

**KERSHAW COUNTY, SOUTH CAROLINA  
ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2010**

**KERSHAW COUNTY, SOUTH CAROLINA  
ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended June 30, 2010**

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-12
<b>BASIC FINANCIAL STATEMENTS:</b>		
Government-Wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	E	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	18
Statement of Net Assets – Proprietary Fund	G	19
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Fund	H	20
Statement of Cash Flows – Proprietary Fund	I	21-22
Statement of Fiduciary Net Assets	J	23
Statement of Changes in Fiduciary Net Assets – Trust Funds	K	24
Notes to the Financial Statements		25-53

**KERSHAW COUNTY, SOUTH CAROLINA  
ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

TABLE OF CONTENTS

	<u>PAGE</u>
<b>SUPPLEMENTAL INFORMATION:</b>	
<i>General Fund</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	56-63
Required Supplemental Information - Budgetary Comparison Schedule	64
Required Supplemental Information - Other Post Employment Benefit Plan - Defined Benefit Healthcare Plan - Schedules of Employer Contributions and Funding Status	65
Notes to Required Supplemental Information	66
 <i>Special Revenue Fund</i>	
Balance Sheet	68
Statement of Revenues, Expenditures and Changes in Fund Balance.	69-72
Schedule of Revenues, Expenditures and Changes in Fund Balance - Library Operations	73
Schedule of Fines and Assessments	74
 <i>Debt Service Fund</i>	
Balance Sheet	76
Statement of Revenues, Expenditures and Changes in Fund Balance	77
 <i>Capital Projects Fund</i>	
Balance Sheet	79
Statement of Revenues, Expenditures and Changes in Fund Balance	80
 <i>Sewer System Enterprise Fund</i>	
Statement of Revenues, Expenses and Changes in Net Assets	82

**KERSHAW COUNTY, SOUTH CAROLINA  
ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

**TABLE OF CONTENTS**

	<u>PAGE</u>
<i>Fiduciary Funds</i>	
Combining Balance Sheet	84
Statement of Changes in Assets and Liabilities – All Agency Funds	85
Combining Balance Sheet – All Trust Funds	86
<b>FEDERAL REPORTING SECTION:</b>	
Schedule of Expenditures of Federal Awards	88-89
Notes to Schedule of Expenditures of Federal Awards	90
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	91-92
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133	93-94
Schedule of Findings and Questioned Costs	95-100
Summary Schedule of Prior Audit Findings	101

**SHEHEEN, HANCOCK & GODWIN, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

1011 FAIR STREET

P.O. DRAWER 428

CAMDEN, SOUTH CAROLINA 29021

FOUNDED 1959

AUSTIN M. SHEHEEN, JR., CPA  
TERRY M. HANCOCK, CPA  
LARRY F. GODWIN, CPA  
THOMAS B. MYERS, CPA  
DARYL W. TAYLOR, CPA  
ANTHONY E. BOYKIN, CPA  
JANE M. PEACOCK, CPA  
MATTHEW C. IRICK, CPA  
ANTHONY N. MESSIER, CPA  
J. RICHARD PARKER, CPA  
R. MARC WOOD

REBECCA M. LEE, CPA  
KELLEY C. STEEN, CPA  
STEPHEN A. GRAHAM, CPA  
JOHN C. BOYKIN, III  
JESSICA E. GASKINS

MEMBERS OF  
AMERICAN INSTITUTE OF CPA'S  
SOUTH CAROLINA ASSOCIATION OF CPA'S

TELEPHONE  
(803) 432-1424  
FAX  
(803) 432-1831

WEBSITE: [www.shgcpa.com](http://www.shgcpa.com)

February 3, 2011

**INDEPENDENT AUDITOR'S REPORT**

Honorable Members of the County Council  
Kershaw County  
Camden, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kershaw County, South Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kershaw County's management. Our responsibility is to express opinions on these financial statements based on our audit.

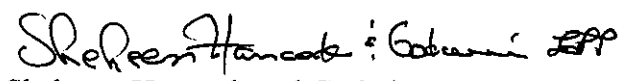
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kershaw County, South Carolina as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2011, on our consideration of Kershaw County South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the General Fund on pages 3 through 12 and 64, and the schedules of funding progress and employer contributions on page 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

  
Sheheen, Hancock and Godwin, LLP  
Certified Public Accountants

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2010**

This section of Kershaw County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended June 30, 2010. Please read it in conjunction with the County's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets of Kershaw County exceeded its liabilities at the close of the most recent fiscal year by \$46,042,914. Of this amount, \$36,551,563 may be used to meet the County's ongoing obligations to citizens and creditors.
- As of the close of the fiscal year, Kershaw County's governmental funds reported combined ending fund balances of \$10,959,171.
- At the end of the fiscal year the unreserved fund balance for the General Fund was \$6,978,709.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of five parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, a section that presents combining and individual fund statements and schedules for major and non-major governmental funds and fiduciary funds and a compliance section. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the County government, reporting the County's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the sewer system.
  - Fiduciary fund statements provide information about the financial relationships – like the collection of taxes for the Kershaw County School District – in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

Figure A-1 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.



**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

Figure A-1. Major Features of Kershaw County's Government-wide and Fund Financial Statements

Scope	Fund Statements		
	Government-wide Statements	Government Funds	Proprietary Funds
Entire County government (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses: the sewer system	Fiduciary Funds Instances in which the County is the trustee or agent for someone else's resources.
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter.	All assets and liabilities, both short and long-term
Type of inflow/outflow information	All revenue and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

**Government-Wide Statements**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net assets and how they have changed. Net assets – the difference between the County's assets and liabilities – is one way to measure the County's financial health, or position.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of the County's roads.

The government-wide financial statements of the County are divided into two categories:

- Governmental activities – Most of the County's basic services are included here, such as public safety, parks and recreation, and general administration. Property taxes and state and federal grants finance most of these activities.
- Business-type activities – The County charges fees to customers to help it cover the costs of the County's sewer system. This activity is included here.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the County's most significant funds – not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and bond covenants.
- The County establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants (like aid from the U.S. Department of Housing and Urban Development).

The County has three kinds of funds:

- Governmental funds—Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

- Proprietary funds—Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. In fact, the County's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- Fiduciary funds—The County is the trustee, or fiduciary, for the Kershaw County School District's funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

**Net assets.** The County's combined net assets at the end of the current fiscal year are \$46,042,914. Looking at the net assets and net expenses of governmental and business-type activities separately reflects that net assets from governmental activities make up 79.4 % of total net assets. The following table is a summary of the County's net assets for 2010 compared to 2009.

**Table 1**  
Kershaw County's Net Assets

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Current and Other Assets	\$15,827,171	\$15,429,430	\$ 397,741
Capital Assets	<u>54,752,080</u>	<u>50,775,885</u>	<u>3,976,195</u>
<b>Total Assets</b>	<u>70,579,251</u>	<u>66,205,315</u>	<u>4,373,936</u>
Long-Term Debt Outstanding	20,980,990	20,629,286	351,704
Other Liabilities	<u>3,555,347</u>	<u>3,657,658</u>	( <u>102,311</u> )
<b>Total Liabilities</b>	<u>24,536,337</u>	<u>24,286,944</u>	<u>249,393</u>
Invested in Capital Assets	37,913,908	33,783,492	4,130,416
Restricted	1,862,045	1,747,843	114,202
Unrestricted	<u>6,266,961</u>	<u>6,387,036</u>	( <u>120,075</u> )
<b>Total Net Assets</b>	<u>\$46,042,914</u>	<u>\$41,918,371</u>	<u>\$ 4,124,543</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

**Change in Net Assets.** The following table is a summary of the County's change in net assets for 2010.

**Table 2**  
Kershaw County's Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Revenues:</b>			
Program Revenues:			
Fees, Fines, and Charges for Services	\$ 4,265,496	\$ 801,643	\$ 5,067,139
Operating Grants	141,046	-	141,046
Capital Grants	1,696,939	2,000	1,698,939
General Revenues:			
Property Taxes	17,274,888	-	17,274,888
Miscellaneous	256,088	16,932	273,020
Unrestricted Investment Earnings	42,863	-	42,863
Intergovernmental Revenues	5,158,091	-	5,158,091
Gain on Disposition of Capital Assets	126,814	-	126,814
Transfers – Sewer Fund	( 544,513)	<u>544,513</u>	<u>-</u>
Total Revenues	<u>28,417,712</u>	<u>1,365,088</u>	<u>29,782,800</u>
<b>Expenses:</b>			
General Government	9,721,523	-	9,721,523
Public Safety	7,641,710	-	7,641,710
Sanitation	1,846,629	-	1,846,629
Highways and Streets	1,818,766	-	1,818,766
Other Objects	1,475,166	-	1,475,166
Culture and Recreation	1,280,547	-	1,280,547
Capital Outlay	138,548	-	138,548
Interest and Fiscal Charges	322,281	-	322,281
Sewer	<u>-</u>	<u>1,413,087</u>	<u>1,413,087</u>
Total Expenses	<u>24,245,170</u>	<u>1,413,087</u>	<u>25,658,257</u>
Change in Net Assets	4,172,542	( 47,999)	4,124,543
Net Assets, Beginning of Year (Restated)	<u>32,379,021</u>	<u>9,539,350</u>	<u>41,918,371</u>
Net Assets, End of Year	<u>\$36,551,563</u>	<u>\$ 9,491,351</u>	<u>\$46,042,914</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

**Governmental Activities**

Governmental activities increased the County's net assets by \$4,172,542. The increase in net assets is largely attributable to the increase in general revenues of \$2,001,865.

Expenses for governmental activities decreased from the previous year by \$1,038,453. All expense categories decreased from last fiscal year with the exception of general government and highways and streets.

**Business-type Activities**

Business-type activities had a net asset decrease of \$47,999. This year's decrease included capital contributions from capital grants of \$2,000 and transfers of \$544,513. Charges to customers for monthly usage of the system did not cover operating expenses for the current fiscal year.

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

*Governmental Funds.* As of the end of the fiscal year, governmental funds had a combined fund balance of \$10,959,171, which is an increase of \$1,276,898 over last year. Of this balance, the General fund makes up \$8,940,759 – roughly 82%. The General fund is the main operating fund for the County.

The Special Revenue fund makes up \$1,930,800 of the governmental fund balance. The special revenue funds are funds that are setup to account for specific revenues that are legally restricted to expenditure for a particular purpose. Funds such as inmate canteen, fire service, E-911 Tariff and grants make up these funds.

The Debt Service fund makes up \$17,180 of the governmental fund balance. The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the County is obligated in some manner for the payment.

The Capital Projects fund makes up \$70,432 of the governmental fund balance. The Capital Projects fund is used to record transactions for acquiring new buildings, equipment for new buildings and major equipment additions, including remodeling of, or additions to, existing facilities.

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

*Proprietary Funds.* The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets for the County sewer system at the end of the year were \$37,867. Other factors regarding this fund were addressed in the discussion of the County's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget are due to transfers and budget amendments made by County Administration. These transfers and budget amendments were made for various reasons including line item costs overruns, salary increases, supplemental appropriations capital expenditures, etc. After considering these budget adjustments, actual revenues were \$1,477,494 over the budgeted amount. Actual expenses for the general fund were \$1,461,092 under budget, and other financing sources and uses were \$1,740,347 over budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2010, Kershaw County had invested \$54,752,080 (net of accumulated depreciation) in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and sewer lines. More detailed information about the County's capital assets is presented in Note 7 to the financial statements.

This year's major capital asset additions included:

- Construction expenses for a new wastewater treatment facility
- Construction expenses for a new sewer line in the East Camden portion of the County
- Improvements and additions to recreation facilities
- Infrastructure improvements to Kershaw County Airport
- Infrastructure improvements at two Kershaw County Industrial Parks
- Purchase of acreage for Kershaw Equine Center
- Purchase of equipment for Landfill
- Repaving of existing county roads
- Construction expenses for the new workforce development center

The County's capital assets are financed through a variety of sources including general obligation debt, lease purchases, revenue bonds, grants and property taxes.

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

**Table 3**  
Kershaw County's Capital Assets

	Governmental Activities <u>2010</u>	Business-type Activities <u>2010</u>	Total <u>2010</u>
Land	\$ 9,085,962	\$ 465,301	\$ 9,551,263
Construction in Progress	901,388	275,067	1,176,455
Buildings and Improvements	25,940,666	-	25,940,666
Office Equipment	657,070	-	657,070
Equipment	5,182,353	112,503	5,294,856
Vehicles	8,011,007	-	8,011,007
Infrastructure	20,079,878	20,004,768	40,084,646
Accumulated Depreciation	<u>(33,406,517)</u>	<u>( 2,557,366)</u>	<u>(35,963,883)</u>
<b>Total</b>	<b><u>\$36,451,807</u></b>	<b><u>\$18,300,273</u></b>	<b><u>\$54,752,080</u></b>

**Long-term Debt**

At year-end, the County had \$17,511,511 in bonds, notes, capital leases and compensated absences outstanding - as shown in Table 4. More detailed information about the County's long-term liabilities is presented in Note 10 to the financial statements.

Of the \$16.8 million in debt, \$10,695,379 is backed by the full faith and credit of the County. The remainder of the debt represents bonds backed solely by specified revenue sources.

**Bond Ratings**

The County currently has an Aa3 bond rating from Moody's Investor Services and an AA bond rating from Standard and Poor's.

**Limitations on Debt**

The State of South Carolina Code of Laws, as amended, limits the amount of general obligation debt the County can issue to no more than 8 percent of the assessed value of all taxable property within the County without the approval of a referendum presented to the citizens of Kershaw County. The current 8% debt limitation based on assessed value of \$202,537,152 for the County is \$16,202,972 of which the County has \$5,507,593 available.

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2010  
(Continued)**

**Table 4**  
Kershaw County's Outstanding Debt

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
General Obligation Bonds	\$ 8,480,000	\$ 7,350,000	\$7,618,165	\$8,822,896	\$16,098,165	\$16,172,896
Capital Leases	167,116	84,928	-	-	167,116	84,928
Revenue Bonds	97,352	85,054	629,760	495,296	727,112	580,350
Compensated Absences	601,837	668,579	3,493	4,760	605,330	673,339
Net OPEB Obligation	551,563	1,113,481	-	-	551,563	1,113,481
Post-closure Costs	<u>2,480,000</u>	<u>2,356,000</u>	<u>-</u>	<u>-</u>	<u>2,480,000</u>	<u>2,356,000</u>
Total	<u>\$12,377,868</u>	<u>\$11,658,042</u>	<u>\$8,251,418</u>	<u>\$9,322,952</u>	<u>\$20,629,286</u>	<u>\$20,980,994</u>

**NEXT YEAR'S BUDGETS AND RATES**

The 2010-2011 original budget for the Kershaw County General Fund is \$20,667,464, which includes a \$413,926 appropriation from available fund balance. A portion of the fund balance appropriation is for projects budgeted for in past years that have not been completed.

The budget for the Kershaw County sewer system for the 2010-2011 fiscal year is \$949,864.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Kershaw County Finance Office, 515 Walnut Street, Camden, South Carolina 29020.



**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
 June 30, 2010

**EXHIBIT A**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 12,254,034	\$ 590	\$ 12,254,624
Restricted Cash	298,608	-	298,608
Accounts Receivable	-	60,608	60,608
Taxes Receivable, Net	848,530	-	848,530
Other Receivables	2,074,578	240,600	2,315,178
Interfund Balances	(581,901)	581,901	-
Prepaid Expenses	7,271	-	7,271
Deferred Bond Issuance Costs, Net of Amortization	39,128	3,224	42,352
<b>Capital Assets:</b>			
Land	9,085,962	465,301	9,551,263
Construction in Progress	901,388	275,067	1,176,455
Buildings and Improvements	25,940,666	-	25,940,666
Office Equipment	657,070	-	657,070
Equipment	5,182,353	112,503	5,294,856
Vehicles	8,011,007	-	8,011,007
Infrastructure	20,079,878	20,004,768	40,084,646
Less: Accumulated Depreciation	<u>(33,406,517)</u>	<u>(2,557,366)</u>	<u>(35,963,883)</u>
Total Capital Assets, Net of Depreciation	<u>36,451,807</u>	<u>18,300,273</u>	<u>54,752,080</u>
<b>Total Assets</b>	<b><u>51,392,055</u></b>	<b><u>19,187,196</u></b>	<b><u>70,579,251</u></b>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	1,756,886	-	1,756,886
Accrued Interest Payable	80,313	45,393	125,706
Customer Deposits Payable	-	7,150	7,150
Deferred Revenue	-	320,350	320,350
Due to Agency Funds	1,345,251	-	1,345,251
<b>Long-Term Liabilities:</b>			
<b>Due Within One Year:</b>			
General Obligation Bonds	1,205,000	333,865	1,538,865
Revenue Bonds	13,104	137,538	150,642
Capital Leases	84,928	-	84,928
Compensated Absences	110,363	4,760	115,123
<b>Due in More Than One Year:</b>			
General Obligation Bonds	6,145,000	8,489,031	14,634,031
Revenue Bonds	71,950	357,758	429,708
Compensated Absences	558,216	-	558,216
Net OPEB Obligation	1,113,481	-	1,113,481
Closure and Post Closure Costs	<u>2,356,000</u>	<u>-</u>	<u>2,356,000</u>
<b>Total Liabilities</b>	<b><u>14,840,492</u></b>	<b><u>9,695,845</u></b>	<b><u>24,536,337</u></b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	28,931,827	8,982,081	37,913,908
<b>Restricted for:</b>			
Debt Service	1,320,210	471,403	1,791,613
Capital Projects	70,432	-	70,432
Unrestricted	<u>6,229,094</u>	<u>37,867</u>	<u>6,266,961</u>
<b>Total Net Assets</b>	<b><u>\$ 36,551,563</u></b>	<b><u>\$ 9,491,351</u></b>	<b><u>\$ 46,042,914</u></b>

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

KERSHAW COUNTY, SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2010

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 9,721,523	\$ 2,954,203	\$ 127,855	\$ 1,547,264	\$ (5,092,201)	\$ -	\$ (5,092,201)
Public Safety	7,641,710	225,201	13,191	67,758	(7,335,560)	-	(7,335,560)
Sanitation	1,846,629	3,030	-	-	(1,843,599)	-	(1,843,599)
Highways and Streets	1,818,766	1,083,062	-	49,150	(686,554)	-	(686,554)
Other Objects	1,475,166	-	-	-	(1,475,166)	-	(1,475,166)
Culture and Recreation	1,280,547	-	-	32,767	(1,247,780)	-	(1,247,780)
Capital Outlay	138,548	-	-	-	(138,548)	-	(138,548)
Interest and Fiscal Charges	322,281	-	-	-	(322,281)	-	(322,281)
<b>Total Governmental Activities</b>	<u>24,245,170</u>	<u>4,265,496</u>	<u>141,046</u>	<u>1,696,939</u>	<u>(18,141,689)</u>	<u>-</u>	<u>(18,141,689)</u>
<b>Business-Type Activities:</b>							
Sewer	1,413,087	801,643	-	2,000	-	(609,444)	(609,444)
<b>Total Business-Type Activities</b>	<u>1,413,087</u>	<u>801,643</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>(609,444)</u>	<u>(609,444)</u>
<b>Total Primary Government</b>	<u>\$ 25,658,257</u>	<u>\$ 5,067,139</u>	<u>\$ 141,046</u>	<u>\$ 1,698,939</u>	<u>(18,141,689)</u>	<u>(609,444)</u>	<u>(18,751,133)</u>
<b>General Revenues:</b>							
Taxes:							
Property Taxes, Levied for General Purposes					10,347,995	-	10,347,995
Property Taxes, Levied for Debt Service					1,729,498	-	1,729,498
Public Service Taxes					1,307,927	-	1,307,927
Sales and Use Tax					3,044,123	-	3,044,123
Payments in Lieu of Taxes					845,345	-	845,345
Miscellaneous					256,088	16,932	273,020
Unrestricted Investment Earnings					42,863	-	42,863
Intergovernmental Revenues					5,158,091	-	5,158,091
Gain on Disposition of Capital Assets					126,814	-	126,814
Transfers - Sewer Fund					(544,513)	544,513	-
<b>Total General Revenues</b>					<u>22,314,231</u>	<u>561,445</u>	<u>22,875,676</u>
<b>Change in Net Assets</b>					<u>4,172,542</u>	<u>(47,999)</u>	<u>4,124,543</u>
<b>Net Assets, Beginning of Year (Restated)</b>					<u>32,379,021</u>	<u>9,539,350</u>	<u>41,918,371</u>
<b>Net Assets, End of Year</b>					<u>\$ 36,551,563</u>	<u>\$ 9,491,351</u>	<u>\$ 46,042,914</u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2010**

EXHIBIT C

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 12,251,852	\$ 2,182	\$ -	\$ -	\$ 12,254,034
Restricted Cash	-	298,608	-	-	298,608
Receivables:					
Property Taxes, Net	692,889	64,814	-	90,827	848,530
Intergovernmental	1,140,294	341,036	-	67,118	1,548,448
Other	196,246	22,657	307,227	-	526,130
Due From Other Funds	299,142	1,258,984	-	-	1,558,126
Prepaid Expenses	<u>7,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,271</u>
<b>Total Assets</b>	<b><u>\$ 14,587,694</u></b>	<b><u>\$ 1,988,281</u></b>	<b><u>\$ 307,227</u></b>	<b><u>\$ 157,945</u></b>	<b><u>\$ 17,041,147</u></b>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 1,756,888	\$ -	\$ -	\$ -	\$ 1,756,888
Compensated Absences	108,827	1,536	-	-	110,363
Due to Other Funds	3,186,136	-	236,795	62,347	3,485,278
Deferred Tax Revenue	595,084	54,298	-	78,418	727,800
Deferred Revenue	<u>-</u>	<u>1,647</u>	<u>-</u>	<u>-</u>	<u>1,647</u>
<b>Total Liabilities</b>	<b><u>5,646,935</u></b>	<b><u>57,481</u></b>	<b><u>236,795</u></b>	<b><u>140,765</u></b>	<b><u>6,081,976</u></b>
<b>Fund Balances</b>					
Reserved for:					
Library	154,485	-	-	-	154,485
Recreation	1,282,666	-	-	-	1,282,666
Victims Assistance	524,899	-	-	-	524,899
Debt Service	-	-	-	17,180	17,180
Capital Projects	-	-	70,432	-	70,432
Unreserved, Undesignated:					
General Fund	6,978,709	-	-	-	6,978,709
Special Revenue Funds	<u>-</u>	<u>1,930,800</u>	<u>-</u>	<u>-</u>	<u>1,930,800</u>
<b>Total Fund Balances</b>	<b><u>8,940,759</u></b>	<b><u>1,930,800</u></b>	<b><u>70,432</u></b>	<b><u>17,180</u></b>	<b><u>10,959,171</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 14,587,694</u></b>	<b><u>\$ 1,988,281</u></b>	<b><u>\$ 307,227</u></b>	<b><u>\$ 157,945</u></b>	<b><u>\$ 17,041,147</u></b>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

**EXHIBIT D**

<b>Total Fund Balances - Governmental Funds (Exhibit C)</b>	<b>\$ 10,959,171</b>
 Amounts reported for governmental activities in the Statement of Net Assets are different because:	
 Receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property Taxes	727,800
Other	1,647
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$69,858,324, and the accumulated depreciation is \$33,406,517	
	36,451,807
 Bond issuance costs are capitalized when incurred and amortized over the life of the related bonds in the Statement of Net Assets; these costs are expenditures in the funds. Bond issuance costs totaled \$132,507 and accumulated amortization totaled \$93,379.	
	39,128
 The County's Net Other Post-Employment Benefit ("OPEB") Obligation resulting from underfunded annual required contributions to its OPEB Plan is not reported as a liability in the governmental funds.	
	(1,113,481)
 Accrued interest on bonds in governmental accounting was not due and payable in the current period and therefore has not been reported as a liability in the funds.	
	(80,313)
 Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the fund. Long-term liabilities at year-end consist of:	
General Obligation Bonds	(6,145,000)
General Obligation Bonds- Current	(1,205,000)
Revenue Bonds	(71,950)
Revenue Bonds - Current	(13,104)
Capital Leases - Current	(84,926)
Compensated Absences	(558,216)
Closure and Post Closure Costs	<u>(2,356,000)</u>
 <b>Total Net Assets - Governmental Activities (Exhibit A)</b>	 <b><u>\$ 36,551,563</u></b>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

EXHIBIT E

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 14,064,496	\$ 1,307,927	\$ -	\$ 1,729,498	\$ 17,101,921
Licenses, Permits and Fees	2,762,606	8,567	-	11,046	2,782,219
Intergovernmental Revenues	2,826,598	1,331,493	1,000,000	-	5,158,091
Charges for Services	788,413	-	-	-	788,413
Fines and Forfeits	641,427	96,300	-	-	737,727
Miscellaneous	<u>449,532</u>	<u>401,545</u>	<u>1,638,336</u>	<u>-</u>	<u>2,489,413</u>
<b>Total Revenues</b>	<u>21,533,072</u>	<u>3,145,832</u>	<u>2,638,336</u>	<u>1,740,544</u>	<u>29,057,784</u>
<b>Expenditures</b>					
<b>Current:</b>					
General Government	7,887,738	447,876	48,455	-	8,384,069
Public Safety	5,847,247	1,121,030	-	-	6,968,277
Highways and Streets	1,052,359	5,492	-	-	1,057,851
Culture and Recreation	1,132,544	-	-	-	1,132,544
Sanitation	1,782,670	-	-	-	1,782,670
Other Objects	1,351,131	124,035	-	-	1,475,166
Capital Outlay	178,617	1,229,452	3,607,275	-	5,015,344
<b>Debt Service:</b>					
Principal	12,298	-	-	1,212,190	1,224,488
Interest	<u>5,848</u>	<u>-</u>	<u>-</u>	<u>318,930</u>	<u>324,778</u>
<b>Total Expenditures</b>	<u>19,250,452</u>	<u>2,927,885</u>	<u>3,655,730</u>	<u>1,531,120</u>	<u>27,365,187</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>2,282,620</u>	<u>217,947</u>	<u>(1,017,394)</u>	<u>209,424</u>	<u>1,692,597</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	4,287	-	124,527	-	128,814
Transfer from General Fund	-	25,958	1,147,529	-	1,173,487
Transfer from Special Revenue Fund	84,819	-	-	-	84,819
Transfer to General Fund	-	(84,819)	-	-	(84,819)
Transfer to Special Revenue Fund	(25,958)	-	-	-	(25,958)
Transfer to Capital Projects Fund	(1,147,529)	-	-	-	(1,147,529)
Transfer to Proprietary Fund	<u>-</u>	<u>(305,235)</u>	<u>-</u>	<u>(239,278)</u>	<u>(544,513)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,084,381)</u>	<u>(364,096)</u>	<u>1,272,056</u>	<u>(239,278)</u>	<u>(415,699)</u>
<b>Net Change in Fund Balances</b>	1,198,239	(146,149)	254,662	(29,854)	1,276,898
<b>Fund Balances, Beginning of Year (Restated)</b>	<u>7,742,520</u>	<u>2,076,949</u>	<u>(184,230)</u>	<u>47,034</u>	<u>9,682,273</u>
<b>Fund Balances, End of Year</b>	<u>\$ 8,940,759</u>	<u>\$ 1,930,800</u>	<u>\$ 70,432</u>	<u>\$ 17,180</u>	<u>\$ 10,959,171</u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2010**

EXHIBIT F

<b>Total Net Change In Fund Balances - Governmental Funds ( Exhibit E )</b>	<b>\$ 1,276,898</b>
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$4,876,796 exceeds depreciation expense of \$2,498,000 in the period.	2,378,796
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	1,224,488
The gain on disposal of assets has been included in the Statement of Activities, whereas in the governmental funds, proceeds from disposal of assets increases financial resources. Thus, the change in net assets differs from the change in fund balance by the carrying amount of the assets disposed.	(2,000)
Bond issuance costs are expensed in the year they are incurred in governmental funds; but are amortized when recognized in the Statement of Activities.	(13,500)
Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.	
Deferred tax revenue increased in the current year.	172,967
Deferred revenue decreased in the current year.	(396,840)
Contributions of capital assets are not recorded in the governmental funds. However, in the Statement of Activities, the fair market value of donated capital assets are reported as capital contributions.	1,500
In the Statement of Activities, certain operating expenses -compensated absences- are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation earned exceeded the amounts used by this amount.	(47,846)
In the Statement of Activities, an amount is expensed for closure and post-closure costs. Such costs are not accrued in the governmental funds.	124,000
The County's Net Other Post-Employment Benefit ("OPEB") Obligation resulting from underfunded annual required contributions to its OPEB Plan, is not reported as a liability in the governmental funds. This amount represents the net change in this liability during the current year.	(561,918)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest decreased in the current year.	<u>15,997</u>
<b>Change in Net Assets of Governmental Activities ( Exhibit B )</b>	<b><u>\$ 4,172,542</u></b>

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

KERSHAW COUNTY, SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2010

EXHIBIT G

**Enterprise Fund**  
**Sewer Fund**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$ 590
Accounts Receivable	60,608
Due from General Fund	581,901
Other Receivables	<u>240,600</u>

Total Current Assets	<u>883,699</u>
----------------------	----------------

Non-Current Assets:

Capital Assets:

Land	465,301
Construction in Progress	275,067
Sewer System Infrastructure	20,004,768
Equipment	112,503
Less: Accumulated Depreciation	(2,557,366)

Debt Issuance Costs:

Deferred Costs, net of Accumulated Amortization of \$11,653	<u>3,224</u>
---	--------------

Total Non-Current Assets	<u>18,303,497</u>
--------------------------	-------------------

<b>Total Assets</b>	<b><u>19,187,196</u></b>
---------------------	--------------------------

**Liabilities**

Current Liabilities:

Accrued Interest Payable	45,393
Customer Deposits Payable	7,150
Deferred Revenue	320,350
Compensated Absences	4,760
Current Portion of General Obligation Bonds Payable	333,865
Current Portion of Revenue Bonds Payable	<u>137,538</u>

Total Current Liabilities	<u>849,056</u>
---------------------------	----------------

Long-term Liabilities:

General Obligation Bonds Payable	8,489,031
Revenue Bonds Payable	<u>357,758</u>

Total Long-term Liabilities	<u>8,846,789</u>
-----------------------------	------------------

<b>Total Liabilities</b>	<b><u>9,695,845</u></b>
--------------------------	-------------------------

**Net Assets**

Invested in Capital Assets, Net of Related Debt	8,982,081
Restricted for Debt Service	471,403
Unrestricted	<u>37,867</u>

<b>Total Net Assets</b>	<b><u>\$ 9,491,351</u></b>
-------------------------	----------------------------

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

KERSHAW COUNTY, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
**PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2010

EXHIBIT H

	<b>Enterprise Fund Sewer Fund</b>
<b>Operating Revenues</b>	
Charges from Sewer Service	\$ 752,675
Impact Fees and Other Charges	48,968
Miscellaneous	<u>16,932</u>
Total Revenues	<u>818,575</u>
<b>Operating Expenses</b>	
Salaries and Benefits	129,210
Advertising	1,183
Contractual Services	198,863
Supplies	41,732
Repairs and Maintenance	150,346
Fuel	7,665
Utilities and Telephone	172,964
Engineering	40,204
Postage	4,604
Miscellaneous	10,874
Depreciation	280,096
Amortization	<u>992</u>
Total Operating Expenses	<u>1,038,733</u>
<b>Operating Income (Loss)</b>	<u>(220,158)</u>
<b>Non-Operating Income (Expense)</b>	
Interest Expense	<u>(374,354)</u>
Total Non-Operating Income (Expense)	<u>(374,354)</u>
<b>Income Before Contributions and Transfers</b>	<u>(594,512)</u>
Capital Contributions	2,000
Transfer from Special Revenue Fund	305,235
Transfer from Debt Service Fund	<u>239,278</u>
Total Contributions and Transfers	<u>546,513</u>
<b>Change in Net Assets</b>	(47,999)
<b>Net Assets, Beginning of Year</b>	<u>9,539,350</u>
<b>Net Assets, End of Year</b>	<u>\$ 9,491,351</u>

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



**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2010

**EXHIBIT I**

**Enterprise Fund**  
**Sewer Fund**

<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 769,863
Cash Paid to Suppliers	(628,435)
Cash Paid for Salaries and Employee Benefits	(131,957)
Customer Deposits Returned	<u>(290)</u>
Net Cash Provided by Operating Activities	<u>9,181</u>
<b>Cash Flows From Non-Capital Financing Activities</b>	
Operating Transfers from Other Funds	544,513
Decrease in Due to Other Funds	<u>(5,186,210)</u>
Net Cash Used by Non-Capital Financing Activities	<u>(4,641,697)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of Capital Assets	(1,877,995)
Bond Proceeds	1,430,846
Capital Contributions	4,720,999
Principal Paid on Revenue Bond Maturities	(360,583)
Interest Paid	<u>(331,939)</u>
Net Cash Used by Capital and Related Financing Activities	<u>3,581,328</u>
<b>Cash Flows from Investing Activities</b>	
Decrease in Restricted Assets	<u>119,867</u>
Net Cash Provided by Investing Activities	<u>119,867</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(931,321)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>931,911</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 590</u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

**EXHIBIT I**

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

	<b>Enterprise Fund <u>Sewer Fund</u></b>
Operating Income (Loss)	\$ (220,158)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	280,096
Amortization	992
Decrease in Accounts Receivable	4,739,887
(Decrease) in Accounts Payable and Accrued Liabilities	(2,747)
(Decrease) in Deferred Revenues	(69,600)
(Decrease) in Customer Deposits	<u>(290)</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 4,728,180</u></b>

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

**KERSHAW COUNTY, SOUTH CAROLINA  
STATEMENT OF FIDUCIARY NET ASSETS  
June 30, 2010**

**EXHIBIT J**

	<u>Agency Funds</u>	<u>Trust Funds</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 3,128,262	\$ 2,178,928
Taxes Receivable, Net	2,416,460	-
Due from General Fund	<u>1,345,251</u>	<u>-</u>
<b>Total Assets</b>	<u><b>6,889,973</b></u>	<u><b>2,178,928</b></u>
<b>Liabilities</b>		
Due to Other Taxing Units	4,696,394	-
Deferred Tax Revenue	2,119,789	-
Due to Solicitor	<u>73,790</u>	<u>-</u>
<b>Total Liabilities</b>	<u><b>6,889,973</b></u>	<u><b>-</b></u>
<b>Net Assets</b>		
Reserved	<u>-</u>	<u>2,178,928</u>
<b>Total Net Assets</b>	<u><b>\$ -</b></u>	<u><b>\$ 2,178,928</b></u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

**EXHIBIT K**

	Detention Center	Land Sale	Magistrate	Clerk/ Family Court	Master in Equity	Total
<b>Additions</b>						
Inmate Deposits	\$ 263,257	\$ -	\$ -	\$ -	\$ -	\$ 263,257
Land Sales	-	1,775,195	-	-	-	1,775,195
Bonds, Fines and Fees	-	-	1,271,914	5,810,925	-	7,082,839
Escrow Funds	-	-	-	3,929	984,247	988,176
Interest	-	-	165	-	39	204
<b>Total Additions</b>	<u>263,257</u>	<u>1,775,195</u>	<u>1,272,079</u>	<u>5,814,854</u>	<u>984,286</u>	<u>10,109,671</u>
<b>Deductions</b>						
Inmate Withdrawals	193,761	-	-	-	-	193,761
Disbursement of Sales Proceeds	-	1,336,565	-	-	-	1,336,565
Disbursement of Bonds, Fines and Fees	-	-	1,306,780	5,782,434	-	7,089,214
Disbursement of Escrow Funds	-	-	-	-	943,760	943,760
Bank Charges	-	-	278	11	-	289
<b>Total Deductions</b>	<u>193,761</u>	<u>1,336,565</u>	<u>1,307,058</u>	<u>5,782,445</u>	<u>943,760</u>	<u>9,563,589</u>
<b>Change to Fiduciary Net Assets</b>	69,496	438,630	(34,979)	32,409	40,526	546,082
<b>Net Assets, Beginning of Year (Restated)</b>	<u>41,656</u>	<u>710,049</u>	<u>172,752</u>	<u>678,607</u>	<u>29,782</u>	<u>1,632,846</u>
<b>Net Assets, End of Year</b>	<u>\$ 111,152</u>	<u>\$ 1,148,679</u>	<u>\$ 137,773</u>	<u>\$ 711,016</u>	<u>\$ 70,308</u>	<u>\$ 2,178,928</u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**Note 1. Summary of Significant Accounting Policies**

Kershaw County, South Carolina, operates under the Council Administrator form of government as provided by the Home Rule Act of 1975. The County provides the following services: general administrative services, public safety, health and social services, planning and zoning, culture and recreation, unpaved road maintenance, sanitation, sewer (provided to West Wateree and East Camden areas only) and public improvements.

The financial statements of Kershaw County have been prepared in conformity with accounting principles generally accepted in the United States of America, (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Following are the more significant of the County's accounting policies.

**A. Reporting Entity**

In evaluating how to define Kershaw County, South Carolina, for financial reporting purposes, management has considered all potential component units. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is a fiscal dependency by the organization on the County

As a result of applying the criteria above, it has been determined that the County does not significantly influence the Kershaw County School District's operations. Therefore, it is not a component unit organization. As the Kershaw County School District has the authority to borrow funds, establish its budget, hire and terminate employees, enter into its own contracts and is responsible for funding its own deficits, it is construed that the Kershaw County School District is an independent entity and is reported as such.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**B. Basis of Presentation**

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

*Government-Wide Financial Statements*

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the County, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Program revenues include charges paid by the recipients of goods or services offered by the program and grant and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Business-type activities are financed in whole or in part by fees charged to the external parties for goods or services.

The statement of activities presents a comparison between direct and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect cost.

*Fund Financial Statements*

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its asset, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category of type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the County are described below:

KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010  
(Continued)

**Governmental Funds**

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund, Special Revenue Fund and Capital Projects Fund are the County's major governmental funds.

***General Fund***

The *General Fund*, a major fund, is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. Operational expenditures for general government, public safety, sanitation, highways and streets and other departments of the County are paid through the General Fund.

***Special Revenue Fund***

The *Special Revenue Fund*, a major fund, is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

***Debt Service Fund***

The *Debt Service Fund* is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related cost of the County other than debt service payments made by enterprise funds.

***Capital Projects Fund***

The *Capital Projects Fund*, a major fund, is used to account for resources for the acquisition or construction of specific capital projects or items.

**Proprietary Fund**

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The following is the County's proprietary fund:

***Enterprise Fund***

The *Enterprise Fund* is used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on the net income measurement similar to the private sector. The

**KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2010**

**(Continued)**

Sewer Fund is the County's only enterprise fund and is used to account for the financial transactions related to the sewer service operations for the residents of the West Wateree and East Camden areas of the County. The Sewer Fund is a major fund.

**Fiduciary Funds**

Fiduciary Fund reporting focuses on net assets and changes in net assets. The Fiduciary Funds consist of Agency Funds and Trust Funds.

***Agency Funds***

Agency Funds are used to account for assets held by the County in a trustee capacity and do not involve measurement of results of operations. The County has four Agency Funds as follows:

*School Fund.* The School Fund accounts for the School District funds, which are collected and maintained by the Kershaw County Treasurer.

*Solicitor's Fund.* The Solicitor's Fund accounts for the operational activities of the regional Solicitor for Richland and Kershaw Counties.

*Municipal Fund.* The Municipal Fund accounts for the property taxes that the County collects for the City of Camden.

*Fire District Fund.* The Fire District Fund accounts for the property taxes that the County collects for the Mt Pisgah and Lugoff fire districts.

***Trust Funds***

Trust Funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County utilizes the following Trust Funds.

*Detention Center.* The Detention Center Trust Fund is used to account for the financial resources held by the County for inmates of the Kershaw County Detention Center.

*Land Sale.* The Land Sale Trust Fund is used to account for the financial resources held by the County that may be claimed by certain members of the public as a result of the Treasurer's tax sale activities.

*Magistrate.* The Magistrate Trust Fund is used to account for the financial resources held by the County that may be claimed by certain members of the public based on Magistrate Court activities.



**KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2010**

**(Continued)**

*Clerk of Court/Family Court.* The Clerk of Court/Family Court Trust Fund is used to account for the financial resources held by the County that may be claimed by certain members of the public based on activities of the court.

*Master-in-Equity.* The Master-in-Equity Trust Fund is used to account for the financial resources held by the County that may be claimed by certain members of the public based on activities of the Master-in-Equity.

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

***Measurement Focus***

***Government-Wide Financial Statements***

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

***Fund Financial Statements***

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

Like the government-wide financial statements, the Proprietary Fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases and decreases in total net assets. The Statement of Cash Flows reflects how the County finances and meets the cash flow of its Proprietary Fund.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2010  
(Continued)**

***Basis of Accounting***

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Items such as property taxes are considered to be susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for the general obligation bond principal and interest which are reported when due.

All Proprietary Funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

**D. Cash, Cash Equivalents and Investments**

*Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and amounts in demand deposits.

*Investments*

Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for Investment Pools*. Investment policies of the County must operate within existing state statutes of the State of South Carolina, which authorizes what the County may and may not invest in.

**E. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

for the governmental activities include property taxes, franchise fees, state shared revenue and grants. Property taxes receivables are carried at cost less an allowance for uncollectible. Business-type activities report sewer as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as franchise fees, state shared revenue and grants if they are both measurable and available. Nonexchange transactions collectible but not available, such as property taxes, are deferred in the fund financial statements in accordance with modified accrual basis, but not deferred in the government wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Sewer accounts receivable compose the majority of Proprietary fund receivables. All trade and property tax receivables are recorded net of any allowances for uncollectibles.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation.

**G. Prepaid Items**

Prepaid items consist of payments made to vendors for services that will benefit periods beyond June 30, 2010.

**H. Capital Assets**

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-Wide Statements*

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are reported at their estimated fair value at the date of donation. Estimated historical cost was used to value many of the assets acquired prior to July 1, 2002. The County maintains a capitalization policy of \$10,000 for its capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during construction is not capitalized for general capital assets.

**KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2010**

**(Continued)**

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 years
Improvements	10-50 years
Furniture and Equipment	3-20 years
Vehicles	3-5 years
Sewer System	10-50 years

*Fund Financial Statements*

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**I. Short-term Interfund Receivables/Payable**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial balance sheet. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets.

**J. Compensated Absences**

The County reports Compensated Absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The County's policies regarding vacation and sick leave are based on years of service, with a total of 12 to 18 days of vacation and 12 days of sick leave per year accumulated by each employee. However, employees are not paid for the accumulated sick leave upon retirement or other termination and therefore, no liability has been accrued in the financial statements for accumulated sick leave. Each employee may accumulate a maximum of 45 days for vacation.

The entire compensated absence liability for unused vacation is reported on the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. For the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**K. Deferred Revenue**

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Grant revenues received before the eligibility requirements are met are recorded as deferred revenue. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the grant proceeds, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

On governmental fund financial statements, receivables that will not be collected within the available period (60 days after year-end) are reported as deferred revenue.

**L. Long-term Obligations**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Amortization of bond issuance costs are included in interest expense. The long-term debt consists primarily of bonds payable, capital leases, accrued compensated absences and post-closure costs.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**M. Equity Classifications**

*Government-Wide Statements*

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

- a. Invested in capital assets, net of related debt. This consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, capital leases or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets. This consists of net assets with constraints placed on the use by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

c. Unrestricted net assets. All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are classified as unrestricted.

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

**N. Operating and Non-Operating Revenues and Expenses**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses for the Proprietary fund include costs of sales, administrative expenses and depreciation of capital assets. All other expenses are reported as non-operating expenses.

**O. Capital Contributions**

Contributions of capital on government-wide and enterprise fund financial statements arise from outside contributions of capital assets, contributions from other funds or from grants or outside contributions of resources restricted to capital acquisition and construction.

**P. Inter-Fund Transactions**

Transactions between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds and non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2010**

**(Continued)**

**Q. Use of Estimates**

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

**R. Statement of Cash Flows**

For purposes of the statement of cash flows, the County's Proprietary Fund considers cash and cash equivalents. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include certificates of deposits, treasury bills and money market funds.

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Note 2. Deposits and Investments**

***Deposits – Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be recovered. The County does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$16,723,748 of the County's bank balance of \$18,092,212, which has a carrying value of \$17,860,422, was exposed to custodial credit risk as follows:

Uninsured by FDIC, but collateral held by pledging bank not in the County's name	<u>\$16,723,748</u>
---	---------------------

***Investments***

As of June 30, 2010, the County had the following investment and maturity, which is included in cash and cash equivalents:

	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturity Less Than 1 Yr.</u>
Repurchase Agreement	Unrated	\$11,901,435	\$11,901,435

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

*Interest Rate Risk* – 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.

*Custodial Credit Risk for Investments*- Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a deposit policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2010, none of the County's investments were exposed to custodial credit risk.

*Concentration of Credit Risk for Investments* – The County places no limit on the amount invested in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

**Note 3. Property Taxes**

The County assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the County, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process.

Real property and all personal property other than vehicles are assessed for property tax purposes on January 1 of each year. All taxable property is assessed in proportion to its value on that date. The basis for value of taxable property within the County is taken from the records of the Kershaw County Auditor. Taxes are levied in October and are due and payable at that time. Property taxes are due by January 15, and penalties are imposed as follows: 3% prior to February 1, an additional 7% prior to March 15, and an additional 5% after March 15.

A summary of outstanding property taxes at June 30, 2010, is presented below.

	<u>Governmental</u>			<u>Fiduciary</u>	<u>Total</u>
	<u>Fund Type</u>			<u>Fund Type</u>	
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Agency</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Service</u>	<u>Fund</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Taxes					
Receivable	\$1,042,006	\$97,471	\$136,591	\$3,634,013	\$4,910,081
Less: Allowance for					
Doubtful Accounts	( 349,117)	( 32,657)	( 45,764)	( 1,217,553)	( 1,645,091)
Net Taxes					
Receivable	\$ <u>692,889</u>	\$ <u>64,814</u>	\$ <u>90,827</u>	\$ <u>2,416,460</u>	\$ <u>3,264,990</u>



**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 4. Other Receivables**

Other governmental receivables at June 30, 2010, consist of intergovernmental revenues, franchise fees, magistrate fees, DSS fees and landfill fees.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2010, the Special Revenue Fund had \$1,647 of unearned revenue related to grants.

**Note 5. Inter-fund Receivables and Payables**

Inter-fund balances at June 30, 2010, (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 299,142	\$ 3,186,136
Special Revenue Fund	1,258,984	-
Capital Projects Fund	-	236,795
Debt Service Fund	-	62,347
Proprietary Fund	581,901	-
Agency Fund	<u>1,345,251</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 3,485,278</u></b>	<b><u>\$ 3,485,278</u></b>

The General Fund receivable is a result of the Capital Projects Fund owing the General Fund for capital expenditures paid, and the Debt Service Fund owing the General Fund for debt expenditures paid. The General Fund payable is a result of various transactions for the Special Revenue Fund, Proprietary Fund and Agency Fund.

**Note 6. Prior Period Adjustment**

Depreciation expense was computed incorrectly in prior years for capital assets accounted for in governmental activities. Depreciation was not calculated on several capital asset additions put into service during the fiscal year ended June 30, 2009. The effect of this adjustment would have decreased the change in net assets for the governmental activities by \$140,302. Also, several funds were incorrectly accounted for as special revenue funds in prior years. The funds have been reallocated into departments in the General Fund and Capital Projects Fund. The effects of these adjustments would have increased the change in fund balance for the General Fund by \$2,173,962; decreased the change in fund balance for

**KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2010**

**(Continued)**

the Special Revenue Fund by \$2,155,189; and decreased the change in fund balance for the Capital Projects Fund by \$18,773. Beginning fund balances of these funds have been restated for these amounts.

**Note 7. Capital Assets**

Capital Asset activity for the year ended June 30, 2010, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending</u>
<i>Governmental Activities</i>					
Non-depreciable Assets:					
Land	\$ 8,296,602	\$ 791,360	\$ (2,000)	\$ -	\$ 9,085,962
Construction in Progress	2,824,397	3,605,625	-	(5,528,634)	901,388
Depreciable Assets:					
Buildings and Improvements	21,814,403	-	-	4,126,263	25,940,666
Office Equipment	644,714	12,356	-	-	657,070
Equipment	4,832,538	349,815	-	-	5,182,353
Vehicles	7,891,867	119,140	-	-	8,011,007
Infrastructure	<u>18,677,507</u>	<u>-</u>	<u>-</u>	<u>1,402,371</u>	<u>20,079,878</u>
Totals	<u>64,982,028</u>	<u>4,878,296</u>	<u>(2,000)</u>	<u>-</u>	<u>69,858,324</u>
Less: Accumulated Depreciation					
Buildings and Improvements	(5,435,827)	(763,250)	-	-	(6,199,077)
Office Equipment	(550,626)	(66,882)	-	-	(617,508)
Equipment	(3,459,911)	(391,866)	-	-	(3,851,777)
Vehicles	(6,208,389)	(541,994)	-	-	(6,750,383)
Infrastructure	<u>(15,253,764)</u>	<u>(734,008)</u>	<u>-</u>	<u>-</u>	<u>(15,987,772)</u>
Totals	<u>(30,908,517)</u>	<u>(2,498,000)</u>	<u>-</u>	<u>-</u>	<u>(33,406,517)</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 34,073,511</u>	<u>\$ 2,380,296</u>	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ 36,451,807</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 758,517
Highways and Streets	734,008
Public Safety	652,677
Sanitation	211,679
Culture and Recreation	<u>141,119</u>
 Governmental Activities	
Total Depreciation Expense	<u>\$2,498,000</u>

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending</u>
<i>Business-type Activities</i>					
Non-depreciable Assets:					
Land	\$ 465,301	\$ -	\$ -	\$ -	\$ 465,301
Construction in Progress	9,624,654	209,039	-	(9,558,626)	275,067
Depreciable Assets:					
Sewer System	8,803,279	1,642,863	-	9,558,626	20,004,768
Equipment	<u>86,410</u>	<u>26,093</u>	<u>-</u>	<u>-</u>	<u>112,503</u>
 Totals	<u>18,979,644</u>	<u>1,877,995</u>	<u>-</u>	<u>-</u>	<u>20,857,639</u>
 Less: Accumulated Depreciation					
Sewer System	(2,237,500)	(268,624)	-	-	(2,506,124)
Equipment	<u>(39,770)</u>	<u>(11,472)</u>	<u>-</u>	<u>-</u>	<u>(51,242)</u>
 Totals	<u>(2,277,270)</u>	<u>(280,096)</u>	<u>-</u>	<u>-</u>	<u>(2,557,366)</u>
 Business-type Activities					
Capital Assets,					
Net	<u>\$ 16,702,374</u>	<u>\$ 1,597,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,300,273</u>

Depreciation expense charged to separately identifiable business-type activities is evident on the face of the fund financial statement, and therefore is not included here.

**KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

(Continued)

Construction in progress and construction commitments – governmental activities and business-type activities consisted of the following at June 30, 2010:

	<u>Expenditures To Date</u>	<u>Total Contract</u>	<u>Contract Payments Remaining</u>
<b>Governmental Activities:</b>			
Gov. Hill Industrial Park	\$ 144,239	\$ 92,000	\$ ( 52,239)
Runway Improvement	77,467	117,095	39,628
Lake Wateree Recreation	1,074	-	( 1,074)
Wateree Executive Park	287,746	237,775	( 49,971)
Wildlife Road	150,871	317,116	166,245
(9) Dirt Roads to Pave	90,000	171,900	81,900
Bethune Recreation Center	58,101	77,775	19,674
Blaney Fire Station	65,139	650,885	585,746
Steeplechase Building	<u>26,750</u>	<u>400,000</u>	<u>373,250</u>
Total	<u>\$ 901,387</u>	<u>\$2,064,546</u>	<u>\$1,163,159</u>
<b>Business-Type Activities:</b>			
Hwy 5 Influent Pump	\$ 350	\$ -	\$ ( 350)
US 1 South Sewer	65,678	200,000	134,322
Lagoon Conversion	187,289	187,289	-
US 1 East Camden Sewer	9,100	13,000	3,900
Blaney Fire Sewer Ext.	<u>12,650</u>	<u>25,300</u>	<u>12,650</u>
Total	<u>\$ 275,067</u>	<u>\$ 425,589</u>	<u>\$ 150,872</u>

**Note 8. Accounts Payable and Accrued Expenses**

The significant components of accounts payable and accrued expenses for governmental activities at June 30, 2010, are as follows:

Accounts Payable	\$ 802,653
Accrued Payroll, Withholdings, Fringe and Benefits	<u>954,233</u>
Total Accounts Payable and Accrued Expenses– Governmental Activities	<u>\$ 1,756,886</u>

**Note 9. Debt Issuance Costs**

*Bond Issue Costs:* In the process of issuing General Obligations Bonds in the amount of \$3,540,000 and \$4,500,000 during the fiscal years ended June 30, 2002, and June 30, 2006, the County incurred issue costs of \$71,138 and \$61,369, respectively. These costs are being amortized on the straight-line method over the life of the bond issues. The amount of amortization of these costs for the current fiscal year is \$13,500. The unamortized bond issuance costs amount at June 30, 2010, was \$39,128.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

In the process of issuing Revenue Bonds in the amount of \$1,700,000 as of June 30, 1998, the County incurred issue costs of \$14,877. The costs are being amortized on the straight-line method over the life of the bond issue. The amount of amortization of these costs for the current fiscal year is \$992. The unamortized bond issuance costs at June 30, 2010, were \$3,224.

**Note 10. Long-term Debt**

***Governmental Activities:***

As of June 30, 2010, the governmental long-term debt consisted of general obligation bonds, revenue bonds, capital leases, post-closure costs and compensated absences.

***General Obligation Bonds***

On October 1, 1998, the County issued Series 1998 A General Obligation Bonds totaling \$4,300,000 with annual principal due each April 1 and semi-annual interest payments due April 1 and October 1 of each year. The bonds range in maturity dates from 2001 to 2018. The interest rate ranges from 4.00% to 6.00%.

On June 26, 2002, the County issued Series 2002 General Obligation Bonds totaling \$3,540,000 with principal payments due each March 1 and semi-annual interest payments due March 1 and September 1 of each year. The bonds range in maturity dates from 2004 to 2014. The interest rate ranges from 3.00% to 4.25%.

On September 29, 2005, the County issued Series 2005 General Obligation Bonds totaling \$4,500,000 with principal payments due each March 1 and semi-annual interest payments due March 1 and September 1 of each year. The bonds range in maturity dates from 2006 to 2015. The interest rate ranges from 3.00% to 5.00%.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2011	\$ 1,205,000	\$ 266,476	\$ 1,471,476
2012	1,260,000	224,026	1,484,026
2013	1,315,000	179,626	1,494,626
2014	1,390,000	132,795	1,522,795
2015	1,080,000	82,945	1,162,945
2016-2018	<u>1,100,000</u>	<u>94,988</u>	<u>1,194,988</u>
Totals	<u>\$ 7,350,000</u>	<u>\$ 980,856</u>	<u>\$ 8,330,856</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

*Revenue Bonds Payable*

On January 1, 2001, the County issued an Airport Revenue Bond totaling \$175,000 with principal and interest payments due monthly beginning February 1, 2001. The bonds range in maturity dates from 2001 to 2016. The interest rate is 6.284%.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 13,104	\$ 5,042	\$ 18,146
2012	13,953	4,193	18,146
2013	14,880	3,266	18,146
2014	15,856	2,290	18,146
2015	16,896	1,250	18,146
2016	<u>10,365</u>	<u>214</u>	<u>10,579</u>
Totals	<u>\$ 85,054</u>	<u>\$ 16,255</u>	<u>\$ 101,309</u>

*Capital Leases*

The County has entered into several lease agreements as lessee for financing the General Fund acquisition of E-911 equipment and three air handlers. These lease agreements qualify as capital leases for accounting purposes.

The assets acquired through capital leases are as follows:

Emergency Equipment	<u>\$ 540,000</u>
---------------------	-------------------

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, are as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2011	<u>\$ 87,756</u>
Total minimum lease payments	87,756
Less: amount representing interest	<u>( 2,828)</u>
Present value of minimum lease payments	<u>\$ 84,928</u>

Accumulated depreciation for the equipment purchased under the capital lease agreement amounted to \$540,000 as of June 30, 2010.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

***Business-type Activities:***

On January 8, 2008, the County issued Series 2008A General Obligation Bonds totaling \$5,574,760 with quarterly principal and interest payments due each February 1, May 1, August 1, and November 1. The bonds range in maturity from 2010 to 2030. The interest rate is 3.50%.

On January 8, 2008, the County issued Series 2008B General Obligation Bonds totaling \$3,598,630 with quarterly principal and interest payments due each March 1, June 1, September 1, and December 1. The bonds range in maturity from 2009 to 2029. The interest rate is 3.25%.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 333,865	\$ 296,212	\$ 630,077
2012	345,360	285,716	631,076
2013	357,251	272,825	630,076
2014	369,553	260,523	630,076
2015	382,279	247,797	630,076
2016-2020	2,118,185	1,032,196	3,150,381
2021-2025	2,509,003	641,378	3,150,381
2026-2029	<u>2,407,400</u>	<u>186,625</u>	<u>2,594,025</u>
 Totals	 <u>\$ 8,822,896</u>	 <u>\$ 3,223,272</u>	 <u>\$12,046,168</u>

On September 10, 1998, the County issued a Sewer System Revenue Bond totaling \$1,700,000 with semi-annual payments of principal and interest due October 1 and April 1 of each year. The original bond ranges in maturity dates from 1999 to 2009. The interest rate is 4.48%. The bond was refinanced in 2009 and ranges in maturity dates from 2009 to 2014. The new interest rate is 2.27%.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 137,538	\$ 10,466	\$ 148,004
2012	140,697	7,307	148,004
2013	143,889	4,115	148,004
2014	<u>73,172</u>	<u>831</u>	<u>74,003</u>
 Totals	 <u>\$ 495,296</u>	 <u>\$ 22,719</u>	 <u>\$ 518,015</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2010**

**(Continued)**

**Note 11. Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2010.

	<u>Balance</u> <u>1-Jul-09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>30-Jun-10</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities:</i>					
G.O. Bonds	\$ 8,480,000	\$ -	\$ (1,130,000)	\$ 7,350,000	\$ 1,205,000
Capital Leases	167,118	-	(82,190)	84,928	84,928
Revenue Bonds	97,352	-	(12,298)	85,054	13,104
Compensated Absences	601,837	668,579	(601,837)	668,579	110,363
Net OPEB Obligation	551,563	561,918	-	1,113,481	-
Post-closure Costs	<u>2,480,000</u>	<u>-</u>	<u>(124,000)</u>	<u>2,356,000</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 12,377,870</u></b>	<b><u>\$ 1,230,497</u></b>	<b><u>\$ (1,950,325)</u></b>	<b><u>\$ 11,658,042</u></b>	<b><u>\$ 1,413,395</u></b>
<i>Business-type Activities:</i>					
Revenue Bonds	\$ 629,764	\$ -	\$ (134,468)	\$ 495,296	\$ 137,538
G.O. Bonds	7,618,165	1,430,846	(226,115)	8,822,896	333,865
Compensated Absences	<u>3,493</u>	<u>4,760</u>	<u>(3,493)</u>	<u>4,760</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 8,251,422</u></b>	<b><u>\$ 1,435,606</u></b>	<b><u>\$ (364,076)</u></b>	<b><u>\$ 9,322,952</u></b>	<b><u>\$ 471,403</u></b>

**Note 12. Restricted Cash**

Certain resources, which have been set aside for E911 Tariff, drug seizure and unclaimed funds expenditures are classified as restricted cash on the Special Revenue Fund's balance sheet because their use is limited. The amount of restricted cash held by the Special Revenue Fund amounted to \$298,608 as of June 30, 2010.

**Note 13. Debt Limitations**

The amount of legal debt margin as of June 30, 2010, is computed as follows:

Total Assessed Value	<u>\$202,537,152</u>
Debt Limit 8% of Assessed Value	\$ 16,202,972
Amount of Debt Applicable to Debt Limit	<u>( 10,695,379)</u>
<b>Legal Debt Margin</b>	<b><u>\$ 5,507,593</u></b>



**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 14. Employee Retirement Plans**

*Plan Description* – Substantially all County employees are members of the South Carolina Retirement System (SCRS) or the South Carolina Police Officers Retirement System (PORS). The South Carolina Retirement System and the South Carolina Police Officers Retirement System are cost-sharing, multiple-employer defined benefit pension plan administered by the South Carolina Retirement System, a division of the South Carolina State Budget and Control Board. Both systems offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. Only the South Carolina State Budget and Control Board has the authority to establish and amend benefits.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the SCRS and SCPORS is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, South Carolina, 29211-1960.

*Funding Policy* - Both employees and employer are required to contribute to the Plan under the authority of Title 9 of the SC Code of Laws. Employees covered under SCRS and the PORS are required to contribute at a rate of 6.5% of salary. Employers are required to contribute at a rate of 9.24% to the SCRS defined benefit plan and 10.65% to the PORS defined benefit plan. In addition to the above rates, participating employers of the South Carolina Retirement System contribute .15% to provide group life insurance benefits and contribute .20% to provide accidental death benefits for PORS participants.

The payroll for the employees covered by the SCRS for the year ended June 30, 2010, was \$7,143,669. The payroll for the employees covered by the PORS for the year ended June 30, 2010, was \$3,786,665. The County's total payroll, without adjustment for accruals was \$10,907,318.

The County's SCRS and PORS contributions for the year ended June 30, 2010, are as follows:

	<u>Actual &amp; Required Contribution Amounts</u>
<u>SCRS</u>	
Employee Contributions	\$464,338
Employer Contributions	\$662,222
 <u>PORS</u>	
Employee Contributions	\$246,133
Employer Contributions	\$403,280

The County contributed amounts equal to the required contribution to the SCRS and the PORS of \$959,906 and \$1,098,892 for the years ended June 30, 2008, and 2009, respectively.

**KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2010  
(Continued)**

The County's contributions are actuarially determined, but are communicated to and paid by the County as a percentage of the employees' annual earnings.

Generally all full time, part time or temporary personnel who fill a permanent position are required to participate in and contribute to the SCRS as a condition of employment. However, all full time, part time or temporary personnel who fill a permanent position are not required to participate in and contribute to the PORS as a condition of employment. Employees who retire at or after age 65 or with 30 years of credited services are entitled to full retirement benefits, payable monthly for life, with an annual rate equal to 1.82% of average final compensation, for each year of credited service. Benefits vest on reaching 5 years of service. Vested employees are entitled to a deferred annuity commencing at age 60.

**Note 15. Post-Employment Health Care Benefits**

*Plan Description:* The County sponsors a single-employer medical insurance subsidy benefit plan (the "OPEB Plan") that provides payments on behalf of eligible retirees to be used toward the purchase of subsidization or medical insurance provided under the County's group plan. Employees become eligible when the employee qualifies for the SCRS or PORS and has ten (10) or more years of service regardless of age, if hired prior to July 1, 2005. For employees hired after July 1, 2005, the last five years of earned service must have been earned with Kershaw County for the County to provide post-retirement healthcare insurance premium assistance in accordance with the guidelines established in the annual budget ordinance. Information regarding SCRS and PORS eligibility may be found in the Comprehensive Annual Financial Report as identified in Note 14. The OPEB Plan may be changed by County Council at its discretion; the benefit and contribution requirements of the County and plan members are established and amended by County Council. These contributions are neither guaranteed nor mandatory. County Council has retained the right to unilaterally modify its payments toward retiree health care benefits at any time.

As of July 1, 2008, the measurement date, there were 298 covered participants; fifty (50) members are retirees receiving benefits and 248 are active participants and dependents.

*Funding Policy:* Any employee who retires and meets the requirements for retirement in the SCRS is eligible to participate in the Kershaw County Retiree Benefit Program. The SCRS program allows retirement at the earlier of 28 years of service, age 55 with 25 years of service, or age 60 with 8 years of service. Retirees participate in the same health care plan as the active employees (with the additional option of a Medicare Supplement Plan for post-65 retirees). The employees currently have four pre-65 health care plans with various benefits and contribution levels. Any participant who retires with less than 10 years of service pays the total premium until age 65. If a participant retires with 10-25 years of service, Kershaw County will pay half of the premium cost while the employee pays the remaining balance. If a participant retires at age 55 or older and has 25+ years of service, the County contributes the same amount that active members receive (until age 65). Retirees over the age of 65 with 25+ years of service will receive a contribution from the County that is equal to half of the premium cost.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

The County's annual other postemployment benefits ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is based on a level percent of payroll increasing annually at 2.5%.

*Actuarial Methods and Assumptions:* Actuarial valuations of an ongoing plan involve 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 OPEB 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.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and the 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 table summarizes the key actuarial assumptions and cost method:

Actuarial Valuation Date:	July 1, 2008
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Percent of Payroll, Open
Amortization Period:	30 years
<b>Actuarial Assumptions</b>	
Investment Rate of Return:	4.0% Annual Return Net of Both Administrative and Investment Related Expenses
Health Cost Trend:	10% to 5% in 1.0% Annual Steps (includes an inflation rate of 2.5%)
Payroll Growth:	2.5% Per Year
Coverage Elections:	70% of Eligible Retirees will Elect Coverage
Active Participant Marriage Assumption:	40% of All Active Employees are Assumed to be Married with Female Spouses Assumed to be 3 Years Younger

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Mortality After Retirement**

<p>Table: Implicit Subsidy:</p>	<p>UP-94 Mortality Table Total Cost of Coverage for Pre-65 Retirees is 50% Higher Than the Average Premium Rate to Account for Implicitly Subsidized Costs</p>
-------------------------------------	--

The asset valuation method used is market value. The actuarial consultants intend to use a smoothing method over a 5 year period with the assumed investment rate of return. The OPEB Plan's UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was 16.5 years.

*Annual OPEB Costs and Rollforward of Net OPEB Obligation:* For 2010, the annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2010) was as follows:

1.	Net OPEB Obligation, Beginning of the Plan Year	\$ <u>551,563</u>
2.	One Year's Interest on the Net OPEB Obligation	22,063
3.	Annual Required Contribution (Normal Cost Plus Any Amortization Payments)	759,194
4.	Adjustment to Annual Required Contribution	( 22,964)
5.	Annual OPEB Cost: (2)+(3)+(4)	758,293
6.	Contributions Made for the Plan Year	<u>196,375</u>
7.	Increase in Net OPEB Obligation (5)-(6)	<u>561,918</u>
8.	Net OPEB Obligation, End of the Plan Year (1)+(7)	<u>\$ 1,113,481</u>

*Schedule of Employer Contributions:* Contributions include \$196,375 made by the County through payment of covered participants' explicit and implicit subsidized benefits.

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for 2010 were as follows:

Applicable to Fiscal Date	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 758,293	\$ 196,375	25.9%	\$ 561,918
June 30, 2009	\$ 719,548	\$ 167,985	23.3%	\$ 551,563

*Schedule of Funding Progress:* This schedule will provide trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress for the OPEB Plan is as follows:

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Liability (AAL) Aggregate* (b)	Unfunded AAL (UAAL) (b-a)		
July 1, 2008	\$ -	\$7,085,432	\$7,085,432	\$16,444,134	43%
July 1, 2009	\$ -	\$8,192,000	\$8,192,000	\$16,444,134	50%

**Note 16. Commitments and Contingencies**

The County receives state and federal grants for specific purposes that are subject to review and audit by state and federal agencies. Such audits could result in a request for reimbursement by the state and federal agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of County management, such disallowances, if any, will not be significant.

In the normal course of business, the County enters into agreements with contractors for construction projects. As of June 30, 2010, open contracts and project budgets for construction totaled \$1,489,435, of which \$1,176,455 has been recorded as construction in progress.

Various claims and lawsuits are pending against the County. As of the issuance of the financial statements, it is not known whether any unfavorable outcomes are likely, however, it appears that should there be any unfavorable outcomes, some cause of action may not be covered by insurance.

**Note 17. Insurance and Risk Management**

The County is exposed to various risks of loss related to torts, theft, damage, destruction of assets, errors and omissions, injuries to employees and natural disasters. The County maintains insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured loss to the County.

Settled claims have not exceeded this coverage in any of the past three years. There are no significant reductions in insurance coverage in the prior year.

The County paid insurance premiums to the South Carolina Counties Property and Liability Trust totaling \$416,034 to cover risks that may occur in normal operations. These risks include loss of real property and contents, motor vehicles, errors and omissions, general liability and theft and dishonesty.

The County paid insurance premiums to the South Carolina Counties Workers' Compensation Trust totaling \$361,429 for workers' compensation coverage.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 18. Closure and Post-closure Care Costs**

State and federal environmental laws and regulations require that Kershaw County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the Park Road and Lugoff-Elgin landfills for thirty (30) years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are recognized based on the estimated closure and post-closure care costs. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year.

The Park Road landfill was officially closed in 2001 and the remaining closure period is now twenty-two (22) years. The Lugoff-Elgin landfill was closed in 1997 and the remaining closure period is now eighteen (18) years. The estimated liability for closure and post-closure care costs is \$2,356,000 as of June 30, 2010, which is based on total post closure-costs for the Park Road and Lugoff-Elgin landfills of \$1,292,000 and \$1,064,000, respectively. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2010. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in laws and regulations. These estimates also assume that there is no groundwater contamination, methane gas problems, major settling, or other similar problems discovered at these sites. Should any of these problems be found, costs could escalate very rapidly. There are no financial assurance requirements or restricted assets related to the estimated liability.

The current year reduction to closure and post-closure costs was \$124,000.

**Note 19. Deferred Compensation Plans**

Several optional deferred compensation plans are available to County employees through the State of South Carolina. Certain employees of the County have elected to participate. The multiple employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b) are administered by third parties and are included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the Section 401(k) and 403(b) plans is placed in trust for the contributing employee.

Employees may also withdraw the current value of their contributions prior to termination if they meet requirements specified by the applicable plan. The County has no liability for losses under the plans.

**Note 20. Intergovernmental Revenues**

The County receives funds from both the State of South Carolina and the federal government for various grants and projects. The majority of these funds are accounted for in the Special Revenue Funds with the major exception being grants from the federal government accounted for in the Proprietary Fund.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 21. Inter-fund Transfers**

Transfers from (to) other funds for the year ended June 30, 2010, consist of the following:

*General Fund*

Transfer from Special Revenue Fund	\$ 84,819
Transfer to Special Revenue Fund	( 25,958)
Transfer to Capital Projects Fund	<u>(1,147,529)</u>
Net Total Transfer To	<u>(1,088,668)</u>

*Special Revenue Fund*

Transfer from General Fund	25,958
Transfer to General Fund	( 84,819)
Transfer to Proprietary Fund	<u>( 305,235)</u>
Net Total Transfer To	<u>( 364,096)</u>

*Debt Service Fund*

Transfer to Proprietary Fund	<u>( 239,278)</u>
Net Total Transfer To	<u>( 239,278)</u>

*Capital Projects Fund*

Transfer from General Fund	<u>1,147,529</u>
Net Total Transfer From	<u>1,147,529</u>

*Proprietary Fund*

Transfer from Special Revenue Fund	305,235
Transfer from Debt Service Fund	<u>239,278</u>
Net Total Transfer From	<u>\$ 544,513</u>

**General Fund**

*Transfers from:* Funds were transferred into the General Fund from the Special Revenue Fund to cover the capital lease debt payment.

*Transfers to:* Funds were transferred from the General Fund to other funds to cover the required match for construction projects and grant expenditures.

**Special Revenue Fund**

*Transfers from:* Funds were transferred into the Special Revenue Fund from the General Fund to cover the required match for grant expenditures.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

*Transfers to:* Funds were transferred from the Special Revenue Fund into other funds to cover the debt payments being made on capital leases and 2008 GO Bonds.

**Debt Service Fund**

*Transfers to:* Funds were transferred from the Debt Service Fund into the Proprietary Fund to cover the debt payment on the 2008 GO Bonds.

**Capital Projects Fund**

*Transfers from:* Funds were transferred into the Capital Projects Fund from the General Fund to cover the match for the construction projects.

**Proprietary Fund**

*Transfers from:* Funds were transferred into the Proprietary Fund from the Special Revenue Fund and Debt Service Fund to cover the debt payments for the 2008 GO Bonds.

**Note 22. Operating Lease Commitment**

The County has an operating lease on the building used for operations for the Department of Social Services. The lease term is for fifteen years starting July 1, 1999. Either party may terminate the rental agreement at any time. Rent is payable the first day of each month in the amount of \$10,511. Rental expense amounted to \$126,128 for the fiscal ended June 30, 2010.

**Note 23. Reservations of Fund Balance**

In the fund financial statements, the County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. The County has reserved a portion of fund balance as follows:

<u>Reservation</u>	<u>Fund</u>	<u>Amount</u>
Reserved for Library	General Fund	\$ 154,485
Reserved for Recreation	General Fund	\$1,282,666
Reserved for Victims Assistance	General Fund	\$ 524,899
Reserved for Debt Service	Debt Service Fund	\$ 17,180
Reserved for Capital Projects	Capital Projects Fund	\$ 70,432



**KERSHAW COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2010  
(Continued)**

**Note 24. New Accounting Pronouncements**

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides guidance regarding enhancing the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

**Note 25. Subsequent Event**

A major industrial taxpayer in Kershaw County has filed an amended property tax return to the South Carolina Department of Revenue. The South Carolina Department of Revenue previously re-affirmed the County's position by certifying the property values used by the County. The case is now in administrative law court and the industrial taxpayer contends it is owed a refund of property taxes based on the amended property tax return filed. However, the County contends it is still owed for property taxes based on the property values assessed. As of the issuance of the financial statements, it is not known whether any unfavorable outcomes are likely, however, the maximum potential liability to the County is estimated to be \$833,000.

## SUPPLEMENTAL INFORMATION

## GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
<b>Taxes</b>			
Property Taxes - Net	\$ 10,282,489	\$ 7,571,306	\$ (2,711,183)
Vehicle Taxes - Net	1,547,894	1,101,209	(446,685)
Delinquent Taxes - Net	500,000	690,112	190,112
Fee In Lieu of Taxes	758,261	845,354	87,093
Local Option Sales Tax	-	3,044,123	3,044,123
Homestead Exemption	-	597,157	597,157
Manufacturer Reimbursement	-	159,975	159,975
Inventory Replacement	<u>62,700</u>	<u>55,260</u>	<u>(7,440)</u>
<b>Total Taxes</b>	<u>13,151,344</u>	<u>14,064,496</u>	<u>913,152</u>
<b>Licenses, Fees and Permits</b>			
Planning and Zoning	260,000	320,176	60,176
Assessor	12,000	15,841	3,841
Delinquent Tax Collector	270,000	351,680	81,680
Clerk of Court	271,500	298,473	26,973
Register of Deeds	330,000	315,083	(14,917)
Probate Court	90,000	124,341	34,341
Master in Equity	70,000	125,962	55,962
Sheriff	311,000	17,645	(293,355)
Health Department	13,000	24,565	11,565
Motor Carrier Fees	-	86,974	86,974
Road Maintenance Fees	941,257	976,475	35,218
Cable Franchise Fees	<u>85,000</u>	<u>105,391</u>	<u>20,391</u>
<b>Total Licenses, Fees and Permits</b>	<u>2,653,757</u>	<u>2,762,606</u>	<u>108,849</u>
<b>Intergovernmental Revenue</b>			
Aid to Subdivisions	2,489,406	2,415,786	(73,620)
DSS Rent Reimbursement	75,000	59,461	(15,539)
DSS Unit Cost	-	119,670	119,670
Veterans Service Offices	7,000	5,267	(1,733)
Election Commission	12,300	10,727	(1,573)
Tire Disposal Fee	23,000	33,218	10,218
Accommodations Tax	30,000	27,854	(2,146)
Library Aid	60,000	69,494	9,494
Salary Supplements	<u>77,471</u>	<u>85,121</u>	<u>7,650</u>
<b>Total Intergovernmental Revenue</b>	<u>2,774,177</u>	<u>2,826,598</u>	<u>52,421</u>
<b>Charges for Services</b>			
Library	11,750	16,550	4,800
Recreation	345,000	293,784	(51,216)
Other	<u>172,350</u>	<u>478,079</u>	<u>305,729</u>
<b>Total Charges for Services</b>	<u>529,100</u>	<u>788,413</u>	<u>259,313</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Fines and Forfeitures</b>			
Magistrate	\$ 477,250	\$ 499,353	\$ 22,103
Library	8,750	22,081	13,331
Airport	65,000	68,434	3,434
Rental and Leases	1,200	8,424	7,224
Litter Pickup	5,000	3,000	(2,000)
Interest Earned	<u>90,000</u>	<u>40,135</u>	<u>(49,865)</u>
<b>Total Fines and Forfeitures</b>	<u>647,200</u>	<u>641,427</u>	<u>(5,773)</u>
<b>Miscellaneous</b>			
Other	-	30,847	30,847
Library	-	137,131	137,131
Grants	-	49,479	49,479
Landfill	<u>300,000</u>	<u>232,075</u>	<u>(67,925)</u>
<b>Total Miscellaneous</b>	<u>300,000</u>	<u>449,532</u>	<u>149,532</u>
<b>Total Revenues</b>	<u>20,055,578</u>	<u>21,533,072</u>	<u>1,477,494</u>
<b>Expenditures</b>			
<b>General Government</b>			
County Council			
Operating	16,091	16,291	(200)
Personnel	<u>156,605</u>	<u>149,706</u>	<u>6,899</u>
<b>Total County Council</b>	<u>172,696</u>	<u>165,997</u>	<u>6,699</u>
County Administrator			
Operating	119,363	136,409	(17,046)
Personnel	<u>300,223</u>	<u>257,092</u>	<u>43,131</u>
<b>Total County Administrator</b>	<u>419,586</u>	<u>393,501</u>	<u>26,085</u>
Finance			
Operating	21,533	20,828	705
Personnel	<u>154,883</u>	<u>191,696</u>	<u>(36,813)</u>
<b>Total Finance</b>	<u>176,416</u>	<u>212,524</u>	<u>(36,108)</u>
Human Resources			
Operating	5,791	4,734	1,057
Personnel	<u>78,716</u>	<u>64,415</u>	<u>14,301</u>
<b>Total Human Resources</b>	<u>84,507</u>	<u>69,149</u>	<u>15,358</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
County Attorney			
Operating	\$ 60,381	\$ 67,823	\$ (7,442)
Personnel	<u>99,838</u>	<u>97,169</u>	<u>2,669</u>
Total County Attorney	<u>160,219</u>	<u>164,992</u>	<u>(4,773)</u>
Information Technology			
Operating	44,603	29,639	14,964
Personnel	<u>45,441</u>	<u>44,181</u>	<u>1,260</u>
Total Information Technology	<u>90,044</u>	<u>73,820</u>	<u>16,224</u>
Economic Development			
Operating	121,082	121,934	(852)
Personnel	<u>147,765</u>	<u>153,006</u>	<u>(5,241)</u>
Total Economic Development	<u>268,847</u>	<u>274,940</u>	<u>(6,093)</u>
Building Maintenance			
Operating	425,214	450,391	(25,177)
Personnel	<u>173,797</u>	<u>150,444</u>	<u>23,353</u>
Total Building Maintenance	<u>599,011</u>	<u>600,835</u>	<u>(1,824)</u>
Planning and Zoning			
Operating	40,137	25,447	14,690
Personnel	<u>340,205</u>	<u>307,859</u>	<u>32,346</u>
Total Planning and Zoning	<u>380,342</u>	<u>333,306</u>	<u>47,036</u>
County Engineer			
Operating	142,338	83,923	58,415
Personnel	<u>81,154</u>	<u>79,474</u>	<u>1,680</u>
Total County Engineer	<u>223,492</u>	<u>163,397</u>	<u>60,095</u>
Assessor			
Operating	80,949	77,619	3,330
Personnel	<u>445,315</u>	<u>409,544</u>	<u>35,771</u>
Total Assessor	<u>526,264</u>	<u>487,163</u>	<u>39,101</u>
Auditor			
Operating	96,919	96,917	2
Personnel	<u>169,501</u>	<u>159,702</u>	<u>9,799</u>
Total Auditor	<u>266,420</u>	<u>256,619</u>	<u>9,801</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2010  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Delinquent Tax Collector			
Operating Personnel	\$ 174,776	\$ 178,167	\$ (3,391)
	<u>61,774</u>	<u>68,611</u>	<u>(6,837)</u>
Total Delinquent Tax Collector	<u>236,550</u>	<u>246,778</u>	<u>(10,228)</u>
Treasurer			
Operating Personnel	108,618	157,919	(49,301)
	<u>202,002</u>	<u>182,653</u>	<u>19,349</u>
Total Treasurer	<u>310,620</u>	<u>340,572</u>	<u>(29,952)</u>
Clerk of Court			
Operating Personnel	72,139	57,137	15,002
	<u>229,255</u>	<u>219,590</u>	<u>9,665</u>
Total Clerk of Court	<u>301,394</u>	<u>276,727</u>	<u>24,667</u>
Family Court			
Operating Personnel	55,159	41,291	13,868
	<u>220,933</u>	<u>232,509</u>	<u>(11,576)</u>
Total Family Court	<u>276,092</u>	<u>273,800</u>	<u>2,292</u>
Summary Court			
Operating Personnel	40,992	33,809	7,183
	<u>651,921</u>	<u>631,124</u>	<u>20,797</u>
Total Summary Court	<u>692,913</u>	<u>664,933</u>	<u>27,980</u>
Probate Court			
Operating Personnel	26,989	17,593	9,396
	<u>217,971</u>	<u>214,940</u>	<u>3,031</u>
Total Probate Court	<u>244,960</u>	<u>232,533</u>	<u>12,427</u>
Register of Deeds			
Operating Personnel	75,586	70,813	4,773
	<u>131,781</u>	<u>122,118</u>	<u>9,663</u>
Total Register of Deeds	<u>207,367</u>	<u>192,931</u>	<u>14,436</u>
Master-in-Equity			
Operating Personnel	11,856	11,867	(11)
	<u>46,284</u>	<u>44,770</u>	<u>1,514</u>
Total Master-in-Equity	<u>58,140</u>	<u>56,637</u>	<u>1,503</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2010  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Coroner			
Operating	\$ 66,004	\$ 59,358	\$ 6,646
Personnel	<u>50,875</u>	<u>49,274</u>	<u>1,601</u>
Total Coroner	<u>116,879</u>	<u>108,632</u>	<u>8,247</u>
Special Services			
Operating	150,540	145,803	4,737
Personnel	<u>176,618</u>	<u>127,512</u>	<u>49,106</u>
Total Special Services	<u>327,158</u>	<u>273,315</u>	<u>53,843</u>
Veterans Office			
Operating	8,402	8,192	210
Personnel	<u>98,369</u>	<u>97,719</u>	<u>650</u>
Total Veterans Office	<u>106,771</u>	<u>105,911</u>	<u>860</u>
Voter Registration			
Operating	69,862	44,854	25,008
Personnel	<u>117,302</u>	<u>127,994</u>	<u>(10,692)</u>
Total Voter Registration	<u>187,164</u>	<u>172,848</u>	<u>14,316</u>
Social Services			
Operating	<u>137,553</u>	<u>133,956</u>	<u>3,597</u>
Health Department			
Operating	<u>20,554</u>	<u>14,127</u>	<u>6,427</u>
Airport			
Operating	69,505	82,602	(13,097)
Personnel	<u>3,768</u>	<u>5,476</u>	<u>(1,708)</u>
Total Airport	<u>73,273</u>	<u>88,078</u>	<u>(14,805)</u>
Legislative Delegation			
Personnel	<u>13,500</u>	<u>13,500</u>	<u>-</u>
Library			
Operating	212,800	305,547	(92,747)
Personnel	<u>558,556</u>	<u>517,728</u>	<u>40,828</u>
Total Library	<u>771,356</u>	<u>823,275</u>	<u>(51,919)</u>
Risk Management			
Operating	-	1,911	(1,911)
Personnel	<u>-</u>	<u>24,866</u>	<u>(24,866)</u>
Total Risk Management	<u>-</u>	<u>26,777</u>	<u>(26,777)</u>



**KERSHAW COUNTY, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Operating			
Fleet Maintenance	\$ 480,000	\$ 646,165	\$ (166,165)
<b>Total General Government</b>	<u>7,930,088</u>	<u>7,887,738</u>	<u>42,350</u>
<b>Public Safety</b>			
Central Communications			
Operating	31,409	26,450	4,959
Personnel	<u>829,483</u>	<u>715,994</u>	<u>113,489</u>
<b>Total Central Communications</b>	<u>860,892</u>	<u>742,444</u>	<u>118,448</u>
Law Enforcement			
Operating	532,944	446,631	86,313
Personnel	<u>3,189,521</u>	<u>3,078,820</u>	<u>110,701</u>
<b>Total Law Enforcement</b>	<u>3,722,465</u>	<u>3,525,451</u>	<u>197,014</u>
Detention Center			
Operating	656,923	668,944	(12,021)
Personnel	<u>999,856</u>	<u>910,408</u>	<u>89,448</u>
<b>Total Detention Center</b>	<u>1,656,779</u>	<u>1,579,352</u>	<u>77,427</u>
<b>Total Public Safety</b>	<u>6,240,136</u>	<u>5,847,247</u>	<u>392,889</u>
<b>Highways and Streets</b>			
Public Works			
Operating	659,323	451,730	207,593
Personnel	<u>676,107</u>	<u>600,629</u>	<u>75,478</u>
<b>Total Highways and Streets</b>	<u>1,335,430</u>	<u>1,052,359</u>	<u>283,071</u>
<b>Culture and Recreation</b>			
Recreation			
Operating	717,520	531,839	185,681
Personnel	<u>636,221</u>	<u>600,705</u>	<u>35,516</u>
<b>Total Culture and Recreation</b>	<u>1,353,741</u>	<u>1,132,544</u>	<u>221,197</u>
<b>Sanitation</b>			
Solid Waste			
Operating	1,412,594	1,172,417	240,177
Personnel	<u>584,962</u>	<u>610,253</u>	<u>(25,291)</u>
<b>Total Sanitation</b>	<u>1,997,556</u>	<u>1,782,670</u>	<u>214,886</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2010  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Other Objects</b>			
Contribution Agencies			
Bethune Rescue	\$ 7,000	\$ 7,000	\$ -
Camden Rescue	1,500	1,500	-
Central Carolina	52,350	69,016	(16,666)
Sistercare	500	500	-
Clemson Extension	1,000	1,000	-
Fine Arts Center	2,250	2,250	-
Camden First Community Development	1,500	1,500	-
Historic Camden	1,875	1,875	-
Mt Pisgah Rescue	7,000	7,000	-
Clean Community Commission	2,000	2,000	-
Wateree RTA	2,063	2,063	-
Soil Conservation	3,750	3,750	-
Wateree Community Action	1,890	1,890	-
Board of Disabilities	1,250	1,250	-
Community Medical Clinic	11,250	11,250	-
Alpha Center	1,500	1,500	-
KC Farmers Market	750	750	-
LEPC	100	350	(250)
Chamber of Commerce	5,000	5,000	-
Human Relations	<u>675</u>	<u>675</u>	<u>-</u>
Total Contribution Agencies	<u>105,203</u>	<u>122,119</u>	<u>(16,916)</u>
Court of General Sessions			
Operating	<u>136,000</u>	<u>135,000</u>	<u>1,000</u>
Emergency Preparedness			
Operating	<u>9,557</u>	<u>8,560</u>	<u>997</u>
Indigent Care			
Operating	<u>171,645</u>	<u>171,645</u>	<u>-</u>
General Operating			
Audit Fees	34,000	39,315	(5,315)
Unemployment Insurance	20,000	44,068	(24,068)
Supplemental Appropriations	382,300	59,630	322,670
Telephone	125,000	137,876	(12,876)
Other Operations	3,100	3,213	(113)
Employee Related Expenses	42,720	17,296	25,424
Retiree Insurance	190,000	196,375	(6,375)
Insurance	<u>413,964</u>	<u>416,034</u>	<u>(2,070)</u>
Total General Operating	<u>1,211,084</u>	<u>913,807</u>	<u>297,277</u>
<b>Total Other Objects</b>	<u>1,633,489</u>	<u>1,351,131</u>	<u>282,358</u>

KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2010  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Capital Outlay</b>			
Administrator	\$ -	\$ 19,762	\$ (19,762)
Information Technology	36,160	36,543	(383)
Economic Development	36,998	24,612	12,386
Engineer	11,600	12,355	(755)
Assessor	10,000	-	10,000
Law Enforcement	78,200	62,929	15,271
Special Services	-	<u>22,416</u>	<u>(22,416)</u>
<b>Total Capital Outlay</b>	<u>172,958</u>	<u>178,617</u>	<u>(5,659)</u>
<b>Debt Service</b>			
Principal	12,298	12,298	-
Interest	<u>5,848</u>	<u>5,848</u>	<u>-</u>
<b>Total Debt Service</b>	<u>18,146</u>	<u>18,146</u>	<u>-</u>
<b>Total Expenditures</b>	<u>20,681,544</u>	<u>19,250,452</u>	<u>1,431,092</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(625,966)</u>	<u>2,282,620</u>	<u>2,908,586</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	10,000	4,287	(5,713)
Operating Transfers In	792,966	84,819	(708,147)
Operating Transfers Out	<u>(177,000)</u>	<u>(1,173,487)</u>	<u>(996,487)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>625,966</u>	<u>(1,084,381)</u>	<u>(1,710,347)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	1,198,239	<u>\$ 1,198,239</u>
<b>Fund Balance, Beginning of Year (Restated)</b>		<u>7,742,520</u>	
<b>Fund Balance, End of Year</b>		<u>\$ 8,940,759</u>	

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 13,151,344	\$ 13,151,344	\$ 14,064,496	\$ 913,152
Licenses, Fees and Permits	2,653,757	2,653,757	2,762,606	108,849
Intergovernmental	2,774,177	2,774,177	2,826,598	52,421
Charges for Services	529,100	529,100	788,413	259,313
Fines and Forfeitures	647,200	647,200	641,427	(5,773)
Miscellaneous	<u>300,000</u>	<u>300,000</u>	<u>449,532</u>	<u>149,532</u>
<b>Total Revenues</b>	<u>20,055,578</u>	<u>20,055,578</u>	<u>21,533,072</u>	<u>1,477,494</u>
<b>Expenditures</b>				
Current:				
General Government	7,930,088	8,001,463	7,887,738	113,725
Public Safety	6,240,136	6,230,904	5,847,247	383,657
Highways and Streets	1,335,430	1,335,430	1,052,359	283,071
Culture and Recreation	1,353,741	1,353,741	1,132,544	221,197
Sanitation	1,997,556	1,997,556	1,782,670	214,886
Other Objects	1,633,489	1,595,540	1,351,131	244,409
Capital Outlay	172,958	178,764	178,617	147
Debt Service				
Principal	12,298	12,298	12,298	-
Interest	<u>5,848</u>	<u>5,848</u>	<u>5,848</u>	<u>-</u>
<b>Total Expenditures</b>	<u>20,681,544</u>	<u>20,711,544</u>	<u>19,250,452</u>	<u>1,461,092</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(625,966)</u>	<u>(655,966)</u>	<u>2,282,620</u>	<u>2,938,586</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	10,000	10,000	4,287	(5,713)
Operating Transfers In	792,966	822,966	84,819	(738,147)
Operating Transfers Out	<u>(177,000)</u>	<u>(177,000)</u>	<u>(1,173,487)</u>	<u>(996,487)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>625,966</u>	<u>655,966</u>	<u>(1,084,381)</u>	<u>(1,740,347)</u>
<b>Net Change in Fund Balance</b>	-	-	1,198,239	1,198,239
<b>Fund Balance, Beginning of Year (Restated)</b>	<u>7,742,520</u>	<u>7,742,520</u>	<u>7,742,520</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 7,742,520</u>	<u>\$ 7,742,520</u>	<u>\$ 8,940,759</u>	<u>\$ 1,198,239</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTAL INFORMATION  
OTHER POST EMPLOYMENT BENEFIT PLAN- DEFINED BENEFIT HEALTHCARE PLAN  
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS  
For the Fiscal Year Ended June 30, 2010**

Fiscal year 2009 was the first year of implementation of GASB Statement No. 45 and Kershaw County, South Carolina has elected to implement this statement prospectively. Therefore, comparative data is only available for the 2009 and 2010 year. In future years, three-year trend information will be presented.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Applicable to Fiscal Year Ending	Annual OPEB Cost	Contribution for Fiscal Year	Annual Percentage Contributed	Net OPEB Obligation
June 30, 2010	\$ 758,293	\$ 196,375	25.90%	\$ 561,918
June 30, 2009	\$ 719,548	\$ 167,985	23.35%	\$ 551,563

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Aggregate* ( b )	Underfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ( ( b-a)/c )
July 1, 2008	\$ -	\$ 7,085,432	\$ 7,085,432	0.00%	\$ 16,444,134	43%

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**June 30, 2010**

**Note 1.           Budgets and Budgetary Accounting**

Budgets, except for the Special Revenue Fund, are adopted on a basis consistent with generally accepted accounting principles. The accounting system provides for appropriate budgetary control. Budgetary comparisons are included in the supplemental schedules for the General Fund. Unused appropriations for all annually budgeted funds lapse at the end of the year.

**Note 2.           Legal Compliance – Budgets**

The County Administrator submits a proposed operating budget for the fiscal year to the County Council. The operating budget includes proposed expenditures and the means of financing them. Prior to July 1, the budget is legally enacted through passage of an ordinance. The County Administrator is authorized to transfer budgeted amounts within departments as necessary to achieve the goals of the budget. Any revisions that alter the total expenditures of any fund must be approved by County Council. Budgeted amounts reflected in the accompanying financial statements are the final authorized amounts as revised during the year.

The County has not presented budget information for the Special Revenue Fund, since budgetary control is maintained on an individual grant basis. Since grant periods may differ from the County's fiscal year, a comparison of budgetary information for the total Special Revenue Fund would not be meaningful and has not been presented in the accompanying financial statements.

## **SPECIAL REVENUE FUNDS**

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND**  
**BALANCE SHEET**  
**For the Fiscal Year Ended June 30, 2010**

**Assets**

Cash and Cash Equivalents	\$ 2,182
Restricted Cash	298,608
Receivables	
Taxes, Net	64,814
Intergovernmental	341,036
Other	22,657
Due from Other Funds	<u>1,258,984</u>
<b>Total Assets</b>	<b><u>\$ 1,988,281</u></b>

**Liabilities and Fund Balances**

**Liabilities:**

Compensated Absences	\$ 1,536
Deferred Tax Revenue	54,298
Deferred Revenue	<u>1,647</u>
<b>Total Liabilities</b>	<u>57,481</u>

**Fund Balance:**

Unreserved	<u>1,930,800</u>
<b>Total Fund Balance</b>	<u>1,930,800</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 1,988,281</u></b>



**KERSHAW COUNTY, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2010**

**Revenues**

**Taxes**

Property Taxes - Net	\$	741,900
Vehicle Taxes - Net		120,760
Delinquent Taxes - Net		75,632
Fee In Lieu of Taxes		30,948
Local Option Sales Tax		233,149
Homestead Exemption		55,706
Manufacturer Reimbursement		12,973
Liquor Excise Tax		28,177
Inventory Replacement		<u>8,682</u>
 Total Taxes		 <u>1,307,927</u>

**Licenses, Fees and Permits**

Road Maintenance Fees		<u>8,567</u>
 Total Licenses, Fees and Permits		 <u>8,567</u>

**Intergovernmental Revenue**

Aid to Subdivisions		64,038
CTC Funds		827,263
Title IV-D		33,868
1% Fire Assistance		247,260
Accommodations Tax		<u>159,064</u>
 Total Intergovernmental Revenue		 <u>1,331,493</u>

**Fines and Forfeitures**

Sheriff		93,572
Interest Earned		<u>2,728</u>
 Total Fines and Forfeitures		 <u>96,300</u>

**Miscellaneous**

Other		8,992
E-911 Tariff		243,883
Grants		<u>148,670</u>
 Total Miscellaneous		 <u>401,545</u>

**Total Revenues**

3,145,832

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

**Expenditures**

**General Government**

E-911 Tariff		
Operating	\$	187,691
Personnel		<u>66,939</u>
Total E-911 Tariff		<u>254,630</u>
 Title IV-D Family Court		
Operating		<u>8,056</u>
 Mini Bottle Pass Thru		
Operating		<u>115,188</u>
 Library		
Operating		<u>22,112</u>
 Offsite Water Grant		
Operating		<u>38,376</u>
 Workforce Initiative		
Personnel		<u>9,514</u>
<b>Total General Government</b>		<u><b>447,876</b></u>

**Public Safety**

Detention Center		
Operating		<u>93,277</u>
 Fire Services		
Operating		399,651
Personnel		<u>283,584</u>
Total Fire Services		<u>683,235</u>
 Firemen's Fund		
Operating		<u>125,613</u>
 Victim's Advocate		
Operating		33,117
Personnel		<u>64,353</u>
Total Victim's Advocate		<u>97,470</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

Sheriff Federal Forfeiture Operating	\$ <u>1,676</u>
Sheriff County Forfeiture Operating	<u>4,997</u>
Sheriff Donations Operating	<u>6,477</u>
Sheriff County Seizures Operating	<u>20,039</u>
Civil Process Seizures Operating	<u>570</u>
EMS Grant Operating	<u>12,747</u>
Grant Fund Operating	<u>74,929</u>
<b>Total Public Safety</b>	<u><b>1,121,030</b></u>
 <b>Highways and Streets</b>	
Waste Tire Operating	<u>5,492</u>
<b>Total Highways and Streets</b>	<u><b>5,492</b></u>
 <b>Other Objects</b>	
General Operating Other Operations	<u>124,035</u>
<b>Total Other Objects</b>	<u><b>124,035</b></u>
 <b>Capital Outlay</b>	
E-911 Tariff	114,694
CTC Funds	557,697
Detention Center Canteen	20,960
Fire Services	<u>536,101</u>
<b>Total Capital Outlay</b>	<u><b>1,229,452</b></u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

<b>Total Expenditures</b>	<b>\$ <u>2,927,885</u></b>
<b>Excess of Revenues Over Expenditures</b>	<u>217,947</u>
<b>Other Financing Sources (Uses)</b>	
Transfers from General Fund	25,958
Transfers to General Fund	(84,819)
Transfers to Proprietary Fund	<u>(305,235)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(364,096)</u>
<b>Net Change in Fund Balance</b>	(146,149)
<b>Fund Balance, Beginning of Year ( Restated)</b>	<u>2,076,949</u>
<b>Fund Balance, End of Year</b>	<b><u>\$ 1,930,800</u></b>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**LIBRARY OPERATIONS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2010**

	<u>County</u>	<u>State</u>	<u>State Lottery</u>	<u>Federal Grant</u>	<u>Total</u>
<b>Revenues</b>					
Charges for Services	\$ 16,550	\$ -	\$ -	\$ -	\$ 16,550
Fines	22,081	-	-	-	22,081
Intergovernmental	-	69,494	-	-	69,494
Miscellaneous	<u>137,131</u>	<u>-</u>	<u>-</u>	<u>22,112</u>	<u>159,243</u>
Total Revenues	<u>175,762</u>	<u>69,494</u>	<u>-</u>	<u>22,112</u>	<u>267,368</u>
<b>Expenditures</b>					
Books, Periodicals and Departmental Supplies	128,060	68,948	-	22,112	219,120
Miscellaneous	<u>47,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,937</u>
Total Expenditures	<u>175,997</u>	<u>68,948</u>	<u>-</u>	<u>22,112</u>	<u>267,057</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(235)	546	-	-	311
<b>Fund Balance, Beginning of Year</b>	<u>121,517</u>	<u>22,940</u>	<u>1,720</u>	<u>8,309</u>	<u>154,486</u>
<b>Fund Balance, End of Year</b>	<u>\$ 121,282</u>	<u>\$ 23,486</u>	<u>\$ 1,720</u>	<u>\$ 8,309</u>	<u>\$ 154,797</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
SCHEDULE OF FINES AND ASSESSMENTS  
For the Fiscal Year Ended June 30, 2010**

**Fines and Fees**

Family Court Fines	\$ 4,539
Family Court Fees	111,099
Other Court Fines and Fees	541,694

**Assessments**

DUI	48,415
General Sessions	13,413
Magistrate	374,687

**Surcharges**

Drug	7,188
Law Enforcement	183,314
Criminal Justice Academy	<u>26,688</u>

Total 1,311,037

**Retained by County**

Victims Assistance:	
Fines	501,153
Assessments	<u>47,142</u>

Total Retained by County 548,295

**Total Fines and Assessments Remitted to State Treasurer and Other Agencies** \$ 762,742

## DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**DEBT SERVICE FUND**  
**BALANCE SHEET**  
**June 30, 2010**

**Assets**

Taxes Receivable, Net	\$ 90,827
Intergovernmental Receivable	<u>67,118</u>
<b>Total Assets</b>	<b><u>\$ 157,945</u></b>

**Liabilities and Fund Balance**

Liabilities

Due to General Fund	\$ 62,347
Deferred Tax Revenue	<u>78,418</u>
<b>Total Liabilities</b>	<b><u>140,765</u></b>

Fund Balance

Reserved for Debt Service	<u>17,180</u>
<b>Total Fund Balance</b>	<b><u>17,180</u></b>

<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 157,945</u></b>
---	--------------------------



**KERSHAW COUNTY, SOUTH CAROLINA**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2010**

**Revenues**

**Taxes**

Property Taxes - Net	\$ 960,891
Vehicle Taxes - Net	139,700
Delinquent Taxes - Net	87,502
Fee In Lieu of Taxes	86,012
Local Option Sales Tax	352,103
Homestead Exemption	75,786
Manufacturer Reimbursement	20,302
Inventory Replacement	<u>7,202</u>

Total Taxes 1,729,498

**Licenses, Fees and Permits**

Motor Carrier Fees	<u>11,046</u>
--------------------	---------------

Total Licenses, Fees and Permits 11,046

**Total Revenues** 1,740,544

**Expenditures**

Principal Retirement	1,212,190
Interest and Fees	<u>318,930</u>

**Total Expenditures** 1,531,120

**Excess of Revenues Over Expenditures** 209,424

**Other Financing Sources (Uses)**

Transfer to Proprietary Fund	<u>(239,278)</u>
------------------------------	------------------

**Total Other Financing Sources (Uses)** (239,278)

**Net Change in Fund Balance** (29,854)

**Fund Balance, Beginning of Year** 47,034

**Fund Balance, End of Year** \$ 17,180

## **CAPITAL PROJECT FUNDS**

**The capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.**

**KERSHAW COUNTY, SOUTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**BALANCE SHEET**  
**June 30, 2010**

**Assets**

Grants Receivable \$ 307,227

**Total Assets** **\$ 307,227**

**Liabilities and Fund Balances**

Liabilities:

Due to Other Funds \$ 236,795

**Total Liabilities** 236,795

Fund Balances:

Reserved for Capital Projects 70,432

**Total Liabilities and Fund Balances** **\$ 307,227**

**KERSHAW COUNTY, SOUTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2010**

**Revenues**

Intergovernmental	\$ 1,000,000
Miscellaneous	<u>1,638,336</u>
<b>Total Revenues</b>	<u>2,638,336</u>

**Expenditures**

**General Government**

CCTC Workforce Center Operating	<u>32,016</u>
Administration Operating	<u>16,439</u>
<b>Total General Government</b>	<u>48,455</u>

**Capital Outlay**

CCTC Workforce Center	2,391,664
Wildlife Road	118,104
Wateree Executive Park	252,345
2010A GO Bond	483,665
Governor's Hill	4,804
Elgin Fire Station	66,914
Bethune Recreation	58,101
Airport	44,574
Equine Center	<u>187,104</u>
<b>Total Capital Outlay</b>	<u>3,607,275</u>

<b>Total Expenditures</b>	<u>3,655,730</u>
---------------------------	------------------

<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(1,017,394)</u>
--	--------------------

**Other Financing Sources**

Sale of Capital Assets	124,527
Transfer From General Fund	<u>1,147,529</u>
<b>Total Other Financing Sources</b>	<u>1,272,056</u>

<b>Net Change in Fund Balance</b>	254,662
-----------------------------------	---------

<b>Fund Balance, Beginning of Year (Restated)</b>	<u>(184,230)</u>
---	------------------

<b>Fund Balance, End of Year</b>	<u>\$ 70,432</u>
----------------------------------	------------------

## SEWER SYSTEM ENTERPRISE FUND

The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes. The only enterprise fund utilized is for the Sewer System.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SEWER SYSTEM ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2010**

**Operating Revenues**

Charges for Sewer Service	\$ 752,675
Impact Fees and Other Charges	48,968
Miscellaneous	<u>16,932</u>
<b>Total Revenues</b>	<u>818,575</u>

**Operating Expenses**

Salaries and Benefits	129,210
Advertising	1,183
Contractual Services	198,863
Supplies	41,732
Repairs and Maintenance	150,346
Fuel	7,665
Utilities and Telephone	172,964
Engineering	40,204
Postage	4,604
Miscellaneous	10,874
Depreciation	280,096
Amortization	<u>992</u>
<b>Total Operating Expenses</b>	<u>1,038,733</u>

**Operating Income (Loss)** (220,158)

**Non-Operating Income (Expense)**

Interest Expense	<u>(374,354)</u>
<b>Total Non-Operating Income (Expense)</b>	<u>(374,354)</u>

**Income Before Contributions and Transfers** (594,512)

Capital Contributions	2,000
Transfer from Special Revenue Fund	305,235
Transfer From Debt Service Fund	<u>239,278</u>
<b>Total Contributions and Transfers</b>	<u>546,513</u>

**Change in Net Assets** (47,999)

**Net Assets, Beginning of Year** 9,539,350

**Net Assets, End of Year** \$ 9,491,351

## FIDUCIARY FUNDS

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

Trust funds are used to account for assets held by the government in a trustee capacity.

**KERSHAW COUNTY, SOUTH CAROLINA  
FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2010**

	<u>Agency Funds</u>	<u>Trust Funds</u>
<b>Assets</b>		
Cash	\$ 3,128,262	\$ 2,178,928
Taxes Receivable, Net	2,416,460	-
Due from General Fund	<u>1,345,251</u>	<u>-</u>
<b>Total Assets</b>	<u><b>6,889,973</b></u>	<u><b>2,178,928</b></u>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Due to Other Taxing Authorities	4,696,394	-
Deferred Tax Revenue	2,119,789	-
Due to Solicitor	<u>73,790</u>	<u>-</u>
<b>Total Liabilities</b>	<u><b>6,889,973</b></u>	<u><b>-</b></u>
Fund Balances:		
Reserved	<u>-</u>	<u>2,178,928</u>
<b>Total Liabilities and Fund Balances</b>	<u><b>\$ 6,889,973</b></u>	<u><b>\$ 2,178,928</b></u>



**KERSHAW COUNTY, SOUTH CAROLINA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Assets</b>				
Cash	\$ 2,256,154	\$ 98,809,925	\$ 97,937,817	\$ 3,128,262
Taxes Receivable, Net	1,885,843	2,416,460	1,885,843	2,416,460
Due From General Fund	<u>-</u>	<u>39,891,102</u>	<u>38,545,851</u>	<u>1,345,251</u>
 Total Assets	 <u>4,141,997</u>	 <u>141,117,487</u>	 <u>138,369,511</u>	 <u>6,889,973</u>
 <b>Liabilities</b>				
Due to Other Taxing Authorities	2,030,362	4,696,394	2,030,362	4,696,394
Deferred Tax Revenue	1,607,284	2,119,789	1,607,284	2,119,789
Due to Solicitor	<u>504,351</u>	<u>73,790</u>	<u>504,351</u>	<u>73,790</u>
 Total Liabilities	 <u>\$ 4,141,997</u>	 <u>\$ 6,889,973</u>	 <u>\$ 4,141,997</u>	 <u>\$ 6,889,973</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEET-ALL TRUST FUNDS**  
**June 30, 2010**

	Detention Center	Land Sale	Magistrate	Clerk/ Family Court	Master in Equity	Total
<b>Assets</b>						
Cash	\$ 111,152	\$ 1,148,679	\$ 137,773	\$ 711,016	\$ 70,308	\$ 2,178,928
Total Assets	<u>111,152</u>	<u>1,148,679</u>	<u>137,773</u>	<u>711,016</u>	<u>70,308</u>	<u>2,178,928</u>
<b>Liabilities and Fund Balances</b>						
Due to Other Taxing Authorities	-	-	-	-	-	-
<b>Fund Balances</b>						
Reserved	<u>111,152</u>	<u>1,148,679</u>	<u>137,773</u>	<u>711,016</u>	<u>70,308</u>	<u>2,178,928</u>
Total Fund Balances	<u>\$ 111,152</u>	<u>\$ 1,148,679</u>	<u>\$ 137,773</u>	<u>\$ 711,016</u>	<u>\$ 70,308</u>	<u>\$ 2,178,928</u>

**FEDERAL REPORTING SECTION**

KERSHAW COUNTY, SOUTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Fiscal Year Ended June 30, 2010

<b>Federal Grantor/ Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Total Expenditures</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Direct Program:			
Edward Byne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0198	\$ 444
Edward Byne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0004	18,995
Edward Byne Memorial Justice Assistance Grant Program	16.804	2009-SB-B9-3363	<u>55,440</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>74,879</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through SC Emergency Management Division :			
Emergency Management Performance Grant	97.042	8EMPG01	<u>34,462</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>34,462</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION</b>			
Direct Program:			
Airport Improvement Grant	20.106	3-45-0011-16	<u>42,346</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>42,346</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed Through SC Department of Commerce:			
Community Development Block Grant	14.228	4-W-07-004	* <u>1,040,500</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>1,040,500</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through SC Department of Social Services			
Child Support Enforcement-Unit Cost	93.563	N/A	100,992
Child Support Enforcement-Incentive	93.563	N/A	<u>33,868</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>134,860</u>

KERSHAW COUNTY, SOUTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Fiscal Year Ended June 30, 2010  
 (Continued)

<b>Federal Grantor/ Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Total Expenditures</b>
<b>U.S. DEPARTMENT OF LABOR EMPLOYMENT TRAINING ADMINISTRATION</b>			
Direct Program:			
Workforce Investment Act Grant	17.261	EA-20239-10-60-A-45	\$ <u>9,514</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR EMPLOYMENT TRAINING ADMINISTRATION</b>			<u>9,514</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through SC State Library:			
State Fiscal Stabilization Funds (ARRA)	84.397	N/A	<u>22,112</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>22,112</u>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>			<u>\$ 1,358,673</u>

\* Tested as major program

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2010**

- Note 1. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Kershaw County, South Carolina for the year ended June 30, 2010. All federal awards received directly from federal agencies as well as those passed through other government agencies are included on the Schedule.
- Note 2. The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in the notes to the County's basic financial statements.
- Note 3. Federal award expenditures are reported in the County's basic financial statements as expenditures in the Special Revenue Funds and Capital Projects Funds.
- Note 4. Differences between the amount of revenue received from federal awards and the related expenditures are recognized as either deferred revenue or receivables in the basic financial statements. The amounts recorded on the Schedule of Expenditures of Federal Awards agree with the amounts recorded in the basic financial statements.

**SHEHEEN, HANCOCK & GODWIN, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

1011 FAIR STREET

P.O. DRAWER 428

CAMDEN, SOUTH CAROLINA 29021

FOUNDED 1959

AUSTIN M. SHEHEEN, JR., CPA  
TERRY M. HANCOCK, CPA  
LARRY F. GODWIN, CPA  
THOMAS B. MYERS, CPA  
DARYL W. TAYLOR, CPA  
ANTHONY E. BOYKIN, CPA  
JANE M. PEACOCK, CPA  
MATTHEW C. IRICK, CPA  
ANTHONY N. MESSIER, CPA  
J. RICHARD PARKER, CPA  
R. MARC WOOD

REBECCA M. LEE, CPA  
KELLEY C. STEEN, CPA  
STEPHEN A. GRAHAM, CPA  
JOHN C. BOYKIN, III  
JESSICA E. GASKINS

MEMBERS OF  
AMERICAN INSTITUTE OF CPA'S  
SOUTH CAROLINA ASSOCIATION OF CPA'S

TELEPHONE  
(803) 432-1424  
FAX  
(803) 432-1831

WEBSITE: [www.shgcpa.com](http://www.shgcpa.com)

February 3, 2011

**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**

Honorable Members of the County Council  
Kershaw County  
Camden, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kershaw County, South Carolina, as of and for the year ended June 30, 2010, which collectively comprise Kershaw County's basic financial statements, and have issued our report thereon dated February 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such as that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 10-2, 10-3, 10-4 and 10-5 to be material weaknesses.

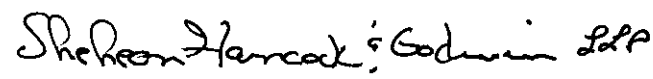
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 10-1 to be a significant deficiency.

### **Compliance and Other Matters**

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

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

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

  
Sheheen, Hancock and Godwin, LLP  
Certified Public Accountants



**SHEHEEN, HANCOCK & GODWIN, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

1011 FAIR STREET

P.O. DRAWER 428

CAMDEN, SOUTH CAROLINA 29021

FOUNDED 1959

AUSTIN M. SHEHEEN, JR., CPA  
TERRY M. HANCOCK, CPA  
LARRY F. GODWIN, CPA  
THOMAS B. MYERS, CPA  
DARYL W. TAYLOR, CPA  
ANTHONY E. BOYKIN, CPA  
JANE M. PEACOCK, CPA  
MATTHEW C. IRICK, CPA  
ANTHONY N. MESSIER, CPA  
J. RICHARD PARKER, CPA  
R. MARC WOOD

REBECCA M. LEE, CPA  
KELLEY C. STEEN, CPA  
STEPHEN A. GRAHAM, CPA  
JOHN C. BOYKIN, III  
JESSICA E. GASKINS

MEMBERS OF  
AMERICAN INSTITUTE OF CPA'S  
SOUTH CAROLINA ASSOCIATION OF CPA'S

TELEPHONE  
(803) 432-1424  
FAX  
(803) 432-1831

WEBSITE: [www.shgcpa.com](http://www.shgcpa.com)

February 3, 2011

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

Honorable Members of the County Council  
Kershaw County  
Camden, South Carolina

**Compliance**

We have audited Kershaw 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 Kershaw County, South Carolina's major federal programs for the year ended June 30, 2010. Kershaw County, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Kershaw County, South Carolina's management. Our responsibility is to express an opinion on Kershaw County, South Carolina's compliance based on our audit.

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

In our opinion, Kershaw County, South Carolina, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### **Internal Control Over Compliance**

Management of Kershaw County, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Kershaw County, South Carolina's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Kershaw County, South Carolina's internal control over compliance.

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

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

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

This report is intended solely for the information and use of the management, County Council, others within the entity, federal awarding agencies, and pass through entities and all other legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.



Sheheen, Hancock and Godwin, LLP  
Certified Public Accountants

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2010**

**A. SUMMARY OF RESULTS**

1. The financial statement opinion is unqualified.
2. One significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. Four deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance to the financial statements for Kershaw County.
4. No material weakness in internal control over major programs were disclosed by the audit.
5. We have issued an unqualified report on compliance for major programs.
6. The audit disclosed audit findings as described on pages 96-100.
7. Major programs are as follows:  
  
U. S. Department of Housing and Urban Development  
  
Community Development Block Grant – CFDA 14.228
8. Type A programs are those exceeding \$300,000. Type B programs are those exceeding \$100,000.
9. Kershaw County did not qualify as a low-risk auditee.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

**B. FINDINGS RELATED TO FINANCIAL STATEMENTS**

**10-1 Oversight of the Financial Reporting Process**

**Condition:**

Management requested us to assist in identifying adjustments to the accounting records and prepare the complete year end financial statements including related footnote disclosures in accordance with generally accepted accounting principles. The outsourcing of these services is not unusual in municipalities of the County's size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring the internal resource cost.

**Criteria:**

Kershaw County should have a system of internal controls that would enable management to conclude that the financial statements and the related disclosures are complete and presented in accordance with generally accepted accounting principles.

**Questioned Cost:**

Unknown

**Recommendations:**

We recommend that the County continue to evaluate the cost benefit of outsourcing these services versus incurring the internal resource cost.

**View of Responsible Official and Planned Corrective Action:**

Management agrees with this finding and believes that, in the best interest of the County, to continue the outsourcing of this services due to staffing and budget constraints.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

**10-2           Cash Disbursements**

**Condition:**

Instances were found where purchase orders were not obtained for items over \$500 and purchase orders were approved for line items without available budget.

**Criteria:**

All purchase orders for items over \$500 should be prepared before an item is ordered and the line item budget should be reviewed for available budget before the purchase order is approved.

**Questioned Cost:**

Unknown

**Recommendation:**

The County should require that purchase orders be obtained before an item is purchased and the line item budget reviewed for available budget before the purchase order is approved.

**View of Responsible Official and Planned Corrective Action:**

Management agrees with the finding and will provide training to ensure that staff and department heads understand and adhere to both the letter and spirit of the procurement ordinance.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

**10-3 Personnel Files**

**Condition:**

Instances were found where employee's pay rates were not documented in their personnel files.

**Criteria:**

An established procedure should be implemented for the review and approval of payroll changes made to payroll records. The personnel department should approve all changes in an employee's payroll records with all appropriate sign offs before the information may be entered into the payroll system.

**Questioned Cost:**

Unknown

**Recommendation :**

The County should establish a procedure for the review and approval of all payroll changes to payroll records. All personnel files should contain the appropriate sign offs and gross pay changes in order to verify payroll information to the payroll records.

**View of Responsible Official and Planned Corrective Action:**

Management agrees with the finding and will establish a procedure to ensure that proper evidence of authorization for changes in employee payroll status are approved and documented in individual employee files on a consistent basis.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

**10-4 Sewer Ordinances**

**Condition:**

During the audit, we discovered that past due customers' sewer bills are not being cut off in accordance to County policies. Also, we discovered that one apartment complex residents are being billed individually instead of billing the owner of the apartment complex.

**Criteria:**

In accordance with County ordinances, sewer bills for apartment complexes are to be billed to the owner of the facility instead of billing the residents. Also, sewer bills not paid by the 22<sup>nd</sup> of the month are considered past due and are subject to cutoff.

**Questioned Cost:**

Unknown

**Recommendation :**

We recommend that management review the County ordinances and determine if any changes should be done. Also, all bills for apartment complexes should be in the name of the owner of the facility and past due bills should be cut off.

**View of Responsible Official and Planned Corrective Action:**

Management agrees with the finding and will review applicable ordinances and implement procedures to ensure compliance in the collection and billing of sewer bills.

**KERSHAW COUNTY, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2010  
(Continued)**

**10-5           Lack of Segregation of Duties**

**Condition:**

There is a lack of segregation of duties in the Magistrate's office involving eviction notices. The same person is responsible for recording of cash receipts and handling the case files.

**Criteria:**

A separation of duties between recording of cash receipts and handling the case files should be maintained or adequate oversight or review procedures should be in place.

**Questioned Cost:**

Unknown

**Recommendation :**

We recommend that one employee collect and record the cash receipts and another employee handles the case files. If a case is dismissed, approval should be obtained from a supervisor in order to delete the case file. All case files should be maintained in accordance with State Court retention policies.

**View of Responsible Official and Planned Corrective Action:**

Management agrees with the findings and will implement changes in internal controls to help mitigate the segregation of duties.

**C.       FINDINGS RELATED TO FEDERAL AWARDS**

None



**KERSHAW COUNTY, SOUTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For The Fiscal Year Ended June 30, 2010**

Audit findings for fiscal year ended June 30, 2009.

09-1 *Oversight of the Financial Reporting Process*

The County requested us to assist in identifying adjustments to the accounting records and prepare the financial statements, including the related footnote disclosures.

Corrective action was not taken. The County employs a finance director but continues to evaluate the cost benefit of obtaining outside services to prepare the financial statements including disclosures in accordance with generally accepted accounting principles versus the cost of training, hiring or allocation of personnel resources with sufficient financial knowledge or responsibilities required to prepare its own financial statements including disclosures.

09-2 *Fiscal Management over Fixed Asset Records*

The County did not update fixed asset schedules maintained for the Governmental Funds and the Utility Fund for all of the current year additions. Also, all capital expenditures were not properly charged to capital outlay accounts.

Corrective action was taken.

09-3 *Fiscal Management over Accounting Records*

During the fiscal year, we discovered that the County failed to follow a practice of performing any type of interim analysis of general ledger accounts.

Corrective action was taken.