

**KERSHAW COUNTY, SOUTH CAROLINA  
ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2014**

**KERSHAW COUNTY, SOUTH CAROLINA  
ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2014**

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-12
<b>BASIC FINANCIAL STATEMENTS:</b>		
Government-Wide Financial Statements:		
Statement of Net Position	A	13-14
Statement of Activities	B	15
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	E	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	19
Statement of Net Position – Proprietary Fund	G	20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	H	21
Statement of Cash Flows – Proprietary Fund	I	22-23
Statement of Fiduciary Net Position	J	24
Statement of Changes in Fiduciary Net Position – Trust Funds	K	25
Notes to the Financial Statements		26-51

**KERSHAW COUNTY, SOUTH CAROLINA  
ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

**SUPPLEMENTAL INFORMATION:**

*General Fund*

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	52-60
Required Supplemental Information - Budgetary Comparison Schedule	61
Required Supplemental Information - Other Post Employment Benefit Plan - Defined Benefit Healthcare Plan - Schedules of Employer Contributions and Funding Progress	62
Notes to Required Supplemental Information	63

*Special Revenue Fund*

Balance Sheet	64
Schedule of Revenues, Expenditures and Changes in Fund Balance	65-68
Schedule of Revenues, Expenditures and Changes in Fund Balance - Library Operations	69
Schedule of Fines and Assessments	70

*Debt Service Fund*

Balance Sheet	71
Schedule of Revenues, Expenditures and Changes in Fund Balance	72

*Capital Projects Fund*

Balance Sheet	73
Schedule of Revenues, Expenditures and Changes in Fund Balance	74

*Sewer System Enterprise Fund*

Schedule of Revenues, Expenses and Changes in Net Position	75
--	----

*Fiduciary Funds*

Combining Balance Sheet	76
Schedule of Changes in Assets and Liabilities – All Agency Funds	77
Combining Balance Sheet – All Trust Funds	78

**KERSHAW COUNTY, SOUTH CAROLINA**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2014**  
**(Continued)**

**COMPLIANCE SECTION:**

Schedule of Expenditures of Federal Awards	79-80
Notes to Schedule of Expenditures of Federal Awards	81
Independent Auditor's 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
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	84-85
Schedule of Findings and Questioned Costs	86-87
Summary Schedule of Prior Audit Findings	88

**SHEHEEN, HANCOCK & GODWIN, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

1011 FAIR STREET

P.O. DRAWER 428

**CAMDEN, SOUTH CAROLINA 29021**

FOUNDED 1959

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

MARC A. QUIGLEY, CPA  
REBECCA M. LEE, CPA  
TRACY L. FAILE, CPA  
SHANE E. KIRKLEY, CPA  
B. KEACH JORDAN, CPA  
ADRIENNE BERG LUCAS  
CHRISTOPHER H. HARRELL

November 21, 2014

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kershaw County, South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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 from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kershaw County, South Carolina, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the General Fund on pages 4 through 12 and 61, and the schedules of funding progress and employer contributions on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kershaw County, South Carolina's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, on our consideration of Kershaw County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kershaw County, South Carolina's internal control over financial reporting and compliance.

*Sheheen Hancock & Godwin, LLP*  
Sheheen, Hancock and Godwin, LLP  
Certified Public Accountant

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2014**

This section of Kershaw County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended June 30, 2014. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of Kershaw County exceeded its liabilities at the close of the most recent fiscal year by \$58,244,122. Of this amount, \$46,401,227 may be used to meet the County's ongoing obligations to citizens and creditors.
- As of the close of the fiscal year, Kershaw County's governmental funds reported combined ending fund balances of \$14,685,532.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$10,579,210.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2014  
(Continued)**

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

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

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2014  
(Continued)**

**Government-Wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

The County has three kinds of funds:

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

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2014  
(Continued)**

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

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

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

**Net position.** The County's combined net assets at the end of the current fiscal year are \$58,244,122. Looking at the net position and net expenses of governmental and business-type activities separately reflects that net position from governmental activities make up 79.6 % of total net position. The following table is a summary of the County's net position for 2014 compared to 2013.

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

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Current and Other Assets	\$ 20,488,689	\$ 16,108,917	\$ 4,379,772
Capital Assets	60,614,663	59,545,666	1,068,997
Deferred Outflows	<u>28,086</u>	<u>-</u>	<u>28,086</u>
<b>Total Assets and Deferred Outflows</b>	<b><u>81,131,438</u></b>	<b><u>75,654,583</u></b>	<b><u>5,476,855</u></b>
Long Term Debt Outstanding	16,230,854	16,872,560	(641,706)
Other Liabilities	6,435,312	5,707,218	728,094
Deferred Inflows	<u>221,150</u>	<u>-</u>	<u>221,150</u>
<b>Total Liabilities and Deferred Inflows</b>	<b><u>22,887,316</u></b>	<b><u>22,579,778</u></b>	<b><u>307,538</u></b>
Net Investment in Capital Assets	45,456,081	44,574,142	881,939
Restricted	1,611,331	1,458,645	152,686
Unrestricted	<u>11,176,710</u>	<u>7,042,018</u>	<u>4,134,692</u>
<b>Total Net Assets</b>	<b><u>\$ 58,244,122</u></b>	<b><u>\$ 53,074,805</u></b>	<b><u>\$ 5,169,317</u></b>

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2014  
(Continued)**

**Change in Net Position.** The following table is a summary of the County's change in net position for 2014.

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

	<u>Governmental</u> <u>Activities</u>	<u>Business - Type</u> <u>Activities</u>	<u>Total</u>
<b>Revenues:</b>			
Program Fees:			
Fees, Fines and Charges for Services	\$ 7,227,667	\$ 1,937,730	\$ 9,165,397
Operating Grants	250,437	-	250,437
Capital Grants	678,674	158,201	836,875
General Revenues:			
Property Taxes	18,897,429	-	18,897,429
Miscellaneous	771,196	460	771,656
Unrestricted Investment Earnings	2,280	-	2,280
Intergovernmental Revenues	4,141,029	-	4,141,029
Gain on Disposition of Capital Assets	-	-	-
Transfer - Sewer Fund	<u>(372,240)</u>	<u>372,240</u>	<u>-</u>
 Total Revenues	 <u>31,596,472</u>	 <u>2,468,631</u>	 <u>34,065,103</u>
 <b>Expenses:</b>			
General Government	10,312,227	-	10,312,227
Public Safety	8,622,221	-	8,622,221
Highways and Streets	2,148,194	-	2,148,194
Culture and Recreation	1,476,429	-	1,476,429
Sanitation	2,291,647	-	2,291,647
Other Objects	1,279,385	-	1,279,385
Capital Outlay	892,221	-	892,221
Interest and Other Charges	142,960	-	142,960
Sewer	<u>-</u>	<u>1,658,483</u>	<u>1,658,483</u>
 Total Expenses	 <u>27,165,284</u>	 <u>1,658,483</u>	 <u>28,823,767</u>
 Change in Net Position	 <u>4,431,188</u>	 <u>810,148</u>	 <u>5,241,336</u>
 Net Position, Beginning of Year (Restated)	 <u>41,970,039</u>	 <u>11,032,747</u>	 <u>53,002,786</u>
 Net Position, End of Year	 <u>\$ 46,401,227</u>	 <u>\$ 11,842,895</u>	 <u>\$ 58,244,122</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2014  
(Continued)**

**Governmental Activities**

Governmental activities increased the County's net position by \$4,431,188. The increase in net position is largely attributable to the increase in fees, fines and charges for services of \$802,749 and an increase in property taxes of \$1,290,164.

Expenses for governmental activities increased from the previous year by \$987,911. All expense categories increased from last fiscal year with the exception of other objects and interest and other charges.

**Business-type Activities**

Business-type activities had a net position increase of \$810,148. The increase in net position is attributable to the increase in revenue of \$493,267. Charges to customers for monthly usage of the system did cover operating expenses for the current fiscal year.

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

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

*Governmental Funds.* As of the end of the fiscal year, governmental funds had a combined fund balance of \$14,685,532, which is an increase of \$3,115,904 over last year. Of this balance, the General fund makes up \$12,285,247 – roughly 84%. The General fund is the main operating fund for the County.

*The Special Revenue* fund makes up \$1,627,649 of the governmental fund balance. The special revenue funds are funds that are setup to account for specific revenues that are legally restricted to expenditure for a particular purpose. Funds such as inmate canteen, fire service, E-911 Tariff and grants make up these funds.

*The Debt Service* fund makes up \$687,955 of the governmental fund balance. The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the County is obligated in some manner for the payment.

*The Capital Projects* fund makes up \$84,681 of the governmental fund balance. The Capital Projects fund is used to record transactions for acquiring new buildings, equipment for new buildings and major equipment additions, including remodeling of, or additions to, existing facilities.

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

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2014  
(Continued)**

Unrestricted net position for the County sewer system at the end of the year were \$693,578. Other factors regarding this fund were addressed in the discussion of the County's business-type activities.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget are due to transfers and budget amendments made by County Administration. These transfers and budget amendments were made for various reasons including line item costs overruns, salary increases, supplemental appropriations, capital expenditures, etc. After considering these budget adjustments, actual revenues were \$1,501,707 over the budgeted amount. Actual expenses for the general fund were \$276,059 over budget, and other financing sources and uses were \$944,050 over budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2014, Kershaw County had invested \$60,614,663 (net of accumulated depreciation) in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and sewer lines. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

This year's major capital asset additions included:

- Construction expenses for a septage receiving system.
- Construction expenses for rehabilitation of sewer lines.
- Improvements and additions to recreation facilities.
- Infrastructure improvements to various roads in Kershaw County.
- Purchase of land for additional runway and airspace at Kershaw County Airport.
- Purchase of equipment for E-911 Backup Center.
- Purchase of heavy equipment.
- Purchase of vehicles.

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

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2014  
(Continued)**

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

	Governmental Activities <u>2014</u>	Business -Type Activities <u>2014</u>	Total <u>2014</u>
Land	\$ 9,085,962	\$ 465,301	\$ 9,551,263
Construction in Progress	3,375,077	2,166,770	5,541,847
Building and Improvements	27,892,366	-	27,892,366
Office Equipment	920,525	-	920,525
Equipment	8,417,640	112,503	8,530,143
Vehicles	9,673,838	-	9,673,838
Infrastructure	23,488,681	21,448,162	44,936,843
Accumulated Depreciation	<u>(42,175,769)</u>	<u>(4,256,393)</u>	<u>(46,432,162)</u>
<b>Total Net Assets</b>	<b><u>\$ 40,678,320</u></b>	<b><u>\$ 19,936,343</u></b>	<b><u>\$ 60,614,663</u></b>

**Long-term Debt**

At year-end, the County had \$18,825,510 in bonds, notes, capital leases and compensated absences outstanding - as shown in Table 4. More detailed information about the County's long-term liabilities is presented in Note 8 to the financial statements.

Of the \$18.8 million in debt, \$6,889,094 is backed by the full faith and credit of the County. The remainder of the debt represents bonds backed solely by specified revenue sources.

**Bond Ratings**

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

**Limitations on Debt**

The State of South Carolina Code of Laws, as amended, limits the amount of general obligation debt the County can issue to no more than 8 percent of the assessed value of all taxable property within the County without the approval of a referendum presented to the citizens of Kershaw County. The current 8% debt limitation based on assessed value of \$208,738,210 for the County is \$16,699,057 of which the County has \$9,809,963 available.

**KERSHAW COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2014  
(Continued)**

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

	Governmental Activities		Business -Type Activities		Total	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
General Obligation Bonds	\$ 5,540,000	\$ 4,140,000	\$ 9,315,235	\$ 9,301,275	\$ 14,855,235	\$ 13,441,275
Revenue Bonds	43,117	27,261	73,172	-	116,289	27,261
Capital Lease	877,660	1,690,046	-	-	877,660	1,690,046
Compensated Absences	537,592	782,231	899	12,181	538,491	794,412
Net OPEB Obligation	811,322	1,035,913	-	-	811,322	1,035,913
Post-Closure Costs	<u>1,917,000</u>	<u>1,836,603</u>	<u>-</u>	<u>-</u>	<u>1,917,000</u>	<u>1,836,603</u>
<b>Total Net Assets</b>	<b>\$ <u>9,726,691</u></b>	<b>\$ <u>9,512,054</u></b>	<b>\$ <u>9,389,306</u></b>	<b>\$ <u>9,313,456</u></b>	<b>\$ <u>19,115,997</u></b>	<b>\$ <u>18,825,510</u></b>

**NEXT YEAR'S BUDGETS AND RATES**

The 2014-2015 original budget for the Kershaw County General Fund is \$22,989,995.

The budget for the Kershaw County sewer system for the 2014-2015 fiscal year is \$1,711,350.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT NET POSITION**  
**June 30, 2014**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 16,440,926	\$ 590	\$ 16,441,516
Restricted Cash	726,595	-	726,595
Accounts Receivable, Net	-	205,577	205,577
Taxes Receivable, Net	889,134	-	889,134
Other Receivables	2,186,034	15,892	2,201,926
Interfund Balances	(1,257,583)	1,257,583	-
Prepaid Expenses	23,941	-	23,941
Capital Assets:			
Land	9,085,962	465,301	9,551,263
Construction in Progress	3,375,077	2,166,770	5,541,847
Buildings and Improvements	27,892,366	-	27,892,366
Office Equipment	920,525	-	920,525
Equipment	8,417,640	112,503	8,530,143
Vehicles	9,673,838	-	9,673,838
Infrastructure	23,488,681	21,448,162	44,936,843
Less: Accumulated Depreciation	<u>(42,175,769)</u>	<u>(4,256,393)</u>	<u>(46,432,162)</u>
Total Capital Assets, Net of Depreciation	<u>40,678,320</u>	<u>19,936,343</u>	<u>60,614,663</u>
<b>Deferred Outflows</b>	<u>28,086</u>	<u>-</u>	<u>28,086</u>
<b>Total Assets and Deferred Outflows</b>	<u>\$ 59,715,453</u>	<u>\$ 21,415,985</u>	<u>\$ 81,131,438</u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT NET POSITION**  
**June 30, 2014**  
**(Continued)**

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	\$ 1,951,796	\$ 520	\$ 1,952,316
Accrued Interest Payable	27,679	30,524	58,203
Customer Deposits Payable	-	7,440	7,440
Due to Agency Funds	1,822,697	-	1,822,697
Long-Term Liabilities:			
Due Within One Year:			
General Obligation Bonds	1,450,000	514,249	1,964,249
Revenue Bonds	16,896	-	16,896
Capital Lease	489,351	-	489,351
Compensated Absences	111,979	12,181	124,160
Due in More Than One Year:			
General Obligation Bonds	2,690,000	8,787,026	11,477,026
Revenue Bonds	10,365	-	10,365
Capital Lease	1,200,695	-	1,200,695
Compensated Absences	670,252	-	670,252
Net OPEB Obligation	1,035,913	-	1,035,913
Closure and Post Closure Costs	<u>1,836,603</u>	<u>-</u>	<u>1,836,603</u>
<b>Total Liabilities</b>	<u>13,314,226</u>	<u>9,351,940</u>	<u>22,666,166</u>
<b>Deferred Inflows</b>	<u>-</u>	<u>221,150</u>	<u>221,150</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>13,314,226</u>	<u>9,573,090</u>	<u>22,887,316</u>
<b>Net Position</b>			
Net Investment in Capital Assets	34,821,013	10,635,068	45,456,081
Restricted for:			
Debt Service	687,955	514,249	1,202,204
Capital Projects	84,681	-	84,681
Victims Assistance	324,446	-	324,446
Unrestricted	<u>10,483,132</u>	<u>693,578</u>	<u>11,176,710</u>
<b>Total Net Position</b>	<u>\$ 46,401,227</u>	<u>\$ 11,842,895</u>	<u>\$ 58,244,122</u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2014**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 10,312,227	\$ 3,120,556	\$ 20,863	\$ 669,960	\$ (6,500,848)	\$ -	\$ (6,500,848)
Public Safety	8,622,221	515,270	187,690	-	(7,919,261)	-	(7,919,261)
Sanitation	2,148,194	1,615,167	41,884	8,714	(482,429)	-	(482,429)
Highways and Streets	1,476,429	1,694,081	-	-	217,652	-	217,652
Other Objects	2,291,647	-	-	-	(2,291,647)	-	(2,291,647)
Culture and Recreation	1,279,385	282,593	-	-	(996,792)	-	(996,792)
Capital Outlay	892,221	-	-	-	(892,221)	-	(892,221)
Interest and Other Charges	142,960	-	-	-	(142,960)	-	(142,960)
<b>Total Governmental Activities</b>	<b>27,165,284</b>	<b>7,227,667</b>	<b>250,437</b>	<b>678,674</b>	<b>(19,008,506)</b>	<b>-</b>	<b>(19,008,506)</b>
<b>Business-Type Activities:</b>							
Sewer	1,658,483	1,937,730	-	158,201	-	437,448	437,448
<b>Total Business-Type Activities</b>	<b>1,658,483</b>	<b>1,937,730</b>	<b>-</b>	<b>158,201</b>	<b>-</b>	<b>437,448</b>	<b>437,448</b>
<b>Total Primary Government</b>	<b>\$ 28,823,767</b>	<b>\$ 9,165,397</b>	<b>\$ 250,437</b>	<b>\$ 836,875</b>	<b>(19,008,506)</b>	<b>437,448</b>	<b>(18,571,058)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes, Levied for General Purposes					11,026,887	-	11,026,887
Property Taxes, Levied for Debt Service					1,362,699	-	1,362,699
Public Service Taxes					1,158,605	-	1,158,605
Sales and Use Tax					3,974,297	-	3,974,297
Payments in Lieu of Taxes					1,374,941	-	1,374,941
Miscellaneous					771,196	460	771,656
Unrestricted Investment Earnings					2,280	-	2,280
Intergovernmental Revenues					4,141,029	-	4,141,029
Transfers - Sewer Fund					(372,240)	372,240	-
<b>Total General Revenues</b>					<b>23,439,694</b>	<b>372,700</b>	<b>23,812,394</b>
<b>Change in Net Position</b>					<b>4,431,188</b>	<b>810,148</b>	<b>5,241,336</b>
<b>Net Position, Beginning of Year (Restated)</b>					<b>41,970,039</b>	<b>11,032,747</b>	<b>53,002,786</b>
<b>Net Position, End of Year</b>					<b>\$ 46,401,227</b>	<b>\$ 11,842,895</b>	<b>\$ 58,244,122</b>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2014**

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 16,438,722	\$ 2,204	\$ -	\$ 16,440,926
Restricted Cash	-	726,595	-	726,595
Receivables:				
Property Taxes, Net	708,743	85,795	94,596	889,134
Intergovernmental	1,312,176	417,476	103,786	1,833,438
Grants	-	149,151	20,582	169,733
Other	142,166	40,697	-	182,863
Due From Other Funds	-	249,006	571,361	820,367
Prepaid Expenses	<u>23,941</u>	<u>-</u>	<u>-</u>	<u>23,941</u>
<b>Total Assets</b>	<b><u>\$ 18,625,748</u></b>	<b><u>\$ 1,670,924</u></b>	<b><u>\$ 790,325</u></b>	<b><u>\$ 21,086,997</u></b>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 1,951,796	\$ -	\$ -	\$ 1,951,796
Compensated Absences	109,595	2,384	-	111,979
Due to Other Funds	<u>3,900,647</u>	<u>-</u>	<u>-</u>	<u>3,900,647</u>
Total Liabilities	<u>5,962,038</u>	<u>2,384</u>	<u>-</u>	<u>5,964,422</u>
<b>Deferred Inflows</b>				
Deferred Tax Revenue	378,463	39,244	17,689	435,396
Deferred Revenue	<u>-</u>	<u>1,647</u>	<u>-</u>	<u>1,647</u>
Total Deferred Inflows	<u>378,463</u>	<u>40,891</u>	<u>17,689</u>	<u>437,043</u>
<b>Fund Balances</b>				
Nonspendable for Prepaids	23,941	-	-	23,941
Restricted for:				
Debt Service	-	-	687,955	687,955
Capital Projects	-	-	84,681	84,681
Victims Assistance	324,446	-	-	324,446
Committed for:				
Library	119,345	-	-	119,345
Recreation	224,609	-	-	224,609
Capital Trial	125,000	-	-	125,000
Budget Reserves	888,696	-	-	888,696
Assigned	-	1,627,649	-	1,627,649
Unassigned	<u>10,579,210</u>	<u>-</u>	<u>-</u>	<u>10,579,210</u>
Total Fund Balances	<u>12,285,247</u>	<u>1,627,649</u>	<u>772,636</u>	<u>14,685,532</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b><u>\$ 18,625,748</u></b>	<b><u>\$ 1,670,924</u></b>	<b><u>\$ 790,325</u></b>	<b><u>\$ 21,086,997</u></b>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

**Total Fund Balances - Governmental Funds (Exhibit C)** **\$ 14,685,532**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Property Taxes	435,396
Other	1,647

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets are \$82,854,089 and the accumulated depreciation is \$42,175,769 40,678,320

The County's Net Other Post-Employment Benefit ("OPEB") Obligation resulting from underfunded annual required contributions to its OPEB Plan is not reported as a liability in the governmental funds. (1,035,913)

Accrued interest on bonds in governmental accounting was not due and payable in the current period and, therefore, has not been reported as a liability in the funds. (27,679)

Long-term liabilities, including debt premiums and deferred refunding charges, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

General Obligation Bonds	(2,690,000)
General Obligation Bonds- Current	(1,450,000)
Revenue Bonds	(10,365)
Revenue Bonds - Current	(16,896)
Capital Lease	(1,200,695)
Capital Lease - Current	(489,351)
Deferred Refunding Charges, Net of Accumulated Amortization of \$19,098	28,086
Compensated Absences	(670,252)
Closure and Post Closure Costs	<u>(1,836,603)</u>

**Total Net Position - Governmental Activities (Exhibit A)** **\$ 46,401,227**

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 14,719,381	\$ 2,183,122	\$ 2,023,222	\$ 18,925,725
Licenses, Permits and Fees	3,480,848	1,627,538	10,689	5,119,075
Intergovernmental Revenues	2,710,963	1,430,066	-	4,141,029
Charges for Services	588,388	-	-	588,388
Fines and Forfeits	787,373	251,057	-	1,038,430
Miscellaneous	<u>484,051</u>	<u>1,030,348</u>	<u>669,959</u>	<u>2,184,358</u>
 Total Revenues	 <u>22,771,004</u>	 <u>6,522,131</u>	 <u>2,703,870</u>	 <u>31,997,005</u>
<b>Expenditures</b>				
Current:				
General Government	7,965,000	831,908	-	8,796,908
Public Safety	6,577,358	1,095,514	-	7,672,872
Highways and Streets	1,306,843	27,253	-	1,334,096
Culture and Recreation	1,094,763	-	-	1,094,763
Sanitation	-	1,971,434	-	1,971,434
Other Objects	2,082,350	209,297	-	2,291,647
Capital Outlay	1,855,849	2,079,111	677,909	4,612,869
Debt Service:				
Principal	505,007	-	1,400,000	1,905,007
Interest and Other Charges	<u>13,817</u>	<u>-</u>	<u>127,475</u>	<u>141,292</u>
 Total Expenditures	 <u>21,400,987</u>	 <u>6,214,517</u>	 <u>2,205,384</u>	 <u>29,820,888</u>
 <b>Excess of Revenues Over Expenditures</b>	 <u>1,370,017</u>	 <u>307,614</u>	 <u>498,486</u>	 <u>2,176,117</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	10,490	-	-	10,490
Lease Proceeds	1,301,537	-	-	1,301,537
Transfer from Proprietary Fund	200,950	-	-	200,950
Transfer to Special Revenue Fund	(713,296)	-	-	(713,296)
Transfer from General Fund	-	713,296	-	713,296
Transfer to Proprietary Fund	<u>-</u>	<u>(350,463)</u>	<u>(222,727)</u>	<u>(573,190)</u>
 Total Other Financing Sources (Uses)	 <u>799,681</u>	 <u>362,833</u>	 <u>(222,727)</u>	 <u>939,787</u>
 <b>Net Change in Fund Balances</b>	 2,169,698	 670,447	 275,759	 3,115,904
 <b>Fund Balances, Beginning of Year</b>	 <u>10,115,549</u>	 <u>957,202</u>	 <u>496,877</u>	 <u>11,569,628</u>
 <b>Fund Balances, End of Year</b>	 <u>\$ 12,285,247</u>	 <u>\$ 1,627,649</u>	 <u>\$ 772,636</u>	 <u>\$ 14,685,532</u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2014**

<b>Total Net Change In Fund Balances - Governmental Funds ( Exhibit E )</b>	<b>\$ 3,115,904</b>
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$3,720,648 exceeds depreciation expense of \$2,691,529 in the period.	1,029,119
The gain on disposal of assets has been included in the Statement of Activities, whereas in the governmental funds, proceeds from disposal of assets increases financial resources. Thus, the change in net position differs from the change in fund balance by the carrying amount of the assets disposed.	(10,490)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,415,856
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	489,151
Deferred refunding charges are not recognized by the governmental funds; but are amortized over the life of the refunding debt in the Statement of Activities. This amount is the amortization for the current year.	(6,740)
Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenue increased in the current year.	(28,293)
Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	(1,301,537)
In the Statement of Activities, certain operating expenses -compensated absences- are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation used exceeded the amount earned by this amount.	(132,660)
In the Statement of Activities, an amount is expensed for closure and post-closure costs. Such costs are not accrued in the governmental funds.	80,397
The County's Net Other Post-Employment Benefit ("OPEB") Obligation resulting from underfunded annual required contributions to its OPEB Plan, is not reported as a liability in the governmental funds. This amount represents the net change in this liability during the current year.	(224,591)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest decreased in the current year.	<u>5,072</u>
<b>Change in Net Position of Governmental Activities ( Exhibit B )</b>	<b><u>\$ 4,431,188</u></b>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**June 30, 2014**

	<b>Enterprise Fund Sewer Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 590
Accounts Receivable, Net	205,577
Other Receivables	15,892
Due from General Fund	<u>1,257,583</u>
Total Current Assets	<u>1,479,642</u>
Non-Current Assets:	
Capital Assets:	
Land	465,301
Construction in Progress	2,166,770
Sewer System Infrastructure	21,448,162
Equipment	112,503
Less: Accumulated Depreciation	<u>(4,256,393)</u>
Total Non-Current Assets	<u>19,936,343</u>
<b>Total Assets</b>	<b><u>21,415,985</u></b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	520
Accrued Interest Payable	30,524
Customer Deposits Payable	7,440
Compensated Absences	12,181
Current Portion of General Obligation Bonds Payable	<u>514,249</u>
Total Current Liabilities	<u>564,914</u>
Long-term Liabilities:	
General Obligation Bonds Payable	<u>8,787,026</u>
<b>Deferred Inflows</b>	<u>221,150</u>
<b>Total Liabilities and Deferred Inflows</b>	<b><u>9,573,090</u></b>
<b>Net Position</b>	
Net Investment in Capital Assets	10,635,068
Restricted for Debt Service	514,249
Unrestricted	<u>693,578</u>
<b>Total Net Position</b>	<b><u>\$ 11,842,895</u></b>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Enterprise Fund</b> <b><u>Sewer Fund</u></b>
<b>Operating Revenues</b>	
Charges from Sewer Service	\$ 1,574,130
Impact Fees and Other Charges	363,600
Grants	158,201
Miscellaneous	<u>460</u>
Total Revenues	<u>2,096,391</u>
<b>Operating Expenses</b>	
Salaries and Benefits	286,319
Contractual Services	69,453
Supplies	30,857
Repairs and Maintenance	227,353
Fuel	12,624
Utilities and Telephone	275,657
Engineering	37,626
Postage	7,200
Fleet Maintenance	8,139
Miscellaneous	51,811
Depreciation	<u>432,118</u>
Total Operating Expenses	<u>1,439,157</u>
<b>Operating Income</b>	<u>657,234</u>
<b>Non-Operating Income (Expense)</b>	
Interest Expense	<u>(219,326)</u>
Total Non-Operating Income (Expense)	<u>(219,326)</u>
<b>Income Before Contributions and Transfers</b>	<u>437,908</u>
Transfer from Special Revenue Fund	350,463
Transfer to General Fund	(200,950)
Transfer from Debt Service Fund	<u>222,727</u>
Total Contributions and Transfers	<u>372,240</u>
<b>Change in Net Position</b>	810,148
<b>Net Position, Beginning of Year (Restated)</b>	<u>11,032,747</u>
<b>Net Position, End of Year</b>	<u>\$ 11,842,895</u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Enterprise Fund</b> <b><u>Sewer Fund</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 1,909,596
Cash Paid to Suppliers	(720,200)
Cash Paid for Salaries and Employee Benefits	<u>(275,037)</u>
Net Cash Provided by Operating Activities	<u>914,359</u>
<b>Cash Flows From Non-Capital Financing Activities</b>	
Operating Transfers to Other Funds	(200,950)
Operating Transfers from Other Funds	573,190
Increase in Due from Other Funds	<u>(495,428)</u>
Net Cash (Used) by Non-Capital Financing Activities	<u>(123,188)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of Capital Assets	(482,486)
Proceeds from Revenue Bonds	488,879
Principal Paid on Revenue Bond Maturities	(576,011)
Interest Paid	<u>(221,553)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(791,171)</u>
<b>Net Change in Cash and Cash Equivalents</b>	-
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>590</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 590</u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Fiscal Year Ended June 30, 2014**  
**(Continued)**

	<b>Enterprise Fund</b> <b><u>Sewer Fund</u></b>
Operating Income	\$ 657,234
Adjustments to Reconcile Operating Income to Net Cash Provided	
By Operating Activities:	
Depreciation	432,118
(Increase) in Accounts Receivable	(64,780)
Decrease in Other Receivables	8,135
(Decrease) in Deferred Revenue	(130,150)
Increase in Accounts Payable	520
Increase in Compensated Absences	<u>11,282</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 914,359</u></b>

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

**KERSHAW COUNTY, SOUTH CAROLINA  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2014**

	<u>Agency Funds</u>	<u>Trust Funds</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 2,659,173	\$ 2,123,366
Taxes Receivable, Net	2,739,402	-
Other Receivables	32,058	-
Due from General Fund	<u>1,822,697</u>	<u>-</u>
<b>Total Assets</b>	<u><u>7,253,330</u></u>	<u><u>2,123,366</u></u>
<b>Liabilities</b>		
Due to Other Taxing Units	4,077,741	-
Due to Solicitor	661,360	-
Due to KC Clean Commission	<u>18,510</u>	<u>-</u>
<b>Total Liabilities</b>	<u>4,757,611</u>	<u>-</u>
<b>Deferred Inflows</b>	<u>2,495,719</u>	<u>-</u>
<b>Net Assets</b>		
Held in Trust	<u>-</u>	<u>2,123,366</u>
<b>Total Net Assets</b>	<u><u>\$ -</u></u>	<u><u>\$ 2,123,366</u></u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**TRUST FUNDS**

For the Fiscal Year Ended June 30, 2014

	Detention Center	Land Sale	Magistrate	Clerk/ Family Court	Master in Equity	Sheriff Drug Trust	Total
<b>Additions</b>							
Inmate Deposits	\$ 314,557	-	-	-	-	-	\$ 314,557
Land Sales	-	1,564,005	-	-	-	-	1,564,005
Bonds, Fines and Fees	-	-	1,817,859	6,078,856	-	-	7,896,715
Escrow Funds	-	-	-	-	706,474	-	706,474
Seizures	-	-	-	-	-	34,072	34,072
Interest	-	-	99	1,625	-	76	1,800
<b>Total Additions</b>	<u>314,557</u>	<u>1,564,005</u>	<u>1,817,958</u>	<u>6,080,481</u>	<u>706,474</u>	<u>34,148</u>	<u>10,517,623</u>
<b>Deductions</b>							
Inmate Withdrawals	317,958	-	-	-	-	-	317,958
Disbursement of Sales Proceeds	-	1,770,474	-	-	-	-	1,770,474
Disbursement of Bonds, Fines and Fees	-	-	1,783,740	5,587,047	-	-	7,370,787
Disbursement of Escrow Funds	-	-	-	-	704,519	11,005	715,524
Bank Charges	-	-	834	31	-	2	867
<b>Total Deductions</b>	<u>317,958</u>	<u>1,770,474</u>	<u>1,784,574</u>	<u>5,587,078</u>	<u>704,519</u>	<u>11,007</u>	<u>10,175,610</u>
<b>Change to Fiduciary Net Position</b>	<u>(3,401)</u>	<u>(206,469)</u>	<u>33,384</u>	<u>493,403</u>	<u>1,955</u>	<u>23,141</u>	<u>342,013</u>
<b>Net Position, Beginning of Year</b>	<u>50,181</u>	<u>1,021,646</u>	<u>178,349</u>	<u>459,220</u>	<u>2,876</u>	<u>69,081</u>	<u>1,781,354</u>
<b>Net Position, End of Year</b>	<u>\$ 46,780</u>	<u>\$ 815,177</u>	<u>\$ 211,733</u>	<u>\$ 952,623</u>	<u>\$ 4,831</u>	<u>\$ 92,222</u>	<u>\$ 2,123,366</u>

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

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

**A. Reporting Entity**

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

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

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

**B. Basis of Presentation**

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

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

*Fund Financial Statements*

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

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

The funds of the County are described below

**Governmental Funds**

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

***General Fund***

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

***Special Revenue Fund***

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

***Debt Service Fund***

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

***Capital Projects Fund***

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

**Proprietary Fund**

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

***Enterprise Fund***

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

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

**Fiduciary Funds**

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

***Agency Funds***

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

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

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

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

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

***Trust Funds***

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

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

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

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

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

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

*Sheriff Drug Trust.* The Sheriff Drug Trust Fund is used to account for drug seizure money held by the County until the cases are heard and a determination is made if the money belongs to an individual or the County.

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

*Measurement Focus*

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

Like the government-wide financial statements, the Proprietary Fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases and decreases in total net position. The statement of cash flows reflects how the County finances and meets the cash flow of its Proprietary Fund.

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

*Basis of Accounting*

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

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

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

*Cash and Cash Equivalents*

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

*Investments*

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

**E. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, franchise fees, state shared revenue and grants. Property taxes receivables are carried at cost less an allowance for uncollectible. Business-type activities report sewer as their major receivables.

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

**F. Restricted Assets**

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

**G. Prepaid Items**

Prepaid items consist of payments made to vendors for services that will benefit periods beyond June 30, 2014.

**H. Capital Assets**

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

*Government-Wide Statements*

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

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

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

*Fund Financial Statements*

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

**I. Short-term Inter-fund Receivables/Payable**

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

**J. Compensated Absences**

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

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

**K. Deferred Outflows of Resources**

The County reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflow of resources reported in this year's financial statements is a deferred amount arising from the refunding of enterprise fund bonds in a previous year. This deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year.

**L. Deferred Inflows of Resources**

The County's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The County will not recognize the related revenues until a future event occurs. The County has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's fiscal year) under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, deferred property taxes and grants are reported in the governmental funds balance sheet. The County had \$221,150 in deferred inflows of resources to report in its proprietary fund financial statements for the current year.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

**M. Long-term Obligations**

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

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

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

**N. Equity Classifications**

*Government-Wide Statements*

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

- a. Net Investment in capital assets. This consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, capital leases or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position. This consists of net position with constraints placed on the use by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position. All other net position that do not meet the definition of "restricted" or "net investment in capital assets" are classified as unrestricted.

The County classifies governmental fund balances as follows:

- Non-spendable—Includes amounts that inherently cannot be spent either because they are not in a spendable form (i.e., prepaids, inventories, long-term loan receivables, etc.) or because they are legally or contractually required to be maintained intact (i.e., principal on an endowment, etc.).
- Restricted—Includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

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

**June 30, 2014**

**(Continued)**

- **Committed**—Includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by County Council, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
  
- **Assigned**—Includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed, designated by Council before the end of the reporting period.
  
- **Unassigned**—Includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Proprietary fund equity is classified the same as in the government-wide statements.

The County generally uses restricted amounts first when both restricted and unrestricted (committed, assigned and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

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

**P. Capital Contributions**

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

**Q. Inter-fund Transactions**

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

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

**R. Use of Estimates**

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

**S. Statement of Cash Flows**

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

**T. Changes in Beginning Net Position/Fund Balance**

The following discloses the restatement of the governmental net position as of the beginning of the fiscal year:

Net Position, beginning of the year, as previously restated:	\$ 42,009,926
Decrease resulting from recognition of bond issuance cost related to GASB Statement No. 65	<u>(39,887)</u>
Net Position, beginning of year, as restated:	<u>\$ 41,970,039</u>

The following discloses the restatement of the proprietary net position as of the beginning of the fiscal year:

Net Position, beginning of the year, as previously restated:	\$ 11,064,879
Decrease resulting from recognition of bond issuance cost related to GASB Statement No. 65	<u>(32,132)</u>
Net Position, beginning of year, as restated:	<u>\$ 11,032,747</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

**Note 2. Deposits and Investments**

***Deposits – Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be recovered. The County does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$21,463,073 of the County's bank balance of \$22,059,866, which has a carrying value of \$21,983,549, was exposed to custodial credit risk as follows:

Uninsured by FDIC, but collateral held by pledging bank not in the County's name	<u>\$ 21,463,073</u>
---	----------------------

***Investments***

As of June 30, 2014, the County had the following investment and maturity, which is included in cash and cash equivalents:

	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturity Less Than 1 Yr.</u>
Repurchase Agreement	Unrated	\$12,974,252	\$12,974,252

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

*Custodial Credit Risk for Investments*- Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a deposit policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2014, none of the County's investments were exposed to custodial credit risk.

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

**Note 3. Property Taxes**

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

Real property and all personal property other than vehicles are assessed for property tax purposes on January 1 of each year. All taxable property is assessed in proportion to its value on that date. The basis for value of taxable property within the County is taken from the records of the Kershaw County Auditor. Taxes are levied in October and are due and payable

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

at that time. Property taxes are due by January 15, and penalties are imposed as follows: 3% prior to February 1, an additional 7% prior to March 15, and an additional 5% after March 15.

A summary of outstanding property taxes at June 30, 2014, is presented below.

	<u>Governmental Fund Type</u>			<u>Fiduciary</u>	<u>Total</u>
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Fund Type</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Service</u>	<u>Agency</u>	
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
Taxes Receivable	\$ 1,145,900	\$ 138,714	\$ 152,943	\$ 4,429,083	\$ 5,866,640
Less: Allowance for Doubtful Accounts	<u>(437,157)</u>	<u>(52,919)</u>	<u>(58,347)</u>	<u>(1,689,681)</u>	<u>(2,238,104)</u>
Net Taxes Receivable	<u>\$ 708,743</u>	<u>\$ 85,795</u>	<u>\$ 94,596</u>	<u>\$ 2,739,402</u>	<u>\$ 3,628,536</u>

**Note 4. Other Receivables**

Other governmental receivables at June 30, 2014, consist of intergovernmental revenues, franchise fees, magistrate fees, DSS fees and landfill fees.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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

Inter-fund balances at June 30, 2014, (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ -	\$ 3,900,647
Special Revenue Fund	249,006	-
Capital Projects Fund	64,099	-
Debt Service Fund	507,262	-
Proprietary Fund	1,257,583	-
Agency Fund	<u>1,822,697</u>	<u>-</u>
<b>Totals</b>	<u>\$ 3,900,647</u>	<u>\$ 3,900,647</u>

The General Fund payable is a result of various transactions for the Special Revenue Fund, Debt Service Fund, Capital Projects Fund, Proprietary Fund and Agency Fund.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

**Note 6. Capital Assets**

Capital Asset activity for the year ended June 30, 2014, was as follows:

*Governmental Activities*

Non-depreciable Assets:	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Land	\$ 9,085,962	\$ -	\$ -	\$ 9,085,962
Construction in Progress	4,621,584	2,007,849	(3,254,356)	3,375,077
<b>Depreciable Assets:</b>				
Buildings and Improvements	27,017,936	1,386,401	(511,971)	27,892,366
Office Equipment	883,586	36,939	-	920,525
Equipment	8,162,777	904,619	(649,756)	8,417,640
Vehicles	8,516,368	1,273,797	(116,327)	9,673,838
Infrastructure	<u>21,621,801</u>	<u>1,866,880</u>	<u>-</u>	<u>23,488,681</u>
Totals	<u>79,910,014</u>	<u>7,476,485</u>	<u>(4,532,410)</u>	<u>82,854,089</u>

Less: Accumulated Depreciation

Buildings and Improvements	(8,743,162)	(856,561)	-	(9,599,723)
Office Equipment	(760,504)	(48,284)	-	(808,788)
Equipment	(5,581,109)	(763,419)	649,756	(5,694,772)
Vehicles	(7,393,319)	(486,834)	116,327	(7,763,826)
Infrastructure	<u>(17,772,229)</u>	<u>(536,431)</u>	<u>-</u>	<u>(18,308,660)</u>
Totals	<u>(40,250,323)</u>	<u>(2,691,529)</u>	<u>766,083</u>	<u>(42,175,769)</u>

Governmental Activities

Capital Assets, Net	<u>\$ 39,659,691</u>	<u>\$ 4,784,956</u>	<u>\$ (3,766,327)</u>	<u>\$ 40,678,320</u>
---------------------	----------------------	---------------------	-----------------------	----------------------

*Business-type Activities*

Non-depreciable Assets:				
Land	\$ 465,301	\$ -	\$ -	\$ 465,301
Construction in Progress	1,988,742	482,486	(304,458)	2,166,770
<b>Depreciable Assets:</b>				
Sewer System	21,143,704	304,458	-	21,448,162
Equipment	<u>112,503</u>	<u>-</u>	<u>-</u>	<u>112,503</u>
Totals	<u>23,710,250</u>	<u>786,944</u>	<u>(304,458)</u>	<u>24,192,736</u>

Less: Accumulated Depreciation

Sewer System	(3,725,695)	(423,385)	-	(4,149,080)
Equipment	<u>(98,580)</u>	<u>(8,733)</u>	<u>-</u>	<u>(107,313)</u>
Totals	<u>(3,824,275)</u>	<u>(432,118)</u>	<u>-</u>	<u>(4,256,393)</u>

Business-type Activities

Capital Assets, Net	<u>\$ 19,885,975</u>	<u>\$ 354,826</u>	<u>\$ (304,458)</u>	<u>\$ 19,936,343</u>
---------------------	----------------------	-------------------	---------------------	----------------------

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

Depreciation expense was charged to governmental activities as follows:

General Government	\$	1,135,327
Highways and Streets		173,075
Public Safety		988,220
Sanitation		253,909
Culture and Recreation		<u>140,998</u>
Governmental Activities		
Total Depreciation Expense	\$	<u>2,691,529</u>

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

Construction in progress and construction commitments – governmental activities and business-type activities consisted of the following at June 30, 2014:

	Expenditures <u>To Date</u>	Total <u>Contract</u>	Contract Payments <u>Remaining</u>
<i>Governmental Activities</i>			
Gov. Hill Industrial Park	\$ 159,840	\$ 159,840	\$ -
Wildlife Road	206,298	206,598	300
(9) Dirt Roads to Pave	574,041	658,208	84,167
Washrack	5,435	7,000	1,565
Airport Runway	332,937	428,760	95,823
Patriot Software	148,400	196,800	48,400
Waterfront Drive	636,629	741,312	104,683
Woodland Field	1,000,000	1,000,000	-
Wateree Streetscape	41,572	174,357	132,785
Pheasant Walk	15,329	29,700	14,371
Benjamin Walk	17,586	22,330	4,744
Airport Runway FAA 20	226,755	618,450	391,695
LiveScan	<u>10,255</u>	<u>31,349</u>	<u>21,094</u>
Total	<u>\$ 3,375,077</u>	<u>\$ 4,274,704</u>	<u>\$ 899,627</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

	Expenditures	Total	Contract
<i>Business-type Activities</i>	<u>To Date</u>	<u>Contract</u>	<u>Payments Remaining</u>
Hwy 5 Influent Pump	\$ 1,730,270	\$ 1,728,685	\$ (1,585)
US 1 Sewer South	65,678	200,000	134,322
US 1 East Camden	11,050	13,000	1,950
Condor Megasite	156,279	156,279	-
Rehabb #3	27,939	-	(27,939)
Septage Receiving	<u>175,554</u>	<u>27,050</u>	<u>(148,504)</u>
Total	<u>\$ 2,166,770</u>	<u>\$ 2,125,014</u>	<u>\$ (41,756)</u>

**Note 7. Accounts Payable and Accrued Expenses**

The significant components of accounts payable and accrued expenses for governmental activities at June 30, 2014, are as follows:

Accounts Payable	\$ 1,951,796
Accrued Payroll, Withholdings, Fringe and Benefits	<u>111,979</u>
Total Accounts Payable and Accrued Expenses -	
Governmental Activities	<u>\$ 2,063,775</u>

**Note 8. Long-term Debt**

***Governmental Activities:***

As of June 30, 2014, the governmental long-term debt consisted of general obligation bonds, revenue bonds, capital leases, post-closure costs and compensated absences.

***General Obligation Bonds***

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

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

On August 11, 2010, the County issued Series 2010 General Obligation Refunding and Improvement Bonds totaling \$4,625,000 with principal payments due each March 1 and semi-annual interest payments due March 1 and September 1 of each year. The bonds range in maturity dates from 2011 to 2018. The interest rate ranges from 1.00% to 2.20%.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,450,000	\$ 84,170	\$ 1,534,170
2016	1,000,000	51,180	1,051,180
2017	1,000,000	34,680	1,034,680
2018	690,000	15,180	705,180
	<u>\$ 4,140,000</u>	<u>\$ 185,210</u>	<u>\$ 4,325,210</u>

*Revenue Bonds Payable*

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

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 16,896	\$ 1,250	\$ 18,146
2016	10,365	214	10,579
	<u>\$ 27,261</u>	<u>\$ 1,464</u>	<u>\$ 28,725</u>

*Capital Lease Payable*

On May 15, 2013 the County entered into a capital lease arrangement with USC Bancorp Government Leasing and Finance Inc. to purchase mobile radios in the amount of \$1,056,662. The lease is payable in monthly installments beginning July 1, 2013, including interest at a rate of 0.891%. As of June 30, 2014, the County had an outstanding balance of \$801,175.

On July 30, 2013 the County entered into a capital lease arrangement with John Deere Financial to purchase motor graders in the amount of \$647,575. The lease is payable in yearly installments beginning July 30, 2013. As of June 30, 2014, the County had an outstanding balance of \$637,860.

On May 25, 2014 the County entered into a capital lease arrangement with USC Bancorp Government Leasing and Finance Inc. to purchase motor vehicles in the amount of \$335,961. The lease is payable in yearly installments beginning May 25, 2014, including interest at a rate of 0.891%. As of June 30, 2014, the County had an outstanding balance of \$251,012.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

The following is a schedule of the future minimum lease payments under capital lease, and the present value of the net minimum lease payments at June 30, 2014.

Year Ending June 30,			
2015	\$	499,215	
2016		498,265	
2017		93,419	
2018		613,215	
Total minimum lease payments		1,704,114	
Less: Amounts representing interest		(14,068)	
Present value of future minimum lease payments	\$	1,690,046	

***Business-type Activities:***

On January 8, 2008, the County issued Series 2008A General Obligation Bonds totaling \$5,574,760 with quarterly principal and interest payments due each February 1, May 1, August 1, and November 1. The bonds range in maturity from 2011 to 2030. The interest rate is 2.25%.

On January 8, 2008, the County issued Series 2008B General Obligation Bonds totaling \$3,598,630 with quarterly principal and interest payments due each March 1, June 1, September 1, and December 1. The bonds range in maturity from 2010 to 2029. The interest rate is 2.25%.

On January 6, 2012, the County issued SRF loan General Obligation Bonds totaling \$2,416,405 with quarterly principal and interest payments due each February 1, May 1, August 1, and November 1. The bonds range in maturity from 2012 to 2031. The interest rate is 2.25%.

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

Year Ending June 30,	Principal	Interest	Total
2015	\$ 514,249	\$ 293,491	\$ 807,740
2016	525,918	248,823	774,741
2017	537,851	220,390	758,241
2018	550,055	188,685	738,740
2019	562,536	161,025	723,561
2020-2024	3,010,035	607,767	3,617,802
2025-2029	3,255,867	250,729	3,506,596
2029-2031	344,764	7,222	351,986
	\$ 9,301,275	\$ 1,978,132	\$ 11,279,407

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

**Note 9. Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2014.

	Balance <u>7/1/2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2014</u>	Due Within <u>One Year</u>
<i>Governmental Activities:</i>					
G.O. Bonds	\$ 5,540,000	\$ -	\$ (1,400,000)	\$ 4,140,000	\$ 1,450,000
Revenue Bonds	43,117	-	(15,856)	27,261	16,896
Capital Lease	877,660	1,301,537	(489,151)	1,690,046	489,351
Compensated Absences	537,592	782,231	(537,592)	782,231	111,978
Net OPEB Obligation	811,322	224,591	-	1,035,913	-
Post-closure Costs	<u>1,917,000</u>	<u>-</u>	<u>(80,397)</u>	<u>1,836,603</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 9,726,691</u></b>	<b><u>\$ 2,308,359</u></b>	<b><u>\$ (2,522,996)</u></b>	<b><u>\$ 9,512,054</u></b>	<b><u>\$ 2,068,225</u></b>
<i>Business-type Activities:</i>					
Revenue Bonds	\$ 73,172	\$ -	\$ (73,172)	\$ -	\$ -
G.O. Bonds	9,315,235	488,879	(502,839)	9,301,275	502,839
Compensated Absences	<u>899</u>	<u>12,181</u>	<u>(899)</u>	<u>12,181</u>	<u>1,234</u>
<b>Total</b>	<b><u>\$ 9,389,306</u></b>	<b><u>\$ 501,060</u></b>	<b><u>\$ (576,910)</u></b>	<b><u>\$ 9,313,456</u></b>	<b><u>\$ 504,073</u></b>

**Note 10. Restricted Cash**

Certain resources, which have been set aside for Steeplechase Building, E-911 Tariff, drug seizure and unclaimed funds expenditures are classified as restricted cash on the General and Special Revenue Fund's balance sheet because their use is limited. The amount of restricted cash held by the General Fund and Special Revenue Fund amounted to \$726,595 as of June 30, 2014.

**Note 11. Debt Limitations**

The amount of legal debt margin as of June 30, 2014, is computed as follows:

Total Assessed Value	<u>\$208,738,210</u>
Debt Limit 8% of Assessed Value	\$ 16,699,057
Amount of Debt Applicable to Debt Limit	( 6,889,094)
<b>Legal Debt Margin</b>	<b><u>\$ 9,809,963</u></b>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

**Note 12. Employee Retirement Plans**

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

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

*Funding Policy* - Both employees and employer are required to contribute to the Plan under the authority of Title 9 of the SC Code of Laws. Employees covered under SCRS are required to contribute at a rate of 7.5% of salary. Employees covered under PORS are required to contribute at a rate of 7.84%. Employers are required to contribute at a rate of 10.45% to the SCRS defined benefit plan and 12.44% to the PORS defined benefit plan. In addition to the above rates, participating employers of the South Carolina Retirement System contribute .15% to provide group life insurance benefits and contribute .20% to provide accidental death benefits for PORS participants.

The payroll for the employees covered by the SCRS for the year ended June 30, 2014, was \$7,623,726. The payroll for the employees covered by the PORS for the year ended June 30, 2014, was \$3,958,549. The County's total payroll, without adjustment for accruals was \$11,270,375.

The County's SCRS and PORS contributions for the year ended June 30, 2014, are as follows:

	<u>Actual &amp; Required Contribution Amounts</u>
<u>SCRS</u>	
Employee Contributions	\$571,780
Employer Contributions	\$796,679
<u>PORS</u>	
Employee Contributions	\$310,350
Employer Contributions	\$492,443

The County contributed amounts equal to the required contribution to the SCRS and the PORS of \$1,249,109 and \$1,093,877 for the years ended June 30, 2013, and 2012, respectively.

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

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

Vested employees are entitled to a deferred annuity commencing at age 60.

**Note 13. Post-Employment Health Care Benefits**

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

As of July 1, 2013, the measurement date, there were 297 covered participants; fifty five (55) members are retirees receiving benefits and 242 are active participants and dependents.

*Funding Policy:* Any employee who retires and meets the requirements for retirement in the SCRS is eligible to participate in the Kershaw County Retiree Benefit Program. The SCRS program allows retirement at the earlier of 28 years of service, age 55 with 25 years of service, or age 60 with 8 years of service. Retirees participate in the same health care plan as the active employees (with the additional option of a Medicare Supplement Plan for post-65 retirees). The employees currently have four pre-65 health care plans with various benefits and contribution levels. Any participant who retires with less than 10 years of service pays the total premium until age 65. If a participant retires with 10-25 years of service, Kershaw County will pay half of the premium cost while the employee pays the remaining balance. If a participant retires at age 55 or older and has 25+ years of service, the County contributes the same amount that active members receive (until age 65). Retirees over the age of 65 with 25+ years of service will receive a contribution from the County that is equal to half of the premium cost. Retirees over the age of 65 and were hired after January 10, 2011, will receive a contribution from the County that is up to \$300 per month toward health insurance premiums.

The County's annual other postemployment benefits ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is based on a level percent of payroll increasing annually at 2.5%.

*Actuarial Methods and Assumptions:* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table summarizes the key actuarial assumptions and cost method:

Actuarial Valuation Date:	July 1, 2013
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Percent of Payroll, Open
Amortization Period:	30 years
Actuarial Assumptions	
Investment Rate of Return:	4.0% Annual Return Net of Both Administrative and Investment Related Expenses
Health Cost Trend:	10% to 5% in 1.0% Annual Steps (includes an inflation rate of 2.5%)
Payroll Growth:	2.5% Per Year
Coverage Elections:	70% of Eligible Retirees will Elect Coverage
Active Participant Marriage Assumption:	80% of All Active Employees are Assumed to be Married with Female Spouses Assumed to be 3 Years Younger
Mortality After Retirement	
Table:	UP-94 Mortality Table
Implicit Subsidy:	Total Cost of Coverage for Pre-65 Retirees is 50% Higher Than the Average Premium Rate to Account for Implicitly Subsidized Costs

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

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

*Annual OPEB Costs and Rollforward of Net OPEB Obligation:* For 2014, the annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2012) was as follows:

*Schedule of Employer Contributions:* Contributions include \$185,295 made by the County through payment of covered participants' explicit and implicit subsidized benefits.

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for 2014 were as follows:

1) Net OPEB Obligation, Beginning of the Plan Year	\$ 811,322
2) One Year's Interest on the Net OPEB Obligation	32,453
3) Annual Required Contribution (Normal Cost Plus Any Amortized Payments)	477,409
4) Adjustment to Annual Required Contribution	(45,114)
5) Annual OPEB Cost: (2)+(3)+(4)	464,748
6) Contributions Made for the Plan Year	240,157
7) Increase in Net OPEB Obligation (5)-(6)	224,591
8) Net OPEB Obligation, End of the Plan Year (1)+(7)	\$ 1,035,913

**Note 14. Commitments and Contingencies**

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

In the normal course of business, the County enters into agreements with contractors for construction projects. As of June 30, 2014, open contracts and project budgets for construction totaled \$6,399,718, of which \$5,541,847 has been recorded as construction in progress.

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

**Note 15. Insurance and Risk Management**

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

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

The County paid insurance premiums to the South Carolina Counties Property and Liability Trust totaling \$517,023 to cover risks that may occur in normal operations. These risks include loss of real property and contents, motor vehicles, errors and omissions, general liability and theft and dishonesty.

The County paid insurance premiums to the South Carolina Counties Workers' Compensation Trust totaling \$287,442 for workers' compensation coverage.

**Note 16. Closure and Post-closure Care Costs**

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

The Park Road landfill was officially closed in 2001 and the remaining closure period is now nineteen (19) years. The Lugoff-Elgin landfill was closed in 1997 and the remaining closure period is now sixteen (15) years. The estimated liability for closure and post-closure care costs is \$1,917,000 as of June 30, 2014, which is based on total post closure-costs for the Park Road and Lugoff-Elgin landfills of \$978,455 and \$1,010,300, respectively. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2014. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in laws and regulations. These estimates also assume that there is no groundwater contamination, methane gas problems, major settling, or other similar problems discovered at these sites. Should any of these problems be found, costs could escalate very rapidly. There are no financial assurance requirements or restricted assets related to the estimated liability.

The current year reduction to closure and post-closure costs was \$80,937.

**Note 17. Deferred Compensation Plans**

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

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

**Note 18. Intergovernmental Revenues**

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

**Note 19. Inter-fund Transfers**

Transfers from (to) other funds for the year ended June 30, 2014, consist of the following:

<i>General Fund</i>	
Transfer from Proprietary Fund	200,950
Transfer to Special Revenue Fund	( 713,293)
Net Total Transfer From General Fund	\$( 512,346)
<i>Special Revenue Fund</i>	
Transfer from General Fund	713,296
Transfer to Proprietary Fund	( 350,463)
Net Total Transfer To Special Revenue Fund	\$ 362,833
<i>Debt Service Fund</i>	
Transfer to Proprietary Fund	( 222,727)
<i>Proprietary Fund</i>	
Transfer to General Fund	( 200,950)
Transfer from Special Revenue Fund	350,463
Transfer from Debt Service Fund	<u>222,727</u>
Net Total Transfer to Proprietary Fund	\$ <u>372,240</u>

**General Fund**

*Transfers to:* Funds were transferred from the General Fund into the Special Revenue Fund for revenues related to Economic Development.

**Special Revenue Fund**

*Transfers to:* Funds were transferred from the Special Revenue Fund into the Proprietary Fund for debt payments made on the 2008 GO Bonds.

**Debt Service Fund**

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

**Proprietary Fund**

*Transfers from:* Funds were transferred into the Proprietary Fund from other funds for debt payments on the 2008 GO Bonds.

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**  
**(Continued)**

**Note 20. Operating Lease Commitment**

The County has an operating lease on the building used for operations for the Department of Social Services. The lease term is for fifteen years starting July 1, 1999. Either party may terminate the rental agreement at any time. Rent is payable the first day of each month in the amount of \$10,511. Rental expense amounted to \$126,128 for the fiscal ended June 30, 2014.

The County has an operating lease with Dell Financial Services for eighty seven (87) computers. The lease term is for 3 years starting August 20, 2009, and July 12, 2010. Either party may terminate the rental agreement at any time. Rent is payable on a yearly basis in the amount of \$39,757.

**Note 21. Impact of Recently Issued Accounting Principles**

In June 2012, the GASB issued Statement 68, Accounting and Financial Reporting for Pensions. GASB 68 provides guidance for reporting information about financial support of pensions. This Statement is effective for periods beginning after June 15, 2014, which impacts the County's June 30, 2015, financial statements.

**Note 22. Subsequent Events**

The County has evaluated subsequent events through November 10, 2014, which is the date the financial statements were available to be issued. During this period, the County did have two material subsequent events that required recognition in the County's disclosures to the financial statements at June 30, 2014.

On July 2, 2014, the County entered into an installments purchase and use agreement as well as a base lease agreement with the Kershaw Public Facilities Corporation. The purpose of these agreements is for the Kershaw Public Facilities Corporation to issue \$8,500,000 installment purchase revenue bonds for construction of several county facilities.

During the fiscal year ended June 30, 2014, the County received, in error approximately \$400,000 more in Local Option Sales Tax revenue than the County should have. The State is in the process of correcting the over allocation and has already reduced the first three months of Local Option Sales Tax allocation in the current fiscal year to recoup the overage.

SUPPLEMENTAL INFORMATION

## GENERAL FUND

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

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL  
For the Fiscal Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues</b>			
Taxes			
Property Taxes - Net	\$ 7,954,000	\$ 7,822,927	\$ (131,073)
Vehicle Taxes - Net	1,114,000	1,318,363	204,363
Delinquent Taxes - Net	600,000	695,017	95,017
Fee In Lieu of Taxes	611,664	701,428	89,764
Local Option Sales Tax	2,775,000	3,274,111	499,111
Homestead Exemption	645,000	678,518	33,518
Manufacturer Reimbursement	95,000	175,171	80,171
Inventory Replacement	<u>54,000</u>	<u>53,846</u>	<u>(154)</u>
Total Taxes	<u>13,848,664</u>	<u>14,719,381</u>	<u>870,717</u>
Licenses, Fees and Permits			
Planning and Zoning	309,180	288,516	(20,664)
Delinquent Tax Collector	331,475	270,568	(60,907)
Clerk of Court	288,573	288,323	(250)
Register of Deeds	315,900	320,779	4,879
Probate Court	108,800	223,396	114,596
Master in Equity	100,000	80,829	(19,171)
Sheriff	165,879	167,415	1,536
Health Department	13,500	-	(13,500)
Motor Carrier Fees	70,000	78,726	8,726
Road Maintenance Fees	1,505,000	1,600,926	95,926
Cable Franchise Fees	<u>150,000</u>	<u>161,370</u>	<u>11,370</u>
Total Licenses, Fees and Permits	<u>3,358,307</u>	<u>3,480,848</u>	<u>122,541</u>
Intergovernmental Revenue			
Aid to Subdivisions	2,262,832	2,274,451	11,619
DSS Rent Reimbursement	75,000	91,661	16,661
DSS Unit Cost	110,000	167,295	57,295
Veterans Service Offices	4,900	5,100	200
Election Commission	56,700	11,060	(45,640)
Clerk of Court	-	480.00	480.00
Accommodations Tax	30,000	29,223	(777)
Library Aid	60,000	77,121	17,121
Salary Supplements	<u>100,494</u>	<u>54,572</u>	<u>(45,922)</u>
Total Intergovernmental Revenue	<u>2,699,926</u>	<u>2,710,963</u>	<u>11,037</u>
Charges for Services			
Library	18,000	18,266	266
Recreation	316,000	282,593	(33,407)
Other	<u>156,900</u>	<u>287,529</u>	<u>130,629</u>
Total Charges for Services	<u>490,900</u>	<u>588,388</u>	<u>97,488</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Fines and Forfeitures			
Magistrate	\$ 500,000	\$ 439,690	\$ (60,310)
Library	18,000	16,469	(1,531)
Airport	84,000	80,979	(3,021)
Rental and Leases	8,500	9,089	589
Litter Pickup	1,500	390	(1,110)
Traffic	151,500	238,638	87,138
Interest Earned	<u>1,000</u>	<u>2,118</u>	<u>1,118</u>
Total Fines and Forfeitures	<u>764,500</u>	<u>787,373</u>	<u>22,873</u>
Miscellaneous			
Other	<u>107,000</u>	<u>484,051</u>	<u>377,051</u>
Total Miscellaneous	<u>107,000</u>	<u>484,051</u>	<u>377,051</u>
<b>Total Revenues</b>	<u>21,269,297</u>	<u>22,771,004</u>	<u>1,501,707</u>
<b>Expenditures</b>			
<b>General Government</b>			
County Council			
Operating	17,520	14,824	2,696
Personnel	<u>179,712</u>	<u>185,102</u>	<u>(5,390)</u>
Total County Council	<u>197,232</u>	<u>199,926</u>	<u>(2,694)</u>
County Administrator			
Operating	39,628	35,170	4,458
Personnel	<u>235,829</u>	<u>250,049</u>	<u>(14,220)</u>
Total County Administrator	<u>275,457</u>	<u>285,219</u>	<u>(9,762)</u>
Finance			
Operating	99,327	85,965	13,362
Personnel	<u>358,577</u>	<u>309,916</u>	<u>48,661</u>
Total Finance	<u>457,904</u>	<u>395,881</u>	<u>62,023</u>
Human Resources			
Operating	42,604	39,703	2,901
Personnel	<u>61,492</u>	<u>61,654</u>	<u>(162)</u>
Total Human Resources	<u>104,096</u>	<u>101,357</u>	<u>2,739</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
County Attorney			
Operating	\$ 40,322	\$ 42,206	\$ (1,884)
Personnel	<u>107,116</u>	<u>107,521</u>	<u>(405)</u>
Total County Attorney	<u>147,438</u>	<u>149,727</u>	<u>(2,289)</u>
Information Technology			
Operating	162,340	151,906	10,434
Personnel	<u>122,143</u>	<u>125,163</u>	<u>(3,020)</u>
Total Information Technology	<u>284,483</u>	<u>277,069</u>	<u>7,414</u>
Building Maintenance			
Operating	599,437	550,412	49,025
Personnel	<u>431,663</u>	<u>413,626</u>	<u>18,037</u>
Total Building Maintenance	<u>1,031,100</u>	<u>964,038</u>	<u>67,062</u>
Planning and Zoning			
Operating	65,169	28,375	36,794
Personnel	<u>266,256</u>	<u>268,821</u>	<u>(2,565)</u>
Total Planning and Zoning	<u>331,425</u>	<u>297,196</u>	<u>34,229</u>
County Engineer			
Operating	159,177	129,728	29,449
Personnel	<u>110,719</u>	<u>67,132</u>	<u>43,587</u>
Total County Engineer	<u>269,896</u>	<u>196,860</u>	<u>73,036</u>
Assessor			
Operating	73,476	62,381	11,095
Personnel	<u>496,045</u>	<u>416,757</u>	<u>79,288</u>
Total Assessor	<u>569,521</u>	<u>479,138</u>	<u>90,383</u>
Auditor			
Operating	66,539	48,643	17,896
Personnel	<u>201,955</u>	<u>203,463</u>	<u>(1,508)</u>
Total Auditor	<u>268,494</u>	<u>252,106</u>	<u>16,388</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Delinquent Tax Collector			
Operating	\$ 262,196	\$ 158,528	\$ 103,668
Personnel	<u>86,289</u>	<u>91,496</u>	<u>(5,207)</u>
Total Delinquent Tax Collector	<u>348,485</u>	<u>250,024</u>	<u>98,461</u>
Treasurer			
Operating	100,805	119,776	(18,971)
Personnel	<u>220,199</u>	<u>226,992</u>	<u>(6,793)</u>
Total Treasurer	<u>321,004</u>	<u>346,768</u>	<u>(25,764)</u>
Clerk of Court			
Operating	98,522	80,230	18,292
Personnel	<u>275,987</u>	<u>266,493</u>	<u>9,494</u>
Total Clerk of Court	<u>374,509</u>	<u>346,723</u>	<u>27,786</u>
Family Court			
Operating	50,513	43,106	7,407
Personnel	<u>283,458</u>	<u>209,774</u>	<u>73,684</u>
Total Family Court	<u>333,971</u>	<u>252,880</u>	<u>81,091</u>
Summary Court			
Operating	91,150	66,664	24,486
Personnel	<u>663,849</u>	<u>657,796</u>	<u>6,053</u>
Total Summary Court	<u>754,999</u>	<u>724,460</u>	<u>30,539</u>
Probate Court			
Operating	25,293	25,585	(292)
Personnel	<u>247,332</u>	<u>250,607</u>	<u>(3,275)</u>
Total Probate Court	<u>272,625</u>	<u>276,192</u>	<u>(3,567)</u>
Register of Deeds			
Operating	99,350	94,586	4,764
Personnel	<u>132,448</u>	<u>132,076</u>	<u>372</u>
Total Register of Deeds	<u>231,798</u>	<u>226,662</u>	<u>5,136</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Master-in-Equity			
Operating	\$ 13,840	\$ 13,832	\$ 8
Personnel	<u>50,056</u>	<u>49,603</u>	<u>453</u>
Total Master-in-Equity	<u>63,896</u>	<u>63,435</u>	<u>461</u>
Coroner			
Operating	94,859	67,626	27,233
Personnel	<u>67,265</u>	<u>68,898</u>	<u>(1,633)</u>
Total Coroner	<u>162,124</u>	<u>136,524</u>	<u>25,600</u>
Special Services			
Operating	56,135	51,199	4,936
Personnel	<u>178,743</u>	<u>182,193</u>	<u>(3,450)</u>
Total Special Services	<u>234,878</u>	<u>233,392</u>	<u>1,486</u>
Veterans Office			
Operating	7,950	5,630	2,320
Personnel	<u>92,328</u>	<u>75,376</u>	<u>16,952</u>
Total Veterans Office	<u>100,278</u>	<u>81,006</u>	<u>19,272</u>
Voter Registration			
Operating	64,011	43,261	20,750
Personnel	<u>143,066</u>	<u>145,286</u>	<u>(2,220)</u>
Total Voter Registration	<u>207,077</u>	<u>188,547</u>	<u>18,530</u>
Social Services			
Operating	<u>151,725</u>	<u>158,027</u>	<u>(6,302)</u>
Health Department			
Operating	<u>16,445</u>	<u>13,218</u>	<u>3,227</u>
Airport			
Operating	85,541	132,945	(47,404)
Personnel	<u>7,351</u>	<u>7,500</u>	<u>(149)</u>
Total Airport	<u>92,892</u>	<u>140,445</u>	<u>(47,553)</u>
Legislative Delegation			
Personnel	<u>15,000</u>	<u>15,000</u>	<u>-</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Library			
Operating	\$ 255,569	\$ 277,755	\$ (22,186)
Personnel	<u>584,981</u>	<u>569,609</u>	<u>15,372</u>
Total Library	<u>840,550</u>	<u>847,364</u>	<u>(6,814)</u>
Risk Management			
Operating	7,359	2,921	4,438
Personnel	<u>-</u>	<u>-</u>	<u>-</u>
Total Risk Management	<u>7,359</u>	<u>2,921</u>	<u>4,438</u>
General Operating			
Fleet Maintenance	<u>10,000</u>	<u>62,895</u>	<u>(52,895)</u>
<b>Total General Government</b>	<u>8,476,661</u>	<u>7,965,000</u>	<u>511,661</u>
<b>Public Safety</b>			
Central Communications			
Operating	27,432	18,723	8,709
Personnel	<u>817,541</u>	<u>826,789</u>	<u>(9,248)</u>
Total Central Communications	<u>844,973</u>	<u>845,512</u>	<u>(539)</u>
Law Enforcement			
Operating	933,190	839,506	93,684
Personnel	<u>3,420,200</u>	<u>3,322,461</u>	<u>97,739</u>
Total Law Enforcement	<u>4,353,390</u>	<u>4,161,967</u>	<u>191,423</u>
Detention Center			
Operating	620,149	595,540	24,609
Personnel	<u>1,066,433</u>	<u>974,339</u>	<u>92,094</u>
Total Detention Center	<u>1,686,582</u>	<u>1,569,879</u>	<u>116,703</u>
<b>Total Public Safety</b>	<u>6,884,945</u>	<u>6,577,358</u>	<u>307,587</u>
<b>Highways and Streets</b>			
Public Works			
Operating	756,291	722,554	33,737
Personnel	<u>579,396</u>	<u>584,289</u>	<u>(4,893)</u>
<b>Total Highways and Streets</b>	<u>1,335,687</u>	<u>1,306,843</u>	<u>28,844</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Culture and Recreation</b>			
Recreation			
Operating	\$ 588,639	\$ 595,574	\$ (6,935)
Personnel	<u>517,190</u>	<u>499,189</u>	<u>18,001</u>
<b>Total Culture and Recreation</b>	<u>1,105,829</u>	<u>1,094,763</u>	<u>11,066</u>
<b>Other Objects</b>			
Contribution Agencies			
Camden First Community Development	3,500	3,500	-
Central Carolina	152,350	152,350	-
Clemson Extension	1,000	1,000	-
Community Medical Clinic	11,250	11,250	-
Fine Arts Center	2,250	2,250	-
Historic Camden	1,875	1,875	-
Board of Disabilities	1,250	1,250	-
Chamber of Commerce	15,000	15,000	-
Clean Community Commission	2,000	2,000	-
KC Farmers Market	750	188	562
KC Conservation District	3,750	3,750	-
Regional Transit Authority	20,063	20,063	-
Sistercare	500	500	-
Alpha Center	1,500	1,500	-
Wateree Community Action	1,890	1,890	-
KC Mental Health	5,000	5,000	-
Camden Rescue	7,000	7,000	-
Mt Pisgah Rescue	7,000	7,000	-
Humane Society	225,000	225,000	-
SRO - City of Camden	188,965	188,835	130
United Way	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>Total Contribution Agencies</b>	<u>656,893</u>	<u>656,201</u>	<u>692</u>
Emergency Preparedness			
Operating	<u>9,500</u>	<u>8,605</u>	<u>895</u>
Indigent Care			
Operating	<u>154,364</u>	<u>154,364</u>	<u>-</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET TO ACTUAL**  
**For the Fiscal Year Ended June 30, 2014**  
**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Insurance Fringe	\$ 67,830	\$ 55,953	\$ 11,877
Unemployment Insurance	50,000	4,107	45,893
Telephone	121,000	115,053	5,947
Other Operations	34,130	55,900	(21,770)
Public Defender	100,000	100,000	-
Solicitor	220,000	220,000	-
Retiree Insurance	207,400	195,144	12,256
Insurance	<u>515,300</u>	<u>517,023</u>	<u>(1,723)</u>
<b>Total General Operating</b>	<u>1,315,660</u>	<u>1,263,180</u>	<u>52,480</u>
<b>Total Other Objects</b>	<u>2,136,417</u>	<u>2,082,350</u>	<u>54,067</u>
<b>Capital Outlay</b>			
Information Technology	17,120	17,120	-
Public Works	64,000	741,927	(677,927)
Assesor	71,325	71,325	-
Probate Court	3,215	3,215	-
Law Enforcement	160	160	-
Detention Center	15,506	13,980	1,526
Airport	50,962	71,432	(20,470)
Library	9,362	9,180	182
Recreation	38,706	36,162	2,544
Other	<u>896,887</u>	<u>891,348</u>	<u>5,539</u>
<b>Total Capital Outlay</b>	<u>1,167,243</u>	<u>1,855,849</u>	<u>(688,606)</u>
<b>Debt Service</b>			
Principal	15,856	505,007	(489,151)
Interest	<u>2,290</u>	<u>13,817</u>	<u>(11,527)</u>
<b>Total Debt Service</b>	<u>18,146</u>	<u>518,824</u>	<u>(500,678)</u>
<b>Total Expenditures</b>	<u>21,124,928</u>	<u>21,400,987</u>	<u>(276,059)</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET TO ACTUAL**  
**For the Fiscal Year Ended June 30, 2014**  
**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Excess of Revenues Over Expenditures</b>	\$ 144,369	\$ 1,370,017	\$ 1,225,648
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	20,000	10,490	(9,510)
Transfer from Proprietary Fund	-	200,950	200,950
Transfer to Special Revenue Fund	(164,369)	(713,296)	(548,927)
Lease proceeds	<u>-</u>	<u>1,301,537</u>	<u>1,301,537</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(144,369)</u>	<u>799,681</u>	<u>944,050</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	2,169,698	<u>\$ 2,169,698</u>
<b>Fund Balance, Beginning of Year</b>		<u>10,115,549</u>	
<b>Fund Balance, End of Year</b>		<u>\$ 12,285,247</u>	

**KERSHAW COUNTY, SOUTH CAROLINA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes	\$ 13,848,664	\$ 13,848,664	\$ 14,719,381	\$ 870,717
Licenses, Fees and Permits	3,358,307	3,358,307	3,480,848	122,541
Intergovernmental	2,699,926	2,699,926	2,710,963	11,037
Charges for Services	490,900	490,900	588,388	97,488
Fines and Forfeitures	764,500	764,500	787,373	22,873
Miscellaneous	<u>107,000</u>	<u>107,000</u>	<u>484,051</u>	<u>377,051</u>
 Total Revenues	 <u>21,269,297</u>	 <u>21,269,297</u>	 <u>22,771,004</u>	 <u>1,501,707</u>
<b>Expenditures</b>				
Current:				
General Government	8,476,661	8,476,661	7,965,000	511,661
Public Safety	6,884,945	6,884,945	6,577,358	307,587
Highways and Streets	1,335,687	1,335,687	1,306,843	28,844
Culture and Recreation	1,105,829	1,105,829	1,094,763	11,066
Other Objects	2,136,417	2,136,417	2,082,350	54,067
Capital Outlay	1,167,243	1,167,243	1,855,849	(688,606)
Debt Service				
Principal	15,856	15,856	505,007	(489,151)
Interest	<u>2,290</u>	<u>2,290</u>	<u>13,817</u>	<u>(11,527)</u>
 Total Expenditures	 <u>21,124,928</u>	 <u>21,124,928</u>	 <u>21,400,987</u>	 <u>(276,059)</u>
<b>Excess of Revenues Over Expenditures</b>	 <u>144,369</u>	 <u>144,369</u>	 <u>1,370,017</u>	 <u>1,225,648</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	20,000	20,000	10,490	(9,510)
Transfer from Proprietary Fund	-	-	200,950	200,950
Transfer to Special Revenue Fund	(164,369)	(164,369)	(713,296)	(548,927)
Lease Proceeds	<u>-</u>	<u>-</u>	<u>1,301,537</u>	<u>1,301,537</u>
 Total Other Financing Sources (Uses)	 <u>(144,369)</u>	 <u>(144,369)</u>	 <u>799,681</u>	 <u>944,050</u>
<b>Net Change in Fund Balance</b>	 -	 -	 2,169,698	 2,169,698
<b>Fund Balance, Beginning of Year</b>	 <u>10,115,551</u>	 <u>10,115,551</u>	 <u>10,115,551</u>	 <u>-</u>
<b>Fund Balance, End of Year</b>	 <u>\$ 10,115,551</u>	 <u>\$ 10,115,551</u>	 <u>\$ 12,285,249</u>	 <u>\$ 2,169,698</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTAL INFORMATION  
OTHER POST EMPLOYMENT BENEFIT PLAN- DEFINED BENEFIT HEALTHCARE PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS  
For the Fiscal Year Ended June 30, 2014**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Applicable to Fiscal Year Ending	Annual OPEB Cost	Contribution for Fiscal Year	Annual Percentage Contributed	Net OPEB Obligation
June 30, 2014	\$ 464,748	\$ 240,157	51.67%	\$ 224,591
June 30, 2013	\$ 399,106	\$ 228,639	57.29%	\$ 170,467
June 30, 2012	\$ 391,594	\$ 239,007	61.03%	\$ 152,587
June 30, 2011	\$ 381,892	\$ 249,548	65.35%	\$ 132,344
June 30, 2010	\$ 758,293	\$ 196,375	25.90%	\$ 561,918

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Aggregate* ( b )	Underfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll (( b-a)/c )
July 1, 2008	\$ -	\$ 7,085,432	\$ 7,085,432	0.00%	\$ 16,444,134	43%
July 1, 2010	\$ -	\$ 4,824,681	\$ 4,824,681	0.00%	\$ 8,428,839	57%
August 1, 2012	\$ -	\$ 4,904,443	\$ 4,904,443	0.00%	\$ 8,689,284	56%
July 1, 2013	\$ -	\$ 5,686,829	\$ 5,686,829	0.00%	\$ 9,069,766	63%
July 1, 2014	\$ -	\$ 5,810,661	\$ 6,810,661	0.00%	\$ 8,977,333	76%

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**June 30, 2014**

**Note 1.        Budgets and Budgetary Accounting**

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

**Note 2.        Legal Compliance – Budgets**

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

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

## SPECIAL REVENUE FUNDS

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

**KERSHAW COUNTY, SOUTH CAROLINA  
SPECIAL REVENUE FUND  
BALANCE SHEET  
June 30, 2014**

**Assets**

Cash and Cash Equivalents	\$	2,204
Restricted Cash		726,595
Receivables		
Property Taxes, Net		85,795
Intergovernmental		417,476
Grants		149,151
Other		40,697
Due from Other Funds		<u>249,006</u>
 <b>Total Assets</b>	<b>\$</b>	<b><u>1,670,924</u></b>

**Liabilities, Deferred Inflows and Fund Balance**

Liabilities		
Compensated Absences	\$	<u>2,384</u>
 Deferred Inflows		
Deferred Tax Revenue		39,244
Deferred Revenue		<u>1,647</u>
 <b>Total Deferred Inflows</b>		<u>40,891</u>
 Fund Balance		
Assigned		<u>1,627,649</u>
 Total Fund Balance		<u>1,627,649</u>
 <b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b>\$</b>	<b><u>1,670,924</u></b>

**KERSHAW COUNTY, SOUTH CAROLINA  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2014**

**Revenues**

Taxes	
Property Taxes - Net	\$ 958,564
Vehicle Taxes - Net	167,827
Delinquent Taxes - Net	92,483
Fee In Lieu of Taxes	579,094
Local Option Sales Tax	256,743
Homestead Exemption	76,773
Manufacturer Reimbursement	13,245
Liquor Excise Tax	28,898
Inventory Replacement	<u>9,495</u>
 Total Taxes	 <u>2,183,122</u>
 Licenses, Fees and Permits	
Residential	1,452,440
Landfill	160,669
Road Maintenance Fees	<u>14,429</u>
 Total Licenses, Fees and Permits	 <u>1,627,538</u>
 Intergovernmental Revenue	
Aid to Subdivisions	65,676
CTC Funds	889,075
Title IV-D	35,470
1% Fire Assistance	154,350
Accommodations Tax	<u>285,495</u>
 Total Intergovernmental Revenue	 <u>1,430,066</u>
 Fines and Forfeitures	
Sheriff	250,895
Interest Earned	<u>162</u>
 Total Fines and Forfeitures	 <u>251,057</u>
 Miscellaneous	
Other	369,795
E-911 Tariff	401,401
Grants	<u>259,152</u>
 Total Miscellaneous	 <u>1,030,348</u>
 <b>Total Revenues</b>	 <b><u>6,522,131</u></b>

**KERSHAW COUNTY, SOUTH CAROLINA  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

**Expenditures**

**General Government**

E-911 Tariff		
Operating	\$	225,497
Personnel		<u>124,458</u>
Total E-911 Tariff		<u>349,955</u>
Title IV-D Family Court		
Operating		100
Personnel		<u>38,025</u>
Total Title IV-D Family Court		<u>38,125</u>
Mini Bottle Pass Thru		
Operating		<u>94,574</u>
Library		
Operating		<u>5,204</u>
Economic Development		
Operating		218,721
Personnel		<u>125,329</u>
Total Economic Development		<u>344,050</u>
<b>Total General Government</b>		<u><b>831,908</b></u>

**Public Safety**

Detention Center		
Operating		<u>58,988</u>
Fire Services		
Operating		383,768
Personnel		<u>350,847</u>
Total Fire Services		<u>734,615</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2014**  
**(Continued)**

Firemen's Fund		
Operating		\$ <u>146,871</u>
Victim's Advocate		
Operating		3,920
Personnel		<u>52,627</u>
Total Victim's Advocate		<u>56,547</u>
Sheriff JAG Grant		
Operating		<u>10,266</u>
Sheriff County Seizures		
Operating		<u>17,064</u>
Sheriff Target		
Operating		<u>988</u>
DUI Grant		
Operating		5,897
Personal		<u>54,870</u>
Total DUI Grant		<u>60,767</u>
EMS Grant		
Operating		<u>9,408</u>
<b>Total Public Safety</b>		<u><b>1,095,514</b></u>
<b>Highways and Streets</b>		
Waste Tire		
Operating		<u>27,253</u>
<b>Total Highways and Streets</b>		<u><b>27,253</b></u>
<b>Public Works</b>		
Solid Waste		
Operating		1,462,807
Personnel		<u>508,627</u>
<b>Total Public Works</b>		<u><b>1,971,434</b></u>

**KERSHAW COUNTY, SOUTH CAROLINA  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

**Other Objects**

General Operating	
Other Operations	\$ <u>209,297</u>
<b>Total Other Objects</b>	<u>209,297</u>

**Capital Outlay**

Detention Center	10,255
CTC Funds	1,092,453
Fire Services	791,477
Solid Waste	38,245
Economic Development	32,717
Sheriff County Seizures	30,978
DUI Grant	<u>82,986</u>
<b>Total Capital Outlay</b>	<u>2,079,111</u>

<b>Total Expenditures</b>	<u>6,214,517</u>
---------------------------	------------------

<b>Excess of Revenues Over Expenditures</b>	<u>307,614</u>
---	----------------

**Other Financing Sources (Uses)**

Transfers from General Fund	713,296
Transfers to Proprietary Fund	<u>(350,463)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>362,833</u>

<b>Net Change in Fund Balance</b>	670,447
-----------------------------------	---------

<b>Fund Balance, Beginning of Year</b>	<u>957,202</u>
--	----------------

<b>Fund Balance, End of Year</b>	<u>\$ 1,627,649</u>
----------------------------------	---------------------

**KERSHAW COUNTY, SOUTH CAROLINA  
LIBRARY OPERATIONS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2014**

	County	State	State Lottery	Federal Grant	Total
<b>Revenues</b>					
Charges for Services	\$ 283	\$ -	\$ -	\$ -	\$ 283
Fines	16,469	-	-	-	16,469
Intergovernmental	-	56,357	20,765	-	77,122
Miscellaneous	-	-	-	-	-
Total Revenues	<u>16,752</u>	<u>56,357</u>	<u>20,765</u>	<u>-</u>	<u>93,874</u>
<b>Expenditures</b>					
Books, Periodicals and Departmental Supplies	58,307	79,692	-	-	137,999
Miscellaneous	-	-	-	-	-
Total Expenditures	<u>58,307</u>	<u>79,692</u>	<u>-</u>	<u>-</u>	<u>137,999</u>
Excess (Deficiency) of Revenues Over Expenditures	(41,555)	(23,335)	20,765	-	(44,125)
Fund Balance, Beginning of Year	<u>84,410</u>	<u>20,402</u>	<u>1,720</u>	<u>25,087</u>	<u>131,619</u>
Fund Balance, End of Year	<u>\$ 42,855</u>	<u>\$ (2,933)</u>	<u>\$ 22,485</u>	<u>\$ 25,087</u>	<u>\$ 87,494</u>

**KERSHAW COUNTY, SOUTH CAROLINA  
SCHEDULE OF FINES AND ASSESSMENTS  
For the Fiscal Year Ended June 30, 2014**

**Fines and Fees**

Family Court Fines	\$ 8,760
Family Court Fees	71,466
Other Court Fines and Fees	854,343

**Assessments**

DUI	56,662
General Sessions	23,446
Magistrate	562,243

**Surcharges**

Drug	39,213
Law Enforcement	286,835
Criminal Justice Academy	<u>45,732</u>

Total 1,948,700

**Retained by County**

Victims Assistance:	
Fines	825,154
Assessments	<u>71,038</u>

Total Retained by County 896,192

**Total Fines and Assessments Remitted to State Treasurer and Other Agencies** \$ 1,052,508

## DEBT SERVICE FUND

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

**KERSHAW COUNTY, SOUTH CAROLINA  
DEBT SERVICE FUND  
BALANCE SHEET  
June 30, 2014**

**Assets**

Property Taxes Receivable, Net	\$ 94,596
Intergovernmental Receivable	103,786
Due from Other Funds	<u>507,262</u>
<b>Total Assets</b>	<b><u>\$ 705,644</u></b>

**Deferred Inflows and Fund Balance**

Deferred Inflows	
Deferred Tax Revenue	<u>\$ 17,689</u>
<b>Total Deferred Inflows</b>	<u>17,689</u>
Fund Balance	
Restricted for Debt Service	<u>687,955</u>
<b>Total Fund Balance</b>	<u>687,955</u>
<b>Total Deferred Inflows and Fund Balance</b>	<b><u>\$ 705,644</u></b>

**KERSHAW COUNTY, SOUTH CAROLINA  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2014**

**Revenues**

Taxes	
Property Taxes - Net	\$ 1,057,477
Vehicle Taxes - Net	178,932
Delinquent Taxes - Net	126,290
Fee In Lieu of Taxes	94,419
Local Option Sales Tax	443,443
Homestead Exemption	91,736
Manufacturer Reimbursement	23,744
Inventory Replacement	<u>7,181</u>
 Total Taxes	 <u>2,023,222</u>
 Licenses, Fees and Permits	
Motor Carrier Fees	<u>10,689</u>
 Total Licenses, Fees and Permits	 <u>10,689</u>
 <b>Total Revenues</b>	 <b><u>2,033,911</u></b>

**Expenditures**

Principal Retirement	1,400,000
Interest and Other Charges	<u>127,475</u>
 <b>Total Expenditures</b>	 <b><u>1,527,475</u></b>

**Excess of Revenues Over Expenditures** 506,436

**Other Financing Sources (Uses)**

Transfer to Proprietary Fund	<u>(222,727)</u>
 <b>Total Other Financing Sources (Uses)</b>	 <b><u>(222,727)</u></b>

**Net Change in Fund Balance** 283,709

**Fund Balance, Beginning of Year** 404,246

**Fund Balance, End of Year** **\$ 687,955**

## CAPITAL PROJECT FUNDS

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

**KERSHAW COUNTY, SOUTH CAROLINA  
CAPITAL PROJECTS FUND  
BALANCE SHEET  
June 30, 2014**

**Assets**

Grants Receivable	\$ 20,582
Due from Other Funds	<u>64,099</u>
<b>Total Assets</b>	<b><u>\$ 84,681</u></b>

**Liabilities and Fund Balances**

Fund Balances	
Restricted for Capital Projects	\$ <u>84,681</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 84,681</u></b>

**KERSHAW COUNTY, SOUTH CAROLINA  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2014**

**Revenues**

Miscellaneous	<u>\$ 669,959</u>
<b>Total Revenues</b>	<u>669,959</u>

**Expenditures**

**Capital Outlay**

Bethune Recreation	<u>677,909</u>
<b>Total Capital Outlay</b>	<u>677,909</u>
<b>Total Expenditures</b>	<u>677,909</u>

<b>Net Change in Fund Balance</b>	(7,950)
<b>Fund Balance, Beginning of Year</b>	<u>92,631</u>
<b>Fund Balance, End of Year</b>	<u>\$ 84,681</u>

## SEWER SYSTEM ENTERPRISE FUND

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

**KERSHAW COUNTY, SOUTH CAROLINA  
SEWER SYSTEM ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Fiscal Year Ended June 30, 2014**

**Operating Revenues**

Charges for Sewer Service	\$ 1,574,130
Impact Fees and Other Charges	363,600
Grants	158,201
Miscellaneous	<u>460</u>
 Total Revenues	 2,096,391

**Operating Expenses**

Salaries and Benefits	286,319
Contractual Services	69,453
Supplies	30,857
Repairs and Maintenance	227,353
Fuel	12,624
Utilities and Telephone	275,657
Engineering	37,626
Postage	7,200
Fleet Maintenance	8,139
Miscellaneous	51,811
Depreciation	<u>432,118</u>
 Total Operating Expenses	 <u>1,439,157</u>

**Operating Income**

657,234

**Non-Operating Income (Expense)**

Interest Expense	<u>(219,326)</u>
 Total Non-Operating Income (Expense)	 <u>(219,326)</u>

**Income Before Contributions and Transfers**

437,908

Transfer from Special Revenue Fund	350,463
Transfer to General Fund	(200,950)
Transfer From Debt Service Fund	<u>222,727</u>
 Total Contributions and Transfers	 <u>372,240</u>

**Change in Net Position**

810,148

**Net Position, Beginning of Year (Restated)**

11,032,747

**Net Position, End of Year**

\$ 11,842,895

## FIDUCIARY FUNDS

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

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

**KERSHAW COUNTY, SOUTH CAROLINA  
 FIDUCIARY FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 2014**

	<u>Agency Funds</u>	<u>Trust Funds</u>
<b>Assets</b>		
Cash	\$ 2,659,173	\$ 2,123,366
Taxes Receivable, Net	2,739,402	-
Accounts Receivable	32,058	-
Due from General Fund	<u>1,822,697</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 7,253,330</u></b>	<b><u>\$ 2,123,366</u></b>
<b>Liabilities, Deferred Inflows and Net Position</b>		
<b>Liabilities</b>		
Due to Other Taxing Authorities	\$ 4,077,741	\$ -
Due to Solicitor	661,360	-
Due to KC Clean Commission	<u>18,510</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>4,757,611</u></b>	<b><u>-</u></b>
Deferred Inflows	<u>2,495,719</u>	<u>-</u>
<b>Net Position</b>		
Held in Trust	<u>-</u>	<u>2,123,366</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b><u>\$ 7,253,330</u></b>	<b><u>\$ 2,123,366</u></b>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SCHEDULE OR CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**June 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<b>Assets</b>				
Cash	\$ 2,002,760	\$ 52,540,403	\$ 51,883,990	\$ 2,659,173
Taxes Receivable, Net	1,800,401	2,739,402	1,800,401	2,739,402
Other Receivables	-	32,058	-	32,058
Due From General Fund	<u>1,794,473</u>	<u>41,403,050</u>	<u>41,374,826</u>	<u>1,822,697</u>
Total Assets	<u>5,597,634</u>	<u>96,714,913</u>	<u>95,059,217</u>	<u>7,253,330</u>
<b>Liabilities</b>				
Due to Other Taxing Authorities	3,470,224	53,684,391	53,076,874	4,077,741
Due to Solicitor	710,099	435,052	483,791	661,360
Due to KC Clean Commission	<u>17,711</u>	<u>18,510</u>	<u>17,711</u>	<u>18,510</u>
Total Liabilities	<u>4,198,034</u>	<u>54,137,953</u>	<u>53,578,376</u>	<u>4,757,611</u>
<b>Deferred Inflows</b>	<u>1,399,600</u>	<u>2,495,719</u>	<u>1,399,600</u>	<u>2,495,719</u>
Total Liabilities and Deferred Inflows	<u>\$ 5,597,634</u>	<u>\$ 56,633,672</u>	<u>\$ 54,977,976</u>	<u>\$ 7,253,330</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEET-ALL TRUST FUNDS**  
**June 30, 2014**

	Detention Center	Land Sale	Magistrate	Clerk/ Family Court	Master in Equity	Sheriff Drug Trust	Total
Assets							
Cash	\$ 46,780	\$ 815,177	\$ 211,733	\$ 952,623	\$ 4,831	\$ 92,222	\$ 2,123,366
Total Assets	<u>46,780</u>	<u>815,177</u>	<u>211,733</u>	<u>952,623</u>	<u>4,831</u>	<u>92,222</u>	<u>2,123,366</u>

**Liabilities and Net Position**

Net Position							
Held in Trust	46,780	815,177	211,733	952,623	4,831	92,222	2,123,366
Total Net Position	<u>\$ 46,780</u>	<u>\$ 815,177</u>	<u>\$ 211,733</u>	<u>\$ 952,623</u>	<u>\$ 4,831</u>	<u>\$ 92,222</u>	<u>\$ 2,123,366</u>

## COMPLIANCE SECTION

**KERSHAW COUNTY, SOUTH CAROLINA  
 SCHEUDLE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Fiscal Year Ended June 30, 2014**

<b>Federal Grantor/ Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Total Expenditures</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through SC Emergency Management Division :			
Emergency Management Performance Grant	97.042	8EMPG01	\$ <u>55,110</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>55,110</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed Through SC Department of Public Safety :			
SLED Grant	97.067	N/A	27,265
DUI Traffic Grant	20.600/20.601	N/A	<u>16,156</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>43,421</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION</b>			
Direct Program:			
Airport Improvement Grant	20.106	3-45-0011-18	* 34,292
Airport Improvement Grant	20.106	3-45-0011-19	* 430,685
Airport Improvement Grant	20.106	3-45-0011-20	* <u>204,076</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>669,053</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through SC Department of Social Services			
Child Support Enforcement-Unit Cost	93.563	N/A	143,304
Child Support Enforcement-Incentive	93.563	N/A	<u>28,887</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>172,191</u>

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(Continued)**

<b>Federal Grantor/ Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Total Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through SC State Library:			
Library Service & Tech Act	45,310	N/A	\$ <u>4,330</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>4,330</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Direct Program:			
Capitalization Grants for Clean Water State Revolving Funds	66,458	N/A	16,061
25 Mile Creek Implementation Grant	66,46	N/A	<u>15,479</u>
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>			<u>31,540</u>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>			<u>\$ 975,645</u>

\* Tested as major program

**KERSHAW COUNTY, SOUTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2014**

- Note 1. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Kershaw County, South Carolina for the year ended June 30, 2014. All federal awards received directly from federal agencies as well as those passed through other government agencies are included on the Schedule.
- Note 2. The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in the notes to the County's basic financial statements.
- Note 3. Federal award expenditures are reported in the School District's basic financial statements as expenditures in the General Fund, Special Revenue Fund and Capital Projects Fund.
- Note 4. Differences between the amount of revenue received from federal awards and the related expenditures are recognized as either deferred revenue or receivables in the basic financial statements. The amounts recorded on the Schedule of Expenditures of Federal Awards agree with the amounts recorded in the basic financial statements.

**SHEHEEN, HANCOCK & GODWIN, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

1011 FAIR STREET

P.O. DRAWER 428

**CAMDEN, SOUTH CAROLINA 29021**

FOUNDED 1959

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

MARC A. QUIGLEY, CPA  
REBECCA M. LEE, CPA  
TRACY L. FAILE, CPA  
SHANE E. KIRKLEY, CPA  
B. KEACH JORDAN, CPA  
ADRIENNE BERG LUCAS  
CHRISTOPHER H. HARRELL

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

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

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

November 21, 2014

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kershaw County, South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Kershaw County's basic financial statements and have issued our report thereon dated November 21, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified one deficiency in internal control that we consider to be material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such as that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 14-1 to be a material weakness.

### **Compliance and Other Matters**

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

### **Kershaw County, South Carolina's Response to Findings**

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

### **Purpose of this Report**

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



Sheheen, Hancock and Godwin, LLP  
Certified Public Accountant

**SHEHEEN, HANCOCK & GODWIN, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

1011 FAIR STREET

P.O. DRAWER 428

**CAMDEN, SOUTH CAROLINA 29021**

FOUNDED 1959

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

MARC A. QUIGLEY, CPA  
REBECCA M. LEE, CPA  
TRACY L. FAILE, CPA  
SHANE E. KIRKLEY, CPA  
B. KEACH JORDAN, CPA  
ADRIENNE BERG LUCAS  
CHRISTOPHER H. HARRELL

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

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

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

November 21, 2014

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Kershaw County, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Kershaw County, South Carolina's major federal programs for the year ended June 30, 2014. Kershaw County, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Kershaw County, South Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kershaw County, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Kershaw County, South Carolina's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Kershaw County, South Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Kershaw County, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered Kershaw County, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kershaw County, South Carolina's internal control over compliance.

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

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. However, material weaknesses may exist that have not been identified.

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

*Sheheen Hancock & Godwin, LLP*

Sheheen, Hancock and Godwin, LLP  
Certified Public Accountants

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2014**

**A. SUMMARY OF RESULTS**

1. The financial statement opinion is unqualified.
2. No significant deficiency in internal control over financial reporting were disclosed by the audit of the financial statements. One deficiency was considered to be material weakness.
3. The audit disclosed no instances of noncompliance to the financial statements for the Kershaw County.
4. No material weaknesses in internal control over major programs were disclosed by the audit. No significant deficiencies in internal control over major programs were disclosed by the audit.
5. We have issued an unqualified report on compliance for major programs.
6. The audit disclosed audit findings as described on page 96.
7. Major programs are as follows:  

**U. S. Department of Transportation:**  
Airport Improvement Grant – CFDA 20.106
8. Type A programs are those exceeding \$300,000. Type B programs are those exceeding \$100,000.
8. Kershaw County did not qualify as a low-risk auditee

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2014**  
**(Continued)**

**B. FINDINGS RELATED TO FINANCIAL STATEMENTS**

**14-1 Oversight of the Financial Reporting Process**

**Condition:**

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

**Criteria:**

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

**Questioned Cost:**

Unknown

**Recommendations:**

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

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

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

**KERSHAW COUNTY, SOUTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Fiscal Year Ended June 30, 2014**

**13-1 Oversight of the Financial Reporting Process**

The County does not presently have an employee with the expertise and training necessary to prepare its financial statements or identify material misstatements.

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