

AUDITED FINANCIAL STATEMENTS

CLARENDON COUNTY

MANNING, SOUTH CAROLINA

JUNE 30, 2010

AUDITED FINANCIAL STATEMENTS

CLARENDON COUNTY

MANNING, SOUTH CAROLINA

JUNE 30, 2010

	Page
Independent Auditor's Report	1 – 2
Management's Discussion and Analysis (Unaudited)	3 – 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	16
Statement of Net Assets – Proprietary Fund	17
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund	18
Statement of Cash Flows – Proprietary Fund	19
Statement of Fiduciary Net Assets – Agency Funds	20
Notes to the Financial Statements – Table of Contents	21
Notes to the Financial Statements	22 – 57
Required Supplementary Information	
Schedule of Funding Progress for the Retiree Health Plan (Unaudited)	58

AUDITED FINANCIAL STATEMENTS

CLARENDON COUNTY

MANNING, SOUTH CAROLINA

JUNE 30, 2010

	Page
Combining and Individual Fund Schedules:	59
Nonmajor Governmental Funds	60
Combining Balance Sheet – Nonmajor Governmental Funds	61 – 62
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	63 – 64
Budgetary Comparison Schedules	
Schedule of Revenues – Budget and Actual – General Fund	65 – 66
Schedule of Expenditures – Budget and Actual – General Fund	67 – 71
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Fire Department (Special Revenue Fund) – Budgetary Basis	72
Fiduciary Fund	73
Combining Schedule of Fiduciary Net Assets – All Agency Funds	74 – 75
Combining Schedule of Changes in Assets and Liabilities – All Agency Funds	76 – 79

STATISTICAL SECTION

Schedule of Fines, Assessments and Surcharges Special Revenue Fund – Victims Rights Fund	80
Computation of Legal Debt Margin	81

COMPLIANCE SECTION

Federal Grants:

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	82 – 83
--	---------

AUDITED FINANCIAL STATEMENTS

CLARENDON COUNTY

MANNING, SOUTH CAROLINA

JUNE 30, 2010

	Page
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	84 – 85
Schedule of Expenditures of Federal Awards	86
Note to Schedule of Expenditures of Federal Awards	87
Schedule of Findings and Questioned Costs	88

McGregor & COMPANY^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS | SINCE 1930

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

C. C. McGregor, CPA
1906-1968

PARTNERS

W.C. Stevenson, CPA
B.T. Kight, CPA
G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA
W.W. Francis, CPA

D.L. Richardson, CPA
E.C. Inabinet, CPA
S.S. Luoma, CPA
T.M. McCall, CPA
H.D. Brown, Jr, CPA
L.B. Salley, CPA

D.K. Strickland, CPA
J.P. McGuire, CPA
L.H. Kelly, CPA

ASSOCIATES

V.K. Laroche, CPA
G.N. Mundy, CPA
M.L. Layman, CPA
P.A. Betette, Jr, CPA

S. Wo, CPA
G.A. Farmer, CPA
C.D. Hinchee, CPA
J.R. Matthews II, CPA

February 4, 2011

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Clarendon County Council
Manning, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clarendon County, 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 Clarendon 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 activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clarendon County, 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.

INDEPENDENT AUDITOR'S REPORT
(continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2011, on our consideration of Clarendon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in 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 the schedule of funding progress for the retiree health plan on pages 3 through 10 and page 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarendon County's financial statements as a whole. The combining and individual fund schedules and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial schedules, the statistical section, 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 basic financial statements taken as a whole.

McGregor & Co. LLP

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2010**

Clarendon County's discussion and analysis offers readers of the County's financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished and in the financial statements and notes to the financial statements.

The government-wide financial statements include not only Clarendon County and its blended component units (known as the primary government), but also legally separate entities for which the County is financially accountable. Information included in this discussion and analysis focuses on the activities of the primary government. Accordingly, information provided does not include the activities of discretely-presented component units.

Financial Highlights:

- Clarendon County's assets exceeded its liabilities at June 30, 2010 by \$27.8 million (net assets). Of this amount, \$6.0 million (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased \$1.4 million over the previous year with said increase resulting from governmental activities.
- At June 30, 2010, the County's governmental fund balance sheet reported a combined ending fund balance of \$13.7 million, an increase of \$2.6 million over the previous fiscal year. Of this amount, \$8.3 million remains in the various funds of the County as unreserved.
- The General Fund reported a fund balance of \$5.0 million, an increase from last fiscal year of \$1.4 million. This ending balance equates to 28% of General Fund expenditures for the year.
- Total bonded debt increased \$1.3 million in fiscal year 2010. The main component of this increase was a \$3.3 million Revenue Bond issued to finance improvements to the Weldon Auditorium.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Clarendon County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2010**

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Clarendon County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The County's governmental activities include general government, public safety, physical environment, economic environment, transportation, human services, and cultural/recreation. Financial information in the government-wide financial statements distinguishes discretely-presented component units from the financial information for the primary government itself.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Clarendon County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2010**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Clarendon County maintains 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Clarendon County adopts an annual appropriation budget for its governmental funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

The basic governmental funds financial statements can be found on pages 13 through 14 of this report.

Proprietary funds: Clarendon County utilizes a proprietary fund associated with its Water and Sewer related activities. These statements are found on pages 17-19

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The basic fiduciary fund financial statement can be found on page 20 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 57 of this report.

Other information: In addition to the basic financial statements and accompanying notes, the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 59 through 64 of this report.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2010**

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Clarendon County, assets exceeded liabilities by \$27.8 million at the close of the most recent fiscal year. The County's increase in net assets for this fiscal year amounts to \$1.4 million.

The largest portion of the County's net assets (69%) reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Clarendon County's Net Assets
(Dollars in Thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u> As <u>Restated</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u> As <u>Restated</u>
Current assets	\$ 15,014	\$ 12,536	\$ 506	\$ 147	\$ 15,520	\$ 12,683
Capital assets	20,904	19,935	844	879	21,748	20,814
Other noncurrent assets	289	352	-	-	289	352
Total assets	<u>36,207</u>	<u>32,823</u>	<u>1,350</u>	<u>1,026</u>	<u>37,557</u>	<u>33,849</u>
Long-term liabilities outstanding	7,509	2,619	9	3	7,518	2,622
Other liabilities	849	3,698	1,401	1,114	2,250	4,812
Total liabilities	<u>8,358</u>	<u>6,317</u>	<u>1,410</u>	<u>1,117</u>	<u>9,768</u>	<u>7,434</u>
Net Assets						
Invested in capital assets, net of related debt	18,241	17,201	844	879	19,085	18,080
Restricted	2,672	3,774	-	-	2,672	3,774
Unrestricted	<u>6,936</u>	<u>5,531</u>	<u>(904)</u>	<u>(970)</u>	<u>6,032</u>	<u>4,561</u>
Total net assets	<u>\$ 27,849</u>	<u>\$ 26,506</u>	<u>\$ (60)</u>	<u>\$ (91)</u>	<u>\$ 27,789</u>	<u>\$ 26,415</u>

An additional portion of the County's net assets (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$6.0 million) may be used to meet the government's ongoing obligations to citizens and creditors.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2010**

At the end of the current fiscal year, Clarendon County is able to report positive balances in all three categories of net assets as a whole within its governmental activities. However, the business-type activity (water and sewer system acquired in December, 2008); while it improved net assets throughout the fiscal year, reflects a negative balance at fiscal year end.

The changes in net assets displayed below shows the governmental activities during the fiscal year. The increase in net assets resulted primarily from greater ad valorem taxes within the County.

**Clarendon County's Changes in Net Assets
(Dollars in Thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009 As Restated</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009 As Restated</u>
Revenues						
Program Revenues:						
Charges from Services	\$ 3,898	\$ 4,027	\$ 336	\$ 147	\$ 4,234	\$ 4,174
Grants and Contributions	1,233	1,755	-	-	1,233	1,755
General revenues:						
Ad valorem taxes	14,347	12,927	-	-	14,347	12,927
Other taxes	2,878	2,750	-	-	2,878	2,750
State shared	1,796	2,122	-	-	1,796	2,122
Interest	26	58	-	-	26	58
Other	<u>207</u>	<u>385</u>	<u>-</u>	<u>-</u>	<u>207</u>	<u>385</u>
Total revenues	24,385	24,024	336	147	24,721	24,171
Expenses						
Program Activities:						
Government Activities:						
General government	5,859	6,113	-	-	5,859	6,113
Public safety	9,212	8,914	-	-	9,212	8,914
Physical environment	3,883	4,046	-	-	3,883	4,046
Transportation	199	193	-	-	199	193
Economic environment	607	942	-	-	607	942
Court related	1,617	1,610	-	-	1,617	1,610
Cultural and recreational	735	477	-	-	735	477
Agencies	617	707	-	-	617	707
Interest on long-term debt	332	130	-	-	332	130
Business-type Activities:						
Water and sewer fund	<u>-</u>	<u>-</u>	<u>305</u>	<u>238</u>	<u>305</u>	<u>238</u>
Total expenses	23,061	23,132	305	238	23,366	23,370
Transfers in (out)	19	-	-	-	19	-
Increase in net assets	<u>1,343</u>	<u>892</u>	<u>31</u>	<u>(91)</u>	<u>1,374</u>	<u>801</u>
Beginning net assets – as restated	<u>26,506</u>	<u>25,614</u>	<u>(91)</u>	<u>-</u>	<u>26,415</u>	<u>25,614</u>
Ending net assets	<u>\$ 27,849</u>	<u>\$ 26,506</u>	<u>\$ (60)</u>	<u>\$ (91)</u>	<u>\$ 27,789</u>	<u>\$ 26,415</u>

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2010**

Primary Governmental Activities: Revenues for the County's governmental activities were \$24 million for fiscal year 2010 and \$336 thousand for its Business-type activity. Taxes constitute the largest source of County revenues, amounting to approximately \$17.2 million for the fiscal year 2010. Real property taxes (\$10.8 million) represent 63% of total taxes and 44% of all revenue combined. Lastly, intergovernmental revenues reduced to \$1.8 million for the fiscal year end.

Financial Analysis of Clarendon County's Funds

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

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

As of June 30, 2010, Clarendon County governmental funds reported combined fund balances of \$13.7 million an increase of \$2.6 million over the prior year balances. The main component of this increase was a \$3.3 million Revenue Bond issued to finance improvements to the Weldon Auditorium.

The General Fund is the chief operating fund of the County. At June 30, 2010, total fund balance in the General Fund was \$5.0 million, of which \$3.4 million was unreserved. As a measure of the General Fund's liquidity, the total and unreserved fund balances compared to total fund expenditures shows percentages of 28% and 20%, respectively. The fund balance of the General Fund increased by 38.3%, or \$1.4 million during the fiscal year as Ad valorem collections exceeded budget and operational savings were realized.

General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund. A budget column for both the original budget adopted for fiscal year 2010 as well as the final budget is presented. Neither grant revenue nor expenditures are budgeted; however, sufficient grant match requirements were. The variances reflected are primarily a result of related grant activities and previous comment(s) pertaining to Ad valorem collections.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2010**

Capital Asset and Debt Administration

Capital assets: Clarendon County's investment in capital assets for its governmental type activities as of June 30, 2010 amounts to \$20.9 million (net of accumulated depreciation) and \$844,124 within its business-type activity. This investment in capital assets includes land, buildings and improvements, machinery and equipment and construction in progress. Clarendon County's investment in capital assets for the fiscal year was up 4.6%, primarily as a result of the Weldon Auditorium construction in progress.

**Clarendon County's Capital Assets (Net)
(Dollars in Thousands)**

	Government Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 1,811	\$ 1,660	\$ 60	\$ 60	\$ 1,871	\$ 1,720
Infrastructure	4,005	4,056	-	-	4,005	4,056
Construction in progress	2,056	1,125	-	-	2,056	1,125
Buildings and improvements	9,829	9,781	2	2	9,831	9,783
Water distribution system	-	-	619	644	619	644
Machinery and equipment	<u>3,203</u>	<u>3,313</u>	<u>163</u>	<u>173</u>	<u>3,366</u>	<u>3,486</u>
Total	<u>\$ 20,904</u>	<u>\$ 19,935</u>	<u>\$ 844</u>	<u>\$ 879</u>	<u>\$ 21,748</u>	<u>\$ 20,814</u>

Additional information on the County's capital assets can be found in Note 6 on pages 36 and 39 of this report.

Long-term debt: At the end of the current fiscal year, Clarendon County had a total bonded debt outstanding of \$5.4 million, of which \$2.1 million is backed by the full faith and credit of the County.

**Clarendon County's Outstanding Debt
(Dollars in Thousands)**

	2010	2009
General obligation bond	\$ 2,100	\$ 4,090
Revenue bond	3,250	-
Capital lease(s)	<u>563</u>	<u>98</u>
	<u>\$ 5,913</u>	<u>\$ 4,188</u>

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2010**

The County's total debt increased \$1.7 million primarily as a result of the issuance of a \$3.3 million Revenue bond. The County currently has a rating of "A" from Standard & Poor's Corporation on general obligation bond issues. As of June 30, 2010, the County's general obligation debt and capital lease approximated one hundred eighty two dollars (\$182) per capita.

Additional information on Clarendon County's long-term debt can be found in Note 8 on pages 41 through 45 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Clarendon County is currently 14.6%, which represents a decrease from a year ago. This compares to the state's average unemployment rate of 10.7% and the national average rate of 9.5%.
- Taxable property valuation increased \$3 million to \$93 million in 2010 primarily as a result of the assessment growth in real property.
- County-wide taxable sales increased 4.4%, from \$225 million in 2009 to \$235 million in 2010.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year. Per the Fiscal Year 2011 Adopted Budget, disbursements are budgeted at \$17.9 million, a 3.5% increase from the fiscal year 2010 level for the General Fund. The County's commitment to programs such as public safety, health and welfare, community development, public works, and parks, recreation, and cultural activities remains strong. However, pressures on the County's budget due to growth in population and additional resources required to keep our communities safe will continue to be a challenge for the County in light of legislated constraints to revenue growth.

Requests for Information

This financial report is designed to provide a general overview of Clarendon County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lynden Anthony, County Controller, Post Office Box 486, Manning, South Carolina 29102. Complete financial statements for each individual component unit may be obtained at each respective administrative office.

CLARENDON COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Harvin Clarendon County Library	C.C. Business Development Corp.
ASSETS					
Current assets:					
Cash and investments - Note 3	\$ 10 938 797	\$ 481 779	\$ 11 420 576	\$ 97 270	\$ 420 830
Receivables:					
Delinquent taxes	1 449 573	-	1 449 573	-	-
Other	257 151	24 193	281 344	-	18 984
Due from fiduciary funds	148 762	-	148 762	-	-
Due from other governments	2 120 166	-	2 120 166	-	-
Inventories	35 888	-	35 888	-	-
Capital leases and notes receivable - Note 5	63,409	-	63,409	-	35,764
Total current assets	<u>15,013,746</u>	<u>505,972</u>	<u>15,519,718</u>	<u>97,270</u>	<u>475,578</u>
Non-current assets:					
Notes receivable - Note 5	288 813	-	288 813	-	-
Capital assets-net - Note 6	20 904 289	844 124	21 748 413	354 056	3 672 446
Capital leases and notes receivable (net of current portion) - Note 5	-	-	-	-	1,217,263
Total non-current assets	<u>21,193,102</u>	<u>844,124</u>	<u>22,037,226</u>	<u>354,056</u>	<u>4,889,709</u>
Total assets	<u>36,206,848</u>	<u>1,350,096</u>	<u>37,556,944</u>	<u>451,326</u>	<u>5,365,287</u>
LIABILITIES					
Current liabilities (payable from current assets):					
Accounts payable	506 821	11 682	518 503	6 288	-
Due to other governments	100 732	-	100 732	-	-
Internal balances	(1 366 053)	1 366 053	-	-	-
Due to fiduciary funds - Note 7	272 676	-	272 676	-	-
Deferred revenue	675 743	23 400	699 143	-	-
Taxes to be distributed	11 008	-	11 008	-	-
Note payable	-	-	-	-	120 621
Other liabilities	128 004	-	128 004	-	-
Accrued compensated absences - Note 8	28 582	-	28 582	1 007	-
Closures and maintenance costs payable - Note 8	17 950	-	17 950	-	-
Capital lease - Note 8	171 695	-	171 695	-	-
Bond payable - Note 8	302,000	-	302,000	-	-
Total current liabilities	<u>849,158</u>	<u>1,401,135</u>	<u>2,250,293</u>	<u>7,295</u>	<u>120,621</u>
Non-current liabilities:					
Accrued compensated absences - Note 8	296 210	-	296 210	16 255	-
Closures and maintenance costs payable - Note 8	350 025	-	350 025	-	-
Note payable	-	-	-	-	2 175 809
OPEB payable	1 423 154	8 880	1 432 034	22 853	-
Capital lease - Note 8	390 998	-	390 998	-	-
Bond payable - Note 8	5,048,000	-	5,048,000	-	-
Total long-term liabilities	<u>7,508,387</u>	<u>8,880</u>	<u>7,517,267</u>	<u>39,108</u>	<u>2,175,809</u>
Total liabilities	<u>8,357,545</u>	<u>1,410,015</u>	<u>9,767,560</u>	<u>46,403</u>	<u>2,296,430</u>
NET ASSETS					
Invested in capital assets net of related debt	18 241 596	844 124	19 085 720	354 056	1 496 637
Restricted for:					
Capital projects	841 963	-	841 963	-	-
Debt service	450 000	-	450 000	-	-
Other	17 114	-	17 114	-	-
Local option sales tax reserve	1 362 965	-	1 362 965	-	-
Unrestricted	6,935,665	(904,043)	6,031,622	50,867	1,572,220
Total net assets	<u>\$ 27,849,303</u>	<u>\$ (59,919)</u>	<u>\$ 27,789,384</u>	<u>\$ 404,923</u>	<u>\$ 3,068,857</u>

The accompanying notes are an integral part of the financial statements

**CLARENDON COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs Primary Government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating		Total	Primary Government		Harvin Clarendon County Library	C.C. Business Development Corp.
			Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities		
Governmental activities:									
Public safety	\$ 9,212,520	\$ 340,765	\$ 558,775	\$ 15,000	\$ (8,297,980)	\$ -	\$ (8,297,980)	-	-
General government	5,858,840	140,721	-	-	(5,718,119)	-	(5,718,119)	-	-
Physical environment	3,882,673	1,957,958	118,455	-	(1,806,260)	-	(1,806,260)	-	-
Economic environment	607,529	80,349	141,582	-	(385,598)	-	(385,598)	-	-
Court related	1,617,312	1,012,603	-	-	(604,709)	-	(604,709)	-	-
Agencies	617,143	273,210	28,171	10,444	(305,318)	-	(305,318)	-	-
Culture/Recreation	734,911	56,060	-	361,142	(317,709)	-	(317,709)	-	-
Transportation	199,142	36,139	-	-	(163,003)	-	(163,003)	-	-
Interest	331,519	-	-	-	(331,519)	-	(331,519)	-	-
Total governmental activities	23,061,589	3,897,805	846,983	386,586	(17,930,215)	-	(17,930,215)	-	-
Business-Type Activities:									
Water & Sewer Fund	305,343	335,514	-	-	-	30,171	30,171	-	-
Total business-type activities	305,343	335,514	-	-	-	30,171	30,171	-	-
Total Primary Government:	23,366,932	4,233,319	846,983	386,586	(17,930,215)	30,171	(17,900,044)	-	4,185
Component Units:									
Harvin Clarendon County Library	\$ 625,272	\$ 18,744	\$ 61,270	\$ 14,151	-	-	-	\$ (531,107)	\$ -
C.C. Business Development Corp.	307,362	311,547	-	-	-	-	-	(531,107)	4,185
Total Component Units	\$ 932,634	\$ 330,291	\$ 61,270	\$ 14,151	-	-	-	\$ -	\$ 4,185
General Revenues:									
Taxes:									
Property taxes, levied for general purposes					13,883,781	-	13,883,781	475,000	-
Property taxes, levied for debt service					463,533	-	463,533	-	-
Sales and use taxes					2,878,282	-	2,878,282	-	-
Franchise fees					51,627	-	51,627	-	-
State shared revenues					1,795,996	-	1,795,996	-	-
Interest earnings					26,288	583	26,871	-	-
Gain on sale of capital assets					27,373	-	27,373	-	56,280
Miscellaneous					127,952	-	127,952	-	-
Total general revenues					19,254,832	583	19,255,415	475,000	56,280
Transfers					18,600	-	18,600	-	-
Total general revenues and transfers					19,273,432	583	19,274,015	475,000	56,280
Change in net assets					1,343,217	30,754	1,373,971	(56,107)	60,465
Net assets - beginning, as restated - Note 13					26,506,086	(90,673)	26,415,413	461,030	3,008,392
Net assets - ending					\$ 27,849,303	\$ (59,919)	\$ 27,789,384	\$ 404,923	\$ 3,068,857

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

**CLARENDON COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	GENERAL	CAPITAL PROJECTS	INDUSTRIAL PARKS	GENERAL COUNTY DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and investments	\$ 3 306 704	\$ 2 430 785	\$ 1 333 597	\$ 47 954	\$ 3 819 757	\$ 10 938 797
Accounts receivable						
Property taxes	1 138 965	-	-	46 493	264 115	1 449 573
Other	140 737	-	-	-	116 414	257 151
Due from other funds	95 283	-	-	8 785	116 749	220 817
Due from fiduciary funds	148,762	-	-	-	-	148 762
Due from business enterprise	466 054	899 999	-	-	-	1 366 053
Due from other governments	2 120 166	-	-	-	-	2 120 166
Supplies inventory	35 888	-	-	-	-	35 888
Notes receivable	-	-	352,222	-	-	352,222
Total assets	<u>\$ 7,452,559</u>	<u>\$ 3,330,784</u>	<u>\$ 1,685,819</u>	<u>\$ 103,232</u>	<u>\$ 4,317,035</u>	<u>\$ 16,889,429</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 444 191	\$ 21 088	\$ -	\$ -	\$ 41 542	\$ 506 821
Accrued payroll and withholdings	112 343	-	-	-	-	112 343
Due to other funds	125 535	-	54 822	-	40 460	220 817
Due to fiduciary funds	272 676	-	-	-	-	272 676
Due to other governments	100 732	-	-	-	-	100 732
Deferred revenue	1 420 036	-	225 000	39 748	223 778	1 908 562
Advance mobile home revenue	11 008	-	-	-	-	11 008
Other liabilities	15,661	-	-	-	-	15,661
Total liabilities	<u>2,502,182</u>	<u>21,088</u>	<u>279,822</u>	<u>39,748</u>	<u>305,780</u>	<u>3,148,620</u>
Fund balances:						
Reserved for:						
Debt service	-	-	-	63 484	543 779	607 263
Capital projects	-	3 309 696	-	-	-	3 309 696
Other purposes	1 543 931	-	-	-	-	1 543 931
Unreserved, reported in:						
General fund	3 406 446	-	-	-	-	3 406 446
Special revenue funds	-	-	1,405,997	-	3,467,476	4,873,473
Total fund balances	<u>4,950,377</u>	<u>3,309,696</u>	<u>1,405,997</u>	<u>63,484</u>	<u>4,011,255</u>	<u>13 740 809</u>
Total Liabilities and Fund balances	<u>\$ 7,452,559</u>	<u>\$ 3,330,784</u>	<u>\$ 1,685,819</u>	<u>\$ 103,232</u>	<u>\$ 4,317,035</u>	

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

Capital assets used in governmental activities are not financial resources therefore are not reported in funds	20 904 289
Long-term liabilities, including bonds payable (\$5,350,000), capital lease (\$562 693), accrued compensated absences (\$324,792) and closure and maintenances costs payable (\$367,975) are not reported in funds	(6 605 460)
Other Post Employment Benefits (OPEB) liability represents the future unfunded costs associated with current benefits design	(1 423 154)
Delinquent taxes receivable are not financial resources in the current period and therefore are reported as deferred revenue in the fund	<u>1,232,819</u>
	<u>\$ 27,849,303</u>

The accompanying notes are an integral part of the financial statements

CLARENDON COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL	CAPITAL PROJECTS	INDUSTRIAL PARKS	GENERAL COUNTY DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES						
Taxes	\$ 13,512,513	\$ -	\$ -	\$ 417,766	\$ 2,973,708	\$ 16,903,987
Licenses and permits	124,633	-	-	-	-	124,633
Intergovernmental	2,935,784	-	-	-	1,425,584	4,361,368
Charges for services	1,164,000	-	-	-	307,318	1,471,318
Fines and forfeitures	776,107	-	-	-	61,614	837,721
Special assessments	-	-	-	-	109,210	109,210
Interest	4,624	3,439	11,252	574	6,399	26,288
Miscellaneous	291,599	-	-	-	-	291,599
Total revenues	<u>18,809,260</u>	<u>3,439</u>	<u>11,252</u>	<u>418,340</u>	<u>4,883,833</u>	<u>24,126,124</u>
EXPENDITURES						
Current:						
General government	5,230,093	-	-	-	691,941	5,922,034
Public safety	6,300,576	-	-	-	2,101,452	8,402,028
Physical environment	2,893,491	283,610	-	-	704,997	3,882,098
Transportation	194,208	-	-	-	-	194,208
Economic environment	601,860	-	69	-	-	601,929
Agencies	526,174	-	-	-	85,654	611,828
Culture/Recreation	366,681	1,269,489	-	-	61,007	1,697,177
Court Related	1,371,832	-	-	-	154,625	1,526,457
Debt service:						
Principal	-	1,515,000	-	2,588,962	36,622	4,140,584
Interest and fiscal charges	-	171,807	-	152,005	7,707	331,519
Total expenditures	<u>17,484,915</u>	<u>3,239,906</u>	<u>69</u>	<u>2,740,967</u>	<u>3,844,005</u>	<u>27,309,862</u>
Excess of revenues over (under) expenditures	1,324,345	(3,236,467)	11,183	(2,322,627)	1,039,828	(3,183,738)
OTHER FINANCING SOURCES (USES)						
Sale of assets	27,373	-	-	-	-	27,373
Capital lease proceeds	-	-	-	-	400,000	400,000
Bond proceeds	-	3,250,000	-	2,075,000	-	5,325,000
Transfers	18,600	-	-	-	-	18,600
Net other financing sources (uses)	<u>45,973</u>	<u>3,250,000</u>	<u>-</u>	<u>2,075,000</u>	<u>400,000</u>	<u>5,770,973</u>
Net changes in fund balances	1,370,318	13,533	11,183	(247,627)	1,439,828	2,587,235
Fund balances at beginning of year as restated - Note 13	<u>3,580,059</u>	<u>3,296,163</u>	<u>1,394,814</u>	<u>311,111</u>	<u>2,571,427</u>	<u>11,153,574</u>
Fund balances at end of year	<u>\$ 4,950,377</u>	<u>\$ 3,309,696</u>	<u>\$ 1,405,997</u>	<u>\$ 63,484</u>	<u>\$ 4,011,255</u>	<u>\$ 13,740,809</u>

**CLARENDON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2010**

Net Changes in fund balances - total governmental funds		\$ 2,587,235
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Expenditures for capital assets	1,888,295	
Contributed capital (deeded infrastructure & building)	374,117	
Less current year depreciation	<u>(1,358,896)</u>	903,516
Lease and bond proceeds provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net assets:		
Bond proceeds	(5,350,000)	
Capital lease proceeds	(400,000)	
Bond principal payment	4,090,000	
Capital lease payment	<u>67,233</u>	(1,592,767)
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	(14,530)	
Change in OPEB liability	(714,037)	
Change in closure and maintenance costs payable	<u>7,200</u>	(721,367)
Some property tax will not be collected for several months after the County's fiscal year-end, they are not considered "available" revenues in the governmental funds.		
		232,709
In the statement of activities, only the gain on sale of property is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the changes in net assets differ from the change in fund balances by the cost of the property sold.		
		<u>(66,109)</u>
Change in net assets of governmental activities.		<u><u>\$ 1,343,217</u></u>

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

**CLARENDON COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis (Note 2)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 12,349,900	\$ 12,583,000	\$ 13,512,513	\$ 929,513
Licenses and permits	144,250	144,250	124,633	(19,617)
Intergovernmental	1,915,030	1,915,030	2,935,784	1,020,754
Charges for services	1,241,000	1,241,000	1,164,000	(77,000)
Fines and forfeitures	897,500	897,500	776,107	(121,393)
Interest	25,000	25,000	4,624	(20,376)
Miscellaneous	283,500	283,500	291,599	8,099
Total revenues	<u>16,856,180</u>	<u>17,089,280</u>	<u>18,809,260</u>	<u>1,719,980</u>
EXPENDITURES				
Current:				
General government	4,451,953	4,598,334	5,342,382	(744,048)
Public safety	6,353,849	6,353,849	6,288,271	65,578
Physical environment	2,973,832	2,973,832	2,915,983	57,849
Transportation	372,557	372,557	195,808	176,749
Economic environment	634,093	651,512	597,272	54,240
Culture/Recreation	356,764	426,064	366,681	59,383
Court related	1,398,458	1,398,458	1,372,101	26,357
Agencies	509,673	509,673	526,174	(16,501)
Total expenditures	<u>17,051,179</u>	<u>17,284,279</u>	<u>17,604,672</u>	<u>(320,393)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	20,000	20,000	27,373	7,373
Transfers In/(Out)	-	-	18,600	18,600
Net other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>45,973</u>	<u>25,973</u>
Net change in fund balances	(174,999)	(174,999)	1,250,561	1,425,560
Fund balances at beginning of year as restated - Note 13	<u>3,518,850</u>	<u>3,518,850</u>	<u>3,518,850</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,343,851</u>	<u>\$ 3,343,851</u>	<u>\$ 4,769,411</u>	<u>\$ 1,425,560</u>

The accompanying notes are an integral part of the financial statements

**CLARENDON COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010**

	WATER & SEWER FUND
ASSETS	
Current Assets	
Cash	\$ 481,779
Accounts receivable, net of allowance	<u>24,193</u>
Total Current Assets	<u>505,972</u>
Property, Plant and Equipment	
Land	60,381
Buildings and improvements	1,978
Machinery and equipment	24,957
Water and sewer system	811,615
Other	1,068
Less: Accumulated Depreciation	<u>(55,875)</u>
Net property, plant and equipment	<u>844,124</u>
Total Assets	<u>1,350,096</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	11,682
Due to other funds	1,366,053
Deferred revenue	<u>23,400</u>
Total Current Liabilities	<u>1,401,135</u>
Long Term Liabilities:	
Net OPEB liability - Note 12	<u>8,880</u>
Total Long Term Liabilities	<u>8,880</u>
Total Liabilities	<u>1,410,015</u>
NET ASSETS:	
Unreserved Invested in capital assets, net of related debt	844,124
Unrestricted	<u>(904,043)</u>
Total Net Assets	<u><u>\$ (59,919)</u></u>

**CLARENDON COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	WATER & SEWER FUND
OPERATING REVENUES	
Charges for services	\$ 335,514
Total operating revenues	<u>335,514</u>
OPERATING EXPENDITURES	
Cost of sales & services	159,613
Personnel & benefits	102,736
Administration	10,660
Depreciation	35,290
Total operating expenditures	<u>308,299</u>
OPERATING INCOME (LOSS)	<u>27,215</u>
NON-OPERATING REVENUE (EXPENSES)	
Investment income	583
Total non-operating revenue (expenses)	<u>583</u>
NET INCOME (LOSS)	27,798
Net Assets at beginning of year - Restated - Note 13	<u>(87,717)</u>
Net Assets Fund balances at end of year	<u>\$ (59,919)</u>

**CLARENDON COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	WATER & SEWER FUND
Cash Flows From Operating Activities:	
Cash received from customers	\$ 340,861
Cash paid to suppliers for goods and services	(182,306)
Cash paid to employees for services	(87,931)
Net Cash Provided by(Used for) Operating Activities	<u>70,624</u>
Cash Flow From Investing Activities:	
Interest income	583
Deferred revenue	23,400
Amount due to Capital Projects Fund	270,192
Net Provided by (Used for) Investing Activities	<u>294,175</u>
Net Increase (Decrease) in Cash and Cash Equivalents	364,799
Cash and Cash Equivalents at Beginning of Year	<u>116,980</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 481,779</u></u>
Reconciliation of Net Operating Income (Loss) Net Cash Provided by Operating Activities	
Operating income (loss)	\$ 27,215
Adjustments to reconcile operating income by operating activities:	
Depreciation expense	35,290
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	5,348
Increase (decrease) in accounts payable	(6,109)
Increase (decrease) in OPEB liability	8,880
Total Adjustments	<u>43,409</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 70,624</u></u>

**CLARENDON COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2010**

ASSETS

Cash	\$ 8,089,963
Delinquent taxes receivable	1,275,519
Due from credit card	1,617
Due from other funds	272,676
Due from trust fund holders	1,731
Due from other magistrates	274
Total Assets	<u>9,641,780</u>

LIABILITIES

Due to trust fund holders	8,341,759
Due to other funds	148,762
Due to Treasurer - cash overage	25,932
Deferred revenue	1,125,053
Due to other magistrates	274
Total Liabilities	<u>9,641,780</u>

NET ASSETS

Total Net Assets	<u><u>\$ -</u></u>
------------------	--------------------

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

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

TABLE OF CONTENTS

Note	Page	Note	Page
1. Summary of Significant Accounting Policies	22 - 29	6. Capital Assets	36 - 39
Reporting Entity		7. Interfund Balances	40
Measurement Focus and Basis of Accounting		8. Long-term Debt	41 - 45
Basis of Presentation		Governmental Activities	
Assets, Liabilities, and Net Assets or Equity		General Obligation Bonds	
Cash and Cash Equivalents		Capital Leases	
Receivables and Payables		Changes in Long-term Liabilities	
Inventory		9. Operating Lease	45 - 46
Capital Assets		10. Provision for Closure Costs	46 - 47
Deferred Revenues		11. Retirement Plans	47 - 48
Accrued Compensated Absences		SC Retirement System	
Landfill Closure Costs		12. Other Post-Employment Benefits (OPEB) Plans	49 - 54
Nature and Purpose of Reservations and Designations of Fund Equity		13. Fund Equity	55
Net Assets		14. Risk Management	55 - 56
2. Stewardship, Compliance, and Accountability	30 - 31	15. Contingencies and Commitments	56
Budgets and Budgetary Accounting		Grants	
Budgetary Basis of Accounting		Construction Commitments	
3. Cash and Cash Equivalents	31 - 32	16. Subsequent Events	57
Primary Government			
Deposits			
4. Property Tax	32 - 33		
5. Note Receivable and Lease Agreements	33 - 35		

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clarendon County, South Carolina (the "County") is a political subdivision of the State. Incorporated in 1855, the County encompasses 599 square miles of land with an estimated population of 32,500. The County is governed by the County Council and five elected constitutional officers (Clerk of Court, Auditor, Sheriff, Treasurer, and Probate Judge) in accordance with state statutes and regulations.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which along with subsequent GASB pronouncements (Statements of Interpretations), constitutes GAAP for governmental units.

A. Reporting Entity

The concept underlying the definition of the reporting entity is that elected officials are accountable to their constituents for their actions. The reporting entity's financial statements should allow users to distinguish between the primary government (the County) and its component units. However, some component units, because of the closeness of their relationships with the County, should be blended as though they are part of the County. Otherwise, most component units should be discretely presented. As required by generally accepted accounting principles, the financial reporting entity consists of (1) the primary government (the County), (2) organizations for which the County is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. Based on these criteria, County management examined all organizations which are legally separate in order to determine which organizations, if any should be included in the County's financial statements. Management determined that the Harvin Clarendon County Library and Clarendon County Business Development Corporation should be included in the County's financial statements as component units. Certain other political subdivisions, including the various school boards, commissions, city governments and other entities, are excluded from the County Government funds because County Council does not exert significant influence or control over the usual operations of the separate entities and, accordingly, each entity has

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

sufficient discretion in the management of its own affairs. However, the County Treasurer is responsible for collection of property taxes, intergovernmental and other revenues for the other political subdivisions, and the balance and the results of the fiduciary responsibility have been included as agency and trust funds in the combining financial statements.

Based upon the foregoing criteria, the following entities have been determined to be component units of Clarendon County:

Discretely Presented Component Units:

Harvin Clarendon County Library

Clarendon County provides a significant portion of the Library funding and has the ability to influence operations significantly. Separate financial statements for the Library are available.

Clarendon County Business Development Corporation (BDC)

Clarendon County has the ability to influence operations of the Business Development Corporation of Clarendon County significantly. Separate financial statements for the BDC are available.

Because the component units have been reported as if they are part of the County, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

B. Measurement Focus and Basis of Accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Non-exchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The County chooses to eliminate the indirect costs between governmental activities to avoid a "doubling up" effect.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

2. Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statement includes financial information for the agency funds. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Reserves are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds

There is one proprietary fund representing the Water and Sewer fund used to account for the cost of providing water and sewer services to unincorporated areas of the County.

C. Basis of Presentation

GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The County has used GASB 34 minimum criteria for major fund determination and has also electively disclosed funds which either had debt outstanding or specific community focus as major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

1. Governmental Major Funds:

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Governmental Major Funds: (continued)

County Debt Service Fund – This fund is established for the purpose of accumulating resources for the payment of principal and interest on general long-term debt other than those payable from Special Revenue Funds.

Industrial Parks Fund – The Industrial Parks fund accounts for financial resources to be used for the business development efforts of the County within its designated industrial parks.

Other Governmental Funds

Special Revenue Funds – These funds are established to account for the proceeds of specific revenue sources and certain special assessments that are legally restricted to expenditures for specified purposes. It is the County's policy not to budget for all Special Revenue Funds in the form of a legally adopted budget format.

Fire Debt Service Fund – These funds are established for the purpose of accumulating resources for the payment of principal and interest on general long-term debt other than those payable from Special Revenue Funds.

2. Other Fund Types:

Agency Fund – The Agency Fund is used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, child support payments and ad valorem taxes.

3. Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and buildings and non-current governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net assets.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

Cash includes operating accounts and cash invested in the South Carolina Local Government Investment Pool with maturities less than three months. These investments are presented at cost which reasonably approximate fair value.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

3. Inventory

Inventory represents the parts available for use by fleet maintenance. This inventory is stated at cost.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, right-of-ways, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	15 – 50
Machinery and equipment	3 – 10
Infrastructure	25

5. Deferred Revenues

Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Accrued Compensated Absences

The County accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Landfill Closure Costs

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The County recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity use during the period. Required obligations for closure and post-closure costs are recognized in the governmental activities column in the governmental-wide statement of net assets.

8. Nature and Purpose of Reservations and Designations of Fund Equity

County Council has defined the criteria by which certain reservations have been made in fund equity (i.e., capital projects, local option sales tax excesses, etc.). All other activities give rise to unreserved fund balance.

Equity in Governmental Funds is segregated into reserved and unreserved components. The General Fund fund balance is reserved for encumbrances of \$180,966 and local option sales tax reserve of \$1,362,965.

9. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the county or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$2,993,157 of restricted net assets, of which \$1,380,079 is restricted by enabling legislation. Restricted resources are used first to fund appropriations.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The County follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Each year, the County Administrator submits to the County Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Three public readings are conducted by County Council and one public hearing to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. The County Administrator is authorized to transfer budgeted amounts between departments within any fund, but this transfer cannot exceed \$10,000 or 10% of said department's budget; however, any revisions that alter the total expenditures of any fund must be approved by the County Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Revenue Funds (Accommodation Tax Fund and the Fire Department).
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except for encumbrances. Budgetary comparisons presented for the General Fund in this report are on this non-GAAP budgetary basis.
7. Budgeted amounts are as originally adopted, or as amended by the County Council as close to June 30 as possible. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgetary Basis Of Accounting

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presents a comparison of the County's legally adopted budget with actual data on the budgetary basis of accounting. Budgetary accounting principles, however, differ from generally accepted accounting principles (GAAP). These different accounting principles result in the following differences in the excess (deficiency) of revenues and other financing sources (uses) over expenditures at June 30, 2010:

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Basis Of Accounting (continued)

	General Fund	Fire Department
Excess (deficiency) of revenues and other financing sources (uses) over expenditures - budgetary basis	\$ 1,250,561	\$ 684,535
Timing differences:		
Net change in encumbrances	<u>119,757</u>	<u>19,248</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures - GAAP basis	<u>\$ 1,370,318</u>	<u>\$ 703,783</u>

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the County's general fund. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances are reported as expenditures in all budgetary basis statements.

Actual expenditures exceeded those budgeted because grant expenditures are not budgeted (as are grant revenues not budgeted).

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Primary Government

At June 30, 2010, the carrying amount of the County's deposits and investments was \$19,509,939 and the bank balances were \$19,186,635. To reconcile this information to the financial statements, we include the following:

Cash and investments	\$ 19,509,939
Cash on hand	<u>600</u>
	<u>19,510,539</u>
Proprietary fund	(481,779)
Fiduciary funds	<u>(8,089,963)</u>
Governmental funds	<u>\$ 10,938,797</u>

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 2010, none of the County's bank balance of \$19,186,635 was exposed to custodial credit risk

State law limits investments to obligations of the U.S. and its agencies, general obligations of this State or any of its political subdivisions, savings and loan associations if their deposits are insured by an agency of the federal government, and certificates of deposits. Also no load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940 are allowed under state law

The County has investments in the State Treasurer's Investment Pool.

	Maturities	Fair Value
State investment pool	18 months to 2 years	<u>\$ 986,280</u>

Discretely Presented Component Units

Harvin Clarendon County Library

As of June 30, 2010, the bank balance of the Library's deposits totaled \$123,796. Of the bank balance, \$123,796 was covered by the Federal Depository Insurance Corporation (FDIC) insurance.

Clarendon County Business Development Corporation (BDC)

As of June 30, 2010, the bank balance of the BDC's deposits totaled \$420,830. Of the bank balance, \$250,000 was covered by the Federal Depository Insurance Corporation (FDIC) insurance and \$170,830 was secured by collateral pledged in the Corporation's name.

NOTE 4 - PROPERTY TAXES

Property taxes are levied by the County at varying rates per one hundred dollars (\$100) of assessed valuation of real estate and personal property owned and used in the County except exempt property as provided by the constitution and laws of the State of South Carolina and attach an enforceable lien when levied.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 4 - PROPERTY TAXES (continued)

In Clarendon County, taxes are collected for county and school purposes as a single tax bill which must be paid in full by the individual taxpayer. Taxes are collected on a calendar year basis. Real and personal taxes in the County are payable without penalty on or before January 15 of each year (except taxes on motor vehicles, which are payable on a monthly basis). If taxes are not paid on or before January 15, a penalty of 3% is added thereon. If taxes are not paid on or before February 1, an additional penalty of 7% is added. If taxes are not paid on or before March 16, an additional 5% thereon is added plus all costs incurred and the property goes into execution. In September, properties on which the taxes have not been paid are advertised for public sale in a local newspaper for three consecutive weeks. The first Monday in October the property is sold. The County Tax Collector is responsible for the collection of delinquent taxes and is empowered to sell so much of the defaulting taxpayer's estate - real, personal or both - as may be sufficient to satisfy the taxes. As collections are made, the delinquent tax revenue is remitted to the County Treasurer.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue.

NOTE 5 - NOTES RECEIVABLE AND LEASE AGREEMENTS

The following notes are due to the Industrial Park Fund (Special Revenue Fund) at June 30, 2010:

Note receivable from a local industry dated April 9, 2003. Loan amount for \$200,000. Interest rate at 1% per annum for the first three years. 4% for years four through seven and 6% for years eight through fifteen. Credit will be given at the rate of \$2,500 per new permanent employee added after March 11, 2003 up to a maximum of \$125,000	\$ 132,717
Current portion	<u>(13,409)</u>
Long-term portion	<u>\$ 119,308</u>
 Note receivable from a nearby County of the State dated June 24, 2008. Loan amount for \$319,505. Interest rate at 0% per annum payable in six yearly installments of \$50,000 starting August 1, 2008 a final payment of \$19,505 due August 1, 2014.	 \$ 219,505

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5 - NOTES RECEIVABLE AND LEASE AGREEMENTS (continued)

Current portion	(50,000)
Long-term portion	\$ 169,505

Discretely Presented Component Units

Clarendon County Business Development Corporation (BDC)

Note receivable from a local industry dated December 19, 2005. Loan amount was for \$150,000 with an interest rate at 1% for the first two (2) years, 4% for years three (3) through seven (7) and 6% for years eight (8) through fifteen (15). Credit will be given at the rate of \$2,500 for eleven (11) new employees for a potential total credit of \$27,500.

Note Receivable	\$ 122,500
Current Portion	(7,368)
Long Term Portion	\$ 115,132

As of year end, the BDC had entered into lease agreements with the following companies who are leasing buildings owned by the BDC:

Meritor Heavy Vehicle Systems, LLC

The BDC leases a building to Meritor Heavy Vehicle Systems, LLC for \$16,567.50 per month. Meritor also makes an annual payment in December to reimburse the BDC for the property taxes on the property. These payments are used by the BDC to pay the note payable on the property and the property taxes. This lease is classified as an operating lease. The cost of the building is \$1,800,000 and the accumulated depreciation is \$695,000. The future minimum lease payments are as follows:

June 30, 2011	\$ 198,810
June 30, 2012	198,810
June 30, 2013	198,810
June 30, 2014	198,810
June 30, 2015	198,810
Thereafter	762,105
Total minimum lease payments	\$ 1,756,155

Freeman Millwork Company, Inc.

The BDC leases a building to Freeman Millwork Company, Inc. for \$5,838 per month. These payments are used by the BDC to pay the notes payable on the property. At the end of the lease, the building reverts to Freeman Millwork

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5 - NOTES RECEIVABLE AND LEASE AGREEMENTS (continued)

Company, Inc. This lease is classified as a capital lease. The future minimum lease payments are as follows:

June 30, 2011	\$ 65,035
June 30, 2012	70,058
June 30, 2013	70,058
June 30, 2014	70,058
June 30, 2015	70,058
2016 – 2020	405,338
2021 – 2025	252,652
2026	<u>24,708</u>
 Total minimum lease payments	 1,027,965
 Less amount representing interest	 <u>(405,522)</u>
 Present value of minimum lease payment	 <u>\$ 622,443</u>

Select Laboratories - SC, LLC

The BDC leases a building to Select Laboratories-SC, LLC for \$3,962.67 per month. These payments are used by the BDC to pay the notes payable on the property. The lease amount is fixed for an initial period of five years. After that period expires, and every five years thereafter, the amount of rent will be renegotiated based on the recalculation of interest on the note and mortgage entered into between the corporation and the bank. At the end of the lease, the building reverts to Select Laboratories – SC, LLC. This lease is classified as a capital lease. The future minimum lease payments are as follows:

June 30, 2011	\$ 47,552
June 30, 2012	47,552
June 30, 2013	47,552
June 30, 2014	<u>501,649</u>
 Total minimum lease payments	 644,305
 Less amount representing interest	 <u>(136,221)</u>
 Present value of minimum lease payment	 <u>\$ 508,084</u>

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS

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

	Beginning Balance	Adjust- ments	Additions	Retirements	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 1,660,159	\$ -	\$ 150,349	\$ -	\$ 1,810,508
Construction in Progress	<u>1,124,728</u>	<u>-</u>	<u>988,826</u>	<u>57,273</u>	<u>2,056,281</u>
Total capital assets not being depreciated	<u>2,784,887</u>	<u>-</u>	<u>1,139,175</u>	<u>57,273</u>	<u>3,866,789</u>
Capital assets being depreciated:					
Buildings and improvements	13,233,248	286,250	41,985	-	13,561,483
Infrastructure	5,024,228	84,715	169,407	-	5,278,350
Equipment	<u>9,063,541</u>	<u>-</u>	<u>670,025</u>	<u>189,065</u>	<u>9,544,501</u>
Total capital assets being depreciated	<u>27,321,017</u>	<u>370,965</u>	<u>881,417</u>	<u>189,065</u>	<u>28,384,334</u>
Less accumulated depreciation for:					
Buildings and improvements	3,452,542	-	279,637	-	3,732,179
Infrastructure	968,021	-	304,978	-	1,272,999
Equipment	<u>5,750,756</u>	<u>(3,152)</u>	<u>774,281</u>	<u>180,229</u>	<u>6,341,656</u>
Total accumulated depreciation	<u>10,171,319</u>	<u>(3,152)</u>	<u>1,358,896</u>	<u>180,229</u>	<u>11,346,834</u>
Total capital assets being depreciated	<u>17,149,698</u>	<u>374,117</u>	<u>(477,479)</u>	<u>8,836</u>	<u>17,037,500</u>
Governmental activities capital assets, net	<u>\$ 19,934,585</u>	<u>\$ 374,117</u>	<u>\$ 661,696</u>	<u>\$ 66,109</u>	<u>\$ 20,904,289</u>

The adjustments above reflect the addition of a building and infrastructure (primarily roads) as required under GASB Statement 34 as transferred to the County's schedule of capital assets. Additionally, an adjustment to accumulate depreciation was made to correct for disposed asset(s) the prior fiscal year.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS (continued)

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

Governmental activities:

Public Safety	\$ 679,879
General Government	567,315
Physical Environment	83,840
Cultural/Recreation	17,157
Court	5,432
Transportation	93
Economic Environment	<u>5,180</u>

Total depreciation expense-governmental activities \$ 1,358,896

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 60,380	\$ -	\$ -	\$ 60,380
Total capital assets not being depreciated	<u>60,380</u>	<u>-</u>	<u>-</u>	<u>60,380</u>
Capital assets being depreciated:				
Buildings and improvements	1,978	-	-	1,978
Water system	658,570	-	-	658,570
Equipment	<u>179,071</u>	<u>-</u>	<u>-</u>	<u>179,071</u>
Total capital assets being depreciated	<u>839,619</u>	<u>-</u>	<u>-</u>	<u>839,619</u>
Less accumulated depreciation for:				
Buildings and improvements	115	198	-	313
Water system	14,444	24,759	-	39,203
Equipment	<u>6,027</u>	<u>10,332</u>	<u>-</u>	<u>16,359</u>
Total accumulated depreciation	<u>20,586</u>	<u>35,289</u>	<u>-</u>	<u>55,875</u>
Total capital assets being depreciated	<u>819,033</u>	<u>(35,289)</u>	<u>-</u>	<u>783,744</u>
Governmental activities capital assets, net	<u>\$ 879,413</u>	<u>\$ (35,289)</u>	<u>\$ -</u>	<u>\$ 844,124</u>

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS (continued)

Harvin Clarendon County Library

Capital assets included in the financial statements consist of the following:

	Balance July 1, 2009	Additions	Disposals	Balance June 30 2010
Capital assets, not being depreciated:				
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Capital assets being depreciated:				
Building	396,173	9,240	-	405,413
Equipment	408,125	28,432	99,981	336,576
Books	<u>620,305</u>	<u>-</u>	<u>36,410</u>	<u>583,895</u>
Total Capital Assets being depreciated	<u>1,424,603</u>	<u>37,672</u>	<u>136,391</u>	<u>1,325,884</u>
Less accumulated depreciation for:				
Building	(243,297)	(10,174)	-	(253,471)
Equipment	(244,047)	(33,466)	99,981	(177,532)
Books	<u>(575,881)</u>	<u>(25,354)</u>	<u>36,410</u>	<u>(564,825)</u>
Total accumulated depreciation	<u>(1,063,225)</u>	<u>(68,994)</u>	<u>136,391</u>	<u>(995,828)</u>
Total Capital Assets, being depreciated, net	<u>361,378</u>	<u>(31,322)</u>	<u>-</u>	<u>330,056</u>
Total Capital Assets, net	<u>\$ 385,378</u>	<u>\$ (31,322)</u>	<u>\$ -</u>	<u>\$ 354,056</u>

Depreciation expense for the year ended June 30, 2010 was \$68,994.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS (continued)

Clarendon County Business Development Corporation (BDC)

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

	Beginning Balance	Adjust- ments	Additions	Retirements	Ending Balance
Capital assets not being depreciated:					
Land	<u>\$ 1,724,420</u>	<u>\$ 614,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,338,734</u>
Total capital assets not being depreciated	<u>1,724,420</u>	<u>614,314</u>	<u>-</u>	<u>-</u>	<u>2,338,734</u>
Capital assets being depreciated:					
Buildings and improvements	2,239,643	(439,643)	-	-	1,800,000
Infrastructure	<u>-</u>	<u>254,911</u>	<u>-</u>	<u>-</u>	<u>254,911</u>
Total capital assets being depreciated	<u>2,239,643</u>	<u>(184,732)</u>	<u>-</u>	<u>-</u>	<u>2,054,911</u>
Less accumulated depreciation for:					
Buildings and improvements	383,743	251,257	60,000	-	695,000
Infrastructure	<u>-</u>	<u>17,702</u>	<u>8,497</u>	<u>-</u>	<u>26,199</u>
Total accumulated depreciation	<u>383,743</u>	<u>268,959</u>	<u>68,497</u>	<u>-</u>	<u>721,199</u>
Total capital assets being depreciated	<u>1,855,900</u>	<u>(453,691)</u>	<u>(68,497)</u>	<u>-</u>	<u>1,333,712</u>
Total capital assets, net	<u>\$ 3,580,320</u>	<u>\$ 160,623</u>	<u>\$ (68,497)</u>	<u>\$ -</u>	<u>\$ 3,672,446</u>

Adjustments reflect assets not identified in prior audits.

The Corporation uses the following estimated useful live to compute depreciation:

Building and Improvements 30 years

Depreciation expense for the year ended June 30, 2010 was \$68,497.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - INTERFUND BALANCES

Individual fund interfund receivable and payable balances at June 30, 2010, were as follows:

	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund	\$ 95,283	\$ 125,535
Industrial Parks Fund	-	54,822
Special Revenue Funds:		
Special purpose districts	115,928	-
Law Enforcement	-	40,460
Debt Service Funds:		
Fire Department	821	-
General Obligations	<u>8,785</u>	<u>-</u>
Governmental Funds	<u>220,817</u>	<u>220,817</u>
Enterprise Fund	-	1,366,053
General Fund	466,054	-
Capital Projects Fund	<u>899,999</u>	<u>-</u>
Enterprise Fund	<u>1,366,053</u>	<u>1,366,053</u>
Fiduciary Funds		
General Fund	148,762	272,676
Fiduciary Fund types:		
Town of Turbeville	254	-
Town of Manning	25,560	-
Town of Summerton	1,518	-
Tax Collector	9,701	-
Magistrates:		
General and Civil	-	115,231
Clerk of Court	-	33,531
Hospital Debt Service	20,109	-
School Debt Service	21,598	-
School Operating	<u>193,936</u>	<u>-</u>
Fiduciary Funds	<u>421,438</u>	<u>421,438</u>
	<u>\$ 2,008,308</u>	<u>\$ 2,008,308</u>

Interfund balances reflect amounts due for the last month's collections, amounts loaned for the water system purchase or other short term interfund arrangements.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM DEBT

A. Primary Government

Governmental Activities

General Obligation Bond

\$2,100,000 Refunding Bond issued March 31, 2010 (original issue to finance various capital projects). Due in annual installments beginning March 1, 2011 of \$302,000 and ending March 1, 2016 of \$403,000. Interest accrues at rate of 2.82% and is payable semi-annually on March 1 and September 1 each year until maturity.

\$ 2,100,000

Total Bonds Payable

\$ 2,100,000

Annual Debt Service Payments – Governmental Activities

The annual debt service payments for General Obligation bonds outstanding at June 30, 2010, are as follows:

General Obligation Bonds

June 30,	Principal	Interest
2011	\$ 302,000	\$ 54,450
2012	320,000	50,704
2013	338,000	41,680
2014	357,000	32,148
2015	380,000	22,080
2016	<u>403,000</u>	<u>11,364</u>
	<u>\$ 2,100,000</u>	<u>\$ 212,426</u>

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM DEBT (continued)

Revenue Bond

\$3,250,000 Enterprise Charge Limited Obligation Bond issued May 13, 2010 to finance a capital project. Due in annual installments beginning July 1, 2011 of \$45,000 and ending July 1, 2040 of \$190,000. Interest accrues at rates varying from 2.0% to 4.75% and is payable semi-annually on January 1 and July 1 each year until maturity. Revenue from County's Hospitality charge has been dedicated for required debt service.

\$3,250,000

Annual Debt Service Payments – Governmental Activities

The annual debt service payments for Enterprise Charge Limited Obligation bonds outstanding at June 30, 2010, are as follows:

Revenue Bonds

June 30,	Principal	Interest
2011	\$ -	\$ 87,216
2012	45,000	137,259
2013	65,000	136,159
2014	65,000	134,859
2015	65,000	133,234
2016 – 2020	360,000	633,280
2021 – 2025	435,000	560,116
2026 – 2030	530,000	459,100
2031 – 2035	660,000	324,750
2036 – 2040	835,000	148,319
2041	<u>190,000</u>	<u>4,512</u>
	<u>\$ 3,250,000</u>	<u>\$ 2,758,804</u>

Capital Leases

\$400,000 – Lease/purchase agreement to finance the purchase of two fire engines. Due in semi-annual payments of \$44,330, Includes interest, due on February 21 and August 21 of each year. First payment due February 21, 2010 and ending payment due August 21, 2014. The fire engines' gross cost is \$735,273 and the accumulated depreciation is \$85,782.

\$ 363,378

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM DEBT (continued)

A. Primary Government (continued)

\$149,650 – Lease/purchase agreement to finance the purchase of one motor grader. Due in annual payments of \$18,120, including interest, due on October 20 of each year. First payment due October 20, 2005 and ending payment due October 20, 2010. The motor grader's gross cost is \$149,650 and the accumulated depreciation is \$69,837. 83,667

\$132,297 – Lease/purchase agreement to finance the purchase of one crawler/dozer. Due in annual payments of \$16,649, including interest, due on August 1 of each year. First payment due August 1, 2009 and ending payment due August 1, 2014. The dozer's gross cost is \$132,297 and the accumulated depreciation is \$12,127. 115,648

Total Capital Leases \$ 562,693

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2010:

Year Ending June 30,	
2011	\$ 192,911
2012	105,308
2013	105,308
2014	105,309
2015	<u>109,330</u>
Total Minimum Lease Payment	618,166
Less Amount Representing Interest	<u>55,473</u>
Present Value of Net Minimum Lease Payment	<u>\$ 562,693</u>

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM DEBT (continued)

A. Primary Government (continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligation Bonds					
– 2001 Series	\$ 2,575,000	\$ -	\$ (2,575,000)	\$ -	\$ -
– 2009 Series BAN	1,515,000	-	(1,515,000)	-	-
– 2010 Refunding Series	<u>-</u>	<u>2,100,000</u>	<u>-</u>	<u>2,100,000</u>	<u>302,000</u>
Revenue Bonds					
– 2010 Series	<u>-</u>	<u>3,250,000</u>	<u>-</u>	<u>3,250,000</u>	<u>-</u>
Total bond payable	<u>4,090,000</u>	<u>5,350,000</u>	<u>(4,090,000)</u>	<u>5,350,000</u>	<u>302,000</u>
Other liabilities:					
Compensated absences	310,262	14,530	-	324,792	28,582
Closure and maintenance cost payable	375,175	-	(7,200)	367,975	17,950
Capital leases	<u>97,629</u>	<u>532,297</u>	<u>(67,233)</u>	<u>562,693</u>	<u>171,695</u>
Total other liabilities	<u>783,066</u>	<u>546,827</u>	<u>(74,433)</u>	<u>1,255,460</u>	<u>218,227</u>
Governmental activities long-term liabilities	<u>\$ 4,873,066</u>	<u>\$ 5,896,827</u>	<u>\$ (4,164,433)</u>	<u>\$ 6,605,460</u>	<u>\$ 520,227</u>

B. Discretely Presented Component Units

Clarendon County Business Development Corporation (BDC)

Note payable to bank, with monthly payments of \$15,740.15 including interest at 8.5%, final payment due April 10, 2019. Collateralized by real property leased by Meritor Heavy Vehicle Systems, LLC. \$ 1,165,902

Note payable to bank, with monthly payments of \$4,210.87 including interest at 8%, final payment due January 1, 2025. Collateralized by real property leased by Freeman Millwork Company, Inc. 444,670

Note payable to Santee Lynch Regional Council of Governments, with monthly payments of \$1,627.30, including interest at 7.5%, final payment due January 3, 2015. Collateralized by real property leased by Freeman Millwork Company, Inc. 177,774

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM DEBT (continued)

B. Discretely Presented Component Units (continued)

Note payable to bank with monthly payments of \$3,962.67, including interest at 6.95% for 48 payments. First payment due June 10, 2010 with balloon payment due June 10, 2014. The balloon payment will be refinanced at a recalculated interest rate at that time.

	<u>508,084</u>
Subtotal of notes payable	2,296,430
Less current portion	<u>(120,621)</u>
Notes payable – noncurrent portion	<u>\$ 2,175,809</u>

The maturities of long-term debt is as follows:

June 30,	Principal	Interest
2011	\$ 120,621	\$ 181,092
2012	135,601	170,891
2013	147,881	158,611
2014	614,747	145,842
2015 - 2019	1,023,370	316,134
2020 - 2024	183,568	69,085
2025	<u>70,642</u>	<u>4,597</u>
	<u>\$ 2,296,430</u>	<u>\$ 1,046,252</u>

NOTE 9 - OPERATING LEASES

The County entered into an operating lease for the new Judicial building. The 30 - year lease term began October 1, 2004 and ends September 30, 2034. There is a renewal option for an additional ten years with a thirty-day notice. The rental amount is \$7,000 per month for a term of fifteen years. The remaining rental amount is \$3,000 plus the percentage of increase or decrease in the Consumer Price Index of all urban consumers for the next fifteen years. The lease does contain cancellation provisions and is subject to annual appropriations. The lease expense for 2009-10 is \$84,000.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 9 - OPERATING LEASES (continued)

The future minimum rental payments are as follows:

2011	\$	84,000
2012		84,000
2013		84,000
2014		84,000
2015		84,000
2016 - 2020		384,000
2021 - 2025		216,000
2026 - 2030		144,000
2031 - 2035		<u>153,000</u>
		<u>\$ 1,317,000</u>

The County entered an operating lease as of November 1, 2007 with Waste Management of South Carolina to lease the Transfer Station built by the County and located at the Landfill. The lease expires October 31, 2012 and has an annual rent of \$60,000. The cost of the building was \$753,270 with accumulated depreciation of \$189,887.

The future minimum lease payments to be received are as follows:

June 30, 2011	\$	60,000
June 30, 2012		60,000
June 30, 2013		<u>20,000</u>
		<u>\$ 140,000</u>

NOTE 10 - PROVISION FOR CLOSURE COSTS

State and federal laws and regulations as governed by Solid Waste management Regulation R.61-107 258, Subpart C, Section (c) and the South Carolina Solid Waste Policy and Management Act of 1991, Section 44-96-390 require that Clarendon County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In August 1993, the GASB issued GASB-18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs, in order to reduce the diversity of acceptable accounting practices in this area. GASB-18 applies to all governmental municipal solid waste landfills irrespective of what type of accounting model is used to account for the activities of a landfill. As defined by GASB-18, the basic objective is to recognize all landfill costs by the time a landfill is closed. The costs to be identified for closure and postclosure care include (1) capital assets, (2) final cover and (3) monitoring and maintenance activities.

The nature and source of landfill closure and postclosure care requirements are monitored by both federal and State of South Carolina environmental protection agencies. Levels of ground water pollutants are set by State agencies and the monitoring of these amounts have been reported to County officials to be in conformity with guidelines.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 - PROVISION FOR CLOSURE COSTS (continued)

The County annually obtains updated and revised estimates of total future closure and post-closure costs from its consulting engineers. The provision for closure costs reported in the financial statements as operating expense represents the portion of these estimated future outlays which are allocable to the current year based on the amount of capacity used. 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 landfill laws and regulations. Clarendon County has not accumulated or segregated funds to meet this reserve.

NOTE 11 - RETIREMENT PLANS

The South Carolina Retirement System and Police Officer's Retirement System are cost-sharing multi-employer defined benefit pension plans administered by the South Carolina Retirement Systems, a Division of the State Budget and Control Board. The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to certain state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The SCRS assumes no liability for State ORP benefits, as they are the liability of the investment providers.

Both the SCRS and PORS offer retirement, disability, survivor and death benefits to eligible members or beneficiaries. Group life benefits are also available to active State ORP participants. The Plans' provisions are established under Title 9 of the SC Code of Laws.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officer's Retirement System is publicly available on our website at www.retirement.sc.gov or a copy may be obtained by submitting a request to the South Carolina Retirement System, PO Box 11960, Columbia, South Carolina 29211-1960.

Both employees and employers are required to contribute to the Plans under authority of Title 9 of the SC Code of Laws.

Required employee contributions to the Plans for fiscal year 2009-2010 are as follows:

SCRS Class I	5.00% of earnable compensation
SCRS Class II	6.50% of earnable compensation
PORS Class I	\$21 per month
PORS Class II	6.50% of earnable compensation

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - RETIREMENT PLANS (continued)

Required employer contributions for fiscal year 2009-2010 are as follows:

SCRS

Class I	4.25% of earnable compensation
Class II	9.24% of earnable compensation
Group Life Insurance	.015% of earnable compensation

State ORP	4.06% of earnable compensation
------------------	--------------------------------

PORS

Class I	7.80% of earnable compensation
Class II	10.65% of earnable compensation
Group Life Insurance	0.20% of earnable compensation
Accidental Death Program	0.20% of earnable compensation

Information as to employer and employee contributions to the plans is as follows:

	2008		2009		2010	
	SCRS	PORS	SCRS	PORS	SCRS	PORS
Employee contributions	\$ 249,779	\$ 204,746	\$ 264,911	\$ 213,510	\$ 271,936	\$ 230,789
Employer contributions	\$ 364,632	\$ 337,373	\$ 388,570	\$ 362,968	\$ 390,948	\$ 378,139

The County's 2009 – 2010 contributions represented less than one percent of total contributions required of all participating entities. Also, employer group-life contributions of \$20,549 were paid by the County in the current fiscal year. All employers contribute at the actuarially required contribution rates.

Discretely Presented Component Units

Clarendon County Library

	2008 SCRS	2009 SCRS	2010 SCRS
Employee contributions	\$ 14,909	\$ 14,846	\$ 16,319
Employer contributions	\$ 20,781	\$ 21,105	\$ 23,198

The Library's 2009 – 2010 contributions represented less than one percent of total contributions required of all participating entities. Also, employer group-life contributions of \$377 were paid by the Library in the current fiscal year. All employers contribute at the actuarially required contribution rates.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS

Background

Beginning in the fiscal year ending June 30, 2009, Clarendon County implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to postemployment health care and other non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you-go basis but GASB 45 requires that the County accrue the cost of the retiree health subsidy and other postemployment benefits during the period of employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

Plan Description

Other postemployment benefits provided by the County include a retiree health insurance premium contribution plan that covers retirees.

Some retirees, who are referred to as "non-funded retirees," are eligible for insurance but must pay the full premium, which includes the retiree share plus the employer contribution. These retirees worked in an insurance-eligible position prior to May 2, 2008, with an employer participating in the state insurance program and include:

- Employees who are eligible to retire and have at least five years, but fewer than 10 years, of earned SCRS service credit with a participating state insurance program employer.
- Former County Council members who served on Council for at least 12 years and were covered under the state's plan when they left the Council. It is up to the County Council to decide whether to allow former members to have this coverage.

Whether you are a funded or a non-funded retiree, the following types of service do not count toward your earned service credit requirement for insurance eligibility: non-qualified, federal, military, out-of-state employment, educational service, leave of absence, unused sick leave or service with employers that do not participate in the state insurance program.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

Retirees under the retiree health plan prior to July 1, 2005 will be grandfathered into the system, with their (retiree) monthly premiums paid by the County. A retiree who has elected to cover their spouse and/or eligible dependent children will continue to be responsible for paying the entire cost of the dependent's monthly insurance premium as set by the State Employee Insurance Program.

All current retirees and all future retirees hired prior to May 2, 2008, are eligible for trust fund paid premiums as follows:

An employee must meet the following criteria to be eligible for retiree health insurance: The employees must have at least 10 years of earned SCRS service credit and must qualify for retirement under the South Carolina Retirement System guidelines.

- Employees who leave employment before they are eligible to retire and who have at least 20 years of earned SCRS service credit with an employer that participates in the state insurance program. These employees are not eligible for insurance coverage until age 60 when they are eligible to receive a retirement check. Employees who qualify under the Police Officers Retirement System (PORS) become eligible at age 55.
- Employees who left employment before 1990 and who were not eligible to retire, but who had 18 years of earned SCRS service credit and returned to work with a participating group, enrolled in a state health and dental plan, and worked for at least two consecutive years in a full-time, permanent position.

Based on the state policy change, Clarendon County will follow the guidelines set by the state regarding retiree insurance. Employees who commence employment on or after May 2, 2008 and retire from the Board are eligible for Plan coverage; they are eligible for trust fund paid premiums as follows:

- a) If the retiree's earned service credit in a state retirement system is five or more years, but fewer than fifteen years with a state-covered entity, then the retiree shall pay the full premium for the Plan. (There will be no employer contribution for individuals in this category, and they will be obligated to pay the entire premium.)
- b) If the retiree's earned service credit in a state retirement system is fifteen or more years, but fewer than twenty-five years with a state-covered entity, then the retiree is eligible for fifty percent trust fund paid premiums and the retiree shall pay the remainder of the premiums cost. (Individuals in this category will receive an employer contribution equal to half of the "regular" State contribution, and will be obligated to pay the difference of the total premium and partial State contribution.)

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

- c) If the retiree's earned service credit in a state retirement system is twenty-five or more years with a state-covered entity, then the retiree is eligible for trust fund paid premiums, and the retiree is responsible for the entire employee premium. The County pays 100 percent of the employer's share of the premium. (Individuals in this category will receive the full State contribution, as is the case at present for employer-funded retirees, and under current policy, will generally pay the same premium as do active employees.)

Funding Policy

The County has elected not to pre-fund OPEB liabilities and to fund healthcare benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current employer contribution rates for the County are 0 percent.

The County's annual OPEB cost and the net OPEB obligation based on a 4.5% discount rate, including an inflation component of 3%, and amortizing the initial unfunded actuarial liability over 30 years based on a level percent of payroll method for 2010 is as follows:

Annual required contribution	\$ 956,313
Interest on net OPEB obligation	32,043
Adjustment to annual required contribution	<u>(40,923)</u>
Annual OPEB cost (expense)	947,433
Estimated contributions made	<u>(236,350)</u>
Increase (decrease) in net OPEB obligation	711,083
Net OPEB obligation, beginning of year	<u>712,071</u>
Net OPEB obligation, end of year	<u>\$ 1,423,154</u>

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 Projected Unit Credit, Level Percent of Payroll actuarial cost method has been used to calculate the GASB ARC for this valuation. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. If experience is in accordance with the assumptions used, the ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of payroll will remain basically level on a year to year basis. This is both an accepted and reasonable cost method.

Trend Information:

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2010 were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 947,433	25%	\$ 711,083
June 30, 2009	\$ 928,459	23%	\$ 712,071

Funded Status and Funding Progress:

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$9,405,998, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,405,998. For the fiscal year ended June 30, 2008, the covered payroll (annual payroll of active employees covered by the plan) was \$6,918,209, and the ratio of the UAAL to the covered payroll was 135.96%.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

Harvin Clarendon County Library

Background

Beginning in fiscal year ended June 30, 2010, Harvin Clarendon County Library implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees.

Plan Description

Other postemployment benefits provided by the Library include a retiree health insurance premium contribution plan that covers retirees with the same benefits provided by the County as described above.

Funding Policy

The Library has elected not to pre-fund OPEB liabilities and to fund healthcare benefits on a pay as you go basis.

Annual OPEB Cost and Net OPEB Obligation

The Library has elected to calculate the annual required contribution of the Library (ARC) and related information using the Alternative Measurement Method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 25 years.

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 27,573	\$4,720	17%	\$ 22,853

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

Funded Status and Funding Progress

As of June 30, 2010, the plan assets were \$0, the actuarial accrued liability for benefits was \$256,419, the total unfunded actuarial liability is \$256,419, and the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) is 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$196,413, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 131%.

Annual required contribution	\$ 27,573
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	25,573
Estimated contributions made	<u>(4,720)</u>
Increase (decrease) in net OPEB obligation	22,853
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u><u>\$ 22,853</u></u>

Methods and Assumptions

These are detailed in the Library's separate notes to the financial statements.

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 plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 13 - FUND EQUITY

The fund balance as of June 30, 2009 was restated as follows:

Primary Government

	Net Assets	General Fund Fund Balance GAAP Basis	General Fund Fund Balance Budgetary Basis	Proprietary Fund Net Assets
As previously reported, June 30, 2009	\$ 25,995,394	\$ 3,581,632	\$ 3,520,423	\$ (90,673)
General Fund				
Report adjustment for Grant receivable	(2,866)	(2,866)	(2,866)	-
Report adjustment for encumbrance to actual	1,293	1,293	1,293	-
Development Board Fund				
Previously unreported cash account	512,265	-	-	-
Water & Sewer Fund Report adjustment to revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,956</u>
As restated, June 30, 2009	<u>\$ 26,506,086</u>	<u>\$ 3,580,059</u>	<u>\$ 3,518,850</u>	<u>\$ (87,717)</u>

NOTE 14 - RISK MANAGEMENT

The County is exposed to various risks of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage for worker's compensation, property and casualty and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The County also pays insurance premiums to certain other commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits. State funds accumulate assets and the State itself assumes substantially all risks for the following:

- 1) Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services) and
- 2) Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement System).

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 14 - RISK MANAGEMENT (continued)

The County assumes the risk for unemployment compensation benefits by paying directly to the Employment Security Commission actual claims filed against the County.

Employees elect health coverage of either a health maintenance organization or through the State's self-insured plan. All other insurance coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums which are remitted to commercial carriers.

The County has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claim losses and estimable premium adjustments.

The County has not reported a supplemental premium assessment expenditure, and the related liability at June 30, 2010, because the requirements of GASB Statement No. 10, which state that a liability for supplemental assessments must be reported if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2010, and that the amount of the premium is reasonably estimable, have not been satisfied.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the County.

NOTE 15 - CONTINGENCIES AND COMMITMENTS

Grants:

The County participates in a number of federally assisted grant programs and state funded grant programs. These programs are subject to financial compliance audits by the County's auditors and by auditors of the federal or state grantor agencies. Upon audit, should it be determined that the County has failed to comply with applicable requirements of the grants, then some or all of the grant expenditures may be disallowed and a portion of the grant expenditures may become reimbursable to the grantor.

Construction Commitments:

As of June 30, 2010, the County had incurred \$991,910 in costs on an uncompleted construction project, the Weldon Auditorium. Additional costs to complete the renovations and improvements for the contract signed at June 30, 2009 are expected to be approximately \$318,351. The Project is being funded by a revenue bond, secured by the first \$225,000 generated each year by the 1% Local Hospitality Tax.

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 16 - SUBSEQUENT EVENTS

In July, 2009, the County received a Letter of Conditions from the US Department of Agriculture for a \$4,530,000 expansion project of its water system. Said project will be primarily financed through a \$1,951,000 RDA grant and an RDA loan of \$2,533,000, at 3.5% amortized over 40 years. Said expansion project is pending final approval from the US Department of Agriculture prior to going out for bid as of November, 2010.

In September, 2010, the County acquired approximately 5 acres of land with a vacant 37,000 sq. ft. building for \$1,175,000. Anticipated renovations will be primarily financed through a public bond offering of an amount not to exceed \$6,500,000 for the purpose of locating all of the County's administrative functions in one location. Final terms for said offering will be finalized in December, 2010.

NOTE 17 - NEW PRONOUNCEMENTS

GASB Statement 54 is effective for Clarendon County beginning July 1, 2010. Fund balance reclassifications will be made retroactively to conform to the provisions of this statement. Fund balances for governmental funds will be restated into classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories of fund balance will include nonspendable, restricted, committed, assigned and unassigned.

CLARENDON COUNTY
MANNING, SOUTH CAROLINA
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
YEAR ENDED JUNE 30, 2010

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll ((2)-(1))/(5)
Clarendon County	\$ -	\$ 9,405,998	\$ 9,405,998	0.00%	\$ 6,918,209	135.96%

The County implemented GASB 45 in Fiscal Year 2009; therefore, six years of data is not available, but will be accumulated over time. The valuation has been calculated using the Projected Unit Credit Actuarial Cost Method, discount rates of 4.5%, and the initial unfunded actuarial liability is amortized over 30 years based on a level percent of payroll method. It should be noted that an actuarial cost method determines a contribution or expense by assigning portions of the present value of projected benefits to various years with the general goal of accruing the cost of benefits over the working lifetime of the employees.

COMBINING AND INDIVIDUAL FUND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Bureau of Tourism Accommodations	To account for the County's portion of accommodations taxes.
Hospitality Tax	To account for the County's collection of hospitality taxes.
C-Program	To account for fuel taxes collected for the construction and repair of public roads.
Drug Enforcement and Other Sheriff's Funds	To account for restricted revenues received by the Sheriff.
Special Purpose Districts	To account for ad valorem taxes collected to be used for various County purposes.
E-911	To account for fees collected by telephone companies to be used to provide emergency assistance through the nationwide 911 system.
Recreation Programs	To account for registration fees used for various recreation programs.
Fire Department	To account for ad valorem taxes and other revenues to be used for the operations of the Fire Department.
Victims Advocate	To account for state assessments and surcharges on fines to be used for victim services.
Development Board	To account for funds collected for economic development.
Circuit Drug Court	To account for restricted revenue for operation of drug court.

DEBT SERVICE FUNDS

2009 Fire Protection	To account for the accumulation of ad valorem taxes to pay the principal, interest, and fiscal charges related to the 2009 capital lease payable on fire trucks.
----------------------	--

CLARENDON COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Special Revenue						
	Bureau of Tourism Accommodation Fund	Hospitality Tax Fund	C-Program Fund	Drug Enforcement and Other Sheriffs Fund	Special Purpose Districts	E-911	Recreation Program
ASSETS							
Cash and cash equivalents	\$ 45,401	\$ 728,648	\$ 687,944	\$ 95,809	\$ -	\$ 618,654	\$ 7,552
Accounts receivable	-	22,091	94,323	-	-	-	-
Due from other funds	-	-	-	-	115,928	-	-
Delinquent taxes receivable	-	-	-	-	74,445	-	-
Total Assets	<u>\$ 45,401</u>	<u>\$ 750,739</u>	<u>\$ 782,267</u>	<u>\$ 95,809</u>	<u>\$ 190,373</u>	<u>\$ 618,654</u>	<u>\$ 7,552</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable	\$ 3,468	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 2,008
Deferred revenue	-	-	-	-	63,898	-	-
Due to other funds	-	-	-	40,460	-	-	-
Total Liabilities	<u>3,468</u>	<u>-</u>	<u>-</u>	<u>45,460</u>	<u>63,898</u>	<u>-</u>	<u>2,008</u>
Fund Equity:							
Fund balances:							
Unreserved	41,933	300,739	782,267	50,349	126,475	618,654	5,544
Reserved for debt service	-	450,000	-	-	-	-	-
Total Fund Equity	<u>41,933</u>	<u>750,739</u>	<u>782,267</u>	<u>50,349</u>	<u>126,475</u>	<u>618,654</u>	<u>5,544</u>
Total Liabilities and Fund Equity	<u>\$ 45,401</u>	<u>\$ 750,739</u>	<u>\$ 782,267</u>	<u>\$ 95,809</u>	<u>\$ 190,373</u>	<u>\$ 618,654</u>	<u>\$ 7,552</u>

CLARENDON COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Special Revenue						Debt Service	Total
	Fire Department	Victims Advocate Fund	Development Board	Third Circuit Drug Court	Fire Protection	Total Nonmajor Governmental Funds		
ASSETS								
Cash and cash equivalents	\$ 1,001,857	\$ 17,610	\$ 509,219	\$ 14,749	\$ 92,314	\$ 3,819,757	\$	
Accounts receivable	-	-	-	-	-	116,414	-	
Due from other funds	-	-	-	-	821	116,749	-	
Delinquent taxes receivable	180,971	-	-	-	8,699	264,115	-	
Total Assets	<u>\$ 1,182,828</u>	<u>\$ 17,610</u>	<u>\$ 509,219</u>	<u>\$ 14,749</u>	<u>\$ 101,834</u>	<u>\$ 4,317,035</u>	<u>\$</u>	
LIABILITIES AND FUND EQUITY								
Liabilities:								
Accounts payable	\$ 28,014	\$ 496	\$ -	\$ 2,556	\$ -	\$ 41,542	\$	
Deferred revenue	151,825	-	-	-	8,055	223,778	-	
Due to other funds	-	-	-	-	-	40,460	-	
Total Liabilities	<u>\$ 179,839</u>	<u>\$ 496</u>	<u>\$ -</u>	<u>\$ 2,556</u>	<u>\$ 8,055</u>	<u>\$ 305,780</u>	<u>\$</u>	
Fund Equity:								
Fund balances:								
Unreserved	1,002,989	17,114	509,219	12,193	-	3,467,476	-	
Reserved for debt service	-	-	-	-	93,779	543,779	-	
Total Fund Equity	<u>\$ 1,002,989</u>	<u>\$ 17,114</u>	<u>\$ 509,219</u>	<u>\$ 12,193</u>	<u>\$ 93,779</u>	<u>\$ 4,011,255</u>	<u>\$</u>	
Total Liabilities and Fund Equity	<u>\$ 1,182,828</u>	<u>\$ 17,610</u>	<u>\$ 509,219</u>	<u>\$ 14,749</u>	<u>\$ 101,834</u>	<u>\$ 4,317,035</u>	<u>\$</u>	

**CLARENDON COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue						
	Bureau of Tourism Accommodation Fund	Hospitality Tax Fund	C-Program Fund	Enforcement and Other Sheriff's Fund	Special Purpose Districts	E-911	Recreation Program
REVENUES							
Taxes	-	\$ 259,702	-	-	\$ 706,288	-	-
Intergovernmental	93,182	-	1,074,621	-	-	93,781	-
Charges for services	-	-	-	-	-	251,258	56,060
Fines and forfeitures	-	-	-	61,614	-	-	-
Special assessments	-	-	-	-	-	-	-
Interest	14	561	640	-	-	1,573	16
Total Revenues	<u>93,196</u>	<u>260,263</u>	<u>1,075,261</u>	<u>61,614</u>	<u>706,288</u>	<u>346,612</u>	<u>56,076</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	691,941	-	-
Public safety	-	-	-	108,234	-	223,813	-
Physical environment	-	-	704,997	-	-	-	-
Recreation	-	12	-	-	-	-	60,995
Community development	80,329	-	-	-	-	-	-
Court related	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-
Total Expenditures	<u>80,329</u>	<u>12</u>	<u>704,997</u>	<u>108,234</u>	<u>691,941</u>	<u>223,813</u>	<u>60,995</u>
Excess of revenues over (under) expenditures	<u>12,867</u>	<u>260,251</u>	<u>370,264</u>	<u>(46,620)</u>	<u>14,347</u>	<u>122,799</u>	<u>(4,919)</u>
OTHER FINANCING SOURCES (USES)							
Capital Lease	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>12,867</u>	<u>260,251</u>	<u>370,264</u>	<u>(46,620)</u>	<u>14,347</u>	<u>122,799</u>	<u>(4,919)</u>
Fund balances at beginning of year	<u>29,066</u>	<u>490,488</u>	<u>412,003</u>	<u>96,969</u>	<u>112,128</u>	<u>495,855</u>	<u>10,463</u>
Fund balances at end of year	<u>\$ 41,933</u>	<u>\$ 750,739</u>	<u>\$ 782,267</u>	<u>\$ 50,349</u>	<u>\$ 126,475</u>	<u>\$ 618,654</u>	<u>\$ 5,544</u>

**CLARENDON COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue					Debt Service	Total Nonmajor Governmental Funds
	Fire Department	Victims Advocate Fund	Development Board	Third Circuit Drug Court	Fire Protection		
REVENUES							
Taxes	\$ 1,967,857	-	-	-	\$ 39,861	\$ 2,973,708	
Intergovernmental	-	-	-	164,000	-	1,425,584	
Charges for services	-	-	-	-	-	307,318	
Fines and forfeitures	-	-	-	-	-	61,614	
Special assessments	-	109,210	-	-	-	109,210	
Interest	841	10	2,279	43	422	6,399	
Total Revenues	<u>1,968,698</u>	<u>109,220</u>	<u>2,279</u>	<u>164,043</u>	<u>40,283</u>	<u>4,883,833</u>	
EXPENDITURES							
Current:							
General government	-	-	-	-	-	691,941	
Public safety	1,664,915	104,490	-	-	-	2,101,452	
Physical environment	-	-	-	-	-	704,997	
Recreation	-	-	-	-	-	61,007	
Community development	-	-	5,325	-	-	85,654	
Court related	-	-	-	154,625	-	154,625	
Debt service:							
Principal	-	-	-	-	36,622	36,622	
Interest and fees	-	-	-	-	7,707	7,707	
Total Expenditures	<u>1,664,915</u>	<u>104,490</u>	<u>5,325</u>	<u>154,625</u>	<u>44,329</u>	<u>3,844,005</u>	
Excess of revenues over (under) expenditures	<u>303,783</u>	<u>4,730</u>	<u>(3,046)</u>	<u>9,418</u>	<u>(4,046)</u>	<u>1,039,828</u>	
OTHER FINANCING SOURCES (USES)							
Capital Lease	-	-	-	-	400,000	400,000	
Transfers in (out)	400,000	-	-	-	(400,000)	-	
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>	
Net change in fund balances	703,783	4,730	(3,046)	9,418	(4,046)	1,439,828	
Fund balances at beginning of year	299,206	12,384	512,265	2,775	97,825	2,571,427	
Fund balances at end of year	<u>\$ 1,002,989</u>	<u>\$ 17,114</u>	<u>\$ 509,219</u>	<u>\$ 12,193</u>	<u>\$ 93,779</u>	<u>\$ 4,011,255</u>	

CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final				
REVENUES						
Taxes						
Real estate taxes	\$ 7,511,800	\$ 7,744,900	\$ 8,412,659	\$ -	\$ 8,412,659	\$ 667,759
Local option sales tax	2,100,000	2,100,000	2,352,370	-	2,352,370	252,370
Vehicle taxes	1,283,800	1,283,800	1,081,895	-	1,081,895	(201,905)
Delinquent taxes	1,055,000	1,055,000	1,250,951	-	1,250,951	195,951
Local accommodations	155,000	155,000	173,028	-	173,028	18,028
Payment in lieu of taxes	65,000	65,000	91,342	-	91,342	26,342
Treasurer's cost to cities	4,300	4,300	4,282	-	4,282	(18)
Payment in lieu - motor carrier	175,000	175,000	145,986	-	145,986	(29,014)
Total taxes	12,349,900	12,583,000	13,512,513	-	13,512,513	929,513
Licenses and permits						
Moving permits	4,250	4,250	3,075	-	3,075	(1,175)
Building permits	140,000	140,000	121,558	-	121,558	(18,442)
Total licenses and permits	144,250	144,250	124,633	-	124,633	(19,617)
Charges for services						
Assessors fees	6,000	6,000	11,806	-	11,806	5,806
Master in Equity fees	27,000	27,000	28,568	-	28,568	1,568
Probate fees	55,000	55,000	90,540	-	90,540	35,540
Planning and public service fees	9,000	9,000	5,915	-	5,915	(3,085)
ROD fees and charges	200,000	200,000	122,514	-	122,514	(77,486)
Landfill fees	195,000	195,000	177,937	-	177,937	(17,063)
County road user fee	715,000	715,000	705,400	-	705,400	(9,600)
Municipal inmate housing	34,000	34,000	21,320	-	21,320	(12,680)
Total charges for services	1,241,000	1,241,000	1,164,000	-	1,164,000	(77,000)
Fines and forfeitures						
Clerk of court fines and fees	140,000	140,000	135,065	-	135,065	(4,935)
Magistrate fines and fees	750,000	750,000	635,916	-	635,916	(114,084)
Sheriff's fines and fees	7,500	7,500	5,126	-	5,126	(2,374)
	897,500	897,500	776,107	-	776,107	(121,393)
Investment income						
	25,000	25,000	4,624	-	4,624	(20,376)
Miscellaneous						
Hangar rent	30,000	30,000	36,139	-	36,139	6,139
Multi-County Industrial Park	45,000	45,000	74,434	-	74,434	29,434
Miscellaneous revenue	166,500	166,500	127,952	-	127,952	(38,548)
Franchise fees	40,000	40,000	51,627	-	51,627	11,627
Voter registration	1,500	1,500	-	-	-	(1,500)
House arrest system	500	500	1,447	-	1,447	947
	283,500	283,500	291,599	-	291,599	8,099

CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final				
Intergovernmental						
State						
Accommodations tax	28 000	28 000	29 904	-	29,904	1,904
Merchant's inventory tax	48 220	48 220	48 220	-	48 220	-
Solid waste tire fees	14,000	14 000	13,757	-	13 757	(243)
State aid and allocations	1,587 300	1,587,300	1 491 399	-	1 491 399	(95 901)
Voter registration	6 250	6 250	-	-	-	(6 250)
Clerk/Sheriff/Probate Judge supplements	8,910	8 910	7 875	-	7,875	(1,035)
Drug court funds	5 000	5 000	5 000	-	5,000	-
Vital records fees	10 000	10 000	9 619	-	9,619	(381)
Weldon Auditorium	-	-	968	-	968	968
Cultural Arts Commission	-	-	609	-	609	609
EMS Grant in aid	-	-	12,388	-	12 388	12 388
EMS Trauma grant	-	-	15 783	-	15 783	15 783
Waste oil grant(s)	-	-	13 921	-	13 921	13 921
Waste tire grant(s)	-	-	33 284	-	33 284	33 284
Natural Resources	-	-	15 000	-	15,000	15,000
State election commission	-	-	10 444	-	10,444	10,444
Economic Development grant(s)	-	-	141 582	-	141,582	141,582
Multi-park Improvements	-	-	7 537	-	7 537	7 537
Federal						
Paxville CDC community block grant	-	-	352 028	-	352,028	352 028
Santee Cooper airport improvement	-	-	71 250	-	71 250	71 250
Emergency management plan(s)	-	-	40 570	-	40 570	40 570
Justice Assistance grant(s)	-	-	118 802	-	118,802	118 802
Drug Task Force	-	-	295 647	-	295 647	295,647
V-Safe	-	-	9 975	-	9 975	9 975
Veterans affairs	6 100	6 100	4 614	-	4,614	(1,486)
Election commission	6 250	6 250	-	-	-	(6 250)
DSS - Clerk of Court	140 000	140 000	138,759	-	138 759	(1 241)
DSS - Revenue	45 000	45 000	36 108	-	36,108	(8 892)
DSS - Sheriff	10,000	10,000	10,741	-	10,741	741
	<u>1,915,030</u>	<u>1,915,030</u>	<u>2,935,784</u>	<u>-</u>	<u>2,935,784</u>	<u>1,020,754</u>
TOTAL REVENUES	\$ 16,856,180	\$ 17,089,280	\$ 18,809,260	\$ -	\$ 18,809,260	\$ 1,719,980

CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final				
General Government and Administration:						
Administration:						
Salaries and related Operations	\$ 293,497	\$ 293,497	\$ 307,082	\$ -	\$ 307,082	\$ (13,585)
	26,850	26,850	24,844	-	24,844	2,006
	<u>320,347</u>	<u>320,347</u>	<u>331,926</u>	<u>-</u>	<u>331,926</u>	<u>(11,579)</u>
County Council:						
Salaries and related Operations	99,672	99,672	99,192	-	99,192	480
	15,500	15,500	7,338	-	7,338	8,162
	<u>115,172</u>	<u>115,172</u>	<u>106,530</u>	<u>-</u>	<u>106,530</u>	<u>8,642</u>
Assessor:						
Salaries and related Operations	432,865	432,865	387,777	-	387,777	45,088
	32,400	67,238	38,915	29,173	68,088	(850)
	<u>465,265</u>	<u>500,103</u>	<u>426,692</u>	<u>29,173</u>	<u>455,865</u>	<u>44,238</u>
Auditor:						
Salaries and related Operations	150,052	150,052	147,569	-	147,569	2,483
	16,633	16,633	14,303	1,754	16,057	576
	<u>166,685</u>	<u>166,685</u>	<u>161,872</u>	<u>1,754</u>	<u>163,626</u>	<u>3,059</u>
Treasurer:						
Salaries and related Operations	164,822	164,822	162,187	-	162,187	2,635
	12,188	12,188	11,643	-	11,643	545
	<u>177,010</u>	<u>177,010</u>	<u>173,830</u>	<u>-</u>	<u>173,830</u>	<u>3,180</u>
Finance:						
Salaries and related Operations	262,186	262,186	260,387	-	260,387	1,799
	15,771	15,771	19,989	(106)	19,883	(4,112)
	<u>277,957</u>	<u>277,957</u>	<u>280,376</u>	<u>(106)</u>	<u>280,270</u>	<u>(2,313)</u>
Human Resources:						
Salaries and related Operations	131,666	131,666	128,747	-	128,747	2,919
	25,847	25,847	24,950	-	24,950	897
	<u>157,513</u>	<u>157,513</u>	<u>153,697</u>	<u>-</u>	<u>153,697</u>	<u>3,816</u>
Grants Administration						
Salaries and related Operations	79,178	79,178	71,725	-	71,725	7,453
	6,194	6,194	7,549	-	7,549	(1,355)
	<u>85,372</u>	<u>85,372</u>	<u>79,274</u>	<u>-</u>	<u>79,274</u>	<u>6,098</u>
Procurement						
Salaries and related Operations	68,317	68,317	68,928	-	68,928	(611)
	3,085	3,085	3,919	-	3,919	(834)
	<u>71,402</u>	<u>71,402</u>	<u>72,847</u>	<u>-</u>	<u>72,847</u>	<u>(1,445)</u>
Tax Collector:						
Salaries and related Operations	113,795	113,795	105,051	-	105,051	8,744
	14,470	14,470	13,970	398	14,368	102
	<u>128,265</u>	<u>128,265</u>	<u>119,021</u>	<u>398</u>	<u>119,419</u>	<u>8,846</u>
Voter Registration:						
Salaries and related Operations	86,129	86,129	87,214	-	87,214	(1,085)
	10,465	10,465	7,370	-	7,370	3,095
	<u>96,594</u>	<u>96,594</u>	<u>94,584</u>	<u>-</u>	<u>94,584</u>	<u>2,010</u>

CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final				
Information Technology:						
Salaries and related	47,065	47,065	52,499	-	52,499	(5,434)
Operations	237,354	321,154	226,667	(3,000)	223,667	97,487
	<u>284,419</u>	<u>368,219</u>	<u>279,166</u>	<u>(3,000)</u>	<u>276,166</u>	<u>92,053</u>
Veterans Affairs:						
Salaries and related	49,035	49,035	48,762	-	48,762	273
Operations	5,550	5,550	3,931	321	4,252	1,298
	<u>54,585</u>	<u>54,585</u>	<u>52,693</u>	<u>321</u>	<u>53,014</u>	<u>1,571</u>
Nondepartmental Expenditures:						
Special Projects	264,599	292,342	38,777	35,170	73,947	218,395
Legal Assistance	-	-	74,987	-	74,987	(74,987)
Rent - Judicial Annex	104,400	104,400	106,123	-	106,123	(1,723)
Workmen's compensation	320,000	320,000	280,545	-	280,545	39,455
Audit fee	30,000	30,000	29,794	-	29,794	206
Unemployment	40,000	40,000	38,976	-	38,976	1,024
Electricity	290,000	290,000	305,687	-	305,687	(15,687)
Printing and postage	173,250	173,250	161,245	-	161,245	12,005
Christmas bonus	35,000	35,000	36,526	-	36,526	(1,526)
Property and liability insurance	190,000	190,000	190,002	-	190,002	(2)
Drug screening	3,500	3,500	3,799	-	3,799	(299)
Water	22,000	22,000	21,966	-	21,966	34
Retirees' insurance	236,000	236,000	236,350	-	236,350	(350)
Telephone	148,500	148,500	149,876	-	149,876	(1,376)
Personnel	105,143	105,143	-	-	-	105,143
Holiday compensation	55,875	55,875	57,637	-	57,637	(1,762)
Retirement expense	910	910	886	-	886	24
FICA expense	7,280	7,280	7,497	-	7,497	(217)
Police retirement	4,910	4,910	5,322	-	5,322	(412)
Bank fees and charges	20,000	20,000	31,180	-	31,180	(11,180)
	<u>2,051,367</u>	<u>2,079,110</u>	<u>1,777,175</u>	<u>35,170</u>	<u>1,812,345</u>	<u>266,765</u>
Grant Expense:						
Santee Cooper airport improvement	-	-	75,050	-	75,050	(75,050)
Weldon Auditorium	-	-	968	-	968	(968)
Cultural Arts Commission	-	-	24,359	-	24,359	(24,359)
Paxville CDC community block grant	-	-	356,676	-	356,676	(356,676)
Emergency management plan(s)	-	-	18,760	-	18,760	(18,760)
EMS Grant in aid	-	-	(3,275)	15,663	12,388	(12,388)
EMS Trauma grant	-	-	16,003	-	16,003	(16,003)
Waste oil grant(s)	-	-	14,230	(429)	13,801	(13,801)
Waste tire grant(s)	-	-	33,284	-	33,284	(33,284)
Drug Task Force	-	-	300,797	11,274	312,071	(312,071)
Natural Resources	-	-	15,326	-	15,326	(15,326)
V-Safe	-	-	9,975	-	9,975	(9,975)
State election commission	-	-	10,444	-	10,444	(10,444)
Justice Assistance grant(s)	-	-	96,731	22,071	118,802	(118,802)
Economic Development grant(s)	-	-	141,582	-	141,582	(141,582)
Multi-park Improvements	-	-	9,500	-	9,500	(9,500)
	<u>-</u>	<u>-</u>	<u>1,120,410</u>	<u>48,579</u>	<u>1,168,989</u>	<u>(1,168,989)</u>
Total General Government and Administration	<u>4,451,953</u>	<u>4,598,334</u>	<u>5,230,093</u>	<u>112,289</u>	<u>5,342,382</u>	<u>(744,048)</u>

CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final				
Court Related:						
Clerk of Court:						
Salaries and related Operations	145,974	145,974	138,775	-	138,775	7,199
	40,250	40,250	39,811	-	39,811	439
	<u>186,224</u>	<u>186,224</u>	<u>178,586</u>	<u>-</u>	<u>178,586</u>	<u>7,638</u>
Magistrates:						
Salaries and related Operations	426,885	426,885	427,716	-	427,716	(831)
	21,750	21,750	17,637	-	17,637	4,113
	<u>448,635</u>	<u>448,635</u>	<u>445,353</u>	<u>-</u>	<u>445,353</u>	<u>3,282</u>
Probate Judge:						
Salaries and related Operations	105,846	105,846	105,139	-	105,139	707
	12,150	12,150	10,527	-	10,527	1,623
	<u>117,996</u>	<u>117,996</u>	<u>115,666</u>	<u>-</u>	<u>115,666</u>	<u>2,330</u>
Family Court:						
Salaries and related Operations	92,271	92,271	88,035	-	88,035	4,236
	6,600	6,600	6,097	-	6,097	503
	<u>98,871</u>	<u>98,871</u>	<u>94,132</u>	<u>-</u>	<u>94,132</u>	<u>4,739</u>
Register of Deeds:						
Salaries and related Operations	115,468	115,468	102,266	-	102,266	13,202
	66,900	66,900	55,458	269	55,727	11,173
	<u>182,368</u>	<u>182,368</u>	<u>157,724</u>	<u>269</u>	<u>157,993</u>	<u>24,375</u>
Master in Equity:						
Salaries and related Operations	23,363	23,363	23,120	-	23,120	243
	9,070	9,070	8,175	-	8,175	895
	<u>32,433</u>	<u>32,433</u>	<u>31,295</u>	<u>-</u>	<u>31,295</u>	<u>1,138</u>
DSS Funds - Clerk of Court:						
Salaries and related Operations	98,078	98,078	117,799	-	117,799	(19,721)
	10,000	10,000	6,464	-	6,464	3,536
	<u>108,078</u>	<u>108,078</u>	<u>124,263</u>	<u>-</u>	<u>124,263</u>	<u>(16,185)</u>
Circuit Court Judges:						
Allowance	20,040	20,040	21,000	-	21,000	(960)
Solicitor:						
Allowance	143,813	143,813	143,813	-	143,813	-
Public Defender:						
Allowance	60,000	60,000	60,000	-	60,000	-
	<u>223,853</u>	<u>223,853</u>	<u>224,813</u>	<u>-</u>	<u>224,813</u>	<u>(960)</u>
Total Court Related	<u>1,398,458</u>	<u>1,398,458</u>	<u>1,371,832</u>	<u>269</u>	<u>1,372,101</u>	<u>26,357</u>
Public Safety:						
Sheriff:						
Salaries and related Operations	2,135,423	2,135,423	2,106,550	-	2,106,550	28,873
	574,694	574,694	627,884	(202)	627,682	(52,988)
	<u>2,710,117</u>	<u>2,710,117</u>	<u>2,734,434</u>	<u>(202)</u>	<u>2,734,232</u>	<u>(24,115)</u>
Emergency Preparedness:						
Salaries and related Operations	61,229	61,229	63,412	-	63,412	(2,183)
	19,418	19,418	10,656	1,041	11,697	7,721
	<u>80,647</u>	<u>80,647</u>	<u>74,068</u>	<u>1,041</u>	<u>75,109</u>	<u>5,538</u>
Correctional Center:						
Salaries and related Operations	1,456,347	1,456,347	1,411,984	-	1,411,984	44,363
	489,800	489,800	542,656	(8,536)	534,120	(44,320)
	<u>1,946,147</u>	<u>1,946,147</u>	<u>1,954,640</u>	<u>(8,536)</u>	<u>1,946,104</u>	<u>43</u>

CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final				
Coroner:						
Salaries and related	43,156	43,156	43,096	-	43,096	60
Operations	85,000	85,000	86,547	-	86,547	(1,547)
	<u>128,156</u>	<u>128,156</u>	<u>129,643</u>	<u>-</u>	<u>129,643</u>	<u>(1,487)</u>
Communications:						
Salaries and related	521,142	521,142	514,459	-	514,459	6,683
Operations	35,691	35,691	27,283	(4,608)	22,675	13,016
	<u>556,833</u>	<u>556,833</u>	<u>541,742</u>	<u>(4,608)</u>	<u>537,134</u>	<u>19,699</u>
EMS:						
Contract	829,049	829,049	829,049	-	829,049	-
Animal Control:						
Expenses	102,900	102,900	37,000	-	37,000	65,900
Total Public Safety	<u>6,353,849</u>	<u>6,353,849</u>	<u>6,300,576</u>	<u>(12,305)</u>	<u>6,288,271</u>	<u>65,578</u>
Physical Environment:						
Facilities Management:						
Salaries and related	240,255	240,255	236,983	-	236,983	3,272
Operations	168,013	168,013	140,424	11,851	152,275	15,738
	<u>408,268</u>	<u>408,268</u>	<u>377,407</u>	<u>11,851</u>	<u>389,258</u>	<u>19,010</u>
Landfill:						
Salaries and related	162,479	162,479	154,992	-	154,992	7,487
Operations	1,526,200	1,526,200	1,528,617	-	1,528,617	(2,417)
	<u>1,688,679</u>	<u>1,688,679</u>	<u>1,683,609</u>	<u>-</u>	<u>1,683,609</u>	<u>5,070</u>
County Engineer:						
Salaries and related	80,994	80,994	81,679	-	81,679	(685)
Operations	3,750	3,750	1,842	-	1,842	1,908
	<u>84,744</u>	<u>84,744</u>	<u>83,521</u>	<u>-</u>	<u>83,521</u>	<u>1,223</u>
Public Works:						
Salaries and related	565,141	565,141	549,135	-	549,135	16,006
Operations	227,000	227,000	199,819	10,641	210,460	16,540
	<u>792,141</u>	<u>792,141</u>	<u>748,954</u>	<u>10,641</u>	<u>759,595</u>	<u>32,546</u>
Total Physical Environment	<u>2,973,832</u>	<u>2,973,832</u>	<u>2,893,491</u>	<u>22,492</u>	<u>2,915,983</u>	<u>57,849</u>
Economic Environment:						
Planning and Public Service Commission:						
Salaries and related	269,799	269,799	251,448	-	251,448	18,351
Operations	50,830	68,249	29,623	17,662	47,285	20,964
	<u>320,629</u>	<u>338,048</u>	<u>281,071</u>	<u>17,662</u>	<u>298,733</u>	<u>39,315</u>
Development Board:						
Salaries and related	151,964	151,964	152,035	-	152,035	(71)
Operations	161,500	161,500	168,754	(22,250)	146,504	14,996
	<u>313,464</u>	<u>313,464</u>	<u>320,789</u>	<u>(22,250)</u>	<u>298,539</u>	<u>14,925</u>
Total Economic Environment	<u>634,093</u>	<u>651,512</u>	<u>601,860</u>	<u>(4,588)</u>	<u>597,272</u>	<u>54,240</u>

CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final				
Transportation:						
Fleet Maintenance:						
Salaries and related	161,607	161,607	161,181	-	161,181	426
Operations	12,300	12,300	12,827	-	12,827	(527)
	<u>173,907</u>	<u>173,907</u>	<u>174,008</u>	<u>-</u>	<u>174,008</u>	<u>(101)</u>
Airport Commission:						
Operations	198,650	198,650	20,200	1,600	21,800	176,850
	<u>198,650</u>	<u>198,650</u>	<u>20,200</u>	<u>1,600</u>	<u>21,800</u>	<u>176,850</u>
Total Transportation	<u>372,557</u>	<u>372,557</u>	<u>194,208</u>	<u>1,600</u>	<u>195,808</u>	<u>176,749</u>
Recreation and Culture:						
Recreation:						
Salaries and related	209,636	218,936	223,021	-	223,021	(4,085)
Operations	91,700	91,700	94,377	-	94,377	(2,677)
	<u>301,336</u>	<u>310,636</u>	<u>317,398</u>	<u>-</u>	<u>317,398</u>	<u>(6,762)</u>
County Archives:						
Salaries and related	47,445	47,445	44,482	-	44,482	2,963
Operations	7,983	67,983	4,801	-	4,801	63,182
	<u>55,428</u>	<u>115,428</u>	<u>49,283</u>	<u>-</u>	<u>49,283</u>	<u>66,145</u>
Total Recreation and Culture	<u>356,764</u>	<u>426,064</u>	<u>366,681</u>	<u>-</u>	<u>366,681</u>	<u>59,383</u>
Miscellaneous:						
Agencies:						
Santee-Lynches Council of Government	22,782	22,782	22,782	-	22,782	-
Voter Registration Board	6,250	6,250	-	-	-	6,250
Paxville Community Devel Corp	5,000	5,000	5,000	-	5,000	-
Clarendon Soil and Water Conservation	30,000	30,000	30,000	-	30,000	-
Election Commission	6,250	6,250	374	-	374	5,876
Election Commission - Supplies	3,000	3,000	34,814	-	34,814	(31,814)
Clemson Extension	48,900	48,900	47,697	-	47,697	1,203
SC Association of Counties	8,672	8,672	8,672	-	8,672	-
Delegation allowance	14,000	14,000	13,615	-	13,615	385
Behavioral Services	17,500	17,500	17,500	-	17,500	-
Clarendon Community Devel Corp	8,000	8,000	8,000	-	8,000	-
Clarendon First Steps	5,000	5,000	5,000	-	5,000	-
Clarendon DSN Board	9,100	9,100	9,100	-	9,100	-
DHEC	15,700	15,700	15,700	-	15,700	-
Santee Wateree RTA	-	-	612	-	612	(612)
Harvest Hope Food Bank	5,500	5,500	5,500	-	5,500	-
Indigent care	61,111	61,111	61,111	-	61,111	-
Council on Aging	5,000	5,000	5,000	-	5,000	-
County Board of Education	8,408	8,408	8,408	-	8,408	-
American Red Cross	5,000	5,000	5,000	-	5,000	-
Lake Marion Regional Water Authority	24,500	24,500	22,289	-	22,289	2,211
Central Carolina Technical College	200,000	200,000	200,000	-	200,000	-
	<u>509,673</u>	<u>509,673</u>	<u>526,174</u>	<u>-</u>	<u>526,174</u>	<u>(16,501)</u>
Total Miscellaneous	<u>509,673</u>	<u>509,673</u>	<u>526,174</u>	<u>-</u>	<u>526,174</u>	<u>(16,501)</u>
Total Expenditures	<u>\$17,051,179</u>	<u>\$17,284,279</u>	<u>\$17,484,915</u>	<u>\$ 119,757</u>	<u>\$17,604,672</u>	<u>\$ (320,393)</u>
Other Financing Sources (Uses)						
Sale of Assets	\$ 20,000	\$ 20,000	\$ 27,373	\$ -	\$ 27,373	\$ 7,373
Transfers In (Out)	-	-	18,600	-	18,600	18,600
	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 45,973</u>	<u>\$ -</u>	<u>\$ 45,973</u>	<u>\$ 25,973</u>

CLARENDON COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FIRE DEPARTMENT - SPECIAL REVENUE FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	Final Budget	Actual Budget Basis	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,876,104	\$ 1,967,857	\$ 91,753
Interest	-	841	841
Total revenues	<u>1,876,104</u>	<u>1,968,698</u>	<u>92,594</u>
EXPENDITURES			
Public Safety:			
Salaries and related	967,111	954,108	13,003
Operations	908,993	730,055	178,938
	<u>1,876,104</u>	<u>1,684,163</u>	<u>191,941</u>
Excess (deficiency) of revenues over (under) expenditures	-	284,535	284,535
Other Financing Sources (Uses)			
Transfers In (Out)	-	400,000	400,000
Net Change in Fund Balance	-	684,535	684,535
Fund balances at beginning of year	-	299,206	299,206
Fund balance at end of year	<u>\$ -</u>	<u>\$ 983,741</u>	<u>\$ 983,741</u>

FIDUCIARY FUND

AGENCY FUNDS

To account for assets held solely in a custodial capacity by the County.

CLARENDON COUNTY, SOUTH CAROLINA
 COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
 ALL AGENCY FUNDS
 JUNE 30, 2010

	School Districts Debt Service	School Districts Operations	Hospital Debt Service	Probate Judge	Master-In Equity	Municipalities
ASSETS						
Cash	\$ 1,404,150	-	\$ 5,700,263	800	\$ 6,731	\$ -
Delinquent taxes receivable	145,586	1,058,464	71,469	-	-	-
Due from credit card	-	-	-	-	-	-
Due from General Fund	21,598	193,936	20,109	-	-	27,332
Due from other magistrates	-	-	-	-	-	-
Due from trust fund holders	-	-	-	-	-	-
Total assets	<u>1,571,334</u>	<u>1,252,400</u>	<u>5,791,841</u>	<u>800</u>	<u>6,731</u>	<u>27,332</u>
LIABILITIES						
Due to trust fund holders	1,442,700	311,446	5,736,376	800	6,731	27,332
Due to Treasurer	-	-	-	-	-	-
Due to Treasurer - cash overage	-	-	-	-	-	-
Deferred revenue	128,634	940,954	55,465	-	-	-
Due to other magistrates	-	-	-	-	-	-
Total liabilities	<u>1,571,334</u>	<u>1,252,400</u>	<u>5,791,841</u>	<u>800</u>	<u>6,731</u>	<u>27,332</u>
NET ASSETS						
Total net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CLARENDON COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
ALL AGENCY FUNDS
JUNE 30, 2010**

	Magistrates		Clerk of Court	Tax Collector	Total
	General Account	Civil Account			
ASSETS					
Cash	\$ 159,522	\$ 7,010	\$ 274	\$ 337,262	\$ 8,089,963
Delinquent taxes receivable	-	-	-	-	1,275,519
Due from credit card	1,617	-	-	-	1,617
Due from General Fund	-	-	-	9,701	272,676
Due from other magistrates	274	-	-	-	274
Due from trust fund holders	-	-	1,731	-	1,731
Total assets	<u>161,413</u>	<u>7,010</u>	<u>274</u>	<u>346,963</u>	<u>9,641,780</u>
LIABILITIES					
Due to trust fund holders	43,842	-	-	346,963	8,341,759
Due to Treasurer	108,221	7,010	-	-	148,762
Due to Treasurer - cash overage	9,350	-	-	-	25,932
Deferred revenue	-	-	-	-	1,125,053
Due to other magistrates	-	-	274	-	274
Total liabilities	<u>161,413</u>	<u>7,010</u>	<u>274</u>	<u>346,963</u>	<u>9,641,780</u>
NET ASSETS					
Total net assets	\$ -	\$ -	\$ -	\$ -	\$ -

CLARENDON COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Municipalities				
Assets				
Due from General Fund	\$ 20,003	\$ 7,329	\$ -	\$ 27,332
Total Assets	<u>\$ 20,003</u>	<u>\$ 7,329</u>	<u>\$ -</u>	<u>\$ 27,332</u>
Liabilities				
Due to trust fund holders	\$ 20,003	\$ 7,329	\$ -	\$ 27,332
Total Liabilities	<u>\$ 20,003</u>	<u>\$ 7,329</u>	<u>\$ -</u>	<u>\$ 27,332</u>
School Districts Debt Service				
Assets				
Cash and investments	\$ 1,664,564	\$ 6,282,927	\$ 6,543,341	\$ 1,404,150
Due from other funds	13,933	1,941,614	1,933,949	21,598
Delinquent taxes receivable	128,752	21,630	4,796	145,586
Total Assets	<u>\$ 1,807,249</u>	<u>\$ 8,246,171</u>	<u>\$ 8,482,086</u>	<u>\$ 1,571,334</u>
Liabilities				
Deferred revenue	108,067	25,248	4,681	128,634
Due to trust fund holders	1,699,182	-	256,482	1,442,700
Total Liabilities	<u>\$ 1,807,249</u>	<u>\$ 25,248</u>	<u>\$ 261,163</u>	<u>\$ 1,571,334</u>
School District Operations				
Assets				
Delinquent taxes receivable	\$ 925,760	\$ 132,704	\$ -	\$ 1,058,464
Due from General Fund	194,411	-	475	193,936
Total Assets	<u>\$ 1,120,171</u>	<u>\$ 132,704</u>	<u>\$ 475</u>	<u>\$ 1,252,400</u>
Liabilities				
Deferred revenue	\$ 769,673	\$ 171,281	\$ -	\$ 940,954
Due to trust fund holders	350,498	-	39,052	311,446
Total Liabilities	<u>\$ 1,120,171</u>	<u>\$ 171,281</u>	<u>\$ 39,052</u>	<u>\$ 1,252,400</u>
Hospital Debt Service				
Assets				
Cash and investments	\$ -	\$ 12,460,923	\$ 6,760,660	\$ 5,700,263
Due from other funds	-	20,109	-	20,109
Delinquent taxes receivable	-	71,469	-	71,469
Total Assets	<u>\$ -</u>	<u>\$ 12,552,501</u>	<u>\$ 6,760,660</u>	<u>\$ 5,791,841</u>

**CLARENDON COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2010**

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Liabilities				
Deferred revenue	\$ -	\$ 55,465	\$ -	\$ 55,465
Due to trust fund holders	-	5,736,376	-	5,736,376
Total Liabilities	<u>\$ -</u>	<u>\$ 5,791,841</u>	<u>\$ -</u>	<u>\$ 5,791,841</u>
Probate Judge				
Assets				
Cash	\$ 320	\$ 98,050	\$ 97,570	\$ 800
Due from trust fund holders	-	-	-	-
Total Assets	<u>\$ 320</u>	<u>\$ 98,050</u>	<u>\$ 97,570</u>	<u>\$ 800</u>
Liabilities				
Due to trust fund holders	\$ 320	\$ 480	\$ -	\$ 800
Total Liabilities	<u>\$ 320</u>	<u>\$ 480</u>	<u>\$ -</u>	<u>\$ 800</u>
Master In Equity				
Assets				
Cash	\$ 7,771	\$ 399,610	\$ 400,650	\$ 6,731
Total Assets	<u>\$ 7,771</u>	<u>\$ 399,610</u>	<u>\$ 400,650</u>	<u>\$ 6,731</u>
Liabilities				
Due to trust fund holders	\$ 7,771	\$ -	\$ 1,040	\$ 6,731
Total Liabilities	<u>\$ 7,771</u>	<u>\$ -</u>	<u>\$ 1,040</u>	<u>\$ 6,731</u>
Magistrate: General account				
Assets				
Cash	\$ 166,982	\$ 1,577,000	\$ 1,584,460	\$ 159,522
Due from credit card	620	1,617	620	1,617
Due from other magistrates	2,883	274	2,883	274
Total Assets	<u>\$ 170,485</u>	<u>\$ 1,578,891</u>	<u>\$ 1,587,963</u>	<u>\$ 161,413</u>
Liabilities				
Due to Treasurer	\$ 121,037	\$ 108,221	\$ 121,037	\$ 108,221
Due to trust fund holders	41,094	43,842	41,094	43,842
Due to Treasurer - cash overage/(shortage)	8,354	9,350	8,354	9,350
Total Liabilities	<u>\$ 170,485</u>	<u>\$ 161,413</u>	<u>\$ 170,485</u>	<u>\$ 161,413</u>

CLARENDON COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Magistrate: Civil Account				
Assets				
Cash	\$ 4,845	\$ 79,591	\$ 77,426	\$ 7,010
Total Assets	<u>\$ 4,845</u>	<u>\$ 79,591</u>	<u>\$ 77,426</u>	<u>\$ 7,010</u>
Liabilities				
Due to Treasurer	\$ 4,845	\$ 2,165	\$ -	\$ 7,010
Total Liabilities	<u>\$ 4,845</u>	<u>\$ 2,165</u>	<u>\$ -</u>	<u>\$ 7,010</u>
Magistrate: Part-time				
Assets				
Cash	\$ 3,414	\$ -	\$ 3,140	\$ 274
Due from Credit Card	1,160	-	1,160	-
Total Assets	<u>\$ 4,574</u>	<u>\$ -</u>	<u>\$ 4,300</u>	<u>\$ 274</u>
Liabilities				
Due to other magistrates	\$ 2,883	\$ -	\$ 2,609	\$ 274
Due to Town magistrates	591	-	591	-
Due to Others	1,100	-	1,100	-
Total Liabilities	<u>\$ 4,574</u>	<u>\$ -</u>	<u>\$ 4,300</u>	<u>\$ 274</u>
Clerk of Court				
Assets				
Cash	\$ 444,953	\$ 30,105	\$ 1,107	\$ 473,951
Due from trust fund holders	1,897	-	166	1,731
Total Assets	<u>\$ 446,850</u>	<u>\$ 30,105</u>	<u>\$ 1,273</u>	<u>\$ 475,682</u>
Liabilities				
Due to Treasurer	\$ 31,400	\$ 2,131	\$ -	\$ 33,531
Due to trust fund holders	398,461	27,108	-	425,569
Due to Treasurer - cash overage/(shortage)	16,989	-	407	16,582
Total Liabilities	<u>\$ 446,850</u>	<u>\$ 29,239</u>	<u>\$ 407</u>	<u>\$ 475,682</u>

**CLARENDON COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2010**

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Tax Collector				
Assets				
Cash	\$ 265,392	\$ 71,870	\$ -	\$ 337,262
Due from General Fund	4,189	5,512	-	9,701
Accounts receivable	-	-	-	-
Total Assets	<u>\$ 269,581</u>	<u>\$ 77,382</u>	<u>\$ -</u>	<u>\$ 346,963</u>
Liabilities				
Due to trust fund holders	\$ 269,581	\$ 77,382	\$ -	\$ 346,963
Total Liabilities	<u>\$ 269,581</u>	<u>\$ 77,382</u>	<u>\$ -</u>	<u>\$ 346,963</u>
 Total All Agency Funds				
Assets				
Cash and Investments	\$ 2,558,241	\$ 21,000,076	\$ 15,468,354	\$ 8,089,963
Delinquent taxes receivable	1,054,512	225,803	4,796	1,275,519
Due from credit card	1,780	1,617	1,780	1,617
Due from General Fund	232,536	1,974,564	1,934,424	272,676
Due from other magistrates	2,883	274	2,883	274
Due from trust fund holders	1,897	-	166	1,731
Total Assets	<u>\$ 3,851,849</u>	<u>\$ 23,202,334</u>	<u>\$ 17,412,403</u>	<u>\$ 9,641,780</u>
Liabilities				
Due to Treasurer	\$ 157,282	\$ 112,517	\$ 121,037	\$ 148,762
Due to Treasurer - cash overage/(shortage)	25,343	9,350	8,761	25,932
Due to trust fund holders	2,788,010	5,892,517	338,768	8,341,759
Deferred revenue	877,740	251,994	4,681	1,125,053
Due to Town Magistrate	591	-	591	-
Due to other magistrates	2,883	-	2,609	274
Total Liabilities	<u>\$ 3,851,849</u>	<u>\$ 6,266,378</u>	<u>\$ 476,447</u>	<u>\$ 9,641,780</u>

CLARENDON COUNTY
SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
SPECIAL REVENUE FUND - VICTIMS RIGHTS FUND
JUNE 30, 2010

	Clerk of Court	Magistrates	Total
Court Fines			
Court fines collected	\$ 19,930	\$ 635,916	\$ 655,846
Court fines retained by County	<u>12,468</u>	<u>635,916</u>	<u>648,384</u>
Court fines remitted to State Treasurer	<u>\$ 7,462</u>	<u>\$ -</u>	<u>\$ 7,462</u>
Court Assessments			
Court assessments collected	\$ 23,695	\$ 973,361	\$ 997,056
Court assessments retained by County	<u>8,112</u>	<u>65,620</u>	<u>73,732</u>
Court assessments remitted to State Treasurer	<u>\$ 15,583</u>	<u>\$ 907,741</u>	<u>\$ 923,324</u>
Court Surcharges			
Court surcharges collected	<u>\$ 29,556</u>	<u>\$ 18,079</u>	<u>\$ 47,635</u>
Court surcharges retained by County	<u>\$ 17,400</u>	<u>\$ 18,079</u>	<u>\$ 35,479</u>
Victims Services			
Court assessments allocated to Victim Services	\$ 8,112	\$ 65,620	\$ 73,732
Court surcharges allocated to Victim Services	<u>17,400</u>	<u>18,079</u>	<u>35,479</u>
Funds allocated to Victim Services	<u>\$ 25,512</u>	<u>\$ 83,699</u>	109,211
Victim Services expenditures			<u>(104,490)</u>
			<u>\$ 4,721</u>
Beginning balance - July 1, 2009		\$ 12,383	
Excess of revenue over expenditures for current year		4,721	
Interest Income		<u>10</u>	
Ending Balance - June 30, 2010		<u>\$ 17,114</u>	

**CLARENDON COUNTY, SOUTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2010**

Real and Other Personal Property Assessed Value	\$ 80,645,920
Vehicles Assessed Value	9,428,279
Manufacturer's Assessed Value	1,232,310
Merchants Inventory Value	688,290
Motor Carrier Assessed Value	<u>1,052,348</u>
Total Taxable Assessed Value	<u>93,047,147</u>
Debt Limit - Eight Percent (8%) of Total Taxable Assessed Value	7,443,772
Amount of Debt Applicable to Debt Limit:	<u>2,100,000</u>
LEGAL DEBT MARGIN	<u><u>\$ 5,343,772</u></u>

McGregor & COMPANY^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS | SINCE 1930

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

	PARTNERS			ASSOCIATES	
C.C. McGregor CPA 1906-1968	W.C. Stevenson CPA B.T. Kight, CPA G.D. Skipper, CPA L.R. Leaphart, Jr. CPA M.J. Binnicker, CPA W.W. Francis CPA	D.L. Richardson, CPA E.C. Inabinet, CPA S.S. Luoma CPA T.M. McCall CPA H.D. Brown, Jr. CPA L.B. Salley CPA	D.K. Strickland CPA J.P. McGuire, CPA L.H. Kelly CPA	V.K. Laroche, CPA G.N. Mundy, CPA M.L. Layman CPA P.A. Betette Jr CPA	S. Wo, CPA G.A. Farmer, CPA C.D. Hinchee, CPA J.R. Matthews II CPA

February 4, 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

To the Members of the
Clarendon County Council
Manning, South Carolina

We have audited the financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clarendon County, as of and for the year ended June 30, 2010, which collectively comprise Clarendon County's basic financial statements and have issued our report thereon dated February 4, 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 Clarendon County'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 Clarendon County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clarendon County's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

**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**

(continued)

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarendon 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*.

We noted certain matters that we reported to management of Clarendon County in a separate letter dated February 4, 2011.

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

McBurger & Co. LLP

McGregor & COMPANY^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS | SINCE 1930

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

	PARTNERS			ASSOCIATES	
C.C. McGregor, CPA 1906-1968	W.C. Stevenson, CPA B.T. Kight, CPA G.D. Skipper, CPA L.R. Leaphart, Jr, CPA M.J. Binnicker, CPA W.W. Francis, CPA	D.L. Richardson, CPA E.C. Inabinet, CPA S.S. Luoma, CPA T.M. McCall, CPA H.D. Brown, Jr, CPA L.B. Salley, CPA	D.K. Strickland, CPA J.P. McGuire, CPA L.H. Kelly, CPA	V.K. Laroche, CPA G.N. Mundy, CPA M.L. Layman, CPA P.A. Betette, Jr, CPA	S. Wo, CPA G.A. Farmer, CPA C.D. Hinchee, CPA J.R. Matthews II, CPA

February 4, 2010

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

Clarendon County Council
Clarendon County
Manning, South Carolina

Compliance

We have audited Clarendon County'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 Clarendon County's major federal programs for the year ended June 30, 2010. Clarendon County'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 Clarendon County's management. Our responsibility is to express an opinion on Clarendon County'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 Clarendon County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Clarendon County's compliance with those requirements.

In our opinion, Clarendon County complied, in all material respects, with the 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.

**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**
(continued)

Internal Control Over Compliance

Management of Clarendon County 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 Clarendon County's internal control over compliance with 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 Clarendon County's internal control over compliance.

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

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

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

McGuever & Co. LLP

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Grantor	Grantor Number	Federal CFDA Number	Award Amount	Total Awards Expended
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Community Development Block Grant:				
Paxville CDC Training Center	4-CC-06-002	14.228	500,000	352,028
U. S. DEPARTMENT OF JUSTICE:				
Through SC Department of Public Safety:				
Ballistic Vests 2009 - ARRA	1GS09133	16.803	9,975	9,975
Multijurisdictional Drug Task Force - ARRA	1GS09056	16.803	363,493	295,647
Justice Assistance 2009 - ARRA	2009-SB-B9-1137	16.738	106,699	95,907
Justice Assistance 2009A - ARRA	2009-DJ-BX-1394	16.738	25,976	22,895
FEDERAL AVIATION ADMINISTRATION				
Airport Hanger Project	3-45-0038-005-2007	20.106	186,240	71,250
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Through SC Emergency Management Division:				
Local Emergency Mgmt Planning 2008	8EMPG01	97.042	39,314	3,500
Local Emergency Mgmt Planning 2009	9EMPG01	97.042	37,074	32,213
Local Emergency Mgmt Planning 2010	10EMPG01	97.042	51,569	4,857
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Through Department of Social Services:				
Office of Child Support Enforcement:				
Filing Fees	G-04SC404	93.563		27,000
Federal Financial Assistance	G-04SC404	93.563		36,108
Clerk of Court Incentive (IV-D)	G-04SC404	93.563		16,344
Family Court Filing Fees	G-04SC404	93.563		122,415
Sheriff's Department	G-04SC404	93.563		10,741
TOTAL FEDERAL ASSISTANCE				<u>\$ 1,100,880</u>

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
NOTE TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR END JUNE 30, 2010**

NOTE A- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Clarendon County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements

**CLARENDON COUNTY
MANNING, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Clarendon County.
2. No deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies in internal control over major federal awards programs for Clarendon County were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for Clarendon County expresses an unqualified opinion on all major federal programs.
6. No audit findings are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:
 - Edward Byrne JAG grants CFDA# 16.803
 - Community Development Block Grant CFDA# 14.228
8. The threshold used for distinguishing Type A was \$300,000.
9. Clarendon County does not qualify to be a low-risk auditee.

B. Findings – Financial Statement Audit

There were no findings for Clarendon County, South Carolina.

C. Findings – Major Federal Program Audit

There were no findings for Clarendon County, South Carolina