

**ABBEVILLE COUNTY, SOUTH CAROLINA**

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**Report on Financial Statements  
For the Year Ended June 30, 2009**



**COUNTY OF ABBEVILLE, SOUTH CAROLINA**  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2009

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**COUNTY OF ABBEVILLE, SOUTH CAROLINA**  
 Comprehensive Annual Financial Report  
 For the Year Ended June 30, 2009

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## **INTRODUCTORY SECTION**

**COUNTY OF ABBEVILLE, SOUTH CAROLINA**

List of Principal Officials

June 30, 2009

Members of County Council

Ernest Ray Gunnells  
William C. Norris  
Robert B. McClain  
Claude Thomas  
Kenneth M. Davis  
Jeffrey C. Simpson  
John T. Calhoun

Council Chairman  
Council Vice Chairman  
County Council  
County Council  
County Council  
County Council  
County Council

Elected Officials

Judy F. Scott  
Brian K. Johnson  
Emily Y. McMahan  
Charles H. Goodwin  
James R. Ashley  
Charles M. Summer  
Jerry Peace

Treasurer  
Auditor  
Clerk of Court  
Sheriff  
Coroner  
Probate Judge  
Solicitor

Appointed Official

Scott Moulder

Director

Legislative Delegation

Senator William H. O'Dell  
Senator John Drummond  
Representative Paul Agnew  
Representative Michael W. Gambrell

**FINANCIAL SECTION**

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Independent Auditors' Report

The Honorable Chairman  
and Members of the County Council  
Abbeville, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund and the aggregate remaining fund information of Abbeville County, South Carolina, as of and for the year ended June 30, 2009 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 opinion.

We were not able to satisfy ourselves with respect to the monies collected and submitted on the Schedule of Clerk of Court Fees and Fines.

In our opinion, except for the effects on the financial statements of the issue described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, discretely presented component unit, each major fund and the aggregate remaining fund information of Abbeville County, South Carolina, as of June 30, 2009 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2009, on our consideration of the Abbeville 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.

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

The Honorable Chairman  
and Members of the County Council  
Abbeville, South Carolina  
Page Two

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, other required supplementary information and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other required supplementary information – Clerk of Court Fees and Fines has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it. The other supplementary information and other required supplementary information – Magistrate Fees and Fines have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relations to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "Clin Brantley & Co. PA". The signature is written in a cursive style with a long horizontal flourish extending to the right.

December 21, 2009

## ABBEVILLE COUNTY, SOUTH CAROLINA

Notes To Financial Statements

June 30, 2009

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Reporting Entity**

The County of Abbeville operates under a council form of government and provides the following services as authorized by its charter: public safety, road maintenance, health and welfare, culture and recreation, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements include those of the County (the primary government) and its component units. Also, the operational activities of various constitutional officers, judges and other judicial officials are included in the Agency Funds. These include the Clerk of Court, Probate Court, Sheriff and Magistrate Court. In addition, it includes taxes collected by the County on behalf of school districts and towns.

The financial statements of Abbeville County (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The component unit discussed below is included in the County's financial reporting entity because of the significance of its operational and financial relationship with the County. In conformity with GAAP, as set forth in Statement of Governmental Accounting Standard No. 14, *The Financial Reporting Entity*, and amended by GASB 39, *Determining Whether Certain Organizations are Component Units*. The financial statements of the component unit have been included as a discretely presented component unit. The component unit column in the combined financial statement includes the financial data from the Abbeville County Library for the year ended June 30, 2009. This unit is reported in a column separate from the County's financial information to emphasize that it is legally separate from the County.

#### **Discretely Presented Component Unit**

Abbeville-County Library - Effective July 1, 2002 the County created a library system separate from Greenwood County, with whom it had operated a regional library for a number of years. The County council appoints the Library's board of directors and passes the Library annual budget as a part of the County budget. The Library's board of directors selects management staff, prepares budgets, and controls all aspects of the operation of the Library. Pursuant to an agreement with the State Library Association, certain grants and other special funding initially provided will diminish over a period of 5 years, and the County will increase its financial participation in the library system. The County supports the Library through an annual millage levy. The County has the right to all Library's surpluses. The Library is reflected in the general ledger as a special revenue fund of the County.

#### **Basis of Presentation**

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

#### **Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature, which normally are supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

***Government-Wide Financial Statements***, Continued

The statement of activities presents a comparison between direct expenses and program revenue for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

***Fund Financial Statements***

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Measurement focus, basis of accounting, and financial statement presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

The *infrastructure development millage fund* accounts for funds received from property tax collections, grants and contributions that are restricted to improve and repair the County road systems.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

The County reports the following major enterprise fund:

The *landfill fund* accounts for the activities of the County's landfill operations.

Additionally, the government reports the following non-major fund types:

*Special revenue funds*

The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for specified purposes.

*Debt service fund*

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

*Capital projects funds*

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

*Agency fund*

The agency fund accounts for monies held on behalf of school districts, special districts and other agencies that use the County as a depository or property taxes are collected on behalf of the other governments.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's landfill function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**MEASUREMENT FOCUS**

**Government-wide financial statements**

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

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Fund financial statements**

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

**BASIS OF ACCOUNTING**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange And Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes, sales tax, grants, interest, fees and charges for services.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance financial year 2008-2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**Cash and Investments**

Cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition are considered to be cash and cash equivalents. Most short-term cash surpluses are maintained in a cash and investment pool allocated to each fund based on month-end deposit and investment balances. Investments with a readily determinable fair value are stated at fair value in accordance with GASB Statement 31. All other investments are at cost. Our current policy does not utilize amortized cost for any applicable investments.

Statutes established by the State of South Carolina allow the County to invest in the following:

- (1) Obligations of the United States and its agencies.
- (2) General obligations of the State of South Carolina or any of its political units.
- (3) Financial institution deposits to the extent they are insured by the Federal Deposit Insurance Corporation.
- (4) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) or (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of certificates of deposit so secured, including interest provided, provided however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (5) Repurchase agreements when collateralized by securities as set forth in (1) and (2).
- (6) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (a) is limited to obligations described in (1), (2) and (5), and (b) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, values its assets by the amortized cost method.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Cash and Investments**

Investments are stated at cost or amortized cost. Amortized cost uses the effective interest method to amortize bond premiums/discounts over the period from purchase to maturity.

The County Treasurer co-mingles cash and time deposits of a few of the funds, but separate fund balance accounts are maintained for accounting purposes so that the equity of each fund is properly reflected on the overall cash. Interest earned on co-mingled cash is distributed to funds based on their average fund balances for the fiscal year. The purpose of co-mingling funds is to obtain maximum return of interest through the investment of funds considered temporarily surplus. This practice does not apply to certain funds earmarked for specific purposes, such as the special revenue fund.

For Statement of Cash Flows purposes the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Receivables and Payables**

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

All accounts receivables are shown net of an allowance for doubtful accounts. Accounts receivable in excess of 90 days comprise the trade accounts receivable allowance. Real property taxes receivable is the actual property taxes levied and still outstanding after the fiscal year end.

**Intergovernmental Receivable**

Amounts due from federal grants represent reimbursable costs, which have been incurred by the County but have not been reimburse by the grantor agency. Costs under grant programs are recognized as expenditures in the period in which they are incurred by the County.

**Property Tax Calendar**

Property taxes are levied on real properties owned on the preceding December 31, of each County fiscal year ended June 30. Liens attach to the property at the time the taxes are levied which is usually in October of each year ended June 30.

These taxes are due without penalty until January 15. Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 16	10% of tax
March 17 and thereafter	15% of tax plus collection costs

Assessed values for real estate are established annually by the County Tax Assessor at 4% of market value for legal residence and 6% of market value for rental and other real property.

Current year real estate taxes become delinquent March 17. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the month.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Property Tax Calendar**

Taxes uncollected at June 30, 2009, are not considered available to liquidate current period liabilities and, accordingly, the County has provided deferred revenue equal to the delinquent accounts at fiscal year-end.

The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires. The County bills and collects its own property taxes. The County also bills and collects property taxes for the Special Service Districts, School Districts and Municipalities. Property tax revenue is recognized when due or past due and collectible within the current period or soon enough thereafter (defined as sixty days) to pay liabilities of the current period. An allowance is provided for an estimated amount of taxes billed, which may ultimately prove to be uncollectible. Deferred revenue (property taxes) represents that portion of property taxes which is deemed not available to pay current expenditures.

The County follows Governmental Accounting Standards Board (GASB) Statement Number 33, Accounting and Financial Reporting for Non-exchange Transactions to account for non-exchange revenues, which primarily consist of imposed non-exchange revenues or ad valorem taxes. Under the standard, a receivable is recorded when an enforceable legal claim for property taxes has arisen, and revenue is recognized when the resources are available.

**Inventories**

Inventories are determined by actual physical count and are valued at moving average cost. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased (consumption basis).

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of three or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

All reported capital assets except for the land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation for both governmental and business-type activities are computed using the straight-line method over the following useful lives.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Capital Assets**, Continued

Generally, estimated useful lives for governmental and business-type assets are as follows:

Governmental Assets	Estimated Useful Lives
Land Improvements	2 to 15 Years
Buildings	20 to 45 Years
Building Improvements	15 Years
Vehicles	3 to 7 Years
Furniture and Equipment	3 to 10 Years
Machinery and Equipment	5 to 10 Years
Infrastructure	5 to 50 Years
Business-Type Assets	Estimated Useful Lives
Buildings	40 Years
Land Improvements	20 Years
Subtitle D Landfill	16 Years
C & D Landfill	20 Years
Equipment	5-15 Years

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**Compensated Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since it is the County's policy to record the cost of sick leave only when it is used. For governmental fund types, vacation pay is recorded in the general long-term debt account group.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources has been reported as an expenditure and a fund liability of the governmental fund that will pay it in accordance with generally accepted accounting principles.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Compensated Absences**, Continued

Amounts of vested or accumulated annual leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No liability is recorded for nonvesting accumulating rights or sick pay benefits.

Employees accrue different amounts of vacation hours each month, depending on the number of years of service with the County. They are as follows: length of service is 0 -1 years, accrue 3.75 hours/month; length of service is 1-5 years, accrue 7.5 hours/month; length of service is 5-10 years, accrue 11.25 hours/month, length of service is 10-20 years, accrue 15 hours and; length of service is 20 or more years, accrue 18.75 hours/month of vacation pay per month. Employees may carry over from one calendar year to another a maximum carryover equivalent to two weeks of vacation benefits. For all County employees, no more than 720 hours may be carried over from one calendar year to another for sick leave benefits.

**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. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursement, are reported as transfers. Non-recurring or non-routine permanent transfer of equity are reported as residual equity transfer. All other interfund transfers are reported as operating transfer.

**Management Estimates**

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

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets, as required by state statutes, are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except Capital Projects Funds. Capital Projects Funds adopt project-length budgets. Annual Budgets are also adopted for the proprietary fund and the Economic Development Board, which is accounted for in the Agency Fund.

The budget calendar is as follows:

First Reading	First Meeting in May
Second Reading	First Meeting in June
Public Hearing	First Meeting in June
Third Reading	First Meeting in June

Annual appropriations lapse at fiscal year end.

On or before March 1, heads of County departments and agencies submit requests for appropriation to the County Director who compiles the requests. After adjustments, the County Director submits a comprehensive budget request document to County Council. The County Council conducts workshops and public hearings on the proposed budget and adopts the budget not later than June 30.

The appropriated budget is prepared by fund, function and activity. The County Director is authorized to transfer funds or any portion there of from any department, activity or purpose to another department, activity or purpose, as may be needed to facilitate the spending plan of the County in the best interest of the County. The County Director is also authorized to amend the budget to reflect grants received during the year and to carry over remaining balances of grants or one-time state appropriations for special projects, provided that matching local funds as required have been appropriated. At any time in which the total appropriations will be exceeded, County Council must take a vote. Therefore, total appropriations are the legal level of control. There is no supplemental appropriation for the fiscal year ended June 30, 2009. The County exceeded its legal appropriation for the victim service fund in the amount of \$2,044 for the fiscal year ended June 30, 2009.

Encumbrances are included in budgetary expenditures. Encumbered appropriations carryforward and a reserve of fund balance is established to offset the expenditure.

The County has an appropriated budget for the enterprise fund but is not required to report budgetary comparisons in the financial statements.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**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. At June 30, 2009, the carrying amount of the County's deposits was \$10,492,370 and the bank balance was \$8,888,638. All of the County's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name.

**Investments**

As of June 30, 2009, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreements	\$ 28,213	<b>Overnight</b>
Certificate of Deposits	1,529,297	
	1,557,510	

**Interest rate risk**

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit risk**

The County has no investment policy that would further limit its investment choices other than state law.

**Concentration of credit risk**

The County places no limit on the amount the County may invest in any one issuer. As of June 30, 2009, no single issuer investment exceeded 5% of total investments.

A reconciliation of cash and cash equivalents as shown on the government-wide statement of net assets and the statement of fiduciary net assets is as follows:

Reported Value of Deposits	\$ 8,934,860
Fair Value of Investments	1,557,510
Cash on Hand	1,600
Total	\$ 10,493,970
Cash and Cash Equivalents	
Primary Government	\$ 6,262,015
Fiduciary/Agency	4,231,955
Total	\$ 10,493,970

The deposits for the Component Unit at June 30, 2009, were \$65,456. Of these, \$-0- was exposed to custodial credit risk as uninsured and uncollateralized, and \$65,456 was insured and guaranteed by FDIC.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 4 - RECEIVABLES**

Receivables as of year-end for the government-wide statement of Net Assets, in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Governmental</u>	<u>Business- Type</u>	<u>Total</u>
Taxes and Assessments	\$ 1,252,910	73,198	1,326,108
Intergovernmental	676,057	-	676,057
Accounts and Other	<u>163,589</u>	<u>164,164</u>	<u>327,753</u>
Gross Receivables	2,092,556	237,362	2,329,918
Less Allowance	<u>186,152</u>	<u>23,177</u>	<u>209,329</u>
Net Receivables	<u>\$ 1,906,404</u>	<u>214,185</u>	<u>2,120,589</u>

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

A summary of amounts due from/to other funds at June 30, 2009 is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Agency Fund	\$ 661,745		
Enterprise Fund	1,005,497		
Library	6,364	General Fund	\$ 1,682,151
Special Revenue	<u>10,423</u>	Special Revenue	<u>1,878</u>
	<u>\$ 1,684,029</u>		<u>\$ 1,684,029</u>

**NOTE 6 - CAPITAL ASSETS**

Primary government capital asset activity for the year ended June 30, 2009 is as follows:

<b>Governmental Activities</b>	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital Assets Not Being Depreciated:					
Land	\$ 1,926,330	24,481	338,977	-	2,289,788
Construction In Progress	<u>586,080</u>	<u>318,888</u>	<u>(586,080)</u>	-	<u>318,888</u>
Total Capital Assets at Historical Cost Not Being Depreciated	<u>2,512,410</u>	<u>343,369</u>	<u>(247,103)</u>	-	<u>2,608,676</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	6,381,394	-	-	-	6,381,394
Improvements Other than Buildings	441,786	-	226,823	-	668,609
Machinery and Equipment	2,826,030	46,411	20,280	10,000	2,882,721
Equipment Under Capital Lease	1,918,698	237,852	-	1,353	2,155,197
Infrastructure	<u>5,703,670</u>	-	-	-	<u>5,703,670</u>
Total Capital Assets at Historical Cost Being Depreciated	<u>17,271,578</u>	<u>284,263</u>	<u>247,103</u>	<u>11,353</u>	<u>17,791,591</u>
Less Accumulated Depreciation	<u>5,642,305</u>	<u>869,871</u>	<u>-</u>	<u>10,507</u>	<u>6,501,669</u>
Total Capital Assets Being Depreciated, Net	<u>11,629,273</u>	<u>(585,608)</u>	<u>247,103</u>	<u>846</u>	<u>11,289,922</u>
Government-Type Activities Capital Assets, Net	<u>\$ 14,141,683</u>	<u>(242,239)</u>	<u>-</u>	<u>846</u>	<u>13,898,598</u>

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 6 - CAPITAL ASSETS**, Continued

Primary government capital asset activity for the year ended June 30, 2009 is as follows:

<b>Business-Type Activities</b>	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital Assets Not Being Depreciated:					
Land	\$ 166,215	-	-	-	166,215
Capital Assets Being Depreciated:					
Land Improvements	154,630	-	-	-	154,630
Subtitle D Landfill	2,018,209	-	-	-	2,018,209
C & D Landfill	178,117	-	-	-	178,117
Buildings	8,688	70,933	-	-	79,621
Machinery and Equipment	1,559,534	17,109	(14,557)	-	1,562,086
Equipment Under Capital Lease	-	202,979	-	-	202,979
Total Capital Assets Being Depreciated	3,919,178	291,021	(14,557)	-	4,195,642
Less Accumulated Depreciation	3,098,298	117,529	(14,557)	-	3,201,270
Total Capital Assets Being Depreciated, Net	820,880	173,492	-	-	994,372
Business-Type Activities Capital Assets, Net	\$ 987,095	173,492	-	-	1,160,587

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

Governmental Activities	
County Government Administration	\$ 104,594
Public Safety	193,750
Roads and Bridges	253,962
Solid Waste	64,537
Health and Welfare	103,182
Non-Departmental	135,289
	<u>\$ 855,314</u>
Business-Type Activity	
Landfill	\$ 117,529
	<u>\$ 117,529</u>

**NOTE 7 - LONG-TERM DEBT**

**General Obligation Bonds**

Ad valorem taxes are pledged to secure the outstanding balance of each bond issue and must be levied in an amount sufficient to pay the principal and interest due each year. The South Carolina Constitution limits local unit borrowing power to 8 percent of its assessed property value. The limitation excludes bonded indebtedness existing on December 1, 1977 (date of the Constitutional amendment), certain special levies assessed on properties located in an area receiving special benefits, special source revenue bonds and other prescribed indebtedness approved by the voters. Based on the 2008 assessed property valuation of approximately \$56,278,976 the County's debt limit would approximate \$4,502,318.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 7 - LONG-TERM DEBT**, Continued

General Obligation Bonds currently outstanding are as follows:

General Obligation Bonds series 2000 Due in Annual Installments of Principal Through September 1, 2015; Interest is Payable Semiannually at 5% Per Annum. \$ 1,645,000

Public Building General Obligation Bonds series 1980 Due in Annual Installments of \$29,385 for Principal and Interest Through March 20, 2020; Interest at 5% Per Annum. 238,344  
\$ 1,883,344

Annual debt service requirements to maturity for General Obligation Bonds outstanding as of June 30, 2009 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	276,381	95,254	371,635
2011	282,275	81,360	363,635
2012	288,217	67,168	355,385
2013	294,211	52,674	346,885
2014	305,260	37,875	343,135
2015	311,365	22,520	333,885
2016	22,531	6,854	29,385
2017	23,760	5,625	29,385
2018	25,056	4,329	29,385
2019	26,423	2,962	29,385
2020	<u>27,865</u>	<u>1,520</u>	<u>29,385</u>
	<u>\$ 1,883,344</u>	<u>378,141</u>	<u>2,261,485</u>

The amount available in the debt service fund to service the General Obligation Bonds is \$155,095.

***Capital Leases***

The government has entered into lease agreements as lessee for financing the acquisition of computer equipment for the Clerk of Court, eight fire trucks, medical information equipment, recycling equipment, two ambulances and fifteen vehicles. The government also has financed the acquisition of a compactor for its Landfill Enterprise Fund by means of a lease. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 7 - LONG-TERM DEBT**, Continued

**Capital Leases**, Continued

The assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Asset:		
Machinery and Equipment	\$ 2,155,197	273,912
Less: Accumulated Depreciation	<u>527,255</u>	<u>30,770</u>
Total	<u>\$ 1,627,942</u>	<u>243,142</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 were as follows:

<u>Fiscal Year Ending June 30</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
2010	\$ 384,792	60,686
2011	303,333	60,686
2012	155,580	60,686
2013	155,580	60,686
2014	86,532	-
2015-2019	432,659	-
2020-2024	<u>86,532</u>	<u>-</u>
Total Minimum Lease Payments	1,605,008	242,744
Less Amount Representing Interest	<u>(239,733)</u>	<u>(17,438)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,365,275</u>	<u>225,306</u>

**Changes in Long-Term Liabilities**

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

**Governmental Activities:**

	Balance <u>06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/09</u>	Due Within <u>One Year</u>
General Obligation Bonds	\$ 2,148,878	-	265,534	1,883,344	276,381
Tax Anticipation Notes	-	600,000	600,000	-	-
Capital Leases	1,427,536	326,176	388,437	1,365,275	330,876
Compensated Absences	<u>253,473</u>	<u>233,222</u>	<u>179,026</u>	<u>307,669</u>	<u>187,977</u>
	<u>\$ 3,829,887</u>	<u>1,159,398</u>	<u>1,432,997</u>	<u>3,556,288</u>	<u>795,234</u>

The general fund liquidates the compensated absences liability.

On November 5, 2008 the County entered into a non bank qualified taxable tax anticipation note with a bank, in the form of a line of credit. The maximum amount of the note was \$600,000, and accrued interest at a fixed rate of 4.57%. The note matured on March 5, 2009, at which time the principal and interest due was paid.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 7 - LONG-TERM DEBT**, Continued

**Business-Type Activities:**

The County recognizes its liability for its solid waste landfill closure and post closure care costs as long-term debt in the enterprise fund. During the year ended June 30, 2009, the following changes occurred in the long term debt:

	Balance <u>06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/09</u>
Capital Lease	\$ -	283,824	58,518	225,306
Municipal Solid Waste Landfill				
Closure Cost	1,572,400	47,753	484,543	1,135,610
Post Closure Cost	<u>1,405,900</u>	<u>28,617</u>	<u>367,327</u>	<u>1,067,190</u>
	<u>\$ 2,978,300</u>	<u>360,194</u>	<u>910,388</u>	<u>2,428,106</u>

Increases and Decreases in the liability are due to the following:

Change in Estimate	\$ (832,870)
Landfill Capacity Used	76,370
Post Closure Completed	<u>(19,000)</u>
	<u>\$ (775,500)</u>

For further explanation of this liability, see note 8.

**NOTE 8 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COST**

The Abbeville County Solid Waste Authority began operations in the early 1970's. It became a department of Abbeville County and in 1991 transferred operations from a Special Revenue Fund to an Enterprise Fund. On October 9, 1991, federal regulations issued by the Environmental Protection Agency (EPA) placed specific requirements pertaining to the closing of municipal solid waste landfills once its capacity is reached as well as postclosure monitoring and maintenance for a period of thirty years after closure. During the year the County completed construction on a new Subtitle D landfill and began accepting waste into the landfill on October 1, 1998. The existing landfill, which consisted of two separate cells, began the closure process immediately. The South cell closure was complete at June 30, 2002. The North cell closure was substantially complete on June 30, 2005. The post closure care costs amounted to an estimated liability of \$437,000 at June 30, 2009. In addition, the County recognizes a portion of the closure and postclosure care costs for the new Subtitle D landfill in each operating period even though actual payouts will not occur until the landfill is closed. The amount recognized to date is based on the landfill capacity used as of the balance sheet date. As of June 30, 2009, the County had incurred an estimated liability of \$1,765,800, which represents the amount of costs reported to date based on an estimated sixty-six percent (69%) of landfill capacity used to date, and consulting engineers analysis and estimates. The total liability under GASB Statement 18 was \$2,202,800 as of June 30, 2009.

The closure and postclosure costs are subject to changes such as the effects of inflation, revision of laws and other variables. By federal and state laws, the County is required to establish financial assurance by the use of one of several approved mechanisms, to accumulate, or otherwise provide, the assets needed for the actual payout of closure and postclosure care costs. As of June 30, 2009, the County \$ 1,525,230 of cash in a separate landfill closure fund as well as the capacity to issue debt to provide for this liability.

The total estimated remaining constructed capacity of the landfill at June 30, 2009 is approximately 7.5 years, and the total estimated permitted capacity is approximately 45 years.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 9 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County continues to carry insurance for other risks of loss including employee health, dental, group life and accident insurance under various plans. For its employee's health and accident insurance coverage, the County carries its own insurance with employee coverage being borne by the County. Employees can elect to have dependent coverage at their expense. This plan is administered by Blue Cross/Blue Shield of South Carolina. The County pays the monthly premiums for active employees.

Property & Liability and Workers' Compensation is covered by two self-insured pools of the South Carolina Association of Counties and administered by Sedgwick James of the Carolinas. Settlements did not exceed the County's insurance coverage during the current fiscal year and there were no significant reductions in insurance coverage from the prior year.

**NOTE 10 - EMPLOYEES' PENSION PLAN**

The General Assembly of South Carolina ratified the following constitutional amendment on January 24, 1979:

The governing body of any retirement or pension system in this State funded in whole or in part by public funds shall not pay any increased benefits to members or beneficiaries of such system above the benefit levels in effect on January 1, 1979 unless such governing body shall first determine that funding for such increase on a sound actuarial basis has been provided or is concurrently provided.

The General Assembly shall annually appropriate funds and prescribe member contributions for any State operated retirement system which will insure the availability of funds to meet all normal and accrued liability of the system on a sound actuarial basis as determined by the governing body of the system.

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

SCRS plan members are required to contribute 6.5% of their annual covered salary while PORS plan members are required to contribute 6.5% of their annual covered salary. The County is required to contribute an actuarially determined rate. The current rates for the SCRS and PORS are 9.24% and 10.65% of annual covered payroll, respectively (9.06% and 10.3% of annual covered payroll, respectively, prior to July 1, 2007). In addition to the preceding rates, the County contributes .15% and .2 % of covered payroll to a group life insurance benefit for their SCRS and PORS participants, respectively. Additionally, participating employers contribute .2% of covered payroll to provide an accidental death benefit for their PORS participants. The contribution requirements of plan members and the County are established under Title 9 of the South Carolina Code of Laws. The County's required contributions were made to SCRS and PORS and are summarized for the current and prior two years as follows:

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 10 - EMPLOYEES' PENSION PLAN**, Continued

<u>Year Ended</u>	Employer		Employee	
	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>
June 30, 2009	\$ 314,594	187,994	217,770	110,585
June 30, 2008	308,217	179,941	217,526	109,310
June 30, 2007	231,594	159,484	186,507	100,645
June 30, 2009 (SCRS and PORS)		502,588		328,355

The total covered wages for the County and its component unit for the fiscal year presented are \$4,774,147. The County has no fiduciary responsibility for or further liability to either plan.

All employers contribute at the actuarially required contribution rates.

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

Employees eligible for service retirement may participate in the Teacher and Retiree Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits.

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts, which are issued to, and become the property of the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.06 percent plus the retiree surcharge of 3.25 percent from the employer in fiscal year 2009.

None of the County's employees have elected to be covered under optional retirement plans as of June 30, 2009.

**NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits, the County provides certain health care benefits for retired employees. Substantially all of the County's employees may become eligible for those benefits if they reach normal retirement age while working for the County. Retired participants bear the cost of the plan by payment of monthly premiums. Currently there are 16 retirees that are participating in this arrangement.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 12 - DEFERRED COMPENSATION**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time County employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

As of August 26, 1996 laws governing Section 457 plans were changed to state that plans were not eligible unless all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

CitiStreet LLC., One Heritage Drive North Quincy, MA 02171, (under state contract) are the program administrators of the 457 plan, as well as the 401K plan. The choice of deferred compensation options are selected by the participant. As recommended by GASB No. 32, *Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans*, the value of the assets under the plan are not included in the County's financial statements.

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

Due to the nature of the County's normal activities, it is routinely subject to a variety of claims and demands by various individuals and entities.

Loss contingencies are situations involving uncertainties as to possible loss. The uncertainties are resolved when certain events occur or fail to occur. Loss contingencies may result from litigation, claims, audit disallowances, threatened property loss, or uncollectible receivables. Such situations are loss contingencies at June 30 if the related liability has not been recorded, yet a loss is reasonably possible. Guarantees of others' debts are loss contingencies, however, even if the probability of loss is remote. The County maintains insurance against certain loss contingencies with tort liability policies and physical damage coverage. At the date of this report the lawsuits the County was involved in will, in the opinion of management and legal council, either be fully insured or will not result in any material financial liability. Otherwise, the County's management is not aware of any material contingencies arising from lawsuits or other uncertainties.

The County receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or overall financial position of the County at June 30, 2009.

The County has completed construction on and began operating its own Subtitle D landfill on October 1, 1998. The County's obligation to provide for closure and post closure care costs and the related financial assurance mandated by the Environmental Protection Agency (EPA) is more fully described in Note 8. The County maintains a waste management plan to handle/recycle a state-mandated 35% of all waste taken into the landfill.

**NOTE 14 - CONDUIT DEBT OBLIGATIONS**

The County from time to time has issued Special Source Revenue Bonds and Industrial Revenue Bonds to furnish financial assistance to private-sector entities for the acquisition and construction of industrial facilities within Industrial Parks considered to be in the public interest. The bonds are secured by the property financed. The property is leased to the private-sector entity as "Tenants", and the underlying bonds are payable solely from payments received from the tenant in the form of rents and payments in lieu of taxes. Upon repayment of the bonds, ownership of the acquired facilities will transfer to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**ABBEVILLE COUNTY, SOUTH CAROLINA**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 14 - CONDUIT DEBT OBLIGATIONS**, Continued

As of June 30, 2009 there were no special source revenue bonds outstanding and there were no industrial revenue bonds outstanding that the county has record of.

**NOTE 15 - COMPONENT UNIT INFORMATION**

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial reporting entity. The Abbeville County Library is discretely presented on the financial statements and the following is the associated note disclosure.

***Cash And Investments***

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At June 30, 2009, the carrying amount of the Library's deposits was \$64,702 and the bank balance was \$65,456. All of the Library's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the Library's name. Therefore, none of the Library's deposits were exposed to custodial credit risk at June 30, 2009.

***Capital Assets***

Component Unit capital asset activity for the year ended June 30, 2009 is as follows:

<b>Abbeville County Library</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets Not Being Depreciated:				
Books	\$ 1,011,535	49,919	85,855	975,599
Collections	61,935	-	-	61,935
Total Capital Assets Not Being Depreciated	<u>1,073,470</u>	<u>49,919</u>	<u>85,855</u>	<u>1,037,534</u>
Capital Assets Being Depreciated:				
Equipment, Furniture and Fixtures	22,022	-	-	22,022
Total Capital Assets Being Depreciated	<u>22,022</u>	<u>-</u>	<u>-</u>	<u>22,022</u>
Less Accumulated Depreciation	<u>10,799</u>	<u>2,203</u>		<u>13,002</u>
Total Capital Asset Being Depreciated, Net Component Unit	<u>11,223</u>	<u>(2,203)</u>	<u>-</u>	<u>9,020</u>
Total Capital Assets, Net	<u>\$ 1,084,693</u>	<u>47,716</u>	<u>85,855</u>	<u>1,046,554</u>

**Subsequent Event**

Subsequent to the fiscal year end, on July 23, 2009 the County issued \$750,000 of Special Source Revenue Bonds to provide infrastructure for three separate industries. The bonds will be paid back from revenues generated by fee-in-lieu agreements with those companies. The bonds carry an interest rate of 5.15%, are payable over five years and are due July 23, 2014.