657,354</u>	<u>2,288,360</u>	<u>4,945,714</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	1,754,758	124,430	1,879,188
Unavailable revenue-special assessments	-	328,242	328,242
Total deferred inflows of resources	<u>1,754,758</u>	<u>452,672</u>	<u>2,207,430</u>
FUND BALANCES			
Nonspendable			
Property held for resale	-	567,675	567,675
Prepaid items	6,076	-	6,076
Restricted			
Community development	-	223,453	223,453
Emergency services	-	391,749	391,749
Courts administration	-	158,274	158,274
Law enforcement	2,101	141,075	143,176
Solid waste	-	362,425	362,425
Economic development	-	4,471,160	4,471,160
Debt service	-	1,970,937	1,970,937
Other purposes	-	9,879	9,879
Committed			
Economic development	-	821,396	821,396
Streets and highways	-	592,371	592,371
Solid waste	-	680,074	680,074
Recreation and culture	-	1,042,425	1,042,425
Assigned	-	162,302	162,302
Unassigned	7,921,046	-	7,921,046
Total fund balances	<u>7,929,223</u>	<u>11,595,195</u>	<u>19,524,418</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,341,335</u>	<u>\$ 14,336,227</u>	<u>\$ 26,677,562</u>

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2013**

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

Total fund balances - governmental funds		\$ 19,524,418
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Land and land infrastructure	8,210,386	
Construction in progress	319,596	
Buildings and improvements, net of accumulated depreciation of \$8,462,011	16,757,340	
Improvements other than buildings, net of accumulated depreciation of \$2,478,056	6,606,784	
Equipment and vehicles, net of accumulated depreciation of \$12,632,890	6,507,612	
Infrastructure, net of accumulated depreciation of \$4,218,776	<u>4,586,173</u>	
		42,987,891
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds.		
Property taxes and other special assessments		2,207,430
Disbursements for insurance coverage reflected in the funds cover periods extending beyond year-end.		
		219,220
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period, and therefore, are not reported in the funds.		
General obligation bonds	(7,280,000)	
Note payable	(517,977)	
Special source revenue bonds	(4,455,000)	
Capital leases	(1,526,344)	
Compensated absences	(504,058)	
Landfill closure and post closure cost	(430,950)	
Accrued interest	(151,412)	
OPEB obligation	<u>(890,273)</u>	
		<u>(15,756,014)</u>
Total net position - governmental activities		<u>\$ 49,182,945</u>

The notes to the financial statement are an integral part of this statement.

COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenue			
Taxes	\$ 19,933,715	\$ 3,951,442	\$ 23,885,157
Intergovernmental revenues	1,648,429	2,855,873	4,504,302
Fines, fees, and service charges	3,933,940	3,173,843	7,107,783
Other income	29,754	143,912	173,666
Total revenue	<u>25,545,838</u>	<u>10,125,070</u>	<u>35,670,908</u>
Expenditures			
Current			
General government	7,677,203	11,142	7,688,345
Judicial	3,665,518	492,363	4,157,881
Public safety	6,636,040	832,520	7,468,560
Streets and highways	82,324	1,751,136	1,833,460
Sanitation	-	2,156,449	2,156,449
Recreation and culture	13,915	1,041,356	1,055,271
Health and human services	1,287,981	386,880	1,674,861
Economic development	256,581	2,845,013	3,101,594
Intergovernmental	3,203,057	157,619	3,360,676
Capital Outlay			
General government	350,320	71,367	421,687
Public safety	-	400,710	400,710
Streets and highways	-	279,945	279,945
Sanitation	-	282,025	282,025
Recreation and culture	-	1,698,353	1,698,353
Debt Service			
Principal retirement	492,918	1,753,916	2,246,834
Interest payments	21,450	515,442	536,892
Total expenditures	<u>23,687,307</u>	<u>14,676,236</u>	<u>38,363,543</u>
Excess (deficiency) of revenue over (under) expenditures	1,858,531	(4,551,166)	(2,692,635)
Other financing sources (uses)			
Proceeds from sales of capital assets	-	66,667	66,667
Insurance proceeds	73,645	24,473	98,118
Transfers in	59,181	4,191,940	4,251,121
Transfers out	(3,249,023)	(1,054,894)	(4,303,917)
Total other financing sources (uses)	<u>(3,116,197)</u>	<u>3,228,186</u>	<u>111,989</u>
Net change in fund balance	(1,257,666)	(1,322,980)	(2,580,646)
Fund balances, beginning of year	9,186,889	12,404,957	21,591,846
Prior period adjustment	-	513,218	513,218
Fund balances, end of year	<u>\$ 7,929,223</u>	<u>\$ 11,595,195</u>	<u>\$ 19,524,418</u>

The notes to the financial statements are an integral part of this statement.

COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES FOR THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

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

Net change in fund balances - total governmental funds \$ (2,580,646)

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 was less than depreciation in the current period.

Capital outlay	3,082,720	
Depreciation expense	<u>(3,149,687)</u>	(66,967)

Because some property taxes will not be collected for several months after the County's fiscal year end, 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 current year availability criteria, not recognized in governmental funds in the current year:

Property taxes and other special assessments		(928,792)
--	--	-----------

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	(40,807)	
Landfill closure and postclosure cost	(24,503)	
OPEB obligation	(240,435)	
Accrued interest	<u>36,770</u>	(268,975)

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. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General obligation bonds	926,240	
Note payable	159,085	
Special source revenue bonds	578,701	
Capital leases	<u>582,808</u>	2,246,834

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

(14,091)

Change in net position of governmental activities		<u><u>\$ (1,612,637)</u></u>
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**COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	Agency Funds
Assets	
Cash and equivalents	\$ 5,446,952
Investments	7,783,157
Accounts receivable, net	237,348
Due from primary government	195,348
Total assets	\$ 13,662,805
Liabilities	
Accounts payable	\$ 564,107
Due to primary government	6,823
Assets held for others	13,091,875
Total liabilities	\$ 13,662,805

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-Wide Financial Statements

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

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 resolutions. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

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

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

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

CCEDC One, Inc. is a legally separate entity organized as a nonprofit corporation under the South Carolina Nonprofit Corporation Act that is organized to operate exclusively for the benefit of the County to promote economic development within the County.

CCEDC Two, Inc. is a legally separate entity organized as a nonprofit corporation under the South Carolina Nonprofit Corporation Act that is organized to operate exclusively for the benefit of the County to promote economic development within the County.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has five discretely presented component units. While the Colleton County Memorial Library is not considered to be a major component unit, it is nevertheless shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government 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.

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.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the presentation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are 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 60 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. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, the fire and rescue fund, and the memorial library fund. Other special revenue funds and debt service funds that have appropriated budgets also conform to generally accepted accounting principles but tend to follow the revenue source generated by those funds (i.e., grant awards and projects 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.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for good and services (i.e., purchase order, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents and deposits

The "deposits" classification is used only in the notes, not on the face of the statement of net position 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.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Prepaid items

Certain payments to vendors for services that will benefit period beyond June 30, 2013 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.

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.

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.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	Years		
	County	Component Units	
		Library and Fire and Rescue	Alcohol and Drug
Buildings and improvements			
Buildings	45	45	n/a
Building improvements	10	10	n/a
Improvements other than buildings			
Improvements other than buildings	10	10	n/a
Radio and fire towers	10	10	n/a
Library materials	n/a	5	n/a
Machinery and equipment			
Furniture and office equipment	5	5	3 – 20
Fire and medical equipment	5	5	n/a
Heavy vehicles and equipment	10	10	n/a
Vehicles			
Airplanes	6	n/a	n/a
Law enforcement vehicles	3	n/a	n/a
Other vehicles	5	5	3 – 20
Infrastructure	20	n/a	n/a

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any amounts to be reported as deferred outflows at this time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the administrator to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on the prior year's *taxes*; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 30 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Compensated absences

Vacation - The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave - Accumulated sick leave lapses when employees leave the employ of the County and, upon separation from service, no monetary obligation exists.

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.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS

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, 2013, the County had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>
Repurchase agreements	\$ 25,184,130
Certificates of deposits	3,792,985
Total fair value	<u>\$ 28,977,115</u>

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

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS- CONTINUED

Deposits and Investments - Continued

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.

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, 2013	Percentage of Portfolio	Credit Rating
Repurchase agreements	\$ 25,184,130	70%	Unrated
Certificates of deposit	3,792,985	11%	N/A
Savings accounts	1,800,371	5%	N/A
Checking accounts	5,047,966	14%	N/A
Deposits and investments held by County Treasurer	<u>\$ 35,825,452</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 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.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

As of June 30, 2013, the County's bank balance of \$35,825,452 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, 2013, \$25,184,130 of investments were in repurchase agreements held by the counterparty or its trust department or agent for the County.

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	Other Nonmajor Funds
Receivables					
Taxes	\$ 3,787,935	\$ 276,584	\$ 1,335,153	\$ -	\$ -
Accounts	-	829,378	5,223,614	-	-
Other	1,005,397	340,449	-	3,132	85,332
Gross receivables	<u>4,793,332</u>	<u>1,446,411</u>	<u>6,558,767</u>	<u>3,132</u>	<u>85,332</u>
Less: Allowance for uncollectible					
Taxes	1,684,055	128,742	585,073	-	-
Accounts	-	343,171	3,661,541	-	-
Total allowance	<u>1,684,055</u>	<u>471,913</u>	<u>4,246,614</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 3,109,277</u>	<u>\$ 974,498</u>	<u>\$ 2,312,153</u>	<u>\$ 3,132</u>	<u>\$ 85,332</u>

Unavailable and Unearned Revenues

Governmental funds report deferred inflow of revenues in the fund financial statement in connection with receivables for revenues that are unavailable to liquidate liabilities of the current period. Governmental funds also report unearned revenues in connection with revenues that have been received, but not yet earned. At June 30, 2013, the various components of unavailable and unearned revenue reported in the primary governmental funds were as follows:

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

Unavailable and Unearned Revenues

	<u>Funds Statement</u>	<u>Government-Wide</u>
Unavailable		
Property taxes receivable	\$ 1,879,188	\$ -
Fees for solid waste	152,180	-
Fees for roads	176,062	-
Total unavailable revenues	<u>\$ 2,207,430</u>	<u>\$ -</u>
Unearned revenues		
Contributions and grants recorded prior to meeting all eligibility requirements	<u>\$ 518,853</u>	<u>\$ 518,853</u>
Total unearned revenues	<u>\$ 518,853</u>	<u>\$ 518,853</u>

At June 30, 2013, the various components of unavailable and unearned revenue reported in the component units were as follows:

Fire and Rescue Fund

	<u>Fund Statement</u>	<u>Government-Wide</u>
Unavailable		
Property taxes receivable	\$ 622,432	\$ -
Fees for emergency medical services	1,261,873	-
Total deferred	<u>\$ 1,884,305</u>	<u>\$ -</u>

Library Fund

	<u>Fund Statement</u>	<u>Government-Wide</u>
Unearned		
Contributions and grants recorded prior to meeting all eligibility requirements	<u>\$ 10,291</u>	<u>\$ 10,291</u>
Total unavailable revenues	<u>\$ 10,291</u>	<u>\$ 10,291</u>

Interfund Receivables and Payables

The interfund receivables and payables at June 30, 2013 were as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Major governmental funds		
General	\$ 1,248,699	\$ 649,081
Nonmajor governmental funds	649,081	1,248,699
Total interfund balances	<u>\$ 1,897,780</u>	<u>\$ 1,897,780</u>

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

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

Interfund Transfers

Interfund transfers for the year ended June 30, 2013 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds		
General	\$ 59,181	\$ 3,249,023
Nonmajor governmental funds	4,191,940	1,054,894
Major component unit - Fire and Recue	52,796	-
Total interfund balances	<u>\$ 4,303,917</u>	<u>\$ 4,303,917</u>

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

Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

<u>Governmental Activities</u>	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Capital assets not being depreciated				
Land	\$ 2,245,310	\$ -	\$ -	\$ 2,245,310
Land - infrastructure	6,478,294	-	513,218	5,965,076
Construction in progress	3,358,259	1,982,630	5,021,294	319,595
Total capital assets, not being depreciated	<u>12,081,863</u>	<u>1,982,630</u>	<u>5,534,512</u>	<u>8,529,981</u>
Capital assets being depreciated				
Buildings and improvements	24,952,821	266,531	-	25,219,352
Improvements other than buildings	4,330,077	4,754,763	-	9,084,840
Equipment and vehicles	18,553,447	1,100,090	513,035	19,140,502
Infrastructure	8,804,949	-	-	8,804,949
Total capital assets, being depreciated	<u>56,641,294</u>	<u>6,121,384</u>	<u>513,035</u>	<u>62,249,643</u>
Less accumulated depreciation for:				
Buildings and improvements	7,480,662	981,349	-	8,462,011
Improvements other than buildings	1,727,570	750,486	-	2,478,056
Equipment and vehicles	11,826,612	1,319,313	513,035	12,632,890
Infrastructure	4,120,237	98,539	-	4,218,776
Total accumulated depreciation	<u>25,155,081</u>	<u>3,149,687</u>	<u>513,035</u>	<u>27,791,733</u>
Total capital assets being depreciated, net	<u>31,486,213</u>	<u>2,971,697</u>	<u>-</u>	<u>34,457,910</u>
Governmental activities capital assets, net	<u>\$ 43,568,076</u>	<u>\$ 4,954,327</u>	<u>\$ 5,534,512</u>	<u>\$ 42,987,891</u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

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

Government Activities	
General government	\$ 399,029
Judicial	404,468
Public safety	824,574
Streets and highways	643,455
Sanitation	255,255
Recreation and culture	253,928
Health and human service	100,759
Economic development	268,219
Total depreciation expense - governmental activities	\$ 3,149,687

Discretely Presented Component Units

Activity for the year ended June 30, 2013 is as follows:

Fire and Rescue Commission	June 30, 2012	Increases	Decreases	June 30, 2013
Capital assets not being depreciated				
Land	\$ 339,517	\$ -	\$ -	\$ 339,517
Construction in progress	179,466	1,528,213	-	1,707,679
Total capital assets, not being depreciated	518,983	1,528,213	-	2,047,196
Capital assets being depreciated				
Buildings and improvements	3,985,463	-	-	3,985,463
Improvements other than buildings	133,839	-	-	133,839
Equipment and vehicles	13,351,935	1,559,717	15,000	14,896,652
Total capital assets, being depreciated	17,471,237	1,559,717	15,000	19,015,954
Less accumulated depreciation for:				
Buildings and improvements	1,112,545	124,515	-	1,237,060
Improvements other than buildings	78,913	8,290	-	87,203
Equipment and vehicles	8,316,418	806,524	15,000	9,107,942
Total accumulated depreciation	9,507,876	939,329	15,000	10,432,205
Total capital assets being depreciated, net	7,963,361	620,388	-	8,583,749
Governmental activities capital assets, net	\$ 8,482,344	\$ 2,148,601	\$ -	\$ 10,630,945

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

<u>Library</u>	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Capital assets being depreciated				
Buildings and improvements	\$ 119,026	\$ -	\$ -	\$ 119,026
Library materials	1,759,579	93,136	16,210	1,836,505
Equipment and vehicles	211,658	-	-	211,658
Total capital assets, being depreciated	<u>2,090,263</u>	<u>93,136</u>	<u>16,210</u>	<u>2,167,189</u>
Less accumulated depreciation for:				
Buildings and improvements	119,026	-	-	119,026
Library materials	1,503,937	93,392	16,210	1,581,119
Equipment and vehicles	207,489	277	-	207,766
Total accumulated depreciation	<u>1,830,452</u>	<u>93,669</u>	<u>16,210</u>	<u>1,907,911</u>
Total capital assets being depreciated, net	<u>259,811</u>	<u>(533)</u>	<u>-</u>	<u>259,278</u>
Governmental activities capital assets, net	<u>\$ 259,811</u>	<u>\$ (533)</u>	<u>\$ -</u>	<u>\$ 259,278</u>
<u>Alcohol and Drug Commission</u>	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Capital assets being depreciated				
Vehicles	\$ 56,618	\$ -	\$ -	\$ 56,618
Total capital assets, being depreciated	<u>56,618</u>	<u>-</u>	<u>-</u>	<u>56,618</u>
Less accumulated depreciation for:				
Vehicles	56,618	-	-	56,618
Total accumulated depreciation	<u>56,618</u>	<u>-</u>	<u>-</u>	<u>56,618</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense incurred by the component units during the year ended June 30, 2013 was as follows:

<u>Component Units</u>	
Fire and rescue	\$ 920,038
Library	93,669
Alcohol and drug commission	-
Total depreciation expense - governmental activities	<u>\$ 1,013,707</u>

Assets held for sale

As of June 30, 2013, the County owns several parcels of land in the Colleton County Commerce Center for speculative purposes and is in the process of constructing a building for sale. The cost of this asset is \$567,675. The asset is considered held for sale. Assets held for resale are separated from capital assets on the Statement of Net Position and no depreciation will be taken on the asset since it is held for sale. As of June 30, 2013, the property has not been sold and is still being actively marketed.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

Long Term Obligations

Long-term obligations for the year ended June 30, 2013 is as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due within</u> <u>one year</u>
Primary Government					
<u>Governmental activities</u>					
Bonds					
General obligation	\$ 8,206,240	\$ -	\$ 926,240	\$ 7,280,000	\$ 1,170,000
Special source revenue	5,033,701	-	578,701	4,455,000	365,000
Capital leases	2,109,152	-	582,808	1,526,344	594,191
Net OPEB obligation	649,838	258,360	17,925	890,273	-
Note payable	677,062	-	159,085	517,977	165,687
Landfill closure and postclosure costs	406,447	24,503	-	430,950	-
Compensated absences	463,251	317,055	276,248	504,058	75,610
Total long-term liabilities	<u>\$ 17,545,691</u>	<u>\$ 599,918</u>	<u>\$ 2,541,007</u>	<u>\$ 15,604,602</u>	<u>\$ 2,370,488</u>
Component Units					
<u>Fire and Rescue Commission</u>					
General obligation bonds	\$ 10,945,000	\$ -	\$ 1,460,000	\$ 9,485,000	\$ 1,200,000
Net OPEB obligation	158,340	36,834	2,556	192,618	-
Compensated absences	179,523	131,050	111,223	199,350	16,685
Total Fire and Rescue	<u>\$ 11,282,863</u>	<u>\$ 167,884</u>	<u>\$ 1,573,779</u>	<u>\$ 9,876,968</u>	<u>\$ 1,216,685</u>
<u>Library</u>					
Compensated absences	\$ 20,980	\$ 15,428	\$ 14,027	\$ 22,381	\$ 3,357
Net OPEB obligation	44,324	36,834	2,556	78,602	-
Total Library	<u>\$ 65,304</u>	<u>\$ 52,262</u>	<u>\$ 16,583</u>	<u>\$ 100,983</u>	<u>\$ 3,357</u>
<u>Alcohol and Drug Commission</u>					
Compensated absences	\$ 16,833	\$ 9,827	\$ 12,896	\$ 13,764	\$ 2,065
Total Alcohol and Drug	<u>\$ 16,833</u>	<u>\$ 9,827</u>	<u>\$ 12,896</u>	<u>\$ 13,764</u>	<u>\$ 2,065</u>

Primary Government

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, 2013, the County was in compliance with this requirement.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

The following is a summary of each long-term bond obligation of the governmental activities of the County at June 30, 2013:

General Obligation Bonds	Balance
\$6,500,000 General Obligation, Series 2005, with interest of 3.5% to 6.5%, semi-annual principal and interest payments beginning in 2007, matures 2016.	\$ 3,450,000
\$4,000,000 General Obligation, Series 2012, with interest of 2.0% to 3.0%, semi-annual principal and interest payments beginning 2013, matures 2032.	3,830,000
	\$ 7,280,000

The annual requirements to amortize the bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,170,000	\$ 197,350	\$ 1,367,350
2015	1,370,000	158,950	1,528,950
2016	1,425,000	120,250	1,545,250
2017	175,000	62,800	237,800
2018	180,000	59,200	239,200
2019-2023	925,000	305,000	1,230,000
2024-2028	1,060,000	378,800	1,438,800
2029-2031	975,000	140,500	1,115,500
	\$ 7,280,000	\$ 1,422,850	\$ 8,702,850

Special Source Revenue Bonds	Balance
\$4,720,000 Special Source Revenue Bond Series 2012, 4.37% annual interest, annual principal and interest payments beginning in 2004, matures 2013.	\$ 4,455,000
	\$ 4,455,000

The annual requirements to amortize the bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 365,000	\$ 186,708	\$ 551,708
2015	380,000	170,430	550,430
2016	395,000	153,496	548,496
2017	415,000	135,798	550,798
2018	435,000	117,225	552,225
2019-2023	2,465,000	277,820	2,742,820
	\$ 4,455,000	\$ 1,041,477	\$ 5,496,477

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

Capital Leases Payable

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 August 2017. \$ 519,262

Lease #2 - The County has entered into a capital lease agreement, secured by equipment purchased, bearing interest at 1.43% with annual payments of \$514,367, maturing March 2015. 1,007,082
\$ 1,526,344

The remaining lease payments as of June 30, 2013 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Lease #1</u>	<u>Lease #2</u>	<u>Total</u>
2014	\$ 119,515	\$ 514,367	\$ 633,882
2015	119,515	514,368	633,883
2016	119,515	-	119,515
2017	119,515	-	119,515
2018	119,515	-	119,515
Total minimum lease payments	597,575	1,028,735	1,626,310
Less amount representing interest	(78,313)	(21,653)	(99,966)
Present value of capital lease payments	<u>\$ 519,262</u>	<u>\$ 1,007,082</u>	<u>\$ 1,526,344</u>

The interest paid on the capital lease obligations for the year ended June 30, 2013 was approximately \$82,659.

Notes Payable

\$1,511,903 Enterprise financing agreement, 4.15% semi-annual interest, semi-annual principal and interest payments beginning in 2007, matures 2016. \$ 517,977
\$ 517,977

Future debt service requirements for notes payable at June 30, 2013 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 165,687	\$ 21,496	\$ 187,183
2015	172,563	14,620	187,183
2016	179,727	7,456	187,183
	<u>\$ 517,977</u>	<u>\$ 43,572</u>	<u>\$ 561,549</u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

Discretely Presented Component Units

Fire and Rescue General Obligation Bond's payable at June 30, 2013 consist of the following:

General Obligation Bonds	Balance
\$2,400,000 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.	\$ 1,200,000
\$4,000,000 Fire Protection Service General Obligation Bonds, Series 2008, 3.39% annual interest, annual principal and interest payments beginning in 2008, matures 2018.	2,275,000
\$6,445,000 Fire Protection Service General Obligation Bonds, Series 2012, 0.4% to 2.6% annual interest, annual principal and interest payments beginning in 2013, matures 2026.	6,010,000
	\$ 9,485,000

Future debt service requirements for Fire and Rescue general obligation bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,200,000	\$ 231,935	\$ 1,431,935
2015	1,255,000	202,278	1,457,278
2016	1,330,000	169,590	1,499,590
2017	910,000	130,660	1,040,660
2018	940,000	109,120	1,049,120
2019-2023	2,330,000	335,975	2,665,975
2023-2026	1,520,000	76,938	1,596,938
	\$ 9,485,000	\$ 1,256,496	\$ 10,741,496

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.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

The \$430,950 reported as an accrual for landfill closure and postclosure care costs at June 30, 2013 includes the cumulative amount reported less amounts paid to date for the open site based on the following information.

Percentage Balance of Capacity Used	Estimated Total Costs			Remaining To Be Recognized
	Closure	Postclosure	Total	
35.18%	\$ 712,207	\$ 204,296	\$ 916,503	\$ 510,056

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2013. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Council has designated cash of \$362,425 for payment of closure and postclosure care costs.

NOTE 4 – OTHER INFORMATION

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.

Pension Obligations

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, or by writing to the South Carolina Public Benefit Authority, P.O. Box 11960, Columbia, SC 29211-1960.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – OTHER INFORMATION- (CONTINUED)

Funding Policy - SCRS

SCRS: Plan members are required to contribute 7.0% of their annual covered salary, and the employer is required to contribute at an actuarially determined rate. The current rate is 10.6% 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 7.0% of their annual covered salary, and the employer is required to contribute at an actuarially determined rate. The current rate is 12.3% 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, 2013, 2012, and 2011. All of the required contributions were contributed for the current and each of the previous two years.

	Year Ended June 30,		
	2013	2012	2011
SCRS Contributions			
Primary Government	\$ 960,486	\$ 798,064	\$ 784,564
Fire and Rescue	24,202	19,621	20,385
Library	34,980	31,835	28,164
Alcohol and Drug	-	50,457	44,854
Total SCRS	<u>\$ 1,019,668</u>	<u>\$ 899,977</u>	<u>\$ 877,967</u>
SCPORS Contributions			
Primary Government	\$ 456,532	\$ 442,170	\$ 403,012
Fire and Rescue	472,100	439,102	413,668
Total SCPORS	<u>\$ 928,632</u>	<u>\$ 881,272</u>	<u>\$ 816,680</u>

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.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – OTHER INFORMATION – (CONTINUED)

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.

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.

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, 2013 is \$112,477.

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, 2013 are as follows:

Fiscal Year Ending June 30,	Amount
2014	\$ 64,608
2015	46,770
2016	35,428
2017	27,361
2018	19,564
2019-2024	88,548
2024-2028	75,936
Total minimum lease payments	\$ 358,215

Construction Commitments: At June 30, 2013, the County has commitments under contracts for construction of various projects not completed of approximately \$206,591.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – OTHER INFORMATION – (CONTINUED)

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 2013, the County contributed \$23,037 to the plan.

Annual OPEB Cost and Net OBEB 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.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – OTHER INFORMATION – (CONTINUED)

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:

	Primary Government	Component Units		Total
		Fire and Rescue	Library	
Annual required contribution	\$ 258,360	\$ 36,834	\$ 36,834	\$ 332,028
Contributions made	17,925	2,556	2,556	23,037
Increase in net OPEB obligation	240,435	34,278	34,278	308,991
Net OPEB obligation - beginning of year	649,838	158,340	44,324	852,502
Net OPEB obligation - end of year	<u>\$ 890,273</u>	<u>\$ 192,618</u>	<u>\$ 78,602</u>	<u>\$ 1,161,493</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 2013 and the two succeeding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual Cost Contributed	Net OPEB Obligation
<i>Primary Government</i>			
6/30/2013	\$ 258,360	6.94%	\$ 890,273
6/30/2012	260,310	6.60%	649,838
6/30/2011	133,493	8.00%	406,773
<i>Fire and Rescue</i>			
6/30/2013	\$ 36,834	6.94%	\$ 192,618
6/30/2012	35,860	6.60%	158,340
6/30/2011	40,080	8.00%	124,856
<i>Library</i>			
6/30/2013	\$ 36,834	6.94%	\$ 78,602
6/30/2012	35,860	6.60%	44,324
6/30/2011	40,080	8.00%	10,840

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$2,628,858, and the actuarial value of the assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,628,858. The covered payroll (annual payroll of active employees covered by the plan) was \$15,973,784, and the ratio of the UAAL to the covered payroll was 16.4 percent.

Actuarial valuations 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.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – OTHER INFORMATION – (CONTINUED)

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.

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, 2011 actuarial valuation assumed a 4.5% discount rate. The projected unit credit cost method was used to calculate the ARC for the June 30, 2011 valuation, and an annual healthcare cost trend rate of 7.25% initially, reduced by decrements of .25% per year commencing in 2012 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.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2013	\$ -	\$ 2,625,858	\$ 2,625,858	0.0%	\$ 15,973,784	16.4%
6/30/2012	-	2,625,858	2,625,858	0.0%	15,973,784	16.4%
6/30/2011	-	2,628,858	2,625,858	0.0%	15,973,784	16.4%

Subsequent Events

Events that occur after the net position 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 position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the net position date require disclosure in the accompanying notes. Management has evaluated the activity of the County through November 14, 2013.

The County entered into a lease for an equipment purchase in September 2013 for \$3,409,753 for a term of ten (10) years at a rate of 2.32%.

The County, City of Walterboro, and the Colleton County Fire Rescue Protection District announced that a settlement of the issues involved in a pending lawsuit has been reached through court-sanctioned mediation. This plan provides for the structured transfer of fire protection services from the Colleton County Fire Rescue District to the City of Walterboro when properties are annexed into the City, and resolves matters arising from prior annexations. Details of the plan will be released as soon as all three signatures are obtained.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – OTHER INFORMATION – (CONTINUED)

Restatement of Prior Year Fund Balances and Net Position:

Beginning fund balance of the SSRB Industrial Park Bond that was presented in the nonmajor fund combining statements has been restated to correct an error in recognizing assets held for resale as an investment property in the individual fund. This correction resulted in a prior period adjustment to increase fund balance and the net position by \$513,218.

In the Memorial Library, a major component unit of the County, beginning net position was increased by \$58,681 in order to correct accumulated depreciation.

Also in accordance with GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*, bond issue costs have been re-stated in the government-wide financial statements. This resulted in a decrease in the beginning net position of \$699,729 for the County and a decrease of \$96,431 in the Fire and Rescue Commission, a major component unit of the County.

REQUIRED SUPPLEMENTARY
INFORMATION

**COLLETON COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with final budget - positive (negative)
	Original	Final		
Revenues				
Taxes	\$ 20,139,225	\$ 20,139,225	\$ 19,933,715	\$ (205,510)
Intergovernmental revenues	1,726,216	1,726,216	1,648,429	(77,787)
Fines, fees, and service charges	4,848,251	4,848,251	3,933,940	(914,311)
Other income	67,000	76,021	29,754	(46,267)
Total revenues	<u>26,780,692</u>	<u>26,789,713</u>	<u>25,545,838</u>	<u>(1,243,875)</u>
Expenditures				
Current				
General government	8,197,613	8,500,745	7,677,203	823,542
Judicial	4,165,245	4,172,275	3,665,518	506,757
Public safety	6,543,861	6,556,482	6,636,040	(79,558)
Streets and highways	82,046	82,538	82,324	214
Recreation and culture	14,976	17,476	13,915	3,561
Health and human services	1,401,644	1,405,475	1,287,981	117,494
Economic development	272,909	272,909	256,581	16,328
Intergovernmental	3,203,057	3,203,057	3,203,057	-
Capital Outlay				
General government	20,000	579,388	350,320	229,068
Debt Service				
Principal retirement	492,918	492,918	492,918	-
Interest and fiscal charges	21,450	21,450	21,450	-
Total expenditures	<u>24,415,719</u>	<u>25,304,713</u>	<u>23,687,307</u>	<u>1,617,404</u>
Excess (deficiency) of revenues over expenditures				
	<u>2,364,973</u>	<u>1,485,000</u>	<u>1,858,531</u>	<u>373,529</u>
Other financing sources (uses)				
Insurance proceeds	36,000	117,989	73,645	(44,344)
Transfers in	59,181	59,181	59,181	-
Transfers out	(2,460,154)	(2,531,235)	(3,249,023)	(717,788)
Total other financing sources (uses)	<u>(2,364,973)</u>	<u>(2,354,065)</u>	<u>(3,116,197)</u>	<u>(762,132)</u>
Net change in fund balances*				
	-	(869,065)	(1,257,666)	(388,603)
Fund balance, beginning of year				
	9,186,889	9,186,889	9,186,889	9,186,889
Fund balance, end of year				
	<u>\$ 9,186,889</u>	<u>\$ 8,317,824</u>	<u>\$ 7,929,223</u>	<u>\$ 8,798,286</u>

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE:

The basis of budgeting is the same as generally accepted accounting principles. The County adopts annual budgets for the general fund using the modified accrual basis. Appropriations lapse at the end of the year.

**COLLETON COUNTY, SOUTH CAROLINA
OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
6/30/2013	\$ -	\$ 2,625,858	\$ 2,625,858	0.0%	\$ 15,973,784	16.4%
6/30/2012	-	2,625,858	2,625,858	0.0%	15,973,784	16.4%
6/30/2011	-	2,625,858	2,625,858	0.0%	15,973,784	16.4%

**SUPPLEMENTARY INFORMATION
SECTION**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Capital Improvements Fund - to account for the acquisition and construction of major capital outlays of the County.

Sheriff's Title IV D Fund - to account for federal child enforcement funds received and disbursed by the Sheriff.

Special Revenue Fund - to account for all grants and contributions awarded to the County.

Animal Care Control Donations Fund - to account for projects and activities for animal control.

Clerk of Court IV Unit Costs Fund – to account for federal child enforcement funds received and disbursed by the Clerk of Court.

Clerk of Court IV Incentives Fund - to account for federal child enforcement incentives received and disbursed by the Clerk of Court.

Victim Witness Services Fund - to account for victims funds for the County.

Public Defender Corporation Fund – to account for the activities of the Public Defender that is mandated to defend in the State court system all persons within Colleton County who are required by Statute, State or Federal Constitution to be provided with a legal counsel at public expense.

Emergency Telephone Fund – to account for operations of the County's Emergency 911 communication system.

County Hospitality Tax Fund – to account for local hospitality tax collected by the County.

County Accommodations Tax Fund – to account for local accommodations tax collected by the County.

State Accommodations Tax Fund – to account for state accommodations tax collected by the State.

Recreation Center Fund – to account for the program and activities of the recreation center within the County.

Roads and Bridges Fund – to account for the road user fees that are levied to support the activities associated with roads and bridges in the County.

Solid Waste Fund - to account for the user fees associated with solid waste activities of the County.

Sheriff's Discretionary Fund – to account for the program and activities associated with the sheriff department.

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

Capital projects funds account for the acquisition of capital assets or construction of major capital projects.

SSRB Industrial Park Fund – to account for resources used for the receipts and distributions of the industrial park special source revenue bond.

Infrastructure Industrial Development Fund – to account for the receipts and distributions of the infrastructure industrial development fund.

County GOB Fund – to account for resources used for receipts and distributions of the County's general obligation bond.

SSRB Economic Development Fund – to account for receipts and distributions of the economic development special source revenue bond.

Debt Service Funds

Debt Service Fund – used for the accumulation of resources for payment of principal and interest on County general obligation debt.

SSRB Cannady's Debt Service Fund – used to account for activities of the special source financing arrangements for the Cannady's debt service for payment of principal and interest debt.

Debt Service Non-GOB – used to set aside funds to pay interest and principal on County non-general obligation debt.

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds			
	Capital Improvements	Sheriff's Title IV D	Special Revenue	Animal Care Control Donations
Assets				
Cash and cash equivalents	\$ -	\$ 891	\$ 8,151	\$ 113,580
Investments	22,226	-	701,641	-
Receivables, net of allowances	23	660	147,515	4,010
Due from other funds	270,496	-	-	-
Assets held for resale	-	-	-	-
Restricted cash	-	-	-	-
Total assets	<u>\$ 292,745</u>	<u>\$ 1,551</u>	<u>\$ 857,307</u>	<u>\$ 117,590</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 283,556	\$ -	\$ 16,931	\$ 2,893
Accrued payroll and benefits	-	453	31,005	-
Accrued liabilities	-	-	-	-
Due to other funds	-	1,098	192,740	1,741
Unearned revenues	-	-	393,178	1,618
Total liabilities	<u>283,556</u>	<u>1,551</u>	<u>633,854</u>	<u>6,252</u>
Deferred Inflows of Resources				
Unavailable revenues-property taxes	-	-	-	-
Unavailable revenues-special assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Assigned	9,189	-	-	111,338
Nonspendable	-	-	-	-
Committed	-	-	-	-
Restricted	-	-	223,453	-
Total fund balances	<u>9,189</u>	<u>-</u>	<u>223,453</u>	<u>111,338</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 292,745</u>	<u>\$ 1,551</u>	<u>\$ 857,307</u>	<u>\$ 117,590</u>

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds			
	Clerk of Court IV Unit Costs	Clerk of Court IV Incentives	Victim Witness Services	Public Defender Corporation
Assets				
Cash and cash equivalents	\$ 37,413	\$ 170,862	\$ 80,396	\$ 40,828
Investments	-	-	-	-
Receivables, net of allowances	10,594	656	2,705	-
Due from other funds	3,176	-	-	-
Assets held for resale	-	-	-	-
Restricted cash	-	-	-	-
Total assets	<u>\$ 51,183</u>	<u>\$ 171,518</u>	<u>\$ 83,101</u>	<u>\$ 40,828</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 1,531	\$ -	\$ 37	\$ -
Accrued payroll and benefits	3,211	-	1,562	-
Accrued liabilities	-	-	-	-
Due to other funds	-	59,685	1,593	-
Unearned revenues	-	-	-	-
Total liabilities	<u>4,742</u>	<u>59,685</u>	<u>3,192</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues-property taxes	-	-	-	-
Unavailable revenues-special assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Assigned	-	-	-	40,828
Nonspendable	-	-	-	-
Committed	-	-	-	-
Restricted	46,441	111,833	79,909	-
Total fund balances	<u>46,441</u>	<u>111,833</u>	<u>79,909</u>	<u>40,828</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,183</u>	<u>\$ 171,518</u>	<u>\$ 83,101</u>	<u>\$ 40,828</u>

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds			
		County	County	State
	Emergency Telephone	Hospitality Tax	Accommodations Tax	Accommodations Tax
Assets				
Cash and cash equivalents	\$ -	\$ 501,714	\$ 31,534	\$ -
Investments	367,930	-	491,612	-
Receivables, net of allowances	44,670	41,257	63,655	-
Due from other funds	-	-	-	1,192
Assets held for resale	-	-	-	-
Restricted cash	-	-	-	-
Total assets	<u>\$ 412,600</u>	<u>\$ 542,971</u>	<u>\$ 586,801</u>	<u>\$ 1,192</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 1,205	\$ -	\$ 71,984	\$ -
Accrued payroll and benefits	3,298	-	6,700	-
Accrued liabilities	-	-	-	-
Due to other funds	16,348	-	8,663	-
Unearned revenues	-	-	-	-
Total liabilities	<u>20,851</u>	<u>-</u>	<u>87,347</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues-property taxes	-	-	-	-
Unavailable revenues-special assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Assigned	-	-	-	-
Nonspendable	-	-	-	-
Committed	-	542,971	499,454	-
Restricted	391,749	-	-	1,192
Total fund balances	<u>391,749</u>	<u>542,971</u>	<u>499,454</u>	<u>1,192</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 412,600</u>	<u>\$ 542,971</u>	<u>\$ 586,801</u>	<u>\$ 1,192</u>

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds			
	Recreation Center	Roads and Bridges	Solid Waste	Sheriff's Discretionary Funds
Assets				
Cash and cash equivalents	\$ 27,756	\$ -	\$ 22,909	\$ 87,477
Investments	-	608,191	803,581	-
Receivables, net of allowances	3,071	317,060	190,780	-
Due from other funds	-	-	-	-
Assets held for resale	-	-	-	-
Restricted cash	-	-	362,425	50,150
Total assets	<u>\$ 30,827</u>	<u>\$ 925,251</u>	<u>\$ 1,379,695</u>	<u>\$ 137,627</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 16,518	\$ 19,488	\$ 27,454	\$ -
Accrued payroll and benefits	12,227	35,439	33,040	-
Accrued liabilities	-	-	-	75,707
Due to other funds	1,135	101,891	124,522	754
Unearned revenues	-	-	-	-
Total liabilities	<u>29,880</u>	<u>156,818</u>	<u>185,016</u>	<u>76,461</u>
Deferred Inflows of Resources				
Unavailable revenues-property taxes	-	-	-	-
Unavailable revenues-special assessments	-	176,062	152,180	-
Total deferred inflows of resources	<u>-</u>	<u>176,062</u>	<u>152,180</u>	<u>-</u>
Fund Balances				
Assigned	947	-	-	-
Nonspendable	-	-	-	-
Committed	-	592,371	680,074	-
Restricted	-	-	362,425	61,166
Total fund balances	<u>947</u>	<u>592,371</u>	<u>1,042,499</u>	<u>61,166</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,827</u>	<u>\$ 925,251</u>	<u>\$ 1,379,695</u>	<u>\$ 137,627</u>

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Capital Projects Funds			
	SSRB	Infrastructure	County GOB Bond Proceeds	SSRB Economic Development
	Industrial Park Bond	Industrial Development		
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	1,252,946	877,634	175,065	2,843,997
Receivables, net of allowances	-	-	-	-
Due from other funds	-	-	-	374,217
Assets held for resale	567,675	-	-	-
Restricted cash	-	-	-	-
Total assets	<u>\$ 1,820,621</u>	<u>\$ 877,634</u>	<u>\$ 175,065</u>	<u>\$ 3,218,214</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 626	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	55,612	166,378	-
Unearned revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>56,238</u>	<u>166,378</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues-property taxes	-	-	-	-
Unavailable revenues-special assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Assigned	-	-	-	-
Nonspendable	567,675	-	-	-
Committed	-	821,396	-	-
Restricted	1,252,946	-	8,687	3,218,214
Total fund balances	<u>1,820,621</u>	<u>821,396</u>	<u>8,687</u>	<u>3,218,214</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,820,621</u>	<u>\$ 877,634</u>	<u>\$ 175,065</u>	<u>\$ 3,218,214</u>

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Debt Service			Total Nonmajor Government Funds
	Debt Service	SSRB Cannady's Debt Service	Debt Service Non-GOB	
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 124,314	\$ 1,247,825
Investments	1,021,472	1,318,278	-	10,484,573
Receivables, net of allowances	147,842	-	-	974,498
Due from other funds	-	-	-	649,081
Assets held for resale	-	-	-	567,675
Restricted cash	-	-	-	412,575
Total assets	<u>\$ 1,169,314</u>	<u>\$ 1,318,278</u>	<u>\$ 124,314</u>	<u>\$ 14,336,227</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 442,223
Accrued payroll and benefits	-	-	-	126,935
Accrued liabilities	-	-	-	75,707
Due to other funds	13,704	502,835	-	1,248,699
Unearned revenues	-	-	-	394,796
Total liabilities	<u>13,704</u>	<u>502,835</u>	<u>-</u>	<u>2,288,360</u>
Deferred Inflows of Resources				
Unavailable revenues-property taxes	124,430	-	-	124,430
Unavailable revenues-special assessments	-	-	-	328,242
Total deferred inflows of resources	<u>124,430</u>	<u>-</u>	<u>-</u>	<u>452,672</u>
Fund Balances				
Assigned	-	-	-	162,302
Nonspendable	-	-	-	567,675
Committed	-	-	-	3,136,266
Restricted	1,031,180	815,443	124,314	7,728,952
Total fund balances	<u>1,031,180</u>	<u>815,443</u>	<u>124,314</u>	<u>11,595,195</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,169,314</u>	<u>\$ 1,318,278</u>	<u>\$ 124,314</u>	<u>\$ 14,336,227</u>

The notes to the financial statements are an integral part of this statement.

COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Capital Improvements	Sheriff's Title IV D	Special Revenue	Animal Care Control Donations
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	12,128	1,339,340	6,746
Fines and fees	-	-	-	27,919
Other income	1,095	-	1,714	(402)
Total revenues	<u>1,095</u>	<u>12,128</u>	<u>1,341,054</u>	<u>34,263</u>
Expenditures				
Current				
General government	5	-	11,132	-
Judicial	-	-	359,773	-
Public safety	-	13,253	324,984	19,264
Streets and highways	-	-	-	-
Sanitation	819	-	-	-
Recreation and culture	22	-	68,663	-
Health and human services	-	-	386,880	-
Economic development	-	-	-	-
Intergovernmental	-	-	157,619	-
Capital outlay				
General government	51,417	-	19,950	-
Public safety	267,868	-	43,659	-
Streets and highways	279,945	-	-	-
Sanitation	282,025	-	-	-
Recreation and culture	29,600	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>911,701</u>	<u>13,253</u>	<u>1,372,660</u>	<u>19,264</u>
Excess (deficiency) of revenues over expenditures	<u>(910,606)</u>	<u>(1,125)</u>	<u>(31,606)</u>	<u>14,999</u>
Other financing sources (uses)				
Proceeds from sales of capital assets	64,183	-	-	-
Insurance proceeds	12,934	-	-	-
Transfers in	633,053	2,595	27,744	46
Transfers out	(54,796)	-	-	-
Total other financing sources (uses)	<u>655,374</u>	<u>2,595</u>	<u>27,744</u>	<u>46</u>
Net change in fund balances	(255,232)	1,470	(3,862)	15,045
Fund balances, beginning of year	264,421	(1,470)	227,315	96,293
Prior period adjustment	-	-	-	-
Fund balances, end of year	<u>\$ 9,189</u>	<u>\$ -</u>	<u>\$ 223,453</u>	<u>\$ 111,338</u>

The notes to the financial statements are an integral part of this statement

COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Clerk of Court IV Unit Costs	Clerk of Court IV Incentives	Victim Witness Services	Public Defender Corporation
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	136,116	32,925	66,546	-
Fines and fees	-	-	-	-
Other income	22	301	78	39
Total revenues	<u>136,138</u>	<u>33,226</u>	<u>66,624</u>	<u>39</u>
Expenditures				
Current				
General government	-	-	-	-
Judicial	130,328	2,262	-	-
Public safety	-	-	58,245	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	-	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>130,328</u>	<u>2,262</u>	<u>58,245</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>5,810</u>	<u>30,964</u>	<u>8,379</u>	<u>39</u>
Other financing sources (uses)				
Proceeds from sales of capital assets	-	-	2,484	-
Insurance proceeds	-	-	-	-
Transfers in	18,885	-	-	-
Transfers out	-	(38,066)	(295)	-
Total other financing sources (uses)	<u>18,885</u>	<u>(38,066)</u>	<u>2,189</u>	<u>-</u>
Net change in fund balances	24,695	(7,102)	10,568	39
Fund balances, beginning of year	21,746	118,935	69,341	40,789
Prior period adjustment	-	-	-	-
Fund balances, end of year	<u>\$ 46,441</u>	<u>\$ 111,833</u>	<u>\$ 79,909</u>	<u>\$ 40,828</u>

The notes to the financial statements are an integral part of this statement

COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
		County	County	State
	Emergency Telephone	Hospitality Tax	Accommodations Tax	Accommodations Tax
Revenues				
Taxes	\$ -	\$ 474,921	\$ 386,578	\$ -
Intergovernmental revenues	75,980	-	-	1,192
Fines and fees	314,217	-	-	-
Other income	846	1,035	1,290	-
Total revenues	<u>391,043</u>	<u>475,956</u>	<u>387,868</u>	<u>1,192</u>
Expenditures				
Current				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	354,853	-	-	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	11,000	242,320	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	76,035	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>354,853</u>	<u>11,000</u>	<u>318,355</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>36,190</u>	<u>464,956</u>	<u>69,513</u>	<u>1,192</u>
Other financing sources (uses)				
Proceeds from sales of capital assets	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers in	-	10,006	295	-
Transfers out	-	(306,700)	(129,065)	-
Total other financing sources (uses)	<u>-</u>	<u>(296,694)</u>	<u>(128,770)</u>	<u>-</u>
Net change in fund balances	36,190	168,262	(59,257)	1,192
Fund balances, beginning of year	355,559	374,709	558,711	-
Prior period adjustment	-	-	-	-
Fund balances, end of year	<u>\$ 391,749</u>	<u>\$ 542,971</u>	<u>\$ 499,454</u>	<u>\$ 1,192</u>

The notes to the financial statements are an integral part of this statement

COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Recreation Center	Roads and Bridges	Solid Waste	Sheriff's Discretionary Funds
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	118,701	66,199
Fines and fees	180,145	1,015,102	1,636,460	-
Other income	5,831	1,584	3,645	784
Total revenues	<u>185,976</u>	<u>1,016,686</u>	<u>1,758,806</u>	<u>66,983</u>
Expenditures				
Current				
General government	-	-	-	5
Judicial	-	-	-	-
Public safety	-	-	-	61,921
Streets and highways	-	1,751,136	-	-
Sanitation	-	-	2,155,630	-
Recreation and culture	713,423	-	-	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	89,183
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>713,423</u>	<u>1,751,136</u>	<u>2,155,630</u>	<u>151,109</u>
Excess (deficiency) of revenues over expenditures	<u>(527,447)</u>	<u>(734,450)</u>	<u>(396,824)</u>	<u>(84,126)</u>
Other financing sources (uses)				
Proceeds from sales of capital assets	-	-	-	-
Insurance proceeds	-	837	10,702	-
Transfers in	519,995	866,396	543,165	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>519,995</u>	<u>867,233</u>	<u>553,867</u>	<u>-</u>
Net change in fund balances	(7,452)	132,783	157,043	(84,126)
Fund balances, beginning of year	8,399	459,588	885,456	145,292
Prior period adjustment	-	-	-	-
Fund balances, end of year	<u>\$ 947</u>	<u>\$ 592,371</u>	<u>\$ 1,042,499</u>	<u>\$ 61,166</u>

The notes to the financial statements are an integral part of this statement

COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Capital Projects Funds			
	SSRB	Infrastructure	County GOB Bond Proceeds	SSRB Economic Development
	Industrial Park Bond	Industrial Development		
Revenues				
Taxes	\$ -	\$ 446,172	\$ -	\$ -
Intergovernmental revenues	-	-	-	1,000,000
Fines and fees	-	-	-	-
Other income	3,715	1,633	1,576	5,043
Total revenues	<u>3,715</u>	<u>447,805</u>	<u>1,576</u>	<u>1,005,043</u>
Expenditures				
Current				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	5,928	-
Health and human services	-	-	-	-
Economic development	-	339,754	-	2,505,259
Intergovernmental	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	1,592,718	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>339,754</u>	<u>1,598,646</u>	<u>2,505,259</u>
Excess (deficiency) of revenues over expenditures	<u>3,715</u>	<u>108,051</u>	<u>(1,597,070)</u>	<u>(1,500,216)</u>
Other financing sources (uses)				
Proceeds from sales of capital assets	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers in	54,457	14,655	675,303	399,130
Transfers out	(19,925)	(106,917)	-	-
Total other financing sources (uses)	<u>34,532</u>	<u>(92,262)</u>	<u>675,303</u>	<u>399,130</u>
Net change in fund balances	38,247	15,789	(921,767)	(1,101,086)
Fund balances, beginning of year	1,269,156	805,607	930,454	4,319,300
Prior period adjustment	513,218	-	-	-
Fund balances, end of year	<u>\$ 1,820,621</u>	<u>\$ 821,396</u>	<u>\$ 8,687</u>	<u>\$ 3,218,214</u>

The notes to the financial statements are an integral part of this statement

COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Debt Service Funds			Total Nonmajor Government Funds
	SSRB			
	Debt Service	Cannady's Debt Service	Debt Service Non-GOB	
Revenues				
Taxes	\$ 1,286,055	\$ 1,357,716	\$ -	\$ 3,951,442
Intergovernmental revenues	-	-	-	2,855,873
Fines and fees	-	-	-	3,173,843
Other income	109,982	4,039	62	143,912
Total revenues	<u>1,396,037</u>	<u>1,361,755</u>	<u>62</u>	<u>10,125,070</u>
Expenditures				
Current				
General government	-	-	-	11,142
Judicial	-	-	-	492,363
Public safety	-	-	-	832,520
Streets and highways	-	-	-	1,751,136
Sanitation	-	-	-	2,156,449
Recreation and culture	-	-	-	1,041,356
Health and human services	-	-	-	386,880
Economic development	-	-	-	2,845,013
Intergovernmental	-	-	-	157,619
Capital outlay				
General government	-	-	-	71,367
Public safety	-	-	-	400,710
Streets and highways	-	-	-	279,945
Sanitation	-	-	-	282,025
Recreation and culture	-	-	-	1,698,353
Debt service				
Principal retirement	926,240	578,701	248,975	1,753,916
Interest and fiscal charges	239,274	218,444	57,724	515,442
Total expenditures	<u>1,165,514</u>	<u>797,145</u>	<u>306,699</u>	<u>14,676,236</u>
Excess (deficiency) of revenues over expenditures	<u>230,523</u>	<u>564,610</u>	<u>(306,637)</u>	<u>(4,551,166)</u>
Other financing sources (uses)				
Proceeds from sales of capital assets	-	-	-	66,667
Insurance proceeds	-	-	-	24,473
Transfers in	-	-	426,215	4,191,940
Transfers out	-	(399,130)	-	(1,054,894)
Total other financing sources (uses)	<u>-</u>	<u>(399,130)</u>	<u>426,215</u>	<u>3,228,186</u>
Net change in fund balances	230,523	165,480	119,578	(1,322,980)
Fund balances, beginning of year	800,657	649,963	4,736	12,404,957
Prior period adjustment	-	-	-	513,218
Fund balances, end of year	<u>\$ 1,031,180</u>	<u>\$ 815,443</u>	<u>\$ 124,314</u>	<u>\$ 11,595,195</u>

The notes to the financial statements are an integral part of this statement

FIDUCIARY FUNDS

Agency Funds

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, and other governments.

Sheriff's Seizure Fund - to account for the fund the sheriff derives from search and seizure.

Willow Swamp Water Shed Fund - to account for the resources used for the Willow Swamp water shed.

Law Officer Memorial – to account for contributions on behalf of law enforcement officials.

Transportation Committee Fund – to account for program and activities used for the transportation committee.

Delinquent Tax Fund – to account for delinquent taxes collected.

Clerk of Court Fund – to account for child support payments, bonds, restitution, and fines collected by the clerk of court and held in trust for others.

Magistrates Fund – to account for fines collected that have not been disposed of by the court.

Probate Judge Fund – to account for receipts and disbursements held in trust of the probate judge.

Firemen's Fund – represents the receipts and disbursements by the treasurer that will be disbursed to the various fire departments within the county.

School's Fund – used to account for receipts and disbursements by the treasurer of assets earmarked for the school district.

**COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
Assets				
Cash and equivalents	\$ 5,558,061	\$ 12,214,097	\$ 12,325,206	\$ 5,446,952
Investments	7,774,435	8,722	-	7,783,157
Accounts receivable, net	69,047	168,301	-	237,348
Due from primary government	2,026,337	-	1,830,989	195,348
Total assets	<u>\$ 15,427,880</u>	<u>\$ 12,391,120</u>	<u>\$ 14,156,195</u>	<u>\$ 13,662,805</u>
Liabilities				
Accounts payable	\$ 86,632	\$ 477,475	-	\$ 564,107
Due to primary government	1,159,907	-	1,153,084	6,823
Assets held for others	14,181,341	11,913,645	13,003,111	13,091,875
Total liabilities	<u>\$ 15,427,880</u>	<u>\$ 12,391,120</u>	<u>\$ 14,156,195</u>	<u>\$ 13,662,805</u>

The notes to the financial statements are an integral part of this statement.

COMPONENT UNITS

Major Component Units

Component Units are used to account for organizations that raise and hold economic resources for the direct benefit of the governmental unit and for which the elected officials of the primary government are financially accountable.

Fire and Rescue Fund – used to account for programs and activities of the fire and rescue department.

Memorial Library Fund – used to account for programs and activities for the memorial library.

Nonmajor Component Units

CCEDC One – used to account for the programs and activities of the Colleton County Economic Development Commission One to promote economic development within the County.

CCEDC Two – used to account for the programs and activities of the Colleton County Economic Development Commission Two to promote economic development within the County.

Alcohol and Drug Abuse Commission – used to account for the programs and activities of the Alcohol and Drug Abuse Commission.

**COLLETON COUNTY, SOUTH CAROLINA
 COMPONENT UNIT - FIRE AND RESCUE COMMISSION
 BALANCE SHEET
 JUNE 30, 2013**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Cash and equivalents	\$ 12,410	\$ -	\$ -	\$ 12,410
Investments	488,480	-	440,159	928,639
Receivables, net of allowances	2,032,078	-	280,075	2,312,153
Due from primary government	-	17,811	24,695	42,506
Restricted Cash	-	2,075,547	-	2,075,547
Total assets	<u>\$ 2,532,968</u>	<u>\$ 2,093,358</u>	<u>\$ 744,929</u>	<u>\$ 5,371,255</u>
Liabilities				
Accounts payable	\$ 54,777	\$ 195,744	\$ -	\$ 250,521
Accrued payroll liabilities	184,547	-	-	184,547
Due to primary government	497,922	88,440	-	586,362
Total liabilities	<u>737,246</u>	<u>284,184</u>	<u>-</u>	<u>1,021,430</u>
Deferred Inflows of Resources				
Unavailable revenue-property taxes	393,947	-	228,485	622,432
Unavailable revenue-fees	1,261,873	-	-	1,261,873
Total deferred inflows of resources	<u>1,655,820</u>	<u>-</u>	<u>228,485</u>	<u>1,884,305</u>
Fund Balances				
Restricted	-	1,809,174	516,444	2,325,618
Unrestricted	139,902	-	-	139,902
Total fund balances	<u>139,902</u>	<u>1,809,174</u>	<u>516,444</u>	<u>2,465,520</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,532,968</u>	<u>\$ 2,093,358</u>	<u>\$ 744,929</u>	<u>\$ 5,371,255</u>

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FIRE AND RESCUE COMMISSION
JUNE 30, 2013**

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

Total fund balance - fire and rescue commission	\$	2,465,520
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Land	\$	339,517	
Construction in progress		1,707,679	
Buildings & improvements, net of accumulated depreciation of \$1,237,060		2,748,403	
Other improvements, net of accumulated depreciation of \$87,203		46,636	
Equipment & vehicles, net of accumulated depreciation of \$9,107,942		<u>5,788,710</u>	
			10,630,945

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

Property taxes		622,432	
EMS fee receivables		<u>1,261,873</u>	
			1,884,305

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

114,710

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		(9,485,000)	
Compensated absences		(199,350)	
Accrued interest		(77,312)	
OPEB obligation		<u>(192,618)</u>	
			<u>(9,954,280)</u>

Total net position - governmental activities	\$	<u><u>5,141,200</u></u>
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**COLLETON COUNTY, SOUTH CAROLINA
 COMPONENT UNIT - FIRE AND RESCUE COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues				
Taxes	\$ 2,980,670	\$ -	\$ 2,059,388	\$ 5,040,058
Intergovernmental revenues	2,793,230	-	-	2,793,230
Fees	1,293,992	-	-	1,293,992
Other income	5,064	11,172	3,154	19,390
Total revenues	<u>7,072,956</u>	<u>11,172</u>	<u>2,062,542</u>	<u>9,146,670</u>
Expenditures				
Current				
Public safety	7,267,019	483,370	-	7,750,389
Capital outlay				
Public Safety	263,753	2,823,702	-	3,087,455
Debt service				
Principal retirement	-	-	1,460,000	1,460,000
Interest payments	-	-	278,091	278,091
Total expenditures	<u>7,530,772</u>	<u>3,307,072</u>	<u>1,738,091</u>	<u>12,575,935</u>
Excess (deficiency) of revenues over expenditures	<u>(457,816)</u>	<u>(3,295,900)</u>	<u>324,451</u>	<u>(3,429,265)</u>
Other financing sources (uses)				
Insurance proceeds	74,156	-	-	74,156
Transfers in	7,024	421,524	-	428,548
Transfers out	<u>(367,938)</u>	<u>(7,814)</u>	<u>-</u>	<u>(375,752)</u>
Total other financing sources (uses)	<u>(286,758)</u>	<u>413,710</u>	<u>-</u>	<u>126,952</u>
Net change in fund balances	(744,574)	(2,882,190)	324,451	(3,302,313)
Fund balances, beginning of year	884,476	4,691,364	191,993	5,767,833
Fund balances, end of year	<u>\$ 139,902</u>	<u>\$ 1,809,174</u>	<u>\$ 516,444</u>	<u>\$ 2,465,520</u>

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FIRE AND RESCUE COMMISSION
FOR THE YEAR ENDED JUNE 30, 2013**

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

Total net change in fund balance - fire and rescue commission \$ (3,302,313)

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 was less than depreciation in the current period.

Capital outlay	\$ 3,087,455	
Depreciation expense	<u>(939,329)</u>	2,148,126

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.

Property taxes	<u>(627,156)</u>	(627,156)
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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	(19,827)	
OPEB obligation	(34,278)	
Accrued interest	<u>17,983</u>	(36,122)

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

Principal payment on general obligation bonds	<u>1,460,000</u>	1,460,000
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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 position.

24,157

Changes in net position of governmental activities	<u>\$ (333,308)</u>	
--	---------------------	--

**COLLETON COUNTY, SOUTH CAROLINA
 COMPONENT UNIT - FIRE AND RESCUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with final budget - positive (negative)
	Original	Final		
Revenues				
Taxes	\$ 4,690,224	\$ 4,690,224	\$ 5,040,058	\$ 349,834
Intergovernmental revenues	2,652,394	3,174,483	2,793,230	(381,253)
Fees	1,310,716	1,379,615	1,293,992	(85,623)
Other income	5,000	13,096	19,390	6,294
Total revenues	<u>8,658,334</u>	<u>9,257,418</u>	<u>9,146,670</u>	<u>(110,748)</u>
Expenditures				
Current				
Public safety	6,938,200	7,879,740	7,750,389	129,351
Capital outlay				
Public safety	3,681,658	5,036,337	3,087,455	1,948,882
Debt Service				
Principal retirement	1,460,000	1,460,000	1,460,000	-
Interest and fiscal charges	260,134	260,134	278,091	(17,957)
Total expenditures	<u>12,339,992</u>	<u>14,636,211</u>	<u>12,575,935</u>	<u>2,060,276</u>
Excess (deficiency) of revenues over expenditures	<u>(3,681,658)</u>	<u>(5,378,793)</u>	<u>(3,429,265)</u>	<u>1,949,528</u>
Other financing sources (uses)				
Insurance proceeds	-	73,366	74,156	(790)
Transfers in	-	372,752	428,548	(55,796)
Transfers out	-	<u>(367,938)</u>	<u>(375,752)</u>	<u>7,814</u>
Total other financing sources (uses)	<u>-</u>	<u>78,181</u>	<u>126,952</u>	<u>(48,771)</u>
Net change in fund balances*	(3,681,658)	(5,300,612)	(3,302,313)	1,998,299
Fund balances, beginning of year	<u>5,767,833</u>	<u>5,767,833</u>	<u>5,767,833</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,086,175</u>	<u>\$ 467,221</u>	<u>\$ 2,465,520</u>	<u>\$ 1,998,299</u>

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE:

The basis of budgeting is the same as generally accepted accounting principles. The County adopts annual budgets for the fire and rescue fund using the modified accrual basis. Appropriations lapse at the end of the year.

**COLLETON COUNTY, SOUTH CAROLINA
 COMPONENT UNIT - MEMORIAL LIBRARY
 BALANCE SHEET
 JUNE 30, 2013**

	General Fund	Special Revenue Fund	Total
Assets			
Cash and equivalents	\$ 87,067	\$ 5,420	\$ 92,487
Receivables, net of allowances	3,132	-	3,132
Total assets	\$ 90,199	\$ 5,420	\$ 95,619
Liabilities			
Accounts payable	\$ 4,254	\$ -	\$ 4,254
Accrued payroll and benefits	15,968	-	15,968
Due to primary government	34,238	4,985	39,223
Unearned revenues	10,291	-	10,291
Total liabilities	64,751	4,985	69,736
Fund Balances			
Unassigned	25,448	-	25,448
Assigned	-	435	435
Total fund balances	25,448	435	25,883
Total liabilities and fund balances	\$ 90,199	\$ 5,420	\$ 95,619

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
MEMORIAL LIBRARY
JUNE 30, 2013**

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

Total fund balance - Memorial Library	\$	25,883
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds		
Buildings and improvements, net of accumulated depreciation \$119,026	-	
Library materials, net of accumulated depreciation of \$1,581,119	255,386	
Equipment & vehicles, net of accumulated depreciation of \$207,766	3,892	
		259,278
Disbursements for insurance coverage reflected in the funds cover periods extending beyond year-end		
		9,169
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	(22,381)	
OPEB obligation	(78,602)	
		(100,983)
Total net position - governmental activities	\$	193,347

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
 COMPONENT UNIT - MEMORIAL LIBRARY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Special Revenue Fund	Total
Revenues			
Intergovernmental revenues	\$ 563,455	\$ 60,000	\$ 623,455
Fines, fees, and service charges	27,706	-	27,706
Other income	120,109	15	120,124
Total revenues	<u>711,270</u>	<u>60,015</u>	<u>771,285</u>
Expenditures			
Current			
Recreation and culture	627,046	60,183	687,229
Capital outlay			
Recreation and culture	93,136	-	93,136
Total expenditures	<u>720,182</u>	<u>60,183</u>	<u>780,365</u>
Net change in fund balances	(8,912)	(168)	(9,080)
Fund balances, beginning of year	34,360	603	34,963
Fund balances, end of year	<u>\$ 25,448</u>	<u>\$ 435</u>	<u>\$ 25,883</u>

The notes to the financial statements are an integral part of this statement.

COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
MEMORIAL LIBRARY
FOR THE YEAR ENDED JUNE 30, 2013

Total net change in fund balance - Memorial Library \$ (9,080)

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 was less than depreciation in the current period.

Capital outlay	93,136	
Depreciation expense	<u>(93,669)</u>	(533)

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	(1,401)	
OPEB obligation	<u>(34,278)</u>	(35,679)

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 position.

	<u>3,840</u>	
Changes in net position of governmental activities	<u>\$ (41,452)</u>	

**COLLETON COUNTY, SOUTH CAROLINA
 COMPONENT UNIT - MEMORIAL LIBRARY
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with final budget - positive (negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 551,663	\$ 626,760	\$ 623,455	\$ (3,305)
Fines, fees, and service charges	-	8,761	27,706	18,945
Other income	-	28,130	120,124	91,994
Total revenues	<u>551,663</u>	<u>663,651</u>	<u>771,285</u>	<u>107,634</u>
Expenditures				
Current				
Recreation and culture	551,663	663,651	687,229	23,578
Capital outlay				
Recreation and culture	-	-	93,136	93,136
Total expenditures	<u>551,663</u>	<u>663,651</u>	<u>780,365</u>	<u>116,714</u>
Net change in fund balance	-	-	(9,080)	(9,080)
Fund balances, beginning of year	-	-	34,963	34,963
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,883</u>	<u>\$ 25,883</u>

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE:

The basis of budgeting is the same as generally accepted accounting principles. The County adopts annual budgets for the library fund using the modified accrual basis. Appropriations lapse at the end of the year.

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
JUNE 30, 2013**

	CCEDC ONE 12/31/2012	CCEDC TWO 12/31/2012	ALCOHOL & DRUG 6/30/2013	TOTAL
Assets				
Cash	\$ 50,772	\$ 133,746	\$ 333,704	\$ 518,222
Accounts receivable	-	-	85,332	85,332
Notes receivable	680,000	-	-	680,000
Due from other component units	-	14,945	-	14,945
Assets held for resale	10,358	855,727	-	866,085
Total assets	<u>\$ 741,130</u>	<u>\$ 1,004,418</u>	<u>\$ 419,036</u>	<u>\$ 2,164,584</u>
Liabilities				
Current liabilities				
Accounts Payable	\$ -	\$ -	\$ 32,841	\$ 32,841
Due to other components units	14,945	-	-	14,945
Noncurrent liabilities				
Due within one year	-	-	2,065	2,065
Due in more than one year	-	-	11,699	11,699
Total liabilities	<u>14,945</u>	<u>-</u>	<u>46,605</u>	<u>61,550</u>
Net Position				
Restricted	726,185	1,004,418	-	1,730,603
Unrestricted	-	-	372,431	372,431
Total net position	<u>726,185</u>	<u>1,004,418</u>	<u>372,431</u>	<u>2,103,034</u>
Total liabilities and net position	<u>\$ 741,130</u>	<u>\$ 1,004,418</u>	<u>\$ 419,036</u>	<u>\$ 2,164,584</u>

The notes to the financial statement are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>CCEDC ONE 12/31/2012</u>	<u>CCEDC TWO 12/31/2012</u>	<u>ALCOHOL & DRUG 6/30/2013</u>	<u>TOTAL</u>
Revenues				
Program Revenues				
Charges for services	\$ -	\$ -	\$ 377,085	\$ 377,085
Operating grants and contributions	69,075	921,394	514,089	1,504,558
General Revenues				
Miscellaneous	-	-	9,101	9,101
Interest	-	-	1,197	1,197
Total revenues	<u>69,075</u>	<u>921,394</u>	<u>901,472</u>	<u>1,891,941</u>
Expenses				
Economic development	113	23,478	-	23,591
Health and human services	-	-	893,745	893,745
Total liabilities	<u>113</u>	<u>23,478</u>	<u>893,745</u>	<u>917,336</u>
Change in net position	68,962	897,916	7,727	974,605
Net position, beginning of year	657,223	106,502	364,704	1,128,429
Net position, end of year	<u>\$ 726,185</u>	<u>\$ 1,004,418</u>	<u>\$ 372,431</u>	<u>\$ 2,103,034</u>

The notes to the financial statements are an integral part of this statement.

**COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES
FOR THE YEAR ENDED JUNE 30, 2013**

Court fines, surcharges, and assessments		
Collected	\$	1,408,044
Remitted to State Treasurer		<u>(702,257)</u>
Retained by County	\$	<u><u>705,787</u></u>
Fines, surcharges and assessments retained by County		
General fund	\$	616,589
Other agencies		36,336
Victims' advocate services		<u>52,862</u>
Total surcharges and assessments	\$	<u><u>705,787</u></u>
Funds allocated to victims' advocate service		
Carryover funds from prior year	\$	69,341
Other income		2,484
Interest earned		78
Surcharges and assessments retained		66,546
Expenditures for victims advocate retained		<u>(58,540)</u>
Balance of victims funds at end of year	\$	<u><u>79,909</u></u>

STATISTICAL SECTION

COLLETON COUNTY, SOUTH CAROLINA

STATISTICAL SECTION

This part of the Colleton County, South Carolina comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosure, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	87-90
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	91-93
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	94-99
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help comparisons over time and with other governments.	100-101
Operating Information These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	102-104

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**COLLETON COUNTY, SOUTH CAROLINA
NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS**

Schedule 1

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES										
Invested in Capital Assets, Net of Related Debt	\$ 18,454,916	\$ 15,571,192	\$ 19,878,746	\$ 21,873,770	\$ 26,304,536	\$ 24,511,294	\$ 26,613,252	\$ 30,234,540	\$ 28,162,225	\$ 29,208,570
Restricted	-	825,612	6,809,212	3,782,860	4,323,292	7,104,250	8,210,458	8,509,085	10,192,511	8,976,701
Unrestricted	5,424,949	10,986,567	3,752,875	8,195,230	5,039,767	7,260,956	8,282,389	9,942,615	12,627,357	10,997,674
Total Governmental Activities Net Position	<u>\$ 23,879,865</u>	<u>\$ 27,383,371</u>	<u>\$ 30,440,833</u>	<u>\$ 33,851,860</u>	<u>\$ 35,667,595</u>	<u>\$ 38,876,500</u>	<u>\$ 43,106,099</u>	<u>\$ 48,686,240</u>	<u>\$ 50,982,093</u>	<u>\$ 49,182,945</u>

Source: County Audit Reports

**COLLETON COUNTY, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Schedule 2

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General government	\$ 5,444,585	\$ 5,340,259	\$ 5,832,259	\$ 6,172,453	\$ 6,581,507	\$ 6,646,119	\$ 6,593,093	\$ 7,228,887	\$ 8,000,488	\$ 8,178,472
Judicial	1,357,474	1,609,223	1,694,343	1,574,140	2,130,954	2,137,323	1,973,222	5,010,233	4,996,680	4,594,583
Public safety	8,580,993	8,355,260	8,897,438	9,377,244	10,114,552	10,634,142	10,232,152	8,244,482	8,202,681	8,410,210
Streets and highways	1,860,264	1,923,415	2,157,486	2,266,132	2,250,684	2,302,900	1,774,066	2,313,953	2,320,046	2,496,358
Sanitation	-	1,794,280	1,864,575	1,945,094	2,056,866	2,124,328	1,730,522	2,244,813	2,280,816	2,449,740
Recreation and culture	560,086	976,080	1,029,961	996,532	1,139,480	1,182,007	1,285,985	819,698	1,036,373	1,313,153
Health and human services	964,263	964,771	1,083,368	1,057,044	1,113,018	1,172,954	1,084,829	1,818,338	1,672,744	1,789,799
Economic development	878,618	704,122	420,369	353,263	402,344	637,276	259,688	380,812	2,027,728	3,373,628
Intergovernmental	889,704	862,515	2,909,748	320,196	638,346	262,917	250,113	3,485,734	3,130,391	3,360,676
Interest and fiscal charges	881,022	844,149	890,054	875,038	714,427	740,453	3,422,305	655,432	560,225	500,152
Total Expenses	<u>21,417,009</u>	<u>23,374,074</u>	<u>26,779,601</u>	<u>24,937,136</u>	<u>27,142,178</u>	<u>27,840,419</u>	<u>28,605,975</u>	<u>32,202,382</u>	<u>34,228,172</u>	<u>36,466,771</u>
Revenues										
Governmental Activities:										
Program Revenues										
Charges for Services:										
General government	545,657	428,794	420,290	475,461	560,509	594,443	461,919	434,053	407,482	483,659
Judicial	101,186	485,554	585,178	526,510	531,060	354,456	845,808	3,052,629	2,852,878	2,769,668
Public safety	2,017,132	1,153,053	1,289,323	1,331,084	1,390,379	1,342,620	149,508	512,453	352,108	364,705
Streets and highways	-	10,647	-	-	-	762,092	979,340	913,889	964,525	1,015,102
Sanitation	-	404,248	452,989	467,428	508,640	399,346	1,106,419	1,443,781	1,150,138	1,636,460
Recreation and culture	-	5,566	44,060	85,368	130,601	3,570	-	160,145	175,987	210,835
Health and human services	-	-	-	-	497,112	-	139,036	708,738	725,761	627,354
Economic development	-	-	-	-	-	-	295,251	-	-	-
Operating Grants and Contributions	3,181,662	1,574,556	1,780,045	1,476,277	974,119	1,561,311	3,225,446	2,049,525	2,102,187	3,073,637
Capital Grants and Contributions	161,807	496,416	1,665,398	129,862	174,643	440,452	621,186	3,181,056	1,438,292	-
General Revenues										
Taxes	20,639,989	19,021,696	19,574,622	20,876,317	21,185,136	23,190,793	22,999,176	23,662,008	24,538,580	22,956,394
Grants and contributions not restricted to specific program	-	1,795,135	1,874,599	2,054,893	2,277,220	2,174,986	1,755,788	1,419,929	1,197,122	1,430,665
Interest and investment earnings	75,574	212,826	491,442	745,946	525,192	132,325	52,452	89,429	79,474	-
Miscellaneous	45,642	46,952	57,399	8,807	157,455	47,202	108,356	24,912	311,507	271,784
Gain (loss) on sale of assets	7,353	26,394	89,815	-	45,847	45,728	95,889	129,976	227,984	66,667
Transfers in (out)	(1,732,745)	(424,146)	1,511,903	170,210	-	-	-	-	-	(52,796)
Total Revenues	<u>25,043,257</u>	<u>25,237,691</u>	<u>29,837,063</u>	<u>28,348,163</u>	<u>28,957,913</u>	<u>31,049,324</u>	<u>32,835,574</u>	<u>37,782,523</u>	<u>36,524,025</u>	<u>34,854,134</u>
Change in net position	3,626,248	1,863,617	3,057,462	3,411,027	1,815,735	3,208,905	4,229,599	5,580,141	2,295,853	(1,612,637)
Net Position-Beginning	20,253,617	25,519,754	(1) 27,383,371	30,440,833	33,851,860	35,667,595	38,876,500	43,106,099	48,686,240	50,982,093
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	(186,511)
Net Position-Ending	<u>\$ 23,879,865</u>	<u>\$ 27,383,371</u>	<u>\$ 30,440,833</u>	<u>\$ 33,851,860</u>	<u>\$ 35,667,595</u>	<u>\$ 38,876,500</u>	<u>\$ 43,106,099</u>	<u>\$ 48,686,240</u>	<u>\$ 50,982,093</u>	<u>\$ 49,182,945</u>

Source: County Audit Reports

(1) - Net assets were restated at June 30, 2004.

**COLLETON COUNTY, SOUTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

Schedule 3

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL FUND										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,442	\$ 6,718	\$ 6,076
Restricted	562,000	258,922	591,131	12,190	4,512	7,092	2,592	-	204,307	2,101
Committed	-	100,944	-	-	-	-	-	-	-	-
Unassigned	5,103,216	6,848,633	5,680,983	6,836,588	7,031,667	8,947,550	7,433,900	8,735,361	8,975,864	7,921,046
Total General Fund	<u>\$ 5,665,216</u>	<u>\$ 7,208,499</u>	<u>\$ 6,272,114</u>	<u>\$ 6,848,778</u>	<u>\$ 7,036,179</u>	<u>\$ 8,954,642</u>	<u>\$ 7,436,492</u>	<u>\$ 8,737,803</u>	<u>\$ 9,186,889</u>	<u>\$ 7,929,223</u>
ECONOMIC DEVELOPMENT AND CAPITAL IMPROVEMENTS FUND										
Nonspendable	\$ 4,367,567	\$ 3,917,909	\$ 2,898,254	\$ 2,237,674	\$ 4,123,586	\$ 2,737,489	\$ -	\$ -	\$ -	\$ -
Total Economic Development Fund	<u>\$ 4,367,567</u>	<u>\$ 3,917,909</u>	<u>\$ 2,898,254</u>	<u>\$ 2,237,674</u>	<u>\$ 4,123,586</u>	<u>\$ 2,737,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2005 BOND FUND										
Nonspendable	\$ -	\$ -	\$ 3,910,517	\$ 1,066,216	\$ 135,200	\$ 1,061	\$ -	\$ -	\$ -	\$ -
Total Economic Development Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,910,517</u>	<u>\$ 1,066,216</u>	<u>\$ 135,200</u>	<u>\$ 1,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ALL OTHER GOVERNMENTAL FUNDS										
Restricted	\$ 1,260,081	\$ 761,756	\$ 798,630	\$ 355,864	\$ 366,834	\$ 369,375	\$ 1,825,429	\$ 4,752,641	\$ 4,338,743	\$ 7,728,952
Committed	-	20,232	420,844	270,844	320,844	348,042	356,323	722,624	1,873,050	3,136,266
Nonspendable	-	-	-	-	-	-	-	-	-	567,675
Assigned	2,074,121	3,167,854	4,810,358	5,485,465	4,914,462	4,925,295	6,346,099	4,896,457	6,193,164	162,302
Total All Other Governmental Funds	<u>\$ 3,334,202</u>	<u>\$ 3,949,842</u>	<u>\$ 6,029,832</u>	<u>\$ 6,112,173</u>	<u>\$ 5,602,140</u>	<u>\$ 5,642,712</u>	<u>\$ 8,527,851</u>	<u>\$ 10,371,722</u>	<u>\$ 12,404,957</u>	<u>\$ 11,595,195</u>

Source: County Audit Reports

**COLLETON COUNTY, SOUTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 18,426,911	\$ 19,153,763	\$ 19,907,589	\$ 21,041,799	\$ 21,404,626	\$ 23,256,592	\$ 23,859,750	\$ 24,966,426	\$ 25,323,266	\$ 23,885,157
Licenses and permits	545,657	128,422	142,560	151,555	223,315	156,842	-	-	-	-
Fines and fees	1,153,503	2,064,121	2,358,776	2,384,057	2,506,477	2,839,939	2,223,421	2,474,493	2,021,074	7,107,783
Intergovernmental	5,270,198	4,015,176	3,606,935	3,607,297	3,832,211	3,985,122	4,684,025	6,748,815	6,266,017	4,504,302
Charges for services	624,887	-	-	-	-	-	-	-	-	-
Interest	75,575	211,096	492,626	741,997	525,308	132,442	97,238	89,338	79,470	-
Other	52,428	65,903	156,680	128,524	297,356	298,610	139,684	124,420	515,179	173,666
Total Revenues	<u>26,149,159</u>	<u>25,638,481</u>	<u>26,665,166</u>	<u>28,055,229</u>	<u>28,789,293</u>	<u>30,669,547</u>	<u>31,004,118</u>	<u>34,403,492</u>	<u>34,205,006</u>	<u>35,670,908</u>
Expenditures										
Current:										
General government	5,226,602	5,232,852	5,657,276	5,862,450	6,455,603	6,292,313	7,865,398	6,756,544	7,344,982	7,688,345
Judicial	1,336,388	1,531,523	1,674,099	1,569,271	1,719,488	1,695,299	1,962,697	2,344,951	2,122,867	4,157,881
Public safety	8,842,684	8,252,478	8,604,754	9,165,986	9,644,962	9,763,712	9,335,109	7,345,678	7,440,052	7,468,560
Streets and highways	1,385,373	2,075,280	1,656,805	1,628,779	1,612,068	1,649,944	2,711,965	1,608,064	1,655,724	1,833,460
Sanitation	-	1,854,391	1,789,779	1,764,920	2,110,483	1,850,461	1,750,312	1,917,542	1,972,315	2,156,449
Recreation and culture	548,478	959,286	1,014,539	983,338	1,127,037	1,179,546	758,729	761,261	872,178	1,055,271
Health and human services	869,320	869,430	989,351	960,730	1,019,031	1,320,906	1,109,046	1,002,283	833,863	1,674,861
Economic development	756,636	727,934	411,278	300,050	389,283	622,021	2,844,242	235,493	1,864,496	3,101,594
Intergovernmental	1,528,454	862,515	2,909,748	320,194	594,082	218,773	3,227,967	3,441,590	6,006,861	3,360,676
Capital Outlay	639,960	237,559	1,801,556	5,153,267	2,970,732	2,996,675	63,109	5,424,846	5,315,933	3,082,720
Debt Service										
Bond issuance costs	-	-	37,182	-	-	-	-	-	-	-
Principal	2,196,367	2,054,465	2,399,184	2,582,576	2,525,062	1,927,818	1,632,045	2,347,982	5,325,472	2,246,834
Interest	857,925	847,037	939,936	873,360	727,785	763,115	675,223	676,249	388,136	536,892
Total Expenditures	<u>24,188,187</u>	<u>25,504,750</u>	<u>29,885,487</u>	<u>31,164,921</u>	<u>30,895,616</u>	<u>30,280,583</u>	<u>33,935,842</u>	<u>33,862,483</u>	<u>41,142,879</u>	<u>38,363,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,960,972</u>	<u>133,731</u>	<u>(3,220,321)</u>	<u>(3,109,692)</u>	<u>(2,106,323)</u>	<u>388,964</u>	<u>(2,931,724)</u>	<u>541,009</u>	<u>(6,937,873)</u>	<u>(2,692,635)</u>
Other Financing Sources (Uses)										
Proceeds from sale of property	-	68,283	94,788	58,606	48,028	18,492	9,441	39,330	53,082	66,667
Debt proceeds	562,000	898,000	8,671,903	-	4,000,000	-	1,462,500	2,452,446	6,519,794	-
Debt payments	-	-	(3,023,806)	-	(1,314,241)	-	-	-	-	-
Insurance proceeds	-	-	-	-	4,800	31,343	87,372	112,399	177,318	98,118
Transfers in	1,927,311	3,882,708	5,691,806	3,393,634	3,267,296	4,263,137	7,601,471	6,420,790	9,559,323	4,251,121
Transfers out	(3,737,412)	(3,882,708)	(5,691,806)	(3,393,634)	(3,267,296)	(4,263,137)	(7,600,621)	(6,420,789)	(9,559,323)	(4,303,917)
Total other financing sources (uses)	<u>(1,248,101)</u>	<u>966,283</u>	<u>5,742,885</u>	<u>58,606</u>	<u>2,738,587</u>	<u>49,835</u>	<u>1,560,163</u>	<u>2,604,176</u>	<u>6,750,194</u>	<u>111,989</u>
Net Change in Fund Balances	712,871	1,100,014	2,522,564	(3,051,086)	632,264	438,799	(1,371,561)	3,145,185	(187,679)	(2,580,646)
Other changes in fund balance	-	(123,751)	1,511,903	205,210	-	-	-	-	2,669,997	513,218
Fund Balances, Beginning	12,654,114	14,099,987	15,076,250	19,110,717	16,264,841	16,897,105	17,335,904	15,964,343	19,109,528	21,591,846
Fund Balances, Ending	<u>\$ 13,366,985</u>	<u>\$ 15,076,250</u>	<u>\$ 19,110,717</u>	<u>\$ 16,264,841</u>	<u>\$ 16,897,105</u>	<u>\$ 17,335,904</u>	<u>\$ 15,964,343</u>	<u>\$ 19,109,528</u>	<u>\$ 21,591,846</u>	<u>\$ 19,524,418</u>
Debt service as a percentage of noncapital expenditures	13.0%	11.5%	12.0%	13.3%	11.6%	9.9%	6.8%	10.6%	15.9%	7.9%

Source: County Audit Reports

**COLLETON COUNTY, SOUTH CAROLINA
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Schedule 5

FISCAL YEAR ENDED JUNE 30,	ASSESSED VALUE			MARKET VALUE			TOTAL DIRECT TAX RATE
	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	
	2004	\$ 73,873,420	\$ 42,995,762	\$ 116,869,182	\$ 750,997,117	\$ 721,405,403	
2005	75,419,340	42,867,148	118,286,488	812,552,504	692,522,585	1,505,075,089	125.50
2006	116,280,800	42,659,472	158,940,272	1,594,898,565	626,514,985	2,221,413,550	96.10
2007	121,292,503	42,168,888	163,461,391	1,708,084,265	599,017,219	2,307,101,484	102.40
2008	126,823,441	41,473,101	168,296,542	1,729,360,519	591,825,021	2,321,185,540	104.20
2009	129,036,420	40,735,379	169,771,799	1,965,699,616	607,984,487	2,573,684,103	104.20
2010	123,603,434	41,435,519	165,038,953	2,977,709,647 **	608,617,821	3,586,327,468	107.50
2011	135,718,521 *	43,267,945 *	178,986,466 *	4,946,871,251 *	640,058,358 *	5,586,929,609 *	105.86
2012	127,313,207	44,104,392	171,417,599	3,677,625,787	561,477,710	4,239,103,497	108.45
2013	124,529,285	45,681,967	170,211,252	3,677,288,314	577,742,213	4,255,030,527	108.45

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* Reassessment Year.

** Computer error generated values in excess of actual values.

Data Source: County Auditor

**COLLETON COUNTY, SOUTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Schedule 6

FISCAL YEAR ENDED JUNE 30,	COUNTY DIRECT RATES			OVERLAPPING RATES					
	BASIC RATE	COUNTY DEBT	TOTAL DIRECT RATE	SCHOOL OPERATIONS	SCHOOL DEBT SERVICE	COUNTY FIRE PROTECTION	COUNTY FIRE DEBT SERVICE	TOWN OF EDISTO BEACH	CITY OF WALTERBORO
2004	122.70	11.40	134.10	117.70	14.20	22.00	14.40	22.00	95.00
2005	125.50	11.10	136.60	113.40	10.50	23.90	12.50	24.00	95.00
2006	96.10	12.50	108.60	87.80	7.80	22.70	13.30	12.00	78.00
2007	102.40	11.20	113.60	98.20	24.50	28.10	14.40	15.00	78.00
2008	104.20	11.40	115.60	101.44	44.50	29.00	18.40	17.00	81.00
2009	104.20	12.00	116.20	104.38	46.50	29.84	20.50	18.00	83.00
2010	107.50	8.70	116.20	104.38	46.50	29.84	20.50	18.81	83.00
2011	105.86	7.41	113.27	101.83	46.50	29.61	20.69	18.65	77.00
2012	108.45	7.41	115.86	104.31	46.50	30.54	20.69	19.53	79.46
2013	108.45	7.41	115.86	104.31	46.50	33.56	17.67	19.53	88.00

Source: County Finance Office

**COLLETON COUNTY, SOUTH CAROLINA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO**

Schedule 7

TAXPAYER	2013			2004			
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	
SCE&G	\$ 11,934,910	1	6.73%	N/A	-	N/A	%
Coastal Electric Coop	2,526,060	2	1.42%	N/A	-	N/A	
SCE&G	1,202,710	3	0.68%	N/A	-	N/A	
Walmart	765,000	4	0.43%	N/A	-	N/A	
Cherokee Plantation Owners LLC	569,376	5	0.32%	N/A	-	N/A	
Walterboro Community Hospital	486,000	6	0.27%	N/A	-	N/A	
Dayco Products LLC	434,570	7	0.24%	N/A	-	N/A	
Walterboro/SAV LLC	387,300	8	0.22%	N/A	-	N/A	
Smithers Oasis Company	392,900	9	0.22%	N/A	-	N/A	
Comcast Cablevision of Carolina	346,560	10	0.20%	N/A	-	N/A	
Total	<u>\$ 19,045,386</u>		<u>10.73%</u>	<u>\$ -</u>		<u>-</u>	<u>%</u>

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Source: County Auditor

N/A - Information is not available.

**COLLETON COUNTY, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Schedule 8

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2004	\$ 29,295,867	\$ 26,980,971	92.10	\$ 2,004,178	\$ 28,985,149	98.94 %
2005	29,856,301	29,804,687	99.83	2,699,668	32,504,355	108.87
2006	32,455,604	29,031,541	89.45	2,640,704	31,672,245	97.59
2007	38,625,927	31,614,329	81.85	2,179,005	33,793,334	87.49
2008	44,016,278	36,218,618	82.28	2,698,000	38,916,618	88.41
2009	45,342,652	39,783,212	87.74	2,672,971	42,456,183	93.63
2010	44,078,603	42,885,742	97.29	3,287,425	46,173,167	104.75
2011	46,726,207	40,532,303	86.74	4,708,431	45,240,734	96.82
2012	47,115,937	44,705,792	94.88	3,615,818	48,321,610	102.56
2013	52,100,048	44,052,013	84.55	-	44,052,013	84.55

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Source: Delinquent Tax Collector, County Finance Office, County Auditor, County Treasurer

All figures include county, fire & rescue, and school district.

**COLLETON COUNTY, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Schedule 9

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES					TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BOND	NOTES PAYABLE	LEASES PAYABLE	SPECIAL REVENUE BOND				
2004	\$ 6,449,985	\$ 3,442,102	\$ 2,749,341	\$ 4,554,639	\$ 17,196,067	1.94	% \$ 444.66	
2005	5,685,526	3,239,134	2,975,432	4,139,511	16,039,603	1.74	414.16	
2006	11,385,442	1,511,903	2,686,517	3,704,654	19,288,516	1.94	499.60	
2007	10,351,955	1,382,306	1,722,722	3,248,956	16,705,939	1.60	430.95	
2008	9,224,660	1,252,488	928,720	5,460,768	16,866,636	1.54	432.32	
2009	7,958,135	1,117,283	854,433	5,008,967	14,938,818	1.40	384.39	
2010	7,006,936	976,468	1,751,957	4,546,844	14,282,205	1.30	367.23	
2011	5,985,601	829,807	3,555,466	4,063,349	14,434,223	1.28	375.61	
2012	8,206,240	677,062	2,109,152	5,033,701	16,026,155	1.42	420.05	
2013	7,280,000	517,977	1,526,344	4,455,000	13,779,321	N/A	N/A	

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Source: County Audit Report, US Census Bureau

Note: Details of the County's outstanding debt can be found in the notes to the financial statements.

See schedule 14 for personal income and population.

These ratios are calculated using personal income and population for the prior calendar year.

N/A - Information is not available.

**COLLETON COUNTY, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Schedule 10

FISCAL YEAR ENDED JUNE 30,	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUNDS	TOTAL	PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2004	\$ 6,449,985	\$ 272,597	\$ 6,177,388	5.3 %	\$ 160
2005	5,685,526	418,641	5,266,885	4.5	136
2006	11,385,442	975,668	10,409,774	6.5	270
2007	10,351,955	1,051,202	9,300,753	5.7	240
2008	9,224,660	1,078,471	8,146,189	4.8	209
2009	7,958,135	1,228,570	6,729,565	4.0	173
2010	7,006,936	1,449,169	5,557,767	3.4	143
2011	5,985,601	1,424,537	4,561,064	2.5	119
2012	8,206,240	800,657	7,405,583	4.3	194
2013	7,280,000	1,031,180	6,248,820	3.5	164

**COLLETON COUNTY, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013**

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
Debt repaid with property taxes			
Colleton County School District	\$ 3,355,000	100.00%	\$ 3,355,000
Fire and Rescue Commission	9,485,000	100.00%	9,485,000
City of Walterboro	1,737,298	20.00%	347,460
Subtotal overlapping debt	<u>14,577,298</u>		<u>13,187,460</u>
County direct debt	<u>7,280,000</u>	100.00%	<u>7,280,000</u>
Total direct and overlapping debt	<u><u>\$ 21,857,298</u></u>		<u><u>\$ 20,467,460</u></u>

Sources: Assessed value data used to estimated applicable percentage provided by Jasper County Auditor.
Debt outstanding data provided by each governmental unit.

**COLLETON COUNTY, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Schedule 12

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	\$ 124,529,285
Debt limit (8% of assessed value)	9,962,343
Debt applicable to limit:	
General Obligation	<u>7,280,000</u>
Total net debt applicable to limit	<u>7,280,000</u>
Legal Debt Margin	<u><u>\$ 2,682,343</u></u>

	<u>2004</u>		<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>	
Debt Limit	\$ 9,349,535	\$	9,462,919	\$	12,715,222	\$	13,076,911	\$	13,463,723	\$	13,581,744	\$	13,203,116	\$	9,855,492	\$	10,068,526	\$	10,536,276	
Total net debt applicable to limit	<u>6,449,985</u>		<u>5,685,526</u>		<u>11,385,442</u>		<u>10,351,955</u>		<u>9,224,660</u>		<u>7,958,135</u>		<u>7,006,936</u>		<u>5,985,601</u>		<u>8,206,240</u>		<u>7,280,000</u>	
Legal debt margin	<u>\$ 2,899,550</u>	\$	<u>3,777,393</u>	\$	<u>1,329,780</u>	\$	<u>2,724,956</u>	\$	<u>4,239,063</u>	\$	<u>5,623,609</u>	\$	<u>6,196,180</u>	\$	<u>3,869,891</u>	\$	<u>1,862,286</u>	\$	<u>3,256,276</u>	
Total net debt applicable to the limit as a percentage of debt limit	<u>68.99</u>	%	<u>60.08</u>	%	<u>89.54</u>	%	<u>79.16</u>	%	<u>68.51</u>	%	<u>58.59</u>	%	<u>53.07</u>	%	<u>60.73</u>	%	<u>81.50</u>	%	<u>69.09</u>	%

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Under state finance law, the County's outstanding general obligation debt should not exceed 8 percent of the total assessed property value.

Source: County Audit Report
County Auditor

**COLLETON COUNTY, SOUTH CAROLINA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	DEBT SERVICE COLLECTIONS	DEBT SERVICE		COVERAGE
		PRINCIPAL	INTEREST	
2004	\$ 119 *	\$ 445,363	\$ 190,405	0.00
2005	811,238	415,128	220,637	1.28
2006	631,283	434,857	200,910	0.99
2007	846,966	455,698	180,068	1.33
2008	1,120,422	473,947	161,793	1.76
2009	743,473	451,800	286,474	1.01
2010	1,201,376	462,124	276,150	1.63
2011	1,225,389	483,495	254,779	1.66
2012	1,287,061	302,537	22,783	3.96
2013	1,631,755	578,701	218,444	2.05

*This was the first year that revenue was pledged for the payment of debt.

**COLLETON COUNTY, SOUTH CAROLINA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	POPULATION	PERSONAL INCOME (thousands of dollars)	PER CAPITA PERSONAL INCOME	MEDIAN AGE	SCHOOL ENROLLMENT	UNEMPLOYMENT RATE
2004	38,672	885,013	22,885	N/A	6285	7.3
2005	38,728	922,384	23,817	N/A	6229	7.1
2006	38,608	992,166	25,698	N/A	6193	6.8
2007	38,765	1,042,431	26,891	N/A	6125	6.4
2008	39,014	1,094,915	28,065	N/A	6036	8.4
2009	38,864	1,067,388	27,465	N/A	5968	14.4
2010	38,892	1,099,299	28,251	40.7	5991	13.4
2011	38,429	1,131,725	29,311	41.3	5872	13.9
2012	38,153	1,161,213	30,436	41.7	5885	12.2
2013	38,153	N/A	N/A	N/A	5830	N/A

Data Source:

- (1) US Bureau of the Census
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) Lowcountry Council of Governments
- (4) South Carolina Department of Education
- (5) South Carolina Employment Security Commission

N/A - Information is not available.

**COLLETON COUNTY, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Schedule 15

EMPLOYER	2013			2004		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
Colleton County School District	N/A	1	N/A %	N/A		N/A %
Colleton County	N/A	2	N/A	N/A		N/A
Walterboro Community Hospital	N/A	3	N/A	N/A		N/A
Walmart Associates Inc.	N/A	4	N/A	N/A		N/A
Advantage Veterans Services of Walterboro	N/A	5	N/A	N/A		N/A
Dayco Products LLC	N/A	6	N/A	N/A		N/A
SCE&G	N/A	7	N/A	N/A		N/A
Carolina Visuals LLC	N/A	8	N/A	N/A		N/A
Colleton County Board of Disabilities	N/A	9	N/A	N/A		N/A
City of Walterboro	N/A	10	N/A	N/A		N/A
Total	-		- %	-		- %

101

Source: County Economic Development Department

N/A - Information is not available.

COLLETON COUNTY, SOUTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Schedule 16

FUNCTION/PROGRAM	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	88.5	88.5	84.5	85.5	89.0	88.5	81.5	87.5	85.5	93.0
Judicial	22.0	22.0	18.0	21.5	20.5	20.0	19.5	20.0	20.0	18.5
Public Safety	132.5	132.5	129.5	130.0	135.0	135.0	134.5	132.5	133.0	132.0
Streets and Highways	29.0	29.0	29.5	28.5	28.5	28.5	28.5	28.5	27.5	27.5
Sanitation	14.5	14.5	15.0	15.0	15.0	14.5	14.5	15.5	15.5	15.5
Recreation and Culture	8.5	8.5	8.0	8.0	9.5	9.0	9.0	9.0	10.0	9.0
Health and Human Services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Alcohol and Drug	10.0	10.0	10.0	10.0	10.0	10.5	10.5	10.5	10.5	10.5
Library	64.0	64.0	66.5	68.5	69.0	69.0	69.0	77.0	75.5	77.5
Fire and Rescue	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.5	4.0	5.0
Total	374.0	374.0	366.0	372.0	381.5	380.0	372.0	386.5	385.0	392.0

Source: County Human Resources

**COLLETON COUNTY, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Schedule 17

	FISCAL YEAR										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
GENERAL GOVERNMENT	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
JUDICIAL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PUBLIC SAFETY	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
STREETS AND HIGHWAYS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SANITATION	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RECREATION AND CULTURE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HEALTH & HUMAN SERVICES	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ECONOMIC DEVELOPMENT	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - INFORMATION IS NOT AVAILABLE. THIS SCHEDULE IS A WORK IN PROCESS THAT WILL BE UPDATED IN THE FOLLOWING YEAR WHEN INFORMATION BECOMES AVAILABLE.

**COLLETON COUNTY, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Schedule 18

FUNCTION/PROGRAM	FISCAL YEAR										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
RECREATION AND CULTURE											
Community Centers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13
Recreation Complex	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
EMERGENCY SERVICES:											
Number of fire stations	26	29	30	30	30	30	30	30	30	30	33
Number of fire trucks	79	86	87	92	97	106	105	108	109	109	119
Number of Ambulances	8	9	9	9	9	10	10	10	11	11	12
STREETS AND HIGHWAYS											
Miles of roads	N/A	N/A	N/A	N/A	N/A	N/A	347.8	347.8	347.8	347.8	347.8
Collection sites	10	10	11	11	13	13	13	13	13	13	13
SHERIFF:											
Patrol units	86	86	86	86	86	86	86	86	86	86	86
HEALTH, EDUCATION & WELFARE											
County libraries	1	1	1	1	1	1	1	1	1	1	1

N/A - Information is not available.

COMPLIANCE SECTION

**COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed through S.C. Department of Social Services			
Summer Food Service Program for Children	10.559	SF-134	\$ 207,879
Summer Food Service Program for Children	10.559	SF-134	175,892
	Total 10.559		<u>383,770</u>
Total U.S. Department of Agriculture			<u>383,770</u>
U.S. Department of Justice:			
Direct			
Federal Equitable Sharing Program	16.922	N/A	<u>133,732</u>
Passed through S.C. Department of Public Safety			
JAG Grant - Juvenile Multi-Disciplinary Court Grant	16.523	1JS10003	
JAG Grant - Juvenile Multi-Disciplinary Court Grant	16.523	1JS09002	20,105
JAG Grant - Juvenile Multi-Disciplinary Court Grant	16.523	1JS08008	13,708
JAG Grant - Juvenile Multi-Disciplinary Court Grant	16.523	1JS10008	90,284
	Total 16.523		<u>124,097</u>
Passed through S.C. Department of Public Safety			
Edward Bryne Memorial JAG Grant-Violence Against Women Prosecution Team	16.588	1K12003	74,871
Edward Bryne Memorial JAG Grant-Violence Against Women Prosecution Team	16.588	1K11004	34,716
	Total 16.588		<u>109,587</u>
Direct			
State Criminal Alien Assistance Program	16.606	2012-AP-BX-0903	487
State Criminal Alien Assistance Program	16.606	2011-AP-BX-0814	1,268
	Total 16.606		<u>1,755</u>
Direct			
Bulletproof Vest Partnership Program	16.607	N/A	<u>3,480</u>
Direct			
COPS Technology Grant	16.710	2009CKWX0348	<u>29,061</u>
Direct			
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2012-DJ-BX-1149	16,433
	Total 16.738		<u>16,433</u>
Passed through S.C. Department of Public Safety			
Edward Bryne Memorial JAG Grant - Career Criminal Prosecuton Team	16.803	1GS09205	
Edward Bryne Memorial JAG Grant - Transfer Court Team	16.803	1GS09204	12,669
	Total 16.803		<u>12,669</u>
Direct			
ARRA Edward Bryne Memorial JAG Grant	16.804	2009-SB-B9-0704	<u>4,794</u>
Total U.S. Department of Justice			<u>\$ 435,608</u>

**COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
National Department of Transportation:			
Passed through S.C. Department of Public Safety 14th Judicial Circuit Law Enforcement Network Grant	20.600	2JC13014	\$ 13,463
14th Judicial Circuit Law Enforcement Network Grant	20.600	2JC12014	19,520
	Total 20.600		<u>32,983</u>
Passed through S.C. Department of Public Safety Special DUI Prosecutors Grant	20.601	2JCS1330	55,155
			<u>88,138</u>
Total National Department of Transportation			
U.S. Department of Homeland Security:			
Passed through S.C. Emergency Management Agency 2011 Emergency Management Performance Grant	97.042	11EMPG01	10,820
2011 Emergency Management Performance Grant	97.042	12EMPG01	48,940
	Total 97.042		<u>59,760</u>
Direct FEMA Staffing for Adequate Fire & Emergency Response Grant	97.044	EMW-2012-FH-00185	122,407
	Total 97.044		<u>122,407</u>
Passed through S.C. State Law Enforcement Division Citizens Corps Grant	97.067	09SHSP51	800
	Total 97.067		<u>800</u>
Total U.S. Department of Homeland Security			
U.S. Department of Health and Human Services:			
Passed through S.C. Department of Social Services Child Support Enforcement IV-D Incentive Payments	93.563	C70015C-4	32,925
Child Support Enforcement IV-D Sheriff's Department	93.563	C70061C-3	12,128
Child Support Enforcement IV-D Family Court	93.563	C70015C-3	136,116
	Total 93.563		<u>181,169</u>
Total U.S. Department of Health and Human Services			
U.S. Department of Housing & Urban Development			
Passed through S. C. Department of Commerce CDBG Demolition Grant	14.228	4-W-12-004	5,000
	Total 14.228		<u>5,000</u>
Total U.S. Department of Housing & Urban Development			
National Endowment of Humanities:			
Passed through S. C. Humanities Council New Harmonies: Celebrating American Roots Music	45.129	11NH-1436-1	2,500
THC SC Grant - "LTAI: Making Sense of the Civil War"	45.129	CP-13-524-5	400
	Total 45.129		<u>2,900</u>
Total National Endowment of Humanities			
			<u>\$ 2,900</u>

**COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Institute of Museum Library Services			
Passed through S. C. State Library			
LSTA Project IID: Competitive Grants - Summer Reading Program	45.310	IID-11-24	\$ 1,000
LSTA Sub Grant: Conference Attendance Grant	45.310	IIIA-12-20	1,445
LSTA Sub Grant: Conference Attendance Grant	45.310	IIIA-12-06	750
	Total 45.310		<u>3,195</u>
Total U.S. Institute of Museum Library Services			<u><u>3,195</u></u>
Total Expenditures of Federal Awards			<u><u>\$ 1,282,747</u></u>

COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013. 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, 2013.

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

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

We have audited, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise Colleton County, South Carolina's basic financial statements and have issued our report thereon dated December 2, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Colleton County, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Colleton County, South Carolina's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2013-1 and 2013-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colleton County, South Carolina's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2013-2.

Colleton County, South Carolina's Response to Findings

Colleton County, South Carolina's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Colleton County, South Carolina's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
December 2, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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, 2013. Colleton County, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Colleton County, South Carolina's major federal programs based on our audits of the types of compliance requirements referred to above. 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 audits 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 audits provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Colleton County, South Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, Colleton County, South Carolina, complied, in all material respects, with the types of 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, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-2. Our opinion on each major federal program is not modified with respect to these matters.

Colleton County, South Carolina's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Colleton County, South Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Colleton County, South Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audits of compliance, we considered Colleton County, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider a significant deficiency.

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. We did not identify any deficiencies in internal control over compliance that we consider a material weakness, although material weaknesses may exist that were not identified.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-2 to be a significant deficiency.

Colleton County, South Carolina's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Colleton County, South Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
December 2, 2013

**COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

I. Summary of Auditors' Results:

- A. The auditors' report expresses an unmodified opinion on the financial statements of Colleton County, South Carolina.
- B. Our audit of the financial statements disclosed two significant deficiencies and disclosed no material weaknesses in internal control over financial reporting.
- C. One instance 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, was disclosed during the audit.
- D. One significant deficiency in internal controls over major federal award programs was disclosed during the audit.
- E. The auditors' report on compliance for the major federal award programs Colleton County, South Carolina expresses an unmodified opinion on all major federal programs.
- F. Our audit disclosed one audit finding that relates to the federal awards which is 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, 2013 are:

<u>Program Name</u>	<u>CFDA#</u>
U.S. Department of Agriculture Passed through South Carolina Department of Social Services Summer Food Service Program for Children	10.559
U.S. Department of Justice Juvenile Accountability Block Grants	16.523
U.S. Department of Justice Equitable Sharing program	16.922

- 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.

COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 which is required to be reported in accordance with *Government Auditing Standards*.

Finding 2013-1

Criteria:

The beginning net position and the beginning fund balances should be accurately reported.

Condition:

Certain beginning net position and fund balances amounts required adjustment regarding library renovation depreciation and the listing of Colleton Commerce Center capital assets for resale.

Cause:

Due to a clerical error, certain beginning net position and beginning fund balance accounts were not fairly stated in the 2011-2012 financial statements.

Effect:

Certain beginning net position and fund balance accounts were adjusted to accurately report current year activity.

Auditors' Recommendation:

Management should establish policies and procedures to correctly state beginning net position and beginning fund balances.

Management's Response:

The County's internal financial controls identified these asset classification issues in the FY 2011-2012 financial statements regarding Library renovation depreciation and asset classification at the fund level for the Colleton Commerce Center. The Chief Financial Officer communicated this information to the auditors, re-classified the assets and depreciation properly, and recorded the assets in the SSRB Economic Development Fund at the correct fund level.

COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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

There was one finding noted for the year ended June 30, 2013, that is required to be reported in accordance with OMB Circular A-133 criteria.

Finding 2013-2

Criteria:

All purchases made with Equitable Sharing Funds will be subject to the procurements and accounts payable policies of the County. Purchases between \$2,500 and \$15,000 should be made by obtaining three (3) written quotes. Purchases exceeding \$15,000 should be formally advertised and bid with award being made by the Sheriff.

Condition:

One purchase made by Sheriff's Office staff in Excess of \$15,000 was made without following bid advertisement procedures.

Cause:

Insufficient understanding of procurement process and procedures.

Effect:

Established procurement policy regarding governing the distribution of Equitable Sharing Funds was not followed.

Auditors' Recommendation:

To improve internal control, management should establish policies and procedures to adequately follow the County's procurement policy.

Management's Response:

New policies and procedures with respect to procurement through the Equitable Sharing Funds have been established and put into place by the Sheriff's office. Additionally, Finance Department personnel held numerous procurement training sessions with the Sheriff's Office administration staff to bring them up to date and current with all procurement ordinances, procurement policies and procedures, as well as appropriate steps to take with respect to advertisement, public notice, etc. It should be noted that Equitable Sharing Funds are under the control of the Sheriff's Office and disbursed by the County Treasurer.

COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Corrective actions were taken to cure all prior year findings.