

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note I - Summary of Significant Accounting Policies

The financial statements of the County of Georgetown, South Carolina have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Financial Reporting Entity

For financial reporting purposes, the County of Georgetown meets the criterion of a Primary Government as defined in GASB Statement 14. A Primary Government has a separately elected governing body; one that is elected by the citizens in a general, popular election. The County includes funds that are controlled by or dependent on the County Council. Control by or dependence on the County was determined on the basis of budget adoption, taxing authority, outstanding debt secured by general obligations of the County, obligation of the County to finance deficits that may occur or receipt of significant subsidies from the County. In the judgment of the County's management, no activity has been excluded from the County's financial statements that would be required to be included on the basis of the above criteria.

Government-Wide and Fund Financial Statements

The financial statement presentation for the County meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The financial statement presentation provides a comprehensive, entity-wide perspective of the County's net assets, revenues, expenses and changes in net assets and cash flows that replaces the fund-group perspective previously required.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financial accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been eliminated from the statement of activities. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

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

The County reports the following major governmental funds:

General Fund: The General Fund is the primary operating fund of the County. The General fund accounts for all financial resources except those that are required to be reported in another fund.

Law Enforcement Fund: The Law Enforcement Fund is a special revenue fund which accounts for the proceeds of specific revenue sources that are collected for the purpose of providing law enforcement protection services for Georgetown County.

Local Accommodations and Hospitality Tax Fund: The Local Accommodations and Hospitality Tax Fund is a special revenue fund used to account for the proceeds of these specific revenue sources collected for the purpose of providing tourism related facilities and services in Georgetown County.

Debt Service Fund: The Debt Service Fund accounts for revenues collected for the purpose of servicing the County's outstanding debt.

Judicial Center Construction Fund: The Judicial Center Construction Fund is a capital projects fund that accounts for the specific revenue sources and expenditures that are collected to provide for the construction of the judicial center.

Land Acquisition Fund: The Land Acquisition Fund is a capital projects fund used to account for funding that has been earmarked in the County's Capital Improvement Plan for acquisition of property required for development of recreational and other facilities identified in the plan.

The County reports the following major proprietary funds:

Environmental Services Fund (Enterprise Fund): The Environmental Services Fund is used to account for the operations of the County landfill along with related solid waste management functions such as waste collection, recycling, and composting. Also includes mosquito control activities. This fund is funded from a combination of user fees and property taxes.

Stormwater Drainage Utility Fund (Enterprise Fund): The Stormwater Drainage Utility Fund is used to account for the operations of the County's stormwater drainage management program. This fund is funded by user fees and nonoperating grants.

Additionally, the County reports the following fund type:

Agency Fund: This fund type is used to report resources held by the County in a custodial capacity as an agent on behalf of others and does not involve the measurement of results of operation.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct cost and program revenues for the various functions concerned.

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are user fees collected in association with the provision of waste collection and disposal services (Environmental Services Fund) and stormwater drainage management (Stormwater Drainage Utility Fund). Operating revenues of the Environmental Services Fund also include property taxes. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, and repurchase agreements secured by the foregoing obligations.

Investments for the government are reported at fair value.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Receivables

All accounts and property tax receivables are shown at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. This amount is determined by analyzing the percentage of receivables that was not collected in prior years.

Property taxes for real property and personal property except motor vehicles are due without penalties by January 15th of each fiscal year. Uncollected taxes and penalties are considered delinquent on March 15th. Property taxes for motor vehicles are due in the month in which the state motor vehicle license will be renewable. Property tax revenues are recognized in accordance with imposed nonexchange transactions in accordance with GASB No. 33.

Inventories and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The amount of inventories on hand at year end for the governmental fund types consist of postage, emergency preparedness supplies, and diesel fuel. Inventories are valued at cost using the average cost method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Assets

Certain assets of special revenue and enterprise funds are classified as restricted on the balance sheet because their use is limited to specific purposes for which the funds were received.

Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Construction in progress represents funds expended for construction of capital assets which have not been placed into service.

Property, plant, and equipment of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements	7-20
Infrastructure	20-35
Buildings	10-20
Mining Rights	5-15
Software	3-5
Furniture & Fixtures	5-10
Machinery & Equipment	3-10
Automotive Equipment	3-10

Depreciation for capital assets that can be specifically identified with a function is included in the direct expenses for that function.

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Revenues

Deferred revenues arise when a potential revenue does not meet the criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the government has a legal claim to the resources, or the revenue has been earned, the liability is removed and revenue is recognized.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium, discount, and deferred refunding costs. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Nonexchange Transactions

The standards established by GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," provide accounting and reporting for the following four categories of nonexchange transactions: 1) Derived tax revenues, 2) Imposed nonexchange revenues, 3) Government-mandated nonexchange transactions, and 4) Voluntary nonexchange transactions. Nonexchange transactions involve financial or capital resources in which the government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.

Assets from derived tax revenues are recognized when the underlying exchange has occurred or when the resources are received, whichever first. Revenues are recognized when the underlying exchange has occurred and resources are available to the government.

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim has arisen or when resources are received, whichever occurs first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available to the government.

Assets, liabilities, revenues, and expenditures from government-mandated and voluntary nonexchange transactions are generally recognized when all eligibility requirements have been met. Resources received before the eligibility requirements are fulfilled are reported as deferred revenues. Eligibility requirements can include one or more of the following:

- The recipient has the characteristics specified by the provider.
- Time requirements specified by the provider have been met.
- The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
- The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Net Assets/Fund Balances

The County's net assets in the government-wide financial statements and proprietary fund financial statements are classified as follows:

Invested in Capital Assets, Net of Related Debt: This represents the County's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted Net Assets: Restricted expendable net assets include resources in which the County is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.

Unrestricted Net Assets: Unrestricted net assets represent resources derived from ad-valorem taxes, earnings on investments, state/local grants, fees, and shared revenues.

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

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 2 - Deposits and Investments

Deposits

The County generally pools cash of all funds into a limited number of accounts for operating purposes. At June 30, 2009, the carrying amount of the County's total cash deposits was \$61,435,323 with corresponding bank balances of \$58,788,063. Petty cash on hand totaled \$6,326.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to the County. The County's investment policy requires deposits in excess of federal depository insurance to be collateralized with securities of the federal government, or its agencies, and held by the pledging financial institution's trust department in the County's name. There were no County deposits exposed to custodial credit risk at year-end.

Investments

The County's investment policies are limited by State statutes which authorize the County to invest in obligations of the United States and agencies thereof, obligations of the State of South Carolina or any of its political units, savings and loan associations to the extent secured by an agency of the federal government, and certificates of deposit and repurchase agreements when collateralized by securities of the type described above. Certain other limited investments are authorized by the statutes when made by financial institutions acting as trustee or agent with respect to debt issues of the County. The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds. The County is under no contractual agreements that further restrict investment alternatives. The County's investment policy does not address custodial credit risk, credit risk, or concentration of credit risk as they may pertain to its investment portfolio.

At year-end, the County's only investment was a repurchase agreement in the amount of \$8,000 which was acquired on June 30, 2009, and had a maturity date of July 1, 2009. The fair value of this investment was \$8,000. There were no County investments exposed to any of the identified credit risks at year-end.

Note 3 - Receivables

Receivables at June 30, 2009, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Taxes Receivable, Net			
Property Taxes Receivable	\$ 894,088	\$ 55,589	\$ 949,677
Local Accommodations & Hospitality Tax	556,433	--	556,433
Court Fines Receivable, Net	564,140	--	564,140
Due from Customers, Net			
Landfill Fees Receivable	--	112,776	112,776
Stormwater Fees Receivable	--	23,070	23,070
Due from Other Governments			
Grants	1,461,556	--	1,461,556
Local Government Fund	748,375	--	748,375
State Accommodations Tax	197,493	--	197,493
C-Funds	58,796	--	58,796
Sunday Alcohol Sales Permit Fees	40,980	--	40,980
Admissions Tax	31,875	--	31,875
E-911 System User Fees	25,451	--	25,451
Inventory Tax Replacement	23,895	--	23,895
Various Other	19,817	4,073	23,890

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 3 – Receivables (continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Other Receivables, Net			
EMS Billings	562,620	--	562,620
Reimbursement for Bag Site Monitoring	--	125,147	125,147
Prisoner Housing	79,486	--	79,486
Reimbursement for SRO's	59,576	--	59,576
Insurance Claims	55,145	--	55,145
RMC	52,523	--	52,523
Credit Due from First Vehicle Services	36,904	14,109	51,013
Various Other	293,984	18,118	312,102
Total Receivables	<u>\$ 5,763,137</u>	<u>\$ 352,882</u>	<u>\$ 6,116,019</u>

Property taxes receivable that do not meet the availability requirement have been recorded as deferred revenue. Allowances for uncollectible property taxes have been recorded in the governmental activities in the amount of \$894,088 and \$55,589 in the business type activities.

An allowance for uncollectible court fines of \$208,654 and an allowance for uncollectible EMS fees of \$2,642,242 have been recorded in the governmental activities.

An allowance for uncollectible landfill tipping fees has been recorded in the business-type activities in the amount of \$26,725.

Note 4 - Restricted Assets

The County has recorded restricted cash and investments totaling \$3,525,108 in the governmental funds for the following:

Murrells Inlet Revitalization - MI 2020	\$ 28,559
Deposits Held for Property Condemnation	160,000
Bond Debt Service Reserve Funds	1,938,410
Restricted Bond Proceeds	<u>1,398,139</u>
	<u>\$ 3,525,108</u>

The County has recorded cash as restricted in the amount of \$5,872,794 in the Environmental Services Fund, as these funds are restricted for landfill closure and post closure care costs.

Note 5 - Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2009, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 9,900	\$ --
Debt Service Fund	--	27,000
Nonmajor Special Revenue Funds	--	9,900
Nonmajor Capital Projects Fund	<u>27,000</u>	<u>--</u>
	<u>\$ 36,900</u>	<u>\$ 36,900</u>

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 6 - Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows for governmental activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 6,850,491	\$ 9,693,657	\$ --	\$ 16,544,148
Construction in Progress	<u>17,287,243</u>	<u>18,096,185</u>	<u>(27,581,037)</u>	<u>7,802,391</u>
Total, not being Depreciated	<u>24,137,734</u>	<u>27,789,842</u>	<u>(27,581,037)</u>	<u>24,346,539</u>
Capital Assets, being Depreciated:				
Improvements	13,668,850	3,421,517	--	17,090,367
Infrastructure	15,210,314	1,293,014	--	16,503,328
Buildings	26,782,400	23,405,179	--	50,187,579
Software	--	80,700	--	80,700
Furniture & Fixtures	268,644	494,439	--	763,083
Machinery & Equipment	14,098,786	698,786	(83,807)	14,713,765
Automotive Equipment	<u>15,226,251</u>	<u>1,607,181</u>	<u>(272,173)</u>	<u>16,561,259</u>
Total, being Depreciated	<u>85,255,245</u>	<u>31,000,816</u>	<u>(355,980)</u>	<u>115,900,081</u>
Less Accumulated Depreciation for:				
Buildings	(15,789,345)	(1,040,390)	--	(16,829,735)
Improvements	(7,837,886)	(830,523)	--	(8,668,409)
Infrastructure	(2,987,004)	(452,676)	--	(3,439,680)
Software	--	(11,414)	--	(11,414)
Furniture & Fixtures	(268,644)	--	--	(268,644)
Machinery & Equipment	(9,651,976)	(1,292,597)	76,316	(10,868,257)
Automotive Equipment	<u>(11,326,616)</u>	<u>(1,180,271)</u>	<u>272,173</u>	<u>(12,234,714)</u>
Total Accumulated Depreciation	<u>(47,861,471)</u>	<u>(4,807,871)</u>	<u>348,489</u>	<u>(52,320,853)</u>
Total, being Depreciated, Net	37,393,774	26,192,945	(7,491)	63,579,228
Total Governmental Activities, Net	<u>\$ 61,531,508</u>	<u>\$ 53,982,787</u>	<u>\$ (27,588,528)</u>	<u>\$ 87,925,767</u>

Construction in progress in the amount of \$27,543,740 was reclassified upon completion to buildings in the amount of \$23,212,935, improvements in the amount of \$3,279,469, infrastructure in the amount of \$983,727, and software in the amount of \$67,609. Assets having a net book value of \$44,788 were sold or otherwise disposed of during the year resulting in a gain on disposal of fixed assets of \$151,754. Assets donated totaled \$63,700. Capital outlay reported in the governmental funds statement of revenues, expenditures and changes in fund balances includes \$324,280 that did not meet criteria to be capitalized.

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements
June 30, 2009

Note 6 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2009, was as follows for business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets, not being Depreciated:				
Land	\$ 740,718	\$ --	\$ --	\$ 740,718
Construction in Progress	<u>377,392</u>	<u>186,588</u>	<u>(99,323)</u>	<u>464,657</u>
Total, not being Depreciated	<u>1,118,110</u>	<u>186,588</u>	<u>(99,323)</u>	<u>1,205,375</u>
Capital Assets, being Depreciated:				
Improvements	9,668,312	28,700	--	9,697,012
Buildings	401,271	--	--	401,271
Mining Rights	--	225,000	--	225,000
Software	--	70,623	--	70,623
Machinery & Equipment	4,329,225	1,427,985	--	5,757,210
Automotive Equipment	<u>1,791,097</u>	<u>302,313</u>	<u>(155,778)</u>	<u>1,937,632</u>
Total, being Depreciated	<u>16,189,905</u>	<u>2,054,621</u>	<u>(155,778)</u>	<u>18,088,748</u>
Less Accumulated Depreciation for:				
Improvements	(2,799,880)	(404,727)	--	(3,204,607)
Buildings	(110,369)	(17,253)	--	(127,622)
Mining Rights	--	(14,583)	--	(14,583)
Software	--	(2,354)	--	(2,354)
Machinery & Equipment	(2,620,730)	(472,692)	--	(3,093,422)
Automotive Equipment	<u>(1,340,882)</u>	<u>(129,102)</u>	<u>155,778</u>	<u>(1,314,206)</u>
Total Accumulated Depreciation	<u>(6,871,861)</u>	<u>(1,040,711)</u>	<u>155,778</u>	<u>(7,756,794)</u>
Total, being Depreciated, Net	9,318,044	1,013,910	--	10,331,954
Total Business-Type Activities, Net	<u>\$ 10,436,154</u>	<u>\$ 1,200,498</u>	<u>\$ (99,323)</u>	<u>\$ 11,537,329</u>

Construction in progress in the amount of \$99,323 was reclassified upon completion to improvements in the amount of \$28,700 and software in the amount of \$70,623. Assets totaling \$155,778 that were fully depreciated were sold, resulting in a gain on disposal of assets of \$185,949.

Depreciation expense for the year ended June 30, 2009, was charged to the following functions:

Governmental Activities:	
General Government	\$ 1,018,639
Public Safety	2,065,487
Public Works	664,086
Health and Welfare	122,629
Economic Development	535,730
Cultural and Recreation	401,300
Total Depreciation Expense - Governmental Activities	<u>\$ 4,807,871</u>
Business-Type Activities:	
Environmental Services	\$ 985,822
Stormwater Management Services	54,889
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,040,711</u>

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements
June 30, 2009

Note 6 - Capital Assets (Continued)

Total assets purchased under capital leases with remaining liens are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Original Cost of Assets	\$ 6,170,224	\$ 4,100,897
Accumulated Depreciation	<u>(2,428,842)</u>	<u>(1,143,702)</u>
Net Book Value	<u>\$ 3,741,382</u>	<u>\$ 2,957,195</u>

Note 7 - Long-Term Debt

Following is a summary of changes in long-term liabilities during the year ended June 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable:					
General Obligation Bonds	\$ 16,355,000	\$ --	\$ (1,040,000)	\$ 15,315,000	\$ 1,085,000
Installment Purchase Revenue Bonds	26,000,000	--	(840,000)	25,160,000	875,000
Plus: Unamortized Premium	<u>38,232</u>	<u>--</u>	<u>(6,005)</u>	<u>32,227</u>	<u>--</u>
Total Bonds Payable	42,393,232	--	(1,886,005)	40,507,227	1,960,000
Bond Anticipation Note	2,400,000	--	(2,400,000)	--	--
Capital Leases	3,923,196	986,216	(795,754)	4,113,658	997,230
Net OPEB Obligation	--	986,545	(210,361)	776,184	--
Compensated Absences	<u>1,275,125</u>	<u>1,352,724</u>	<u>(1,275,125)</u>	<u>1,352,724</u>	<u>1,285,088</u>
Totals	<u>\$ 49,991,553</u>	<u>\$ 3,325,485</u>	<u>\$ (6,567,245)</u>	<u>\$ 46,749,793</u>	<u>\$ 4,242,318</u>
Business-Type Activities					
Capital Leases	\$ 1,992,295	\$ 1,498,873	\$ (373,858)	\$ 3,117,310	\$ 531,013
Net OPEB Obligation	--	96,155	(34,113)	62,042	--
Compensated Absences	80,932	87,602	(80,932)	87,602	83,221
Landfill Closure/Postclosure	<u>5,083,676</u>	<u>797,926</u>	<u>(8,808)</u>	<u>5,872,794</u>	<u>69,700</u>
Totals	<u>\$ 7,156,903</u>	<u>\$ 2,480,556</u>	<u>\$ (497,711)</u>	<u>\$ 9,139,748</u>	<u>\$ 683,934</u>

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the County. The County issues general obligation bonds to provide funds for the acquisition, construction and improvement of capital facilities. General obligations bonds are ordinarily repaid with property tax revenues.

Annual debt service requirements to maturity for general obligation bonds outstanding at June 30, 2009, are as follows:

General Obligation Bonds of 1997 (Issued 08/05/97)

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Principal</u>	<u>Interest Sept 1</u>	<u>Interest March 1</u>	<u>Total Annual Payments</u>
2010	4.90%	\$ 990,000	\$ 315,000	\$ 24,255	\$ 24,255	\$ 363,510
2011	4.90%	675,000	330,000	16,537	16,537	363,074
2012	4.90%	345,000	345,000	8,452	8,452	361,904
Totals			<u>\$ 990,000</u>	<u>\$ 49,244</u>	<u>\$ 49,244</u>	<u>\$ 1,088,488</u>

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements
June 30, 2009

Note 7 - Long-Term Debt (continued)

General Obligation Bonds of 2003A (Issued 9/01/03)
Issued for Building Projects

Fiscal Year	Interest Rate	Balance	Principal	Interest Sept 1	Interest March 1	Total Annual Payments
2010	4.00%	\$ 14,325,000	\$ 770,000	\$ 316,047	\$ 316,047	\$ 1,402,094
2011	4.00%	13,555,000	800,000	300,647	300,647	1,401,294
2012	4.00%	12,755,000	835,000	284,647	284,647	1,404,294
2013	4.00%	11,920,000	865,000	267,947	267,947	1,400,894
2014	4.00%	11,055,000	900,000	250,647	250,647	1,401,294
2015-2019	4.00%-4.50%	10,155,000	5,120,000	958,913	958,913	7,037,826
2020-2023	4.00%-4.50%	5,035,000	5,035,000	319,713	319,713	5,674,426
Totals			<u>\$ 14,325,000</u>	<u>\$ 2,698,561</u>	<u>\$ 2,698,561</u>	<u>\$ 19,722,122</u>

Installment Purchase Revenue Bonds

SCAGO Public Facilities Corporation for Georgetown County (the Corporation) issued Installment Purchase Revenue Bonds during fiscal year 2008 in the amount of \$26,000,000 pursuant to a County Facilities Purchase and Use Agreement, which details proportionate interests of the owners in certain rental payments to be made by the County under the terms of a Base Lease Agreement between the County and the Corporation. The County purchases incremental "shares" of the Capital Projects from the Corporation pursuant to the Purchase and Use Agreement, which obligates the County to make semiannual installment payments of the purchase price to the Corporation in amounts calculated to be sufficient to enable the Corporation to pay the principal and interest on the outstanding bonds; amounts budgeted as reserves for the repair and replacement of the facilities, and program administration fees. The County's obligations under the Purchase and Use Agreement are from year to year only and do not constitute a mandatory payment obligation of the County in any fiscal year in which funds are not appropriated by County Council to pay the installment payments due in such fiscal year; however, the County would forfeit possession of the facilities for the remainder of the lease term.

The bonds were issued to fund various capital projects and are secured with liens on the new County judicial center and the existing "old" County courthouse and administration facility. The bonds carry a 4.29% interest rate and require semi-annual interest payments on June 1 and December 1 each year, along with an annual principal payment on December 1 each year. Final maturity on the bonds is on December 1, 2027.

The SCAGO Public Facilities Corporation for Georgetown County installment purchase revenue bonds are not a debt of the County, however, as the Corporation is blended with the operations of the County, the debt of the Corporation is included with the County's other obligations as required by generally accepted accounting principles.

Annual debt service requirements to maturity for installment purchase revenue bonds outstanding at June 30, 2009, are as follows:

Installment Purchase Revenue Bonds (Issued 04/15/08)

Fiscal Year	Interest Rate	Balance	Principal	Interest Sept 1	Interest March 1	Total Annual Payments
2010	4.29%	\$ 25,160,000	\$ 875,000	\$ 530,298	\$ 530,298	\$ 1,935,596
2011	4.29%	24,285,000	915,000	511,100	511,100	1,937,200
2012	4.29%	23,370,000	955,000	491,044	491,044	1,937,088
2013	4.29%	22,415,000	995,000	470,130	470,130	1,935,260
2014	4.29%	22,420,000	1,040,000	448,305	448,305	1,936,610
2015-2019	4.29%	20,380,000	5,925,000	1,878,967	1,878,967	9,682,934
2020-2024	4.29%	14,455,000	7,340,000	1,170,098	1,170,098	9,680,196
2025-2028	4.29%	7,115,000	7,115,000	313,438	313,438	7,741,876
Totals			<u>\$ 25,160,000</u>	<u>\$ 5,813,380</u>	<u>\$ 5,813,380</u>	<u>\$ 36,786,760</u>

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements
June 30, 2009

Note 7 - Long-Term Debt (continued)

Capital Leases

The County's governmental activities have sixteen (16) lease purchase agreements and its business-type activities have eleven (11) lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2010	\$ 1,148,757	\$ 649,809	\$ 1,798,566
2011	978,801	646,500	1,625,301
2012	909,793	607,515	1,517,308
2013	774,999	505,179	1,280,178
2014	382,805	454,939	837,744
2015-2019	<u>366,879</u>	<u>688,136</u>	<u>1,055,015</u>
Total Minimum Lease Payments	4,562,034	3,552,078	8,114,112
Less: Amount Representing Interest	<u>(448,376)</u>	<u>(434,768)</u>	<u>(883,144)</u>
Totals	<u>\$ 4,113,658</u>	<u>\$ 3,117,310</u>	<u>\$ 7,230,968</u>

The annual requirements to amortize all debt outstanding, including capital leases, as of June 30, 2009, are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,957,230	\$ 1,892,727	\$ 4,849,957	\$ 531,013	\$ 118,796	\$ 649,809
2011	2,909,509	1,770,860	4,680,369	548,199	98,301	646,500
2012	2,962,665	1,650,414	4,613,079	530,396	77,119	607,515
2013	2,583,237	1,527,916	4,111,153	448,627	56,552	505,179
2014	2,295,059	1,425,650	3,720,709	416,041	38,898	454,939
2015-2019	11,390,958	5,696,681	17,087,639	643,034	45,102	688,136
2020-2024	12,375,000	2,979,622	15,354,622	--	--	--
2025-2028	<u>7,115,000</u>	<u>626,876</u>	<u>7,741,876</u>	--	--	--
Totals	<u>\$ 44,588,658</u>	<u>\$ 17,570,746</u>	<u>\$ 62,159,404</u>	<u>\$ 3,117,310</u>	<u>\$ 434,768</u>	<u>\$ 3,552,078</u>

The legal debt limit imposed by South Carolina statutes for issuance of general obligation debt without referendum is equal to eight per cent (8%) of the total assessed value of all taxable property in the County less currently outstanding general obligation debt that was issued without referendum. Based on the 2008 tax year assessed valuation of \$564,564,000, and outstanding general obligation bond debt at June 30, 2009, of \$15,315,000, the legal debt limit is approximately \$29,850,000.

Note 8 - Contingencies

As of June 30, 2009, actions have been alleged against the County in which it has denied liability. Any liability would be covered by the Insurance Reserve Fund up to the policy limit. The outcome or the amount of recovery, if any, cannot be predicted with certainty. Accordingly, no liability has been recorded.

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 9 - Interfund Transfer Reconciliation

Operating transfers between the County's various funds are generally made to fund Council approved projects. Below is a summary of those interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,655,910	\$ 1,541,215
Law Enforcement Fund	1,716,315	655,000
Local Accommodations & Hospitality Tax Fund	--	2,512,000
Judicial Center Project Fund	8,442,597	--
Land Acquisition Project Fund	9,434,403	--
Nonmajor Special Revenue Funds	406,000	1,470,524
Nonmajor Capital Projects Funds	6,354,386	21,720,872
Environmental Services Fund	--	40,000
Stormwater Management Fund	--	70,000
Totals	<u>\$ 28,009,611</u>	<u>\$ 28,009,611</u>

Note 10 - Economic Dependency

Georgetown County collects property taxes from five taxpayers which represents 4.75% of total assessed valuation.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>
International Paper Company	Paper Products	\$ 17,771,344
Santee Electric Coop Inc.	Electric Utility	2,882,710
Verizon South Inc.	Telecommunications	2,471,980
ArcelorMittal Georgetown Inc.	Steel Wire	2,014,590
South Bay Properties LLC	Real Estate	1,655,498

Note 11 - Retirement Plans

Plan Description

County employees participate in either the South Carolina Police Officers Retirement System (PORS) or the South Carolina Retirement System (SCRS), depending on their particular duties. Both plans are administered by the South Carolina Retirement Systems and are classified as cost-sharing multiple-employer public employee retirement systems (PERS). Each plan provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions are established under authority of Title 9 of the South Carolina Code of Laws. The South Carolina Retirement Systems issue a Comprehensive Annual Financial Report which discloses detailed information regarding benefit provisions and actuarial information. That report is available to the public and may be obtained by writing to South Carolina Retirement Systems, Post Office Box 11960, Capitol Station, Columbia, South Carolina 29211-1960.

Funding Policy

Members of the PORS and SCRS are required to contribute 6.50 of their covered wages. The County is required to contribute at actuarially determined rates, currently 10.65% of PORS member wages and 9.24% of SCRS member wages. The contribution requirements of plan members and the County are established by the South Carolina Retirement Systems under authority of Title 9 of the South Carolina Code of Laws. The County's required contributions for retirement benefits to the PORS for the plan years ending June 30, 2009, 2008 and 2007 totaled \$981,969, \$892,222 and \$835,766, respectively. The County's required contributions for retirement benefits to the SCRS for the plan years ending June 30, 2009, 2008 and 2007 were \$1,011,958, \$973,465 and \$804,613, respectively. Actual contributions were equal to the required contributions for each year.

The County also contributes 0.20% and 0.15% of covered payroll for group life insurance benefits for PORS and SCRS members, respectively. In addition, the County contributes 0.20% for accidental death benefits for PORS members.

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 12 - Post Employment Health Care Benefits

Plan Description

The County's defined benefit single-employer post-employment healthcare plan (the Plan) provides medical benefits to eligible retirees and their eligible dependents. Employees become eligible when the employee qualifies for retirement benefits under the South Carolina Retirement System and has at least 5 years of service with the County. Information regarding South Carolina Retirement System eligibility may be obtained from the Comprehensive Annual Financial Report of the Retirement System (see Note 11). The Plan is approved by policy of County Council; the contribution requirements of the County and plan members are established and amended by Council. These contributions are neither guaranteed nor mandatory. Council has the right to unilaterally modify its payments toward retiree health care benefits. As of July 1, 2008, the actuarial measurement date for the fiscal year 2009 and 2010 plan years, there were 613 covered participants, including 525 active employees, 67 retirees, and 21 spouses of retirees.

The County prospectively implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions," during the period to account for its post-employment benefits. Stand alone financial reports are not available.

Funding Policy

The County's Plan offers medical and dental benefits to retirees and their spouses. Benefits are provided according to the schedule below.

Group 1 includes present active employees who were hired before July 1, 2005, and current retirees.

Group 2 includes present active employees who were hired on or after July 1, 2005.

Retirees can continue coverage for life. Covered spouses and beneficiaries can continue coverage for life after the death of the retiree.

Monthly premiums for the 2009 calendar year were as follows:

	Medical	Dental
Retiree	\$ 354.36	\$ 11.71
Retiree/Spouse	752.20	19.35
Retiree/Child	511.60	25.43
Family	897.14	33.05

Monthly contributions scheduled to be paid by the County during the 2009 calendar year were as follows:

	Medical	Dental
Retiree	\$ 260.90	\$ 11.71
Retiree/Spouse	514.70	11.71
Retiree/Child	369.40	11.71
Family	602.56	11.71

For Group 1, the County pays monthly contributions according to the table above if the retiree had 25 years of service with the County upon retirement. If the retiree had 10 years of service, but less than 25 years upon retirement, the County contributes only the retiree portion listed in the table above. If the retiree had less than 10 years service upon retirement, the retiree is responsible for the entire premium.

For Group 2, the County pays monthly contributions according to the table above if the retiree had 25 years of service with the County upon retirement. If the retiree had less than 25 years upon retirement, the retiree is responsible for the entire premium. In addition, the County's contribution ends when the retiree becomes eligible for Medicare.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is based on a level percent of payroll increasing annually at 3.0%.

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 12 - Post Employment Health Care Benefits (continued)

The components of the annual OPEB cost, the amount actually contributed to the plan, and changes in the net OPEB obligation during the fiscal year ended June 30, 2009, were as follows:

Normal Cost	\$ 376,800
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	<u>705,900</u>
Total Annual Required Contribution (OPEB Cost)	1,082,700
Contributions Made	<u>(244,474)</u>
Increase in Net OPEB Obligation	838,226
Net OPEB Obligation – Beginning	<u>--</u>
Net OPEB Obligation – Ending	<u>\$ 838,226</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended June 30, 2009, was as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal Year Ended June 30, 2009	\$ 1,082,700	22.6%	\$ 838,226

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits (AAL) was \$11,337,811 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,337,811. The covered payroll (annual payroll of active employees covered by the Plan) was \$17,983,000, and the ratio of the UAAL to the covered payroll was 63.0%.

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 healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and the 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.

For the July 1, 2008, actuarial valuation, the County used the Entry Age Normal Cost Method. The actuarial assumptions included a 7.5% annual investment rate of return (net of administrative and investment related expenses) and an initial healthcare cost trend rate of 10.5%. The trend rate will decrease in 0.5% steps until it reaches 5.0% and will then remain level. The asset valuation method used is market value. The Plan's UAAL is being amortized as a level percentage of projected payroll costs. The remaining amortization period at July 1, 2009, is twenty-nine years.

Actuarial calculations, in particular those regarding the assumed annual investment rate of return, are based on the understanding that the County will fully fund into an Irrevocable Trust the Annual Required Contributions beginning with its fiscal year 2011.

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 13 - Commitments

The County had the following governmental activity projects with significant remaining construction and contractual commitments at June 30, 2009:

During the year ended June 30, 2009, construction continued on the Carroll A. Campbell Marine Complex. This project is funded by various federal and state grants as well as County bond funds. Costs incurred to date total approximately \$4,357,000. Total project costs are expected to be approximately \$5,500,000 when complete sometime in calendar year 2010.

As a part of the County's Capital Improvement Plan, improvements are in progress at five County regional parks. Total anticipated cost for the project, which is being funded with bond proceeds, is \$1,200,000 and approximately \$956,000 had been incurred as of June 30, 2009.

In addition to the above projects, there were various airport improvement and expansion projects under construction with total estimated costs of approximately \$2,500,000, of which approximately \$1,700,000 had been incurred as of year-end. These projects are substantially funded with Federal and State grants.

Note 14 - Deficit Fund Balances

The following funds had negative fund balances at June 30, 2009, but revenues are expected during Fiscal Year 2010 to resolve these deficiencies:

Special Revenue Funds

Public Safety Grants	\$	(28)
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Capital Projects Funds

Carroll A. Campbell Marine Complex Project	\$	(18,403)
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Note 15 - Landfill Closure & Postclosure Care Costs

The Resource Conservation and Recovery Act ("RCRA"), the federal regulations which address solid waste landfill closure, was amended with more stringent closure requirements for landfills that operate beyond October, 1993. The South Carolina Solid Waste Policy and Management Act of 1991 set forth certain requirements for landfills. Pursuant to the Act, South Carolina Department of Health and Environmental Control promulgated regulations establishing performance standards for the closure and post closure care of landfills. Chapter 61-107.258.60, Subpart F, establishes the criteria for closure and post-closure care of landfills in South Carolina.

The County operates a municipal solid waste landfill and a construction and demolition waste landfill. It also is responsible for a closed municipal solid waste landfill and a closed industrial waste landfill. Federal and State laws and regulations require that the County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at closed landfill sites for thirty years after closure. In addition to operating expenses related to current activities of the landfills, an expense provision and related liability are recognized based on future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the liability for landfill closure and post closure care costs is based on the percentage of landfill capacity used to date applied to the estimated future costs to close the landfills and to maintain and monitor the landfills subsequent to their closure.

Changes in the County's estimated liability for closure and postclosure care costs during the year ended June 30, 2009, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Active MSW Landfill	\$ 3,229,193	\$ 349,141	\$ --	\$ 3,578,334
Active C&D Landfill	659,655	289,085	--	948,740
Closed MSW Landfill	1,194,828	--	(8,808)	1,186,020
Closed Maryville "Industrial" Landfill	--	159,700	--	159,700
Totals	<u>\$ 5,083,676</u>	<u>\$ 797,926</u>	<u>\$ (8,808)</u>	<u>\$ 5,872,794</u>

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 15 – Landfill Closure & Postclosure Care Costs (continued)

A summary of estimated remaining closure and postclosure care costs to be recognized for the County's current landfills follows:

	Total Estimated Costs	Costs Recognized through 6/30/2009	Remaining Costs to be Recognized	Estimated Remaining Life
Active MSW Landfill (Capacity Used to Date: 33.57%)	\$ 10,660,780	\$ 3,578,334	\$ 7,082,446	14 Years
Active C&D Landfill (Capacity Used to Date: 80.75%)	1,175,000	948,740	226,260	2 Years
Closed MSW Landfill (net)	1,186,020	1,186,020	--	None
Closed Maryville "Industrial" Landfill (net)	159,700	159,700	--	None
Totals	<u>\$ 13,181,500</u>	<u>\$ 5,872,794</u>	<u>\$ 7,308,706</u>	

The total estimated closure and postclosure care costs of \$13,181,500 is based on the amount that would be paid if all equipment, facilities, and services required to close, maintain and monitor the active landfills were paid out as of June 30, 2009. However, the estimated future costs of landfill closure and postclosure care, as determined by consulting engineers, are subject to changes such as the effects of inflation, revisions in laws and regulations, changes in technology, actual sequence of landfill development and closure, and other variables. It is anticipated that future inflation costs will be financed in part from earnings on investments. Other unanticipated costs may need to be covered by modifying charges to future landfill users, taxpayers, or both.

The County is required by federal and state laws to provide financial assurance that funds will be available when needed for closure and postclosure care costs through compliance with one of several approved alternative methods. The method utilized by the SWA is the local government financial test. At June 30, 2009, the County is in compliance with federal and state financial assurance requirements. Funds have been accumulated in the amount of \$5,872,794 to cover future costs of landfill closure and postclosure care. This amount, which is equal to the portion of costs recognized to date, is reported in the financial statements as restricted cash and investments.

Note 16 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to protect against these risks of loss, the County pays insurance premiums to certain State agencies and commercial insurers to cover risks that may occur in normal operations. Management believes such coverage is sufficient to preclude any significant losses for the covered risks. The County has not had a significant reduction in insurance coverage in the last year and has not had any material settled claims in excess of coverage in the last three years.

Workers compensation losses are insured through the South Carolina Workers Compensation Trust (SCMIT), a self-sustaining public entity risk pool. The pool pays workers compensation losses and provides medical case management services for injured employees through a third party administrator.

The County is self insured for unemployment benefits. Claims are administered by the South Carolina Employment Security Commission and then reimbursed by the County. No liability has been accrued at year-end for potential claims, as they are expected to be minimal.

Note 17 - Fund Balance Reservations and Designations

The following is a list of all reserves by the County and a brief description of each:

Reserve for Prepaid Items - an account used to segregate a portion of fund balance to indicate prepaid insurance does not represent available, spendable resources even though it is a component of current assets.

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 17 - Fund Balance Reservations and Designations (continued)

Reserve for Inventory - an account used to separate a portion of fund balance to indicate inventory does not represent available, spendable resources even though it is a component of current assets.

Reserve for Encumbrances - a fund balance reservation account used to indicate purchase commitment amounts at year-end, to be honored in the subsequent fiscal year, are not available for appropriation or expenditure.

Reserve for Investment Property - An account used to segregate a portion of fund balance to indicate property held for resale in the Special Economic Development Agreement Special Revenue Fund does not represent available, spendable resources even though it is reported as an asset.

Reserve for Bond Debt Service - An account used to segregate a portion of fund balance to indicate that amount does not represent available, spendable resources as a result of a legal restriction on a portion of bond proceeds that is required to be maintained as a "reserve fund" to ensure payment of debt service on the 2008 IPR Bond Issue.

Reserve for Marshwalk Maintenance - An account used to report funds in the Murrells Inlet Revitalization Special Revenue Fund that are contractually restricted for maintenance of the Murrells Inlet marshwalk and therefore do not represent available spendable resources.

Net assets have been restricted as a result of enabling legislation in the government-wide statements in conjunction with the following:

Victims Services	\$ 55,579
Clerk of Court Unit Cost/Incentive	10,536
State Accommodations Tax	917,282
Sheriff Special Narcotics	4,855
Road Improvement	3,461,195
Admissions Tax	309,617
Local Accommodations & Hospitality Tax	5,240,521
"Sunday Sales" Permits	295,019
Emergency Telephone Fund	7,639

Note 18 - Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between governmental fund balance sheet and the government-wide statement of net assets:

The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds." The details of this \$87,925,767 are as follows:

Capital Assets	\$ 140,246,620
Accumulated Depreciation	<u>(52,320,853)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 87,925,767</u>

Another element of that reconciliation is the "other long-term assets, such as property taxes, court fines, and ambulance fees are not available to pay for current period expenditures and, therefore, are deferred or not recognized in the governmental funds." The details of this \$1,903,728 are as follows:

Property Taxes deferred in Governmental Fund Statement	\$ 1,187,681
Court Fines deferred in Governmental Fund Statement	463,855
Ambulance Fees deferred in Governmental Fund Statement	<u>252,192</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 1,903,728</u>

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements
June 30, 2009

Note 18 - Reconciliation of Government-wide and Fund Financial Statements (continued)

Another element of that reconciliation explains that "long-term liabilities, including bonds payable (net of premiums and issuance costs), capital leases, Net OPEB obligation, compensated absences and accrued interest, are not due and payable in the current period or are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds." The details of the (\$46,611,435) are as follows:

Bonds Payable	\$ (15,315,000)
Installment Purchase Revenue Bond	(25,160,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	455,914
Plus: Issuance premium (to be amortized as interest expense)	(32,227)
Accrued Interest Payable	(317,556)
Capital Leases Payable	(4,113,658)
Net OPEB Obligation	(776,184)
Compensated Absences	<u>(1,352,724)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (46,611,435)</u>

Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital asset acquisition costs as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$26,375,347 difference are as follows:

Capital Outlay	\$ 31,183,218
Depreciation Expense	<u>(4,807,871)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 26,375,347</u>

Another element of that reconciliation explains that "revenues in the statement of activities, such as property taxes, ambulance fees, and police fines, that will not be collected for several months after year-end, and do not provide current financial resources, are not reported as revenues in the governmental funds." The details of this \$859,400 difference are as follows:

Police Fines	\$ 123,372
Ambulance Fees	(52,445)
Property Taxes	<u>788,473</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 859,400</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the full amount of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$4,121,278 are as follows:

Debt issued or incurred:	
Issuance of Lease Purchase	\$ (986,216)
Bond Issuance Costs	31,740

COUNTY OF GEORGETOWN, SOUTH CAROLINA

Notes to Financial Statements

June 30, 2009

Note 18 - Reconciliation of Government-wide and Fund Financial Statements (continued)

Principal repayments:	
General obligation debt	3,440,000
Installment Purchase revenue debt	840,000
Capital lease	<u>795,754</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,121,278</u>

Another element of that reconciliation states that "some expenses reported in the statement of activities, such as compensated absences, accrued interest, and amortization of bond premiums and issuance costs, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this (\$196,064) difference are as follows:

Compensated absences	\$ (77,599)
Accrued interest	(93,942)
Amortization of issuance costs	(30,528)
Amortization of bond premium	<u>6,005</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (196,064)</u>