

Laurens County, South Carolina

Report on Financial Statements

For the year ended June 30, 2013

Laurens County, South Carolina

Contents

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-9
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Position	1	10
Statement of Activities.....	2	11
Fund Financial Statements		
Balance Sheet - Governmental Funds.....	3	12
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	4	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	5	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	6	15
Statement of Fiduciary Net Position.....	7	16
Notes to Financial Statements		17-37
Required Supplementary Information		
Schedule of Revenues - Budget and Actual – General Fund.....	A-1	38-39
Schedule of Expenditures By Department - Budget and Actual – General Fund.....	A-2	40-41
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Rural Fire.....	A-3	42
Schedule of Funding Progress – Other Post Employment Benefits Plan.....	A-4	43
Supplementary Information		
Combining Balance Sheet - Nonmajor Governmental Funds.....	B-1	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	B-2	45

Laurens County, South Carolina

Contents

	<u>Exhibit</u>	<u>Page</u>	
Supplementary Information, Continued			
General Fund			
Balance Sheet.....	B-3	46	
Statement of Revenues, Expenditures and Changes in Fund Balance.....	B-4	47	
Schedule of Expenditures - Budget and Actual.....	B-5	48-59	
Nonmajor Special Revenue Funds			
Combining Balance Sheet.....	B-6	60-61	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	B-7	62-65	
Nonmajor Debt Service Fund			
Balance Sheet.....	B-8	66	
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	B-9	67	
Schedule Required by State Law			
Fines, Assessments and Surcharges.....	B-10	68	
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.....			69-70
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by OMB Circular A-133.....			71-72
Schedule of Expenditures of Federal Awards.....		73	
Schedule of Findings and Questioned Costs.....		74-78	
Summary Schedule of Prior Audit Findings.....		79	



Independent Auditor's Report

Laurens County Council
Laurens, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Laurens County, South Carolina (the County) as of and for the year ended June 30, 2013, 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Laurens County, South Carolina as of June 30, 2013, and the respective changes in financial position 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, general fund budgetary comparison information, rural fire budgetary comparison information, and the schedule of funding progress on pages 3-9, 38-42, 48-59 and 43, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

The combining and individual major and nonmajor fund financial statements, schedule of fines and assessments and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 major and non-major fund financial statements, schedule of fines and assessments, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Greenwood, South Carolina
December 31, 2013



This section of Laurens County annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at June 30, 2013 by \$71.3 million (net position). Of this amount, \$64.2 million is net investment in capital assets, \$9.8 million is restricted for capital activity, debt service, contingency and public safety, and with an unrestricted deficit of approximately \$2.7 million.
- The County repaid \$1.6 million of bond and financing lease payables during the year. No new debt was issued during the year.
- During the year, the County's general fund balance decreased by \$913 thousand.
- The general fund actual revenues were \$742 thousand less than budgeted and general fund expenditures were \$536 thousand less than budgeted.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds. 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.
- *Fiduciary fund* statements provide information about resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The 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. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in single columns in the basic 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.

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

	Government-wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire County government (except Fiduciary funds)	The activities of the County that are not proprietary or fiduciary, such as police, fire, and parks	Instances in which the County is the agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position
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-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All agency assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues 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	

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 it has changed. Net position - the difference between the County's assets and liabilities - is one way to measure the County's financial health.

- 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.

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 by bond covenants.
- The County Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has two 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. 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.
- *Fiduciary funds* - The County acts as agent, or *fiduciary*, for other entities' resources. 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. 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 position decreased \$252 thousand or 0.4 percent between fiscal years 2012 and 2013. (See Table A-1.)

Table A-1
Laurens County Net Position
(in thousands of dollars)

	Governmental Activities		Total Percentage Change
	2012	2013	
Current and other assets	\$ 35,575	\$ 35,407	-0.5%
Capital assets	76,424	77,118	0.9%
Total assets	<u>111,999</u>	<u>112,525</u>	0.5%
Long-term debt outstanding	19,313	18,979	-1.7%
Other liabilities	21,160	22,272	5.3%
Total liabilities	<u>40,473</u>	<u>41,251</u>	1.9%
Net position			
Net investment in capital assets	62,525	64,224	2.7%
Restricted	8,258	9,758	18.2%
Unrestricted (deficit)	743	(2,708)	-464.5%
Total net position	<u><u>\$ 71,526</u></u>	<u><u>\$ 71,274</u></u>	-0.4%

Laurens County, South Carolina
Management's Discussion and Analysis
June 30, 2013

Net unrestricted position of our governmental activities decreased by \$3.3 million. Capital assets of \$6.3 million were acquired during the year while depreciation expense on new and existing capital assets totaled \$5.5 million.

Changes in net position. The County's total revenues increased by 12.7 percent to \$40.4 million. (See Table A-2) Approximately 45 percent of the County's total revenue comes from property taxes, 19 percent comes from fees charged for services, fines and fees and 34 percent is from state and federal aid.

The total cost of all programs and services decreased approximately \$477 thousand or 1.2 percent. The County's expenses cover a range of services, with about 41 percent related to public safety.

Table A-2 and the narrative that follows consider the operations of governmental activities.

GOVERNMENTAL ACTIVITIES

Revenues for the County's governmental activities increased 12.7 percent, while total expenses decreased 1.2 percent.

Table A-2
Changes in Laurens County Net Position
(in thousands of dollars)

	Governmental Activities		Total Percentage Change
	2012	2013	
Revenues			
Program Revenues			
Charges for services	\$ 7,614	\$ 7,555	-0.8%
Operating grants and contributions	1,793	1,584	-11.7%
Capital grants and contributions	2,034	5,016	146.6%
General Revenues			
Property taxes	17,727	18,268	3.1%
Other taxes	85	75	-11.8%
Intergovernmental	6,340	7,038	11.0%
Other	256	848	231.3%
Total revenues	35,849	40,384	12.7%
Expenses			
General government	13,920	13,976	0.4%
Public safety	16,500	16,441	-0.4%
Public works	6,810	6,825	0.2%
Health and welfare	267	279	4.5%
Culture and recreation	776	763	-1.7%
Intergovernmental	381	423	11.0%
Economic development	2,204	1,259	-42.9%
Interest and fiscal charges	255	670	162.7%
Total expenses	41,113	40,636	-1.2%
Decrease in net position	\$ (5,264)	\$ (252)	-95.2%

Total revenues were \$4.5 million more than the prior year. During the current year, grants increased by \$2.8 million, property taxes increased by \$541 thousand, intergovernmental revenues increased by \$698 thousand and other increased by \$592 thousand as compared to the prior year, primarily from a gain on disposal of capital assets related to insurance recovery in the current year.

Laurens County, South Carolina
Management's Discussion and Analysis
June 30, 2013

Current year expenses were \$477 thousand less than the prior year. Economic development expenses decreased by \$945 thousand and public safety decreased by \$59 thousand, while general government had an increase of \$56 thousand, intergovernmental increased by \$42 thousand and interest and fiscal charges had an increase of \$415 thousand, and other expense items were reasonably flat or slightly higher as compared to the prior year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$12.7 million which is less than the prior year by \$1.1 million.

General Fund Budgetary Highlights

Actual general fund expenditures were \$536 thousand less than budgeted amounts, primarily resulting from positive budget variances in general government and public works of \$490 thousand and \$118 thousand, respectively, partially offset by a negative budget variance of \$91 thousand in public safety.

The resources available for appropriation were \$742 thousand less than the budgeted amount. This is primarily related to a negative variance in property taxes collected of \$959 thousand, offset by positive variances of \$185 thousand and \$86 thousand in intergovernmental revenues and charges for services, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the County had invested \$77.1 million in a broad range of capital assets. (See Table A-3.) This amount represents a net increase before depreciation (including additions and deductions) of \$5.5 million. However, after depreciation, capital assets increased \$694 thousand or 0.9 percent, over last year.

Table A-3
Laurens County Capital Assets
(net of depreciation, in thousands of dollars)

	Governmental Activities		Total Percentage Change
	2012	2013	
Land	\$ 870	\$ 2,870	229.9%
Construction in progress	6,280	-	-100.0%
Buildings and improvements	19,101	25,138	31.6%
Furniture, fixtures and equipment	15,832	16,619	5.0%
Infrastructure	110,922	113,850	2.6%
Accumulated depreciation	(76,581)	(81,359)	6.2%
Total capital assets, net	\$ 76,424	\$ 77,118	0.9%

This year's major capital asset additions included:

- \$2.0 million in land acquisitions
- \$3.0 million in new construction in progress.
- \$1.1 million in vehicle and equipment additions.

More detailed information about the County's capital assets is presented in Notes 1 and 5 to the financial statements.

Laurens County, South Carolina
Management's Discussion and Analysis
June 30, 2013

Long-term Debt

At year-end the County had \$13.2 million in bonds and capital lease obligations outstanding, a decrease of 11.0 percent over last year as shown in Table A-4. More detailed information about the County's long-term debt is presented in Note 10 to the financial statements.

The state limits the amount of general obligation debt the County can issue to 8 percent of the assessed value of all taxable property within the County's legal limits.

Table A-4
Laurens County Outstanding Debt
(in thousands of dollars)

	Governmental Activities		Total Percentage Change
	2012	2013	
General obligation bonds	\$ 7,237	\$ 6,506	-10.1%
Special source revenue bonds	3,721	3,505	-5.8%
Lease financing obligations	3,820	3,173	-16.9%
Total	\$ 14,778	\$ 13,184	-10.8%

This year's major outstanding debt change included:

- \$1.6 million in bond, note and lease financing repayments.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Unemployment at June 30, 2013 stood at 8.2 percent versus 9.9 percent a year ago. This compares slightly unfavorably with both the state's rate of 8.1 percent and the national rate of 7.6 percent.

These indicators were taken into account when adopting the general fund budget for fiscal year 2014. The general "operating" fund budget for 2014 is approximately \$26,400,000.

Capital expenditures approved in the fiscal year 2014 capital budget were approximately \$1,000,000. The County has added no major new programs or initiatives to the 2014 budget.

With the approval of the 2014 budget the County should continue to move in a positive direction. The 2014 budget was prepared with the continuation of the initiative to adequately fund departments. County Council recommended the County establish a goal of preparing a budget that will support the County's goal of establishing reserves to build a solid financial structure for future growth of County Services provided to its citizens.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Ernest Segars, Laurens County Administrator, Post Office Box 445, Laurens, SC 29360 or visit the County website at www.co.laurens.sc.us.

Laurens County, South Carolina

Exhibit 1 - Statement of Net Position

June 30, 2013

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Laurens County Library</u>
Assets		
Cash and cash equivalents	\$ 26,355,495	\$ 33,741
Cash and cash equivalents, restricted	289,638	20,176
Investments	3,183,754	-
Receivables:		
Taxes - Net	1,021,774	-
Other	1,662,440	-
Prepaid items	138,325	31,218
Due from other governments	2,755,202	3,270
Capital assets:		
Land	2,870,315	33,700
Buildings and improvements	25,137,687	1,312,952
Vehicles and equipment	16,619,064	187,468
Infrastructure assets	113,850,390	-
Library books and audio-visual material	-	1,118,336
Less accumulated depreciation	(81,359,377)	(1,819,091)
Total capital assets, net of depreciation	<u>77,118,079</u>	<u>833,365</u>
Total assets	<u>112,524,707</u>	<u>921,770</u>
Liabilities		
Accounts payable	1,467,561	5,800
Due to other taxing districts and agencies	19,529,357	-
Accrued wages and benefits	796,458	-
Accrued interest payable	478,350	-
Long-term liabilities:		
Net other post employment benefit obligation	5,267,057	129,056
Due within one year	1,553,609	-
Due in more than one year	12,158,440	-
Total liabilities	<u>41,250,832</u>	<u>134,856</u>
Net position		
Net investment in capital assets	64,223,934	833,365
Restricted for:		
Capital activity	1,246,725	-
Debt service	342,861	-
Contingency fund	6,073,148	-
Public safety	2,090,252	-
Economic development	5,000	-
Library	-	20,176
Unrestricted	(2,708,045)	(66,627)
Total net position	<u>\$ 71,273,875</u>	<u>\$ 786,914</u>

See Notes to Financial Statements

Laurens County, South Carolina

Exhibit 2 - Statement of Activities

For the year ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for services, fines and fees	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Laurens County Library
PRIMARY GOVERNMENT						
Governmental activities						
General government	\$ 14,143,162	\$ 1,270,411	\$ 2,511	\$ 2,417,446	\$ (10,452,794)	\$ -
Public safety	16,249,366	3,560,921	169,410	-	(12,519,035)	-
Public works	6,825,224	2,723,381	1,412,293	-	(2,689,550)	-
Health and welfare	278,902	-	-	-	(278,902)	-
Culture and recreation	763,100	-	-	-	(763,100)	-
Intergovernmental	422,684	-	-	-	(422,684)	-
Economic development	1,282,713	-	-	2,598,491	1,315,778	-
Interest and fiscal charges	670,367	-	-	-	(670,367)	-
Total governmental activities	<u>40,635,518</u>	<u>7,554,713</u>	<u>1,584,214</u>	<u>5,015,937</u>	<u>(26,480,654)</u>	<u>-</u>
Total primary government	<u>\$ 40,635,518</u>	<u>\$ 7,554,713</u>	<u>\$ 1,584,214</u>	<u>\$ 5,015,937</u>	<u>(26,480,654)</u>	<u>-</u>
Component unit						
Laurens County Library	982,005	28,297	56,634	20,019		(877,055)
Total component units	<u>\$ 982,005</u>	<u>\$ 28,297</u>	<u>\$ 56,634</u>	<u>\$ 20,019</u>		<u>(877,055)</u>
GENERAL REVENUES						
Property taxes levied for:						
General purposes					14,209,532	-
Special purpose					2,823,311	-
Debt service					1,235,208	-
Accommodations tax					75,155	-
Intergovernmental					7,037,477	-
Interest and investment income					34,545	10
Gain on disposal of capital assets					640,965	-
County appropriation					-	718,807
Contributions - in -kind					-	70,000
Gifts					-	8,611
Miscellaneous					172,841	8,256
Total general revenues					<u>26,229,034</u>	<u>805,684</u>
Change in net position					(251,620)	(71,371)
Net position beginning of year					71,525,495	858,285
Net position end of year					<u>\$ 71,273,875</u>	<u>\$ 786,914</u>

See Notes to Financial Statements

Laurens County, South Carolina

Exhibit 3 - Balance Sheet - Governmental Funds

June 30, 2013

	General	Rural Fire	Detention Center Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 25,808,208	\$ -	\$ -	\$ 547,287	\$ 26,355,495
Cash and cash equivalents, restricted	289,638	-	-	-	289,638
Investments	3,183,754	-	-	-	3,183,754
Property taxes receivable - Net	770,270	156,110	-	95,394	1,021,774
Accounts receivable	1,523,618	31,350	-	107,472	1,662,440
Prepaid items	138,325	-	-	-	138,325
Due from other governments	2,755,202	-	-	-	2,755,202
Due from other funds	51,467	122,053	-	1,937,605	2,111,125
Total assets	<u>\$ 34,520,482</u>	<u>\$ 309,513</u>	<u>\$ -</u>	<u>\$ 2,687,758</u>	<u>\$ 37,517,753</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,135,374	\$ 23,878	\$ -	\$ 308,309	\$ 1,467,561
Accrued wages and benefits	796,458	-	-	-	796,458
Unavailable revenue	687,335	141,395	-	85,576	914,306
Due to other funds	2,059,658	-	51,467	-	2,111,125
Due to other taxing districts and agencies	19,529,357	-	-	-	19,529,357
Total liabilities	<u>24,208,182</u>	<u>165,273</u>	<u>51,467</u>	<u>393,885</u>	<u>24,818,807</u>
Fund balances					
Nonspendable	138,325	-	-	-	138,325
Restricted					
Capital activity	1,536,363	-	-	-	1,536,363
Public safety	-	144,240	-	1,946,012	2,090,252
Economic development	-	-	-	5,000	5,000
Debt service	-	-	-	342,861	342,861
Contingency	6,073,148	-	-	-	6,073,148
Assigned	1,610,582	-	-	-	1,610,582
Unassigned (deficit)	953,882	-	(51,467)	-	902,415
Total fund balances	<u>10,312,300</u>	<u>144,240</u>	<u>(51,467)</u>	<u>2,293,873</u>	<u>12,698,946</u>
Total liabilities and fund balances	<u>\$ 34,520,482</u>	<u>\$ 309,513</u>	<u>\$ -</u>	<u>\$ 2,687,758</u>	<u>\$ 37,517,753</u>

See Notes to Financial Statements

Laurens County, South Carolina

Exhibit 4 - Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2013

Total fund balances - Governmental funds	\$ 12,698,946
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	2,870,315
Buildings and improvements	25,137,687
Vehicles and equipment	16,619,064
Infrastructure	113,850,390
Accumulated depreciation	<u>(81,359,377)</u>
Total capital assets	<u>77,118,079</u>
Some revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are presented as unavailable revenues in the funds.	
Property taxes	<u>914,306</u>
Interest is recorded as an expenditure when paid in the governmental funds, but is recorded in the government-wide statements when it is due, accordingly, interest due but unpaid at yearend is accrued.	
Accrued interest payable	<u>(478,350)</u>
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
General obligation debt	(6,505,966)
Special source revenue bond	(3,505,000)
Capital leases payable	(3,172,817)
Compensated absences	(528,266)
Other post employment benefits	<u>(5,267,057)</u>
Total long-term liabilities	<u>(18,979,106)</u>
Net position of governmental activities	<u><u>\$ 71,273,875</u></u>

See Notes to Financial Statements

Laurens County, South Carolina

Exhibit 5 - Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2013

	General	Rural Fire	Detention Center Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 14,110,734	\$ 2,250,529	\$ -	\$ 1,807,990	\$ 18,169,253
Licenses and permits	420,341	93,980	-	-	514,321
Intergovernmental revenue	13,031,190	-	-	681,593	13,712,783
Charges for services	7,040,392	-	-	-	7,040,392
Interest and investment income	32,261	-	294	1,990	34,545
Miscellaneous revenue	75,989	-	-	96,852	172,841
Total revenues	<u>34,710,907</u>	<u>2,344,509</u>	<u>294</u>	<u>2,588,425</u>	<u>39,644,135</u>
EXPENDITURES					
General government	15,287,753	-	-	-	15,287,753
Public safety	12,508,575	1,792,290	357,630	1,405,338	16,063,833
Public works	3,395,291	-	-	-	3,395,291
Health and welfare	243,860	-	-	-	243,860
Culture and recreation	745,520	-	-	-	745,520
Intergovernmental	422,684	-	-	-	422,684
Economic development	2,675,615	-	-	607,098	3,282,713
Debt service:					
Principal retirement	316,285	330,415	-	972,289	1,618,989
Interest and fiscal charges	28,782	69,345	-	257,165	355,292
Total expenditures	<u>35,624,365</u>	<u>2,192,050</u>	<u>357,630</u>	<u>3,241,890</u>	<u>41,415,935</u>
Excess (deficit) of revenues over (under) expenditures	<u>(913,458)</u>	<u>152,459</u>	<u>(357,336)</u>	<u>(653,465)</u>	<u>(1,771,800)</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	-	6,588	-	-	6,588
Insurance recoveries	-	-	-	675,969	675,969
Transfers in	-	246,759	-	187,475	434,234
Transfers out	-	(187,475)	-	(246,759)	(434,234)
Total other financing sources (uses)	<u>-</u>	<u>65,872</u>	<u>-</u>	<u>616,685</u>	<u>682,557</u>
Net change in fund balances	<u>(913,458)</u>	<u>218,331</u>	<u>(357,336)</u>	<u>(36,780)</u>	<u>(1,089,243)</u>
Fund balances (deficits), beginning of year	<u>11,225,758</u>	<u>(74,091)</u>	<u>305,869</u>	<u>2,330,653</u>	<u>13,788,189</u>
Fund balances(deficits), end of year	<u>\$ 10,312,300</u>	<u>\$ 144,240</u>	<u>\$ (51,467)</u>	<u>\$ 2,293,873</u>	<u>\$ 12,698,946</u>

See Notes to Financial Statements

Laurens County, South Carolina

Exhibit 6 - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2013

Net change in fund balances - Total government funds	\$ (1,089,243)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Capital outlay	6,269,101
Depreciation expense	<u>(5,533,066)</u>
Excess of capital outlay over depreciation expense	<u>736,035</u>
Book value of capital assets disposed of is not recognized in governmental funds.	<u>(41,592)</u>
Because some revenue will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues in the governmental funds. Unavailable property tax revenues increased by this amount this year.	<u>98,798</u>
Repayment of long-term debt is reported as an expenditure in governmental funds. But the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consisted of:	
Bond principal retirement	731,289
Special source principal retirement	241,000
Lease financing payments	<u>646,701</u>
Total long-term debt repayment	<u>1,618,990</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Other post employment benefits	(1,269,809)
Compensated absences	<u>10,276</u>
	<u>(1,259,533)</u>
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.	<u>(315,075)</u>
Change in net position of government activities	<u><u>\$ (251,620)</u></u>

Laurens County, South Carolina**Exhibit 7 - Statement of Fiduciary Net Position****June 30, 2013**

Assets

Cash	\$	504,589
Due from other funds		19,529,357
Property taxes receivable		<u>2,294,360</u>
Total assets	\$	<u><u>22,328,306</u></u>

Liabilities

Accounts payable		505,086
Unavailable revenue		2,064,464
Due to other taxing districts and agencies		<u>19,758,756</u>
Total liabilities	\$	<u><u>22,328,306</u></u>

See Notes to Financial Statements

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies

The financial statements of Laurens County, South Carolina, have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applied to the primary government. However, the component unit has not been presented in accordance with generally accepted accounting principles required for the reporting entity. 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.

Reporting entity:

Laurens County, South Carolina - the primary government - is a political subdivision of the State of South Carolina. A seven-member council elected from single-member districts governs it. These financial statements present all the fund types of the County. Component units are legally separate entities that meet all of the following criteria: (1) the County appoints a voting majority of the board of the entity and is able to impose its will on the entity and/or is in a relationship of financial benefit or burden with the entity, (2) the entity is fiscally dependent upon the County, or (3) the financial statements would be misleading if data from the entity were not included. Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. The County has no blended component units.

Complete financial statements for the individual component unit may be obtained from its administrative offices.

Laurens Public Library
1017 West Main Street
Laurens, South Carolina 29360

A board of directors governs Laurens Public Library. Members are from Laurens County and are appointed by the Laurens County Council. Laurens County Council approves the amount of local support for the Library's budget and set the tax rates. The Library is a component unit of Laurens County because the majority of the Library's budget is funded from Laurens County making the Library fiscally dependent upon the County.

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.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

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 primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from the statements. Separate columns are used to distinguish between the County's governmental activities and discretely presented component unit.

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

Fund financial statements:

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

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

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

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

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Property taxes, charges for services, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues from state and federal grants are recognized when expenditures are incurred. Entitlements and shared revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria is met. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include fees and fines, licenses and permits.

The government reports the following major governmental funds:

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

The *Rural Fire Fund* accounts for property taxes and licenses and permits that are restricted to fire safety operations.

The *Detention Center Capital Project Fund* accounts for bond proceeds that are restricted for capital outlay related to construction of a detention center.

Additionally, the government reports the following fund types:

Special revenue funds

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

Debt service fund

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

Agency funds

Agency funds are used to account for assets held by the County in a trustee capacity or as an agent for school districts, special districts and other agencies that use the County as a depository.

Measurement focus:

Government-wide financial statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the County are included on the statement of net 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 generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of accounting:

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

Budgets and budgetary accounting:

Annual appropriated budgets are adopted for the general and debt service funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

Cash and investments:

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. State statutes authorize the County to invest in:

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

Investments are stated at fair value; except that repurchase agreements and U.S. Government agencies that have a maturity at the time of purchase of one year or less are shown at cost.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

The County Treasurer co-mingles cash and time deposits of some of the funds, but separate fund balance accounts are maintained for accounting purposes so that the equity of each fund is properly reflected in the overall cash. Interest earned on co-mingled cash is distributed to funds based on their average fund balances for the fiscal year. The purpose of co-mingling funds is to obtain maximum return of interest through the investment of funds.

Short-term interfund receivables/payables:

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 balance sheet. Short-term interfund loans are classified as “interfund receivables/payables”.

Capital assets:

Capital assets, which include property, plant equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	15 years
Buildings	30 years
Building improvements	15 years
Vehicles	5 years
Furniture and equipment	3 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	30 years

Compensated absences:

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

Laurens County, South Carolina**Notes to Financial Statements****June 30, 2013**

Note 1. Summary of Significant Accounting Policies, Continued

Compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liability in the fund that will pay for them.

Employees earn annual leave time based upon length of full-time employment with the County as follows:

<u>Years of service</u>	<u>Annual leave accrual</u>
0-1	.5 day per month (maximum 5 days)
2-8	1 day per month (maximum 10 days)
9 or more	1.5 days per month (maximum 15 days)

Employees are required to take the equivalent of at least one work week of annual leave per year. Accumulated annual leave time may be carried over from one calendar year to the next subject to a maximum of thirty days for employees. Upon leaving the County's employment, the maximum payout of accrued annual leave shall not exceed thirty days.

Net position/fund balances:

Net position represents the difference between assets and liabilities. Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by enabling legislation.

The equity section of the governmental fund balance sheet is comprised of these major fund balance elements: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority. Assigned fund balances is a limitation imposed by a designee of the County. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

The County Council is the County's highest level of decision making. The County Council can establish, modify or rescind a fund balance commitment through adoption of an ordinance.

The County considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted amounts are available. When an expenditure is incurred for which committed, assigned or unassigned amounts could be used the County considers the expenditures to be used in this respective order.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Revenues - exchange and non-exchange transactions

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

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

Unearned and unavailable revenue:

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

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

Interfund transactions:

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as transfers out/ due to other funds in the reimbursing fund and as transfers in/ due from other funds in the fund that is reimbursed.

Use of estimates:

The financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from these estimates.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 2. Budgetary Accounting and Reporting

Budgetary policies:

On or before March 1 of each year, all agencies of the County submit requests for appropriation to the County Administrator so that a budget may be prepared. The budget is prepared by fund, function and department, and includes information on the past year and current year estimates.

Before April 1, the proposed budget is presented to the County Council for review. The County Council holds public hearings and may add to, subtract from or change appropriations. Any changes in the budget must be within the revenues and reserves estimated as available by the County Administrator. The revenue estimates must be changed by an affirmative vote of a majority of the County Council. Department heads may make budget transfers within their department budgets. Transfers from one department to another require County Council approval. The legal level of budgetary control is the department level.

Note 3. 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. Cash on hand includes a checking account which has an overnight investment sweep agreement with the financial institution.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk.

At June 30, 2013, the carrying amount of the County deposits was \$12,359,088 and the bank balance was \$12,573,273. Of the County's primary government bank balances at year-end, all were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name with the exception of approximately \$225,000, which was unsecured and uncollateralized as of June 30, 2013. Cash on hand at June 30, 2013 was \$15,464.

Investments:

As of June 30, 2013, the County had the following investments, carried at market value, except as noted:

Investment Type	Fair Value	Investment maturities (in years)			
		Less than 1	1-5	6-10	10+
U S Government Agency Obligations	\$ 996,848	\$ -	\$ -	\$ -	\$ 996,848
Certificates of deposit	988,000	596,000	145,000	247,000	
Total investments	1,984,848	596,000	145,000	247,000	996,848
South Carolina local government investment pool	15,974,076	15,974,076	-	-	-
	<u>\$ 17,958,924</u>	<u>\$ 16,570,076</u>	<u>\$ 145,000</u>	<u>\$ 247,000</u>	<u>\$ 996,848</u>

U.S. government agency obligations and certificates of deposit above include long term fixed rate issues that had market values less than carrying values of approximately \$63,000 at June 30, 2013.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 3. Deposits and Investments, Continued

Interest rate risk:

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

Credit risk:

The County's investment policy parallels state law and has no restrictions that would further limit its investment choices other than state law. As of June 30, 2013, the underlying security ratings of the County's investment in the South Carolina Local Government Investment Pool may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned.

These financial statements may be obtained by writing to the following address:

The State Treasurer's Office
Local Government Investment Pool
Post Office Box 11778
Columbia, South Carolina 29211

The County's investments in U.S. Government Agency Obligations consist of Federal National Mortgage Association obligations and the investment in government security mutual funds consists of a Federated Government Obligations Tax-Managed Fund, both of which are rated "A" or better by Moody's Investors Services and Standard & Poor's.

Concentration of credit risk:

The County places no limit on the amount the County may invest in any one issuer.

A reconciliation of cash and cash equivalents and investments is as follows:

Reported value of deposits	\$ 12,359,088
Fair value of investments	17,958,924
Cash on hand	<u>15,464</u>
	<u>\$ 30,333,476</u>
Cash and cash equivalents – Exhibit 3	\$ 26,355,495
Cash and cash equivalents, restricted – Exhibit 3	289,638
Investments – Exhibit 3	3,183,754
Cash and cash equivalents – Exhibit 7	<u>504,589</u>
	<u>\$ 30,333,476</u>

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 4. Property Taxes

Property taxes are levied on the assessed value of real and personal property, excluding automobiles, as of December 31, of the calendar year preceding the fiscal year. The levy date for automobiles is the first day of the month in which the vehicle license expires and the tax is due by the end of the same month. Liens attach to the property at the time taxes are levied. Taxes are due, without penalty, for real and personal property, excluding automobiles, through January 15. After that time, penalties are added depending on the date paid as follows:

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

Property tax revenues are recognized when due and collectible within the current period or soon enough thereafter (defined as sixty days) to pay liabilities of the current period.

The County bills and collects its own property taxes, and also taxes for the School Districts. Districts' tax collections are accounted for in the agency funds.

Also, the County collects taxes for surrounding municipalities. The amount collected but not remitted at June 30, 2013, was \$45,881 for surrounding municipalities. These amounts are recorded in general fund accounts payable at June 30, 2013.

Property tax receivables and allowances by major, other governmental and agency funds as of June 30, 2013 were as follows:

	<u>General</u>	<u>Rural fire</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>	<u>Agency</u>
Property taxes receivable	\$ 785,990	\$ 159,296	\$ 97,341	\$ 1,042,627	\$ 2,341,184
Less: Allowance	<u>15,720</u>	<u>3,186</u>	<u>1,947</u>	<u>20,853</u>	<u>46,824</u>
Net taxes receivable	<u>\$ 770,270</u>	<u>\$ 156,110</u>	<u>\$ 95,394</u>	<u>\$ 1,021,774</u>	<u>\$ 2,294,360</u>

A receivable is recorded when an enforceable legal claim for property taxes has arisen, and revenue is recognized when the resources are available.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 870,315	\$ 2,000,000	\$ -	\$ -	\$ 2,870,315
Construction in progress	6,279,639	2,990,484	-	(9,270,123)	-
Total capital assets at historical cost not being depreciated	7,149,954	4,990,484	-	(9,270,123)	2,870,315
Capital assets being depreciated					
Buildings	19,100,400	128,592	-	5,908,695	25,137,687
Vehicles and equipment	15,832,314	1,130,805	(796,420)	452,365	16,619,064
Infrastructure	110,922,107	19,220	-	2,909,063	113,850,390
Total capital assets at historical cost being depreciated	145,854,821	1,278,617	(796,420)	9,270,123	155,607,141
Less accumulated depreciation for:					
Buildings	(6,694,551)	(537,086)	-	-	(7,231,637)
Vehicles and equipment	(9,284,546)	(1,326,008)	754,828	-	(9,855,726)
Infrastructure	(60,602,042)	(3,669,972)	-	-	(64,272,014)
Total accumulated depreciation	(76,581,139)	(5,533,066)	754,828	-	(81,359,377)
Total capital assets being depreciated, net	69,273,682	(4,254,449)	(41,592)	9,270,123	74,247,764
Governmental activities capital assets, net	<u>\$ 76,423,636</u>	<u>\$ 736,035</u>	<u>\$ (41,592)</u>	<u>\$ -</u>	<u>\$ 77,118,079</u>

Depreciation expense was charged to the following functions:

General Government	\$ 342,177
Public Safety	1,511,177
Public Works	3,604,094
Health and Welfare	35,042
Culture and Recreation	40,576
	<u>5,533,066</u>
Total Governmental Activities Depreciation Expense	<u>\$ 5,533,066</u>

During the year ended June 30, 2013, the Ekom Fire Department experienced a loss due to fire, resulting in the loss of County capital assets totaling approximately \$344,000, with a net book value of \$41,592. Decreases in the capital asset roll forward analysis above includes the removal of these assets from the County's capital assets. As of June 30, 2013, the County had recognized approximately \$940,000 in insurance recoveries, of which approximately \$676,000 relates to County fire trucks and equipment losses, and has spent approximately \$310,000 to replace fire trucks and related equipment. The insurance recovery is presented in the Fire Coordinator's nonmajor special revenue fund as other financing source and the expenditures are presented in the same fund as part of capital outlay. Approximately \$264,000 is reflected as a liability in the Fire Coordinator's special revenue fund related to funds due to the Ekom Fire Department for loss of the building and equipment owned by the volunteer fire department.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 6. Retirement Plans

Substantially all County employees participate in the South Carolina Retirement System (SCRS), or the South Carolina Police Officers Retirement System (PORS), a cost-sharing multi-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employees Benefit Authority (PEBA). The Plan offers retirement and disability benefits, cost of living adjustments on an ad hoc basis, and life and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. The system issues a publicly available Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System. That report may be obtained by writing the PEBA, Post Office Box 11960, Columbia, SC 29211-1960.

During the fiscal year ended June 30, 2013, 2012 and 2011, salaries of \$12,006,585 \$12,089,352 and \$11,301,323 were paid by the County, respectively. Of that amount, \$4,923,029, \$4,936,465 and \$4,397,684, respectively, were covered under the PORS and \$7,083,556, \$7,152,888 and \$6,903,639, respectively, were covered under the SCRS.

South Carolina Retirement System Plan members are required to contribute 7.0% of their annual covered salary for the year ended June 30, 2013, and 6.50% for the years ended June 30, 2012 and June 30, 2011. During the fiscal years ended June 30, 2013, 2012 and 2011, the County contributed at an actuarially determined rate of 10.45%, 9.385% and 9.24% of annual payroll, respectively. In addition, the County contributes .15% of payroll to provide group life insurance benefits. Police Officers Retirement System - Participating employees contribute 7.0% of their annual covered payroll. During the fiscal years ended June 30, 2013, 2012 and 2011, the County contributes at an actuarially determined rate of 11.90%, 11.363%, and 11.13% of annual payroll plus an additional .4% of payroll to provide group life insurance and accidental death.

Both employees and the County are required to contribute to the Plan at rates established under authority of Title 9 of the South Carolina Code of Laws. The contribution requirements for the current and two preceding years were equal to the required contribution for each year and are as follows:

	<u>Employee Amount</u>	<u>Contributions % of Wages</u>	<u>Employer Amount</u>	<u>Contributions % of Wages</u>	<u>Total</u>
SCRS					
June 30, 2013	\$ 495,849	7.00%	\$ 740,232	10.45%	\$ 1,236,081
June 30, 2012	\$ 464,938	6.50%	\$ 671,299	9.385%	\$ 1,136,237
June 30, 2011	\$ 449,020	6.50%	\$ 648,671	9.24%	\$ 1,097,691
PORS					
June 30, 2013	\$ 344,612	7.00%	\$ 585,840	11.90%	\$ 930,452
June 30, 2012	\$ 320,870	6.50%	\$ 560,930	11.363%	\$ 881,800
June 30, 2011	\$ 285,557	6.50%	\$ 507,407	11.13%	\$ 792,964

Employees eligible for service retirement may participate in the Teacher and Retiree Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, TERI participants who entered the program after July 1, 2005 are required to pay the same pre-tax contribution to SCRS during the TERI period, but do not earn service credit.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 7. Deferred Compensation Plans

The County employees may participate in the 457 and/or 401(k) deferred compensation plans, which are available to state and local governmental employees and administered by a state approved nongovernmental third party. The plans, available to all County employees, permit them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrator for both the 457 and 401k plans is the South Carolina Deferred Compensation Program, c/o Great West Retirement Services, 8515 East Orchard Road, Greenwood Village, CO 80111 (under state contract).

Note 8. Post-employment Health Care Benefits

Plan description, contribution information and funding policies:

In addition to providing pension benefits, the County provides certain post-employment health care benefits for eligible retired employees and their dependents. The coverage is optional and not all retirees participate. Employees retiring with 10 or more years of service, regardless of age, may elect to remain in the county health insurance group. Also, employees retiring with 15 years or more of service can remain in the county health insurance group at no charge to retiree. Individual coverage premiums and any spouse or family coverage must be paid by the retiree, as set forth by the State Health Plan in such amounts as may be in effect at the time of retirement. Upon Medicare eligibility, each retiree must convert to Medicare as their primary coverage, with supplemental coverage paid by the County for the retiree. Any spouse of a retiree may remain in the County plan until Medicare eligibility, provided all premiums are paid by the retiree. Spouses may be included in the supplement plan, with premiums paid by the retiree. Cash in lieu of coverage shall not be an option. Any deputized officer determined totally disabled as a result of the performance of his duties, shall qualify for these same benefits with 15 years of service regardless of age.

Annual OPEB costs and Net OPEB Obligation

The County first had an actuarial valuation performed for the plan as of June 30, 2008 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC). The latest actuarial report was performed for the plan for the fiscal years beginning July 1, 2012. The County's annual OPEB costs and the net OPEB obligation for June 30, 2013 was as follows:

Employer normal costs	\$	805,012
Amortization of UAL*		<u>519,043</u>
Annual required contribution (ARC)		1,324,055
Adjustment to ARC		166,700
Interest on net obligation		<u>13,176</u>
Annual OPEB costs		1,503,931
Contributions made		<u>234,122</u>
Increase in net OPEB liability		1,269,809
Net OPEB obligation - beginning of year		<u>3,997,248</u>
Net OPEB obligation - end of year	\$	<u><u>5,267,057</u></u>

* Unfunded Actuarial Accrued Liabilities (UAAL) were amortized over 30 years.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 8. Post-employment Health Care Benefits, Continued

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 838,245	11.66%	\$ 1,417,785
2011	1,490,942	11.82%	2,732,546
2012	1,560,737	18.97%	3,997,248
2013	1,503,931	15.57%	5,267,057

Funded status and funding progress:

The funded status of the plans as of June 30, 2013, was as follows:

	<u>Governmental General</u>
Actuarial accrued liability	\$ 12,449,459
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	\$ 12,449,459
Funded Ratio	0.00%
Covered payroll	\$ 12,006,585
Unfunded actuarial accrued liability as a percentage of covered payroll	103.69%

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 well into the future. Examples would include assumptions about future employment, rates of retirement, mortality, and health care cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and 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.

Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce short term volatility in actuarial liabilities and the actuarial value of assets. In the June 30, 2012 actuarial valuation, the projected unit credit cost method was used. The UAAL amortization payment is the level percent-of-payroll required to fully amortize the UAAL over a 30 year period on a closed basis. The actuarial assumptions included 4.5% rate of investment return. The valuation assumes a 7.25% health care trend inflation rate for 2013 and, starting in 2014, decreases 0.25% each year until 2024; and thereafter 4.5% was assumed. Drug cost trend inflation is assumed to be 7.75% for 2013, decreasing to 7.25% for 2014, then, decreasing annually by 0.25% until 2024, thereafter assumed to be 4.5% per year. Dental cost trend inflation was assumed to be 3% annually.

Laurens County, South Carolina**Notes to Financial Statements****June 30, 2013**

Note 9. Leases

The County has entered into lease financing agreements for the acquisition of vehicles, computer, communication and other equipment. The following is an analysis of equipment acquired under these financing leases as of June 30, 2013:

Machinery and equipment	\$ 4,005,592
Less: Accumulated depreciation	824,076
	<u>\$ 3,181,516</u>

On May 27, 2010, the County entered into a lease financing agreement in the amount of \$1,586,000 with a bank, providing funding to acquire equipment. At June 30, 2013, remaining funds under the lease agreement totaled \$289,638. Unspent funds are held in a special account by the bank, in the name of the County, until such time as equipment is purchased.

The following is a schedule of the future minimum lease payments under these leases, and the present value of the net minimum lease payments at June 30, 2013:

<u>Fiscal year ending June 30,</u>	<u>Lease financing payments</u>
2014	\$ 610,106
2015	554,183
2016	554,184
2017	554,184
2018	399,760
2019-2021	<u>799,520</u>
Total minimum lease payments	3,471,937
Less: Amount representing interest	<u>299,120</u>
Present value of future minimum lease payments	<u>\$ 3,172,817</u>

Laurens County, South Carolina
Notes to Financial Statements
June 30, 2013

Note 10. Long-term Debt

General obligation and special source bonds payable:

General obligation bonds are payable from the debt service funds. Bonds and notes payable at June 30, 2013 are comprised of the following individual issues:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
General obligation bonds					
\$3,700,000, 1998 General Obligation Bonds, due in annual installments of \$225,000 to \$375,000 through March 1, 2013, interest at 3.75%.	\$ 375,000	\$ -	\$ 375,000	\$ -	\$ -
\$770,842, 2011 General Obligation Bonds, due in annual installments of \$256,497 to \$259,643 through March 1, 2014, interest at 1.94%	514,345	-	254,702	259,643	259,643
\$117,431, 2007 General Obligation Bonds, due in annual installments of \$14,159 through April 1, 2017, interest at 4.09%	62,910	-	11,587	51,323	12,061
\$6,400,000, 2010 General Obligation Bonds, due in annual installments of \$40,000 to \$685,000 through March 1, 2025, interest at 3.2588%.	<u>6,285,000</u>	<u>-</u>	<u>90,000</u>	<u>6,195,000</u>	<u>55,000</u>
Total general obligation bonds	<u>7,237,255</u>	<u>-</u>	<u>731,289</u>	<u>6,505,966</u>	<u>326,704</u>
Special source revenue bonds					
\$2,500,000, 2004 Special Source Bond, due in annual installments of \$179,000 to \$276,000 through June 2015, interest at 4.25%	746,000	-	241,000	505,000	249,000
\$3,000,000, 2010 Special Source Bond, due in variable annual installments based upon fee in lieu of taxes collections from the project, bearing interest at 4.85% through the maturity date of January 15, 2017	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>348,872</u>
Total special source revenue bonds	<u>3,746,000</u>	<u>-</u>	<u>241,000</u>	<u>3,505,000</u>	<u>597,872</u>
	<u>\$ 10,983,255</u>	<u>\$ -</u>	<u>\$ 972,289</u>	<u>\$ 10,010,966</u>	<u>\$ 924,576</u>

The County's borrowing power is restricted by amended Article X, Section 14 of the State Constitution effective December 1, 1977. This section provides that a local unit cannot at any time have total general obligation bond debt outstanding that exceeds 8% of its assessed property value. Based on the December 31, 2012 taxable assessed property valuation net of exemptions of \$155,760,727 (unaudited), the legal debt limit is approximately \$12,461,000, leaving an available legal debt margin as of June 30, 2013 of approximately \$5,955,000.

Article X, Section 14, of the Constitution of the State of South Carolina, as amended, provides that indebtedness payable solely from a special source, which source does not involve revenues from any tax or license, may be issued by a county. State law empowers the one county to receive and retain revenues from a payment in lieu of taxes, to issue special source revenue bonds secured by and payable from all or a part of such revenues, for the purpose of defraying a portion of the cost of designing, acquiring, constructing, improving, or expanding the infrastructure serving the County in order to enhance the economic development of the County.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 10. Long-term Debt, Continued

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2013 for the County are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 326,704	\$ 203,391	\$ 530,095
2015	462,555	196,486	659,041
2016	478,068	184,723	662,791
2017	498,639	172,562	671,201
2018	505,000	157,456	662,456
2019-2023	2,895,000	540,600	3,435,600
2024-2028	<u>1,340,000</u>	<u>74,150</u>	<u>1,414,150</u>
	<u>\$ 6,505,966</u>	<u>\$ 1,529,368</u>	<u>\$ 8,035,334</u>

Available in the debt service fund is \$342,285 to service the general obligation bonds.

The annual requirements to amortize all special source revenue bonds outstanding as of June 30, 2013 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 597,872	\$ 348,005	\$ 945,877
2015	2,572,321	147,834	2,720,155
2016	<u>334,807</u>	<u>24,612</u>	<u>359,419</u>
	<u>\$ 3,505,000</u>	<u>\$ 520,451</u>	<u>\$ 4,025,451</u>

Changes in long-term liabilities:

A summary of changes in long-term debt follows:

	<u>Estimated long term liability for annual leave</u>	<u>Lease obligations</u>	<u>Bonds</u>		<u>Total</u>
			<u>Special source</u>	<u>General obligation</u>	
Payable at July 1, 2012	\$ 538,542	\$ 3,819,518	\$ 3,746,000	\$ 7,237,255	\$ 15,341,315
Amounts incurred	402,850	-	-	-	402,850
Amounts retired	<u>(413,126)</u>	<u>(646,701)</u>	<u>(241,000)</u>	<u>(731,289)</u>	<u>(2,032,116)</u>
Payable at June 30, 2013	<u>\$ 528,266</u>	<u>\$ 3,172,817</u>	<u>\$ 3,505,000</u>	<u>\$ 6,505,966</u>	<u>\$ 13,712,049</u>
Amounts due within one year	<u>\$ 100,000</u>	<u>\$ 529,033</u>	<u>\$ 597,872</u>	<u>\$ 326,704</u>	<u>\$ 1,553,609</u>

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 11. Interfund Receivables and Payable Balances and Operating Transfers

The balances of interfund receivables and payables at June 30, 2013, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Rural Fire	General Fund	\$ 122,053
General Fund	Capital Project Fund	51,467
Nonmajor Governmental - Fire Coordinator	General Fund	981,604
Nonmajor Governmental - Fire Department Debt Service	General Fund	76,130
Nonmajor Governmental - Fire Capital Reserve	General Fund	543,264
Nonmajor Governmental - General Obligation Debt Service	General Fund	336,031
Nonmajor Governmental - Special Source Revenue Bond	General Fund	576
		<u>\$ 2,111,125</u>

All of the above balances are scheduled to be collected in the subsequent year. The balances at June 30, 2013 resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2013 consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	Rural Fire	\$ 187,475
Rural Fire	Nonmajor Governmental Funds	246,759
		<u>\$ 434,234</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Laurens County, South Carolina**Notes to Financial Statements****June 30, 2013**

Note 12. Net Position and Fund Balances

Net position represents the difference between assets and liabilities. The restricted net position amounts at June 30, 2013 were as follow:

	<u>Governmental Activities</u>
Net investment in capital assets	
Net capital assets	\$ 77,118,079
Less:	
General obligation debt	(6,505,966)
Special source revenue bond	(3,505,000)
Financing leases payable	(3,172,817)
Add:	
Unspent financing lease proceeds	<u>289,638</u>
	<u>64,223,934</u>
Restricted for capital activity, debt service, public safety economic development and contingencies	10,047,624
Less:	
Unspent financing lease proceeds	<u>(289,638)</u>
	<u>9,757,986</u>
Unrestricted	<u>(2,708,045)</u>
Total net position	<u>\$ 71,273,875</u>

Assignments of fund balance, as appropriate for the particular funds, are established to indicate tentative managerial plans for financial resource utilization in a future period. Such designation is subject to change and may be legally authorized to finance any legal expenditures subsequently authorized by the governing body.

County ordinance requires that funds generated from the deficit reduction millage in excess of amounts required to offset current year deficits, if any, must be reserved to prevent future deficits in the general fund. This restriction in fund balance is identified in the following table as a contingency.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 12. Net Position and Fund Balances, Continued

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2013 are as follow:

	General Fund	Rural Fire	Detention Center Capital Project	Nonmajor Governmental Revenue	Total
Fund Balances:					
Nonspendable	\$ 138,325	\$ -	\$ -	\$ -	\$ 138,325
Restricted for:					
General fund - Capital outlay	1,536,363	-	-	-	1,536,363
General fund - Contingency	6,073,148	-	-	-	6,073,148
Capital project - Capital outlay	-	-	-	-	-
Special revenue - Public safety	-	144,240	-	1,946,012	2,090,252
Economic development	-	-	-	5,000	5,000
Debt service	-	-	-	342,861	342,861
Assigned	1,610,582	-	-	-	1,610,582
Unassigned (deficit)	953,882	-	(51,467)	-	902,415
Total fund balances	<u>\$ 10,312,300</u>	<u>\$ 144,240</u>	<u>\$ (51,467)</u>	<u>\$ 2,293,873</u>	<u>\$ 12,698,946</u>

The detention center capital project fund carries a deficit fund balance of \$51,467 at June 30, 2013. The County plans to fund the deficit from with general fund transfers in future year.

Note 13. Litigation

There are several pending lawsuits in which the County is involved. The County attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

Note 14. Contingent Liabilities

The County participates in a number of federal and state assisted grant programs. These programs are subject to compliance audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2013 have not yet been conducted; therefore, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County guarantees a \$2,990,000 bond obligation of the Water and Sewer Commission as of June 30, 2013. The County provided a subsidy of \$308,325 during the current year to the Water and Sewer Commission which was funded by a tax levy. The Water and Sewer Commission places funds for its next year's debt payments related to their bond issue with the County Treasurer. The County Treasurer holds these funds along with the County's tax levy in its Water and Sewer Commission Debt Service Fund. The County Treasurer makes the debt service payments as due from these funds. Per management, the Water and Sewer Commission is current on all its obligations and its operating profitability.

Laurens County, South Carolina

Notes to Financial Statements

June 30, 2013

Note 15. Landfill Closure and Post-closure Care Costs

Effective June 30, 2008 the County ceased operations at its inert materials landfill for debris waste. The landfill capacity was substantially depleted and management believes there will be no significant additional costs associated with the closing of the facility.

Solid household and commercial waste is disposed by an independent contractor in its landfill located outside Laurens County.

Note 16. Risk Management

Laurens County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. The County carries employee health and accident insurance through the South Carolina Office of Insurance Services, South Carolina Insurance Reserve Fund ("the Fund") which represents various South Carolina governmental entities joined together in a public entity risk pool. The County pays premiums to the Fund for its employee health and accident insurance. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event.

The County has elected to be "self-insured" for unemployment taxes, whereby it would reimburse the South Carolina Employment Security Commission for actual claims paid attributable to service in the employ of the County. During the year ended June 30, 2013, approximately \$17,300 in claims were paid and were reported in the general fund. No separate liability for unemployment claims has been established due to the insignificant amounts of the expenditures.

The County continues to carry commercial insurance for substantially all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 17. Subsequent Events

On September 27, 2013, the County entered into a lease purchase agreement with a bank in the amount of \$717,000 for the acquisition of vehicles.

On December 17, 2013, the County issued the General Obligation Bond, Series 2013, in the amount of \$3,700,000.

Laurens County, South Carolina

Exhibit A-1 - General Fund

Schedule of Revenues - Budget and Actual (GAAP Basis)

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
TAXES			
Property taxes and current penalties	\$ 14,581,096	\$ 13,622,345	\$ (958,751)
Total Taxes	14,581,096	13,622,345	(958,751)
LICENSES AND PERMITS			
Utility franchise fee	162,633	211,796	49,163
Building permits	242,536	155,310	(87,226)
Mobile home licenses	58,656	51,755	(6,901)
Septic Tank Fee	1,000	1,480	480
Demolition payments	500	-	(500)
Total Licenses and Permits	465,325	420,341	(44,984)
INTERGOVERNMENTAL REVENUE			
National Forest fund	52,463	16,073	(36,390)
Accommodations tax	73,000	75,155	2,155
Department of Social Services	33,000	30,473	(2,527)
Environmental Control Penalty	14,500	30,000	15,500
Local government fund	2,154,466	2,447,600	293,134
Merchants inventory exempt	40,950	49,176	8,226
Motor Carrier	18,000	-	(18,000)
Registration Board	38,500	45,032	6,532
State salary supplement	45,000	45,000	-
Veterans Service Office	35,000	31,249	(3,751)
Dept. of Health and Environmental Control	21,000	30,968	9,968
Recorder of deeds	5,000	10,026	5,026
Child support	254,500	181,836	(72,664)
E-911 State reimbursement	95,000	121,869	26,869
1% Received from Greenville	43,000	43,789	789
Laurens and Clinton PD for Comm	66,954	69,698	2,744
Laurens/Clinton PD - Victims' Assistance	25,000	34,878	9,878
Laurens/Clinton/Cross Hill Mag	16,500	10,625	(5,875)
Cooperative Capital Credit Distribution	5,012	3,420	(1,592)
Municipal Inmate housing	3,000	-	(3,000)
Municipal government elections	1,450	2,022	572
State drug revenue	40,000	50,413	10,413
Federal drug revenue	500	-	(500)
BJA Grant	35,000	22,337	(12,663)
DOJ- Bullet Proof Vest Grant	18,000	6,825	(11,175)
SCAAP grant	1,500	2,511	1,011
LEMPG grant	35,680	71,797	36,117
HazMat grant	17,200	5,925	(11,275)
EMS Grant	23,000	9,688	(13,312)
Tire Fee Rebate	33,000	23,602	(9,398)
Solid Waste Grant	80,000	38,149	(41,851)
Total Intergovernmental Revenue	3,325,175	3,510,136	184,961
CHARGES FOR SERVICES			
Collection of city taxes	25,000	28,301	3,301
Judge of Probate fees	87,000	87,313	313
Treasurer's costs	75,000	114,317	39,317
Treasurer's other income	2,500	1,790	(710)
Vehicle road fee	872,000	874,197	2,197
Decal Fees	25,000	36,296	11,296
Copier fees-Assessor	2,100	1,327	(773)
Copier fees-Auditor	150	-	(150)
Temporary tags-auditor	2,200	1,980	(220)
E-911 cell phone fees	85,000	84,308	(692)
E-911 telephone fees	225,000	209,036	(15,964)

Laurens County, South Carolina

Exhibit A-1 - General Fund

Schedule of Revenues - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
CHARGES FOR SERVICES (Continued)			
E-911 CMRS reimbursement	75,000	111,601	36,601
E-911 CLEC subscribers Fee	65,000	88,962	23,962
E-911 false alarm charges	50	-	(50)
E-911 map sale revenue	125	25	(100)
E-911 road sign revenue	100	-	(100)
Detention Center commissary	14,000	19,798	5,798
Detention Center phone commission	25,000	45,533	20,533
Road and bridge fees	300	651	351
Vital statistics	9,000	16,328	7,328
Magistrate fines and fees	550,000	530,843	(19,157)
Worthless check program	4,300	3,557	(743)
Traffic safety program fee	460	573	113
Clerk of Court fines and fees	445,000	442,967	(2,033)
Gray Court supp/Sheriff	65,000	63,212	(1,788)
Cross Hill supp/Sheriff	7,000	-	(7,000)
Hospital Deputies	77,933	77,933	-
School District 55 SRO match	110,000	131,047	21,047
Sheriff fees	9,000	5,636	(3,364)
Sex offender registration fees	13,000	19,800	6,800
Dare/Explorer Revenue	750	4,187	3,437
Scrap metal fees	2,800	1,117	(1,683)
Emergency medical services - off-duty coverage	11,715	8,350	(3,365)
Emergency medical services fees	1,909,000	2,019,001	110,001
Clerk/Magistrate victim's assistance	125,000	116,461	(8,539)
Magistrate victim's assistance	35,000	-	(35,000)
Victims' assistance for administrative costs	50,000	-	(50,000)
Host fee	37,000	32,294	(4,706)
Landfill tipping fees	55,300	56,110	810
Residential landfill fees	1,826,900	1,781,664	(45,236)
Animal Control & shelter fees	17,000	10,759	(6,241)
Total Charges for Services	6,941,683	7,027,274	85,591
MISCELLANEOUS REVENUE			
Interest earned	25,000	32,261	7,261
Building rental	6,000	6,000	-
County park rental fee	775	400	(375)
Miscellaneous	50,000	58,927	8,927
Sale of capital assets	35,000	10,662	(24,338)
Total Miscellaneous Revenue	116,775	108,250	(8,525)
TOTAL BUDGETED REVENUES	\$ 25,430,054	24,688,346	\$ (741,708)
NON-BUDGETED REVENUES			
Local options sales tax collected		3,046,438	
State funds for road maintenance "C Funds"		1,412,293	
Economic development - ZF Project		2,598,491	
Airport airfield pavement rehab		2,417,446	
Property taxes		306,696	
Property taxes for technical education		181,693	
South Site state grant		39,828	
Sheriff salary reimbursement		13,118	
PARD grant		5,736	
EMS donations		822	
TOTAL NON-BUDGETED REVENUES		10,022,561	
TOTAL REVENUES		\$ 34,710,907	

Laurens County, South Carolina

Exhibit A-2 - General Fund

Schedule of Expenditures by Department - Budget and Actual (GAAP Basis)

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
GENERAL GOVERNMENT			
Administration	\$ 326,777	\$ 376,808	\$ (50,031)
County Attorney	117,424	113,032	4,392
County Council	102,509	105,735	(3,226)
Judge of Probate	228,154	214,606	13,548
Registration	181,858	206,075	(24,217)
Capital Expenditures	611,039	504,015	107,024
Debt Service - Capital Leases	450,844	345,067	105,777
Human Resources	82,111	77,593	4,518
Finance Department	185,879	183,570	2,309
Risk Management	38,471	39,846	(1,375)
Purchasing/Vehicle Maintenance	70,663	72,336	(1,673)
Non-Departmental	4,176,661	4,002,037	174,624
Auditor	435,978	332,950	103,028
Treasurer	357,221	357,221	-
Miscellaneous	98,100	95,246	2,854
Tax Assessor	358,679	341,910	16,769
Clerk of Court	613,869	618,366	(4,497)
Buildings and Grounds Maintenance	716,249	747,051	(30,802)
Airport	82,012	61,019	20,993
Contingency	200,000	147,816	52,184
Magistrates	446,754	448,959	(2,205)
	<u>9,881,252</u>	<u>9,391,258</u>	<u>489,994</u>
PUBLIC SAFETY			
Coroner	150,747	139,465	11,282
E-911	529,606	446,152	83,454
Emergency Preparedness	111,938	92,287	19,651
Emergency Operations	860,606	829,401	31,205
Emergency Medical Services	3,015,929	3,289,775	(273,846)
Victims' Assistance	176,804	165,904	10,900
Sheriff	3,644,815	3,795,562	(150,747)
Detention Center	2,821,638	2,704,289	117,349
Road/Bridges	773,409	708,837	64,572
Inspection/Permits	331,743	336,903	(5,160)
	<u>12,417,235</u>	<u>12,508,575</u>	<u>(91,340)</u>
PUBLIC WORKS			
Public Works	140,763	139,957	806
Solid Waste Management	2,003,153	1,886,214	116,939
	<u>2,143,916</u>	<u>2,026,171</u>	<u>117,745</u>
HEALTH AND WELFARE			
Veterans Affairs	124,108	129,983	(5,875)
Health Department	10,617	10,706	(89)
Social Services	11,920	14,166	(2,246)
	<u>146,645</u>	<u>154,855</u>	<u>(8,210)</u>
CULTURE AND RECREATION			
Parks and Recreation	136,935	117,594	19,341
Library	634,733	627,926	6,807
	<u>771,668</u>	<u>745,520</u>	<u>26,148</u>
INTERGOVERNMENTAL AND PRIVATE NON-PROFIT			
Local Government Assistance	355,870	355,827	43
Special Appropriations	33,800	32,800	1,000
Clemson Extension	34,800	34,057	743
	<u>424,470</u>	<u>422,684</u>	<u>1,786</u>
TOTAL BUDGETED EXPENDITURES	<u>\$ 25,785,186</u>	<u>25,249,063</u>	<u>\$ 536,123</u>

Laurens County, South Carolina**Exhibit A-2 - General Fund****Schedule of Expenditures by Department - Budget and Actual (GAAP Basis)****For the year ended June 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
NON-BUDGETED EXPENDITURES			
Local Option Sales Tax distributed		3,046,861	
Economic development - ZF project		2,446,752	
State for road maintenance		1,144,690	
Clinton parking lot		224,430	
T-hangar & Taxi Lane Project		2,746,301	
Airport rejuvenation project grant		167,773	
Technical education		195,369	
Indigent Care		89,005	
Economic Development		37,296	
State grant - Power South site		191,567	
Capital expenditure-building maintenance		85,258	
Total non-budgeted expenditures		<u>10,375,302</u>	
TOTAL EXPENDITURES		<u>\$ 35,624,365</u>	

Laurens County, South Carolina

Exhibit A-3 - Rural Fire

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP) and Actual

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 2,093,000	\$ 2,250,529	\$ 157,529
Intergovernmental	-	93,980	93,980
Total revenues	<u>2,093,000</u>	<u>2,344,509</u>	<u>251,509</u>
EXPENDITURES			
Salaries and wages	475,883	402,869	73,014
Overtime	18,000	26,000	(8,000)
Fringe benefits	172,283	237,183	(64,900)
Equipment repairs	13,400	11,927	1,473
Maintenance contract	1,500	1,229	271
Vehicle repairs	900	374	526
Telephone	5,500	4,943	557
Dues and subscriptions	200	50	150
Training	500	17	483
Tavel and meetings	250	-	250
Building repairs	13,500	15,595	(2,095)
First responder supplies	250	162	88
Cleaning supplies	1,300	494	806
Office supplies	1,200	285	915
Postage	50	-	50
Uniforms	8,000	7,417	583
Vehicle supplies and maintenance	60,000	59,642	358
Fuel	100,000	101,692	(1,692)
Utilities	118,000	138,538	(20,538)
Books and publications	100	197	(97)
Office furniture	400	-	400
Insurance	100,000	60,554	39,446
Capital outlay	205,920	208,197	(2,277)
Debt service:			
Principal retirement	83,655	330,415	(246,760)
Interest	69,345	69,345	-
Fire contracts	482,201	481,714	487
Tax rebate to volunteers	10,000	5,984	4,016
Grant expenditures	-	12,557	(12,557)
Contingency	23,188	14,670	8,518
Total expenditures	<u>1,965,525</u>	<u>2,192,050</u>	<u>(226,525)</u>
Excess of revenues over expenditures	<u>127,475</u>	<u>152,459</u>	<u>24,984</u>
OTHER FINANCING USES			
Proceeds from sale of capital assets	-	6,588	6,588
Transfers in	-	246,759	246,759
Transfers out	(187,475)	(187,475)	-
Total other financing uses	<u>(187,475)</u>	<u>65,872</u>	<u>253,347</u>
Net change in fund balance	(60,000)	218,331	278,331
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(74,091)</u>	<u>(74,091)</u>	<u>-</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (134,091)</u>	<u>\$ 144,240</u>	<u>\$ 278,331</u>

Laurens County, South Carolina**Exhibit A-4 - Required Supplementary Information****Schedule of Funding Progress - Other Post Employment Benefits Plan****June 30, 2013**

The County's annual required contribution (ARC), the annual contribution to the plan, and the percent funded for fiscal years are as follow:

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percent Funded
2009	\$ 807,768	\$ 130,496	16.16%
2010	807,768	97,732	12.10%
2011	1,437,772	176,181	12.25%
2012	1,437,772	296,035	20.59%
2013	1,324,055	234,122	17.68%

The funded status and funding progress of the plan was as follows:

Actuarial valuation date	Fiscal year ended	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll
6/30/2008	2009	-	\$ 8,454,834	\$ 8,454,834	0.00%	\$ 10,892,737	77.62%
6/30/2008	2010	-	8,454,834	8,454,834	0.00%	11,198,407	75.50%
6/30/2011	2011	-	12,085,724	12,085,724	0.00%	11,301,323	106.94%
6/30/2011	2012	-	12,085,724	12,085,724	0.00%	12,089,352	99.97%
6/30/2012	2013	-	12,449,459	12,449,459	0.00%	12,006,585	103.69%

Laurens County, South Carolina**Exhibit B-1 - Combining Balance Sheet****Nonmajor Governmental Funds****June 30, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 547,287	\$ -	\$ 547,287
Property taxes receivable - net	37,208	58,186	95,394
Accounts receivable	107,472	-	107,472
Due from other funds	1,600,998	336,607	1,937,605
Total assets	<u>\$ 2,292,965</u>	<u>\$ 394,793</u>	<u>\$ 2,687,758</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 308,309	\$ -	\$ 308,309
Unavailable revenue	33,644	51,932	85,576
Total liabilities	<u>341,953</u>	<u>51,932</u>	<u>393,885</u>
FUND BALANCES			
Restricted	1,951,012	342,861	2,293,873
Total fund balances	<u>1,951,012</u>	<u>342,861</u>	<u>2,293,873</u>
Total liabilities and fund balances	<u>\$ 2,292,965</u>	<u>\$ 394,793</u>	<u>\$ 2,687,758</u>

Laurens County, South Carolina

Exhibit B-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$ 572,782	\$ 961,707	\$ 1,534,489
Fee in lieu of taxes	-	273,501	273,501
Intergovernmental	681,593	-	681,593
Interest	50	1,940	1,990
Miscellaneous	96,852	-	96,852
Total revenues	<u>1,351,277</u>	<u>1,237,148</u>	<u>2,588,425</u>
EXPENDITURES			
Public safety	1,405,338	-	1,405,338
Economic development	607,098	-	607,098
Debt service:			
Principal retirement	-	972,289	972,289
Interest and fiscal charges	-	257,165	257,165
Total expenditures	<u>2,012,436</u>	<u>1,229,454</u>	<u>3,241,890</u>
Excess of revenues over expenditures	<u>(661,159)</u>	<u>7,694</u>	<u>(653,465)</u>
Other financing sources (uses):			
Insurance recoveries	675,969	-	675,969
Transfers in	187,475	-	187,475
Transfers out	<u>(246,759)</u>	<u>-</u>	<u>(246,759)</u>
Total other financing sources (uses)	<u>616,685</u>	<u>-</u>	<u>616,685</u>
Net change in fund balances	<u>(44,474)</u>	<u>7,694</u>	<u>(36,780)</u>
Fund balances, beginning of the year	<u>1,995,486</u>	<u>335,167</u>	<u>2,330,653</u>
Fund balances, end of the year	<u>\$ 1,951,012</u>	<u>\$ 342,861</u>	<u>\$ 2,293,873</u>

Laurens County, South Carolina**Exhibit B-3 - General Fund****Balance Sheet****June 30, 2013**

Assets

Cash and cash equivalents	\$ 25,808,208
Cash and cash equivalents, restricted	289,638
Investments	3,183,754
Property taxes receivable - net	770,270
Accounts receivable	1,523,618
Prepaid expenses	138,325
Due from other governments	2,755,202
Due from other funds	51,467
	<hr/>
Total assets	\$ 34,520,482

Liabilities and Fund Balances**Liabilities**

Accounts payable	\$ 1,135,374
Accrued wages and benefits	796,458
Unavailable revenue	687,335
Due to other funds	2,059,658
Due to other taxing districts and agencies	19,529,357
	<hr/>
Total liabilities	24,208,182

Fund balance

Nonspendable	138,325
Restricted	
Capital outlay	1,536,363
Contingency	6,073,148
Assigned	1,610,582
Unassigned	953,882
	<hr/>
Total fund balance	10,312,300
	<hr/>
Total liabilities and fund balances	\$ 34,520,482

Laurens County, South Carolina**Exhibit B-4 - General Fund****Statement of Revenues, Expenditures and Changes in Fund Balance****For the year ended June 30, 2013**

Revenues	\$ 34,710,907
Expenditures	<u>35,624,365</u>
Deficit of revenues under expenditures	<u>(913,458)</u>
Net change in fund balance	(913,458)
Fund balance, beginning of year	<u>11,225,758</u>
Fund balance, end of year	<u><u>\$ 10,312,300</u></u>

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis)

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
GENERAL GOVERNMENT			
Administration			
Salaries and wages	\$ 156,127	\$ 161,107	\$ (4,980)
Audit services	80,000	121,675	(41,675)
Legal services	12,000	3,744	8,256
Computer maintenance	45,000	64,325	(19,325)
Vehicle maintenance	500	149	351
Copier lease	-	371	(371)
Telephone system lease	3,700	3,634	66
Cell phone	1,300	1,036	264
Telephone	6,000	7,761	(1,761)
Advertising notices	4,200	2,497	1,703
Memberships/dues	350	305	45
Travel/meetings	4,500	6,154	(1,654)
Computer supplies	1,500	180	1,320
Office supplies	3,000	1,609	1,391
Postage	1,500	886	614
Vehicle supplies	500	177	323
Vehicle fuel	1,600	1,198	402
Publish ordinances	5,000	-	5,000
Total Administration	326,777	376,808	(50,031)
County Attorney			
Salaries and wages	99,824	100,098	(274)
Copier lease	3,000	1,533	1,467
Professional insurance	2,500	2,392	108
Telephone	3,850	4,446	(596)
Memberships/dues	550	510	40
Travel/meeting	2,500	1,658	842
Office supplies	2,000	933	1,067
Postage	200	-	200
Office equipment	3,000	1,462	1,538
Total County Attorney	117,424	113,032	4,392
County Council			
Salaries and wages	69,589	69,780	(191)
Cell Phone reimbursement	2,520	2,526	(6)
Cell phones/pagers	600	627	(27)
Travel/meetings	13,000	15,955	(2,955)
Travel allotments	16,800	16,847	(47)
Total County Council	102,509	105,735	(3,226)
Judge of Probate			
Salaries and wages	197,134	194,400	2,734
Travel allotment	-	2,330	(2,330)
Court reporter fees	750	-	750
Transports/mental exams	250	-	250
Computer maintenance	4,500	-	4,500
Equipment maintenance	1,000	736	264
Copier lease	4,800	1,432	3,368
Telephone	3,800	3,697	103
Memberships/dues	470	200	270
Travel/meetings	4,900	1,461	3,439
Office supplies	6,000	7,091	(1,091)
Postage and postage meter	3,800	3,259	541
Court fees/jury trials	750	-	750
Total Judge of Probate	228,154	214,606	13,548

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
GENERAL GOVERNMENT (Continued)			
Registration			
Salaries	84,571	91,919	(7,348)
Travel allotment	2,500	2,077	423
Equipment maintenance	20,800	27,513	(6,713)
Copier lease	4,900	2,975	1,925
Telephone System Lease	900	1,100	(200)
Telephone and cell phones	8,700	5,433	3,267
Memberships/dues	300	-	300
Travel/meetings	7,700	8,502	(802)
Election supplies	22,000	8,405	13,595
Office supplies	5,000	4,633	367
Postage	4,487	7,677	(3,190)
Ballots, poll workers, legal ads	20,000	45,841	(25,841)
Total Registration	<u>181,858</u>	<u>206,075</u>	<u>(24,217)</u>
Capital Expenditures			
Equipment - tractor/mower	16,000	16,000	-
Equipment - handguns	9,000	-	9,000
Equipment - patrol vehicle in-car cameras	85,000	-	85,000
Computer equipment	2,000	88,393	(86,393)
Building improvements - detention center	100,000	-	100,000
Vehicles - EMS	270,000	270,600	(600)
Vehicles - solid waste	46,259	46,825	(566)
Vehicles	82,780	82,197	583
Total Capital Expenditures	<u>611,039</u>	<u>504,015</u>	<u>107,024</u>
Debt Service - Capital Leases			
Auto lease/purchase	408,784	316,285	92,499
Capital leases interest expense	42,060	28,782	13,278
Total Debt Service - Capital Leases	<u>450,844</u>	<u>345,067</u>	<u>105,777</u>
Human Resources			
Salaries	69,966	67,464	2,502
Telephone	1,000	1,130	(130)
Advertising notices	6,000	2,868	3,132
Memberships/dues	325	25	300
Travel/meetings	2,400	2,444	(44)
Office supplies	1,500	2,585	(1,085)
Postage	500	656	(156)
Cell Phone reimbursement	420	421	(1)
Total Human Resources	<u>82,111</u>	<u>77,593</u>	<u>4,518</u>
Finance Department			
Salaries and wages	135,159	141,298	(6,139)
Professional services	-	1,708	(1,708)
Maintenance contract	35,000	26,381	8,619
Telephone	2,000	1,956	44
Membership/dues	500	290	210
Travel/meetings	3,300	2,606	694
Office supplies	5,000	5,525	(525)
Postage	4,500	3,385	1,115
Cell Phone Reimbursement	420	421	(1)
Total Finance Department	<u>185,879</u>	<u>183,570</u>	<u>2,309</u>

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
GENERAL GOVERNMENT (Continued)			
Risk Management			
Salaries and wages	34,026	34,033	(7)
Travel Allotment	1,200	1,203	(3)
Cell Phones	420	421	(1)
Telephone	725	1,181	(456)
Travel/meetings	500	1,372	(872)
Office supplies	1,000	1,127	(127)
Postage	100	59	41
Safety Reward Program	500	450	50
Total Risk Management	38,471	39,846	(1,375)
Purchasing/Vehicle Maintenance			
Salaries and wages	48,863	47,889	974
Vehicle maintenance	1,900	2,995	(1,095)
Copying machine lease	12,000	12,841	(841)
Cell phone	875	1,995	(1,120)
Telephone	1,000	1,151	(151)
Advertising notices	800	817	(17)
Travel/meetings	650	649	1
Computer supplies	200	85	115
Office supplies	300	276	24
Postage	75	407	(332)
Vehicle supplies	1,000	884	116
Vehicle Fuel	3,000	2,347	653
Total Purchasing/Vehicle Maintenance	70,663	72,336	(1,673)
Non-Departmental (Insurance & Benefits)			
Fringe benefits			
Health insurance-employer share	1,559,505	1,519,707	39,798
Retirees health insurance-employer share	225,000	234,122	(9,122)
FICA-employer share	697,950	642,043	55,907
Retirement-employer share	1,025,691	1,050,580	(24,889)
Unemployment compensation	32,000	17,313	14,687
Workers compensation	289,945	148,973	140,972
Tort liability	249,839	252,847	(3,008)
Vehicle insurance	94,031	94,031	-
Computer training - staff	2,500	-	2,500
Audit/bank charges	200	42,421	(42,221)
Total Non-Departmental (Ins. & Benefits)	4,176,661	4,002,037	174,624
Auditor			
Salaries and wages	145,728	145,975	(247)
Travel allotments	1,200	1,203	(3)
Advanced Drug Testing	100	50	50
Professional services	25,000	6,171	18,829
Equipment maintenance	950	175	775
Smith data contracts	250,000	167,334	82,666
Copier lease/rental	5,000	2,511	2,489
Cell phone	500	866	(366)
Telephone	2,500	2,229	271
Travel/meetings	1,500	1,473	27
Office supplies	2,500	3,462	(962)
Postage	1,000	1,014	(14)
Auditor- Copier/Treasurer	-	487	(487)
Total Auditor	435,978	332,950	103,028

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
GENERAL GOVERNMENT (Continued)			
Treasurer			
Salaries and wages	256,966	262,878	(5,912)
Travel Allotments	1,200	1,203	(3)
Treasurer- Advanced Drug Testing	90	50	40
Equipment maintenance	500	538	(38)
Telephone	2,800	2,992	(192)
Dues and Memberships	565	490	75
Training	1,000	955	45
Travel Expenditures	3,000	1,279	1,721
Office supplies	10,000	10,742	(742)
Postage	80,000	101,844	(21,844)
Vehicle Fuel	1,100	958	142
Contingency	-	(26,708)	26,708
Total Treasurer	357,221	357,221	-
Miscellaneous			
Public defender	52,000	52,000	-
Pauper Funerals	250	-	250
Watershed maintenance	30,000	30,000	-
Bonds on employees	3,600	1,566	2,034
Family court telephone	3,500	3,506	(6)
Circuit judge phone	3,000	2,424	576
Soil conservation	5,750	5,750	-
Total Miscellaneous	98,100	95,246	2,854
Tax Assessor			
Salaries and wages	311,431	302,797	8,634
Equipment maintenance	3,478	3,158	320
Vehicle maintenance	1,500	522	978
Copy machine lease	4,320	4,179	141
Map copier lease	5,350	4,520	830
Postage meter lease	4,500	2,600	1,900
Telephone	3,500	3,063	437
Membership and dues	400	405	(5)
Training	6,000	5,410	590
Office supplies	7,000	6,104	896
Postage	2,500	2,514	(14)
Machines / Equipment	1,200	-	1,200
Vehicle fuel	7,500	5,425	2,075
Machines / Equipment	-	1,213	(1,213)
Total Tax Assessor	358,679	341,910	16,769
Clerk of Court			
Salaries and wages	385,729	380,998	4,731
Advance drug testing	-	50	(50)
Jurors expense	70,000	66,154	3,846
Equipment maintenance	47,500	49,831	(2,331)
Computer maintenance	25,000	22,500	2,500
Maint. Contracts	240	239	1
Copier lease	13,500	7,005	6,495
Telephone	9,500	9,349	151
Travel/meetings	1,200	807	393
Office supplies	13,000	14,668	(1,668)
Postage	29,000	28,355	645
Child support enforcement	13,000	17,514	(4,514)
Travel Allotments	1,200	1,203	(3)
Register of deeds supplies	5,000	19,693	(14,693)
Total Clerk of Court	613,869	618,366	(4,497)

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
GENERAL GOVERNMENT (Continued)			
Building and Grounds Maintenance			
Salaries	227,285	224,813	2,472
Drug testing	200	125	75
Building maintenance	73,537	84,557	(11,020)
Maintenance contracts	26,000	27,195	(1,195)
Radio maintenance	150	-	150
Building insurance	89,237	87,389	1,848
Cell phones	480	517	(37)
Telephone	2,440	2,421	19
Department supplies	200	114	86
Janitorial supplies	24,800	27,526	(2,726)
Landscape maintenance supplies	15,000	5,252	9,748
Postage	50	16	34
Vehicle supplies	3,000	2,570	430
Vehicle fuel	6,170	8,292	(2,122)
Utilities	200,000	235,379	(35,379)
Utilities/H.H.S. building	47,000	40,287	6,713
Miscellaneous and flags	700	598	102
Total Buildings and Grounds Maintenance	<u>716,249</u>	<u>747,051</u>	<u>(30,802)</u>
Airport			
Salaries and wages	37,037	36,732	305
Auditors	500	-	500
Equipment maintenance	4,500	6,765	(2,265)
Airfield maintenance	2,000	864	1,136
Tractor maintenance	500	-	500
Vehicle maintenance	500	696	(196)
Telephone	1,100	1,031	69
Travel/meetings	800	1,210	(410)
Building maintenance supplies	500	3,523	(3,023)
Office Supplies	350	978	(628)
Postage	75	72	3
Tractor supplies	400	236	164
Vehicle fuel	350	445	(95)
Utilities	8,400	8,467	(67)
T-Hangar & Taxi-Lane (County)	25,000	-	25,000
Total Airport	<u>82,012</u>	<u>61,019</u>	<u>20,993</u>
Contingency			
Contingency	200,000	147,816	52,184
Total Contingency	<u>200,000</u>	<u>147,816</u>	<u>52,184</u>
Magistrates			
Salaries and wages	371,154	383,634	(12,480)
Travel Allotments	4,800	4,720	80
Jurors	15,000	5,900	9,100
Equipment maintenance	25,000	23,524	1,476
Copier Lease	5,900	7,810	(1,910)
Telephone and cell phones	7,900	8,044	(144)
Memberships/dues	500	884	(384)
Training/memberships	1,500	1,353	147
Travel/meetings	3,000	1,477	1,523
Office supplies	5,500	5,891	(391)
Postage	5,500	5,722	(222)
Equipment maintenance	1,000	-	1,000
Total Magistrates	<u>446,754</u>	<u>448,959</u>	<u>(2,205)</u>
Total general government	<u>\$ 9,881,252</u>	<u>\$ 9,391,258</u>	<u>\$ 489,994</u>

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
PUBLIC SAFETY			
Coroner			
Salaries and wages	\$ 68,147	\$ 62,208	\$ 5,939
Advance drug testing	75	25	50
Autopsies	60,000	58,730	1,270
Vehicle maintenance	2,000	1,284	716
Copy machine lease	1,400	1,452	(52)
Cell phone	1,500	1,197	303
Internet	150	70	80
Pagers	225	204	21
Telephone	2,500	2,199	301
Membership/dues	400	240	160
Training	2,600	1,400	1,200
Department supplies	500	204	296
Office supplies	3,000	2,462	538
Vehicle supplies	750	706	44
Equipment	1,500	1,369	131
Vehicle Fuel	6,000	5,715	285
Total Coroner	150,747	139,465	11,282
E-911			
Salaries and wages	162,756	160,012	2,744
Advanced Drug Testing	150	75	75
Call check maintenance	3,000	3,371	(371)
Headset repair/replacement	1,600	1,600	-
Office internet and wi-fi	1,000	-	1,000
Office voice mail	-	750	(750)
Recorder maintenance	12,000	9,042	2,958
Vehicle maintenance	500	-	500
Work station maintenance	23,000	27,212	(4,212)
Telephone	165,000	172,080	(7,080)
Director telephone	2,400	2,712	(312)
E-911 public awareness	3,000	3,324	(324)
Training	2,000	2,293	(293)
Computer supplies	1,000	795	205
Copier supplies	500	761	(261)
Office supplies	1,200	1,068	132
Plotter paper supplies	500	548	(48)
Postage	500	450	50
Uninterrupted power supply	1,500	1,971	(471)
Vehicle supplies	1,500	2,139	(639)
Vehicle Fuel	1,500	2,078	(578)
Wireless telephone lines	6,000	6,000	-
CAD lease purchase	119,000	34,063	84,937
CAD annual maintenance	20,000	13,808	6,192
Total E-911	529,606	446,152	83,454
Emergency Management			
Salaries and wages	18,258	29,372	(11,114)
Tornado siren	14,500	10,458	4,042
Rent/lease equipment	3,500	2,964	536
Telephone system lease	3,800	1,229	2,571
Telephone	10,000	1,253	8,747
Membership/Dues	500	260	240
Training	2,500	2,282	218
Travel	1,500	1,048	452
Incident supplies	-	596	(596)
Office supplies	3,500	3,470	30
Postage	200	108	92
Uniforms	300	283	17
Machines/equipment	500	424	76
Grant expenditures	35,680	27,525	8,155
Hazmat expenditures	17,200	331	16,869
LEMPG grant expenditures	-	10,684	(10,684)
Total Emergency Management	111,938	92,287	19,651

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
PUBLIC SAFETY (Continued)			
Emergency Operations			
Salaries and wages	491,254	457,745	33,509
Overtime	92,402	111,092	(18,690)
Advance drug testing	250	25	225
COG mapping agreement	1,000	771	229
Charter records fiber network	7,200	5,512	1,688
DTN weather service	4,000	2,743	1,257
Service contract - Radio	37,000	32,442	4,558
Telephone maintenance	6,900	6,961	(61)
Vehicle maintenance	2,200	2,619	(419)
Copier lease	7,400	3,923	3,477
SLED NCIC terminal	7,500	5,814	1,686
Telephone	39,000	38,061	939
Emergency line	14,000	9,915	4,085
Memberships/dues	750	650	100
Training	3,500	2,968	532
Travel/per diem	2,000	1,750	250
Computer supplies	1,000	993	7
Copier supplies	1,000	706	294
Office supplies	4,250	4,851	(601)
Postage	700	619	81
Road signs	11,000	11,098	(98)
Uniforms	500	499	1
Vehicle supplies	1,000	641	359
Vehicle Fuel	6,800	6,442	358
Office furniture	1,000	766	234
GIS Software Maintenance	12,000	17,158	(5,158)
Plotter 800 Annual Maintenance	1,000	696	304
GIS Server Supplies	2,500	1,764	736
Walkie Talkie Monthly User Fee	1,500	179	1,321
GIS Contractual Service	100,000	99,998	2
Total Emergency Operations	860,606	829,401	31,205
Emergency Medical Services			
Salaries and wages	1,164,785	1,135,150	29,635
Overtime	515,895	565,403	(49,508)
Holiday work pay	11,765	8,297	3,468
Fringe benefits	617,755	781,764	(164,009)
Advanced Drug Testing	1,000	1,817	(817)
Professional Services	109,250	111,555	(2,305)
Copier maintenance	4,200	3,948	252
Equipment maintenance	10,000	4,862	5,138
Vehicle maintenance	71,500	149,506	(78,006)
Telephone systems lease	5,000	7,724	(2,724)
Technology	20,000	14,532	5,468
Cellular Phones	7,750	6,743	1,007
Telephone	22,000	16,174	5,826
Memberships and dues	1,000	125	875
Training	13,000	10,103	2,897
Travel	1,600	1,391	209
Building maintenance	5,000	3,860	1,140
Public safety- N800 Palmetto Radio	14,000	7,336	6,664
Laundry and linen	400	520	(120)
Medical supplies	145,505	157,478	(11,973)
Office supplies	5,000	2,147	2,853
Postage	-	652	(652)
Uniforms	18,814	26,207	(7,393)
Vehicle supplies	72,600	60,496	12,104
Vehicle fuel	126,500	171,001	(44,501)
Utilities	25,410	27,215	(1,805)
Infection control	3,000	3,378	(378)
Petty cash	200	-	200
Public safety- Event expenses	-	335	(335)
EMS grant expenditures	23,000	10,056	12,944
Total Emergency Medical Services	3,015,929	3,289,775	(273,846)

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
PUBLIC SAFETY (Continued)			
Victims' Assistance			
Salaries and wages	100,862	98,542	2,320
Fringe benefits	37,731	35,239	2,492
Vehicle maintenance	1,500	140	1,360
Telephone	1,300	2,408	(1,108)
Printing and binding	1,500	1,351	149
Dues	250	-	250
Travel/Meetings-Victims Assistance	250	332	(82)
Travel/training	2,500	200	2,300
Copier supplies	500	798	(298)
Office supplies	1,000	481	519
Postage	450	243	207
Vehicle supplies	1,000	63	937
Law tracks	18,500	19,755	(1,255)
Contingency	4,061	1,471	2,590
Vehicle Fuel	3,500	2,110	1,390
Cell Phone Expenditures	1,900	2,771	(871)
Total Victim's Assistance	<u>176,804</u>	<u>165,904</u>	<u>10,900</u>
Sheriff			
Salaries and wages	2,292,442	2,389,394	(96,952)
Overtime	178,237	212,182	(33,945)
Holiday work pay	27,436	21,321	6,115
Travel allotments	1,200	1,203	(3)
Uniform allowance	9,500	8,107	1,393
Advance drug testing	1,200	1,175	25
Professional services	1,800	1,025	775
Transports/mental exams	4,000	353	3,647
Towing/storage seized vehicles	7,500	9,380	(1,880)
Computer maintenance	38,000	52,539	(14,539)
Copier lease	14,500	14,018	482
Vehicle maintenance	230,000	267,093	(37,093)
Telephone system lease	9,500	9,502	(2)
Fidelity bonds	700	475	225
Cell phones	12,500	12,955	(455)
Telephone	27,000	31,114	(4,114)
Membership/Dues	1,500	1,481	19
Training	10,000	7,086	2,914
Travel/meetings	2,500	1,170	1,330
DARE explorer	500	330	170
DARE community	500	-	500
Sheriff N800 Palmetto Radio Service	55,000	49,238	5,762
Charter Wan Service	6,300	6,013	287
Department supplies	25,000	33,056	(8,056)
K-nine maintenance supplies	2,000	2,641	(641)
Office supplies	15,000	13,317	1,683
Postage	4,000	2,030	1,970
Reserve deputy supplies	2,500	763	1,737
Uniforms	42,000	20,441	21,559
Vehicle supplies	150,000	172,525	(22,525)
Vehicle fuel	350,000	396,727	(46,727)
BJA grant expense	30,000	22,393	7,607
Crime prevention program	1,500	2,623	(1,123)
Drug Fund/Stolen Property	1,000	121	879
DARE Program	2,500	1,782	718
State drug forfeitures	40,000	6,869	33,131
Child support enforcement	15,000	-	15,000
Vest grant expenditure	18,000	11,611	6,389
Sex offender registration fee due	13,000	4,300	8,700
Sex offender computer maintenance	1,500	4,409	(2,909)
Scrap metal expenditures	-	2,800	(2,800)
Total Sheriff	<u>3,644,815</u>	<u>3,795,562</u>	<u>(150,747)</u>

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
PUBLIC SAFETY (Continued)			
Detention Center			
Salaries and wages	1,566,774	1,399,614	167,160
Overtime	125,364	129,379	(4,015)
Uniform allowance	2,500	23,887	(21,387)
Advanced Drug Testing	1,000	800	200
Physician and medical supplies	242,100	241,540	560
Systems maintenance	65,000	76,346	(11,346)
Rental & lease - equipment	1,000	-	1,000
Copier Lease	11,500	13,165	(1,665)
Telephone	40,000	48,122	(8,122)
Telephone systems lease	7,900	17,727	(9,827)
Juvenile incarceration	20,000	10,500	9,500
Training	25,000	29,876	(4,876)
Department supplies	50,000	60,422	(10,422)
Laundry and linen	10,000	9,682	318
Janitorial supplies	30,000	38,034	(8,034)
Office supplies	11,000	15,199	(4,199)
Home Detention Supplies	1,000	-	1,000
Postage	1,000	836	164
Utilities	250,000	196,152	53,848
Food/provisions	320,000	381,918	(61,918)
SCAAP grant expenditures	1,500	-	1,500
Inmate welfare	39,000	11,090	27,910
Total Detention Center	<u>2,821,638</u>	<u>2,704,289</u>	<u>117,349</u>
Road/Bridges			
Salaries and wages	386,604	357,668	28,936
Advanced Drug Testing	500	800	(300)
Professional services	500	75	425
Vehicle maintenance	45,000	62,694	(17,694)
Telephone	680	735	(55)
Training	400	-	400
Bridge maintenance supplies	39,500	5,572	33,928
Dept supplies	167,000	139,518	27,482
Office supplies	500	141	359
Pipe	18,000	919	17,081
Postage	75	-	75
Road signs	8,000	10,998	(2,998)
Vehicle supplies	19,000	29,755	(10,755)
Utilities	7,200	10,562	(3,362)
Cell Phone	450	442	8
Vehicle Fuel	80,000	88,958	(8,958)
Total Road/Bridges	<u>773,409</u>	<u>708,837</u>	<u>64,572</u>
Inspections/Permits			
Salaries	248,443	239,656	8,787
Advanced Drug Testing	-	25	(25)
Demolition and cleanup	30,000	43,604	(13,604)
Vehicle maintenance	3,100	3,386	(286)
Copy machine lease	3,700	2,001	1,699
Telephone system lease	-	778	(778)
Telephone and cell phones	7,000	6,721	279
Training/uniforms	5,000	4,331	669
Travel	3,500	4,373	(873)
Computer supplies	3,000	3,130	(130)
Office supplies	10,000	12,354	(2,354)
Vehicle supplies	3,000	1,462	1,538
Vehicle Fuel	15,000	15,082	(82)
Total Inspections/Permits	<u>331,743</u>	<u>336,903</u>	<u>(5,160)</u>
Total public safety	<u>\$ 12,417,235</u>	<u>\$ 12,508,575</u>	<u>\$ (91,340)</u>

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
PUBLIC WORKS			
Public Works			
Salaries and wages	\$ 121,113	\$ 121,932	\$ (819)
Contractual services	1,000	-	1,000
Vehicle maintenance	400	60	340
Telephone and cell phones	2,350	2,845	(495)
Memberships/dues	400	-	400
Training	250	-	250
Travel/meetings	1,100	65	1,035
Office supplies	1,000	1,595	(595)
Postage	450	536	(86)
Uniforms	11,000	11,390	(390)
Vehicle supplies/fuel	1,700	1,534	166
Total Public Works	140,763	139,957	806
Solid Waste Management			
Salaries	653,682	629,599	24,083
Fringe benefits	217,688	238,484	(20,796)
Pay in lieu of insurance	-	358	(358)
Advanced drug testing	700	995	(295)
Professional services	11,800	8,828	2,972
Tire disposal fees	26,000	19,638	6,362
Well monitor	18,000	8,800	9,200
Equipment maintenance	77,000	80,019	(3,019)
Cell Phone	2,050	2,075	(25)
Telephone	2,850	2,477	373
Equipment supplies	37,000	15,808	21,192
Dump site maintenance	12,650	11,622	1,028
Litter/humane equipment & supplies	34,000	38,067	(4,067)
Landfill maintenance supplies	14,000	10,467	3,533
Postage	100	1	99
Vehicle fuel	118,000	132,991	(14,991)
Utilities	15,200	15,350	(150)
Grant Expenditure	80,000	38,215	41,785
Transfer station fees	670,000	631,683	38,317
Miscellaneous	1,300	737	563
Contingency	11,133	-	11,133
Total Solid Waste Management	2,003,153	1,886,214	116,939
Total public works	\$ 2,143,916	\$ 2,026,171	\$ 117,745
HEALTH AND WELFARE			
Veterans Affairs			
Salaries and wages	\$ 105,408	108,318	\$ (2,910)
Equipment maintenance	2,000	4,357	(2,357)
Vehicle maintenance	2,500	2,863	(363)
Telephone system lease	1,100	1,100	-
Telephone	3,000	2,339	661
Travel/meetings	1,500	1,069	431
Office supplies	2,600	2,791	(191)
Postage	1,000	1,244	(244)
Vehicle supplies	1,000	567	433
Cell Phone Expenditures	1,000	1,967	(967)
Vehicle Fuel	3,000	3,368	(368)
Total Veteran's Affairs	124,108	129,983	(5,875)
Health Department			
Telephone	9,313	9,390	(77)
Copier Lease	1,118	1,180	(62)
Emergency contingency	186	136	50
Total Health Department	10,617	10,706	(89)
Social Services			
Telephone	11,920	14,166	(2,246)
Total health and welfare	\$ 146,645	\$ 154,855	\$ (8,210)

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
CULTURE AND RECREATION			
Parks and Recreation			
Salaries and wages	\$ 59,795	\$ 59,908	\$ (113)
Travel Allotments	1,200	1,203	(3)
Equipment maintenance	3,600	3,879	(279)
Grounds maintenance	10,000	12,804	(2,804)
Vehicle maintenance	1,500	664	836
Telephone	1,400	1,237	163
Training/membership dues	300	-	300
Travel/meetings	200	167	33
Department supplies	5,000	6,309	(1,309)
Postage	100	17	83
Vehicle supplies	1,500	1,689	(189)
Cell Phone Reimbursement	840	842	(2)
Vehicle Fuel	4,500	6,842	(2,342)
Utilities	15,000	10,738	4,262
Community projects	32,000	11,295	20,705
Total Parks and Recreation	<u>136,935</u>	<u>117,594</u>	<u>19,341</u>
Library			
Salaries	450,433	443,961	6,472
Drug testing	-	50	(50)
Professional services	6,800	6,770	30
Bookmobile maintenance	3,500	3,500	-
Computer maintenance	30,000	30,000	-
Equipment maintenance	6,000	6,000	-
Telephone	5,000	4,943	57
Travel/meetings	3,000	2,833	167
Bookmobile supplies	2,500	2,500	-
Department supplies	70,000	69,937	63
Office supplies	5,500	5,417	83
Postage	2,000	2,015	(15)
Utilities	50,000	50,000	-
Total Library	<u>634,733</u>	<u>627,926</u>	<u>6,807</u>
Total culture and recreation	<u>\$ 771,668</u>	<u>\$ 745,520</u>	<u>\$ 26,148</u>
INTERGOVERNMENTAL AND PRIVATE NON-PROFIT			
Local Government Assistance			
Solicitor's Office	\$ 262,000	\$ 262,000	\$ -
Economic Development/Chamber of Commerce	32,000	32,000	-
National Association of Counties	1,400	1,357	43
S.C. Association of Counties	13,894	13,894	-
Upper Savannah C.O.G.	46,576	46,576	-
	<u>355,870</u>	<u>355,827</u>	<u>43</u>
Special Appropriations			
GLEAMNS	9,500	9,500	-
Laurens fed./blind	3,600	3,600	-
County Museum	7,000	7,000	-
Senior options	7,700	7,700	-
Crimestoppers	1,000	-	1,000
Humane Society	5,000	5,000	-
	<u>33,800</u>	<u>32,800</u>	<u>1,000</u>

Laurens County, South Carolina

Exhibit B-5 - General Fund

Schedule of Expenditures - Budget and Actual (GAAP Basis), Continued

For the year ended June 30, 2013

	Original and Final Budget	Actual	Variance
INTERGOVERNMENTAL AND			
PRIVATE NON-PROFIT (Continued)			
Clemson Extension			
Beautification project	1,200	1,130	70
4-H Project	25,000	25,000	-
Office supplies	3,000	3,116	(116)
Utilities	5,600	4,811	789
Total Clemson Extension	<u>34,800</u>	<u>34,057</u>	<u>743</u>
Total intergovernmental and private non-profit	<u>\$ 424,470</u>	<u>\$ 422,684</u>	<u>\$ 1,786</u>
TOTAL BUDGETED EXPENDITURES	<u>\$ 25,785,186</u>	<u>\$ 25,249,063</u>	<u>\$ 536,123</u>
NON-BUDGETED EXPENDITURES			
Local option sales tax distributed		\$ 3,046,861	
Economic development - ZF project		2,446,752	
State for road maintenance		1,144,690	
Clinton parking lot		224,430	
Airfield Pavement Rehabilitation project		2,746,301	
Airport rejuvenation project grant		167,773	
Technical education		195,369	
Indigent care		89,005	
Economic development		37,296	
State grant - Power South site		191,567	
Building maintenance		<u>85,258</u>	
Total non-budgeted expenditures		<u>10,375,302</u>	
TOTAL EXPENDITURES		<u>\$ 35,624,365</u>	

Laurens County, South Carolina
Exhibit B-6 - Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2013

	Community Development	Fire Coordinator	Laurens County Fire Department Debt Service	Fire Capital Reserve	Gray Court	Cross Hill	Durbin Creek	Ekom	Greenpond
ASSETS									
Cash held by County Government	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash held at fire departments	-	-	-	-	46,732	56,037	5,002	55,229	61,881
Taxes receivable - net	-	19,569	4,343	13,296	-	-	-	-	-
Accounts receivable	16,630	90,842	-	-	-	-	-	-	-
Due from other funds	-	981,604	76,130	543,264	-	-	-	-	-
Total assets	<u>\$ 21,630</u>	<u>\$ 1,092,015</u>	<u>\$ 80,473</u>	<u>\$ 556,560</u>	<u>\$ 46,732</u>	<u>\$ 56,037</u>	<u>\$ 5,002</u>	<u>\$ 55,229</u>	<u>\$ 61,881</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 16,630	\$ 291,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unavailable revenue	-	17,741	4,332	11,571	-	-	-	-	-
Total liabilities	16,630	309,420	4,332	11,571	-	-	-	-	-
Fund balances									
Restricted	5,000	782,595	76,141	544,989	46,732	56,037	5,002	55,229	61,881
Total fund balances	5,000	782,595	76,141	544,989	46,732	56,037	5,002	55,229	61,881
Total liabilities and fund balances	<u>\$ 21,630</u>	<u>\$ 1,092,015</u>	<u>\$ 80,473</u>	<u>\$ 556,560</u>	<u>\$ 46,732</u>	<u>\$ 56,037</u>	<u>\$ 5,002</u>	<u>\$ 55,229</u>	<u>\$ 61,881</u>

Laurens County, South Carolina
Exhibit B-6 - Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2013

	Hickory Tavern	Joanna	Mountville	Renno	Sandy Springs	Waterloo	Western Laurens	Young's	Total
ASSETS									
Cash held by County Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Cash held at fire departments	37,612	20,022	93,293	39,308	7,824	91,869	21,195	6,283	542,287
Taxes receivable - net	-	-	-	-	-	-	-	-	37,208
Accounts receivable	-	-	-	-	-	-	-	-	107,472
Due from other funds	-	-	-	-	-	-	-	-	1,600,998
Total assets	<u>\$ 37,612</u>	<u>\$ 20,022</u>	<u>\$ 93,293</u>	<u>\$ 39,308</u>	<u>\$ 7,824</u>	<u>\$ 91,869</u>	<u>\$ 21,195</u>	<u>\$ 6,283</u>	<u>\$ 2,292,965</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308,309
Unavailable revenue	-	-	-	-	-	-	-	-	33,644
Total liabilities	-	-	-	-	-	-	-	-	341,953
Fund balances									
Restricted	37,612	20,022	93,293	39,308	7,824	91,869	21,195	6,283	1,951,012
Total fund balances	37,612	20,022	93,293	39,308	7,824	91,869	21,195	6,283	1,951,012
Total liabilities and fund balances	<u>\$ 37,612</u>	<u>\$ 20,022</u>	<u>\$ 93,293</u>	<u>\$ 39,308</u>	<u>\$ 7,824</u>	<u>\$ 91,869</u>	<u>\$ 21,195</u>	<u>\$ 6,283</u>	<u>\$ 2,292,965</u>

Laurens County, South Carolina

Exhibit B-7 - Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 2013

	Community Development	Fire Coordinator	Laurens Rural Fire Dept. Debt Service	Fire Capital Reserve	Gray Court	Cross Hill	Durbin Creek	Ekom
REVENUES								
Property taxes	\$ -	\$ 282,677	\$ (239)	\$ 290,344	\$ -	\$ -	\$ -	\$ -
Intergovernmental	513,703	29,890	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	6
Other income	-	-	-	-	49,576	8,806	9,951	2,080
Total revenues	513,703	312,567	(239)	290,344	49,576	8,806	9,951	2,086
EXPENDITURES								
Salaries and wages	-	81,838	-	-	-	-	-	-
Fringe benefits	-	26,690	-	-	-	-	-	-
Professional services	-	4,714	-	-	-	-	-	-
Physician and medical supplies	-	13,190	-	-	-	-	-	-
Equipment repairs	-	853	-	-	1,289	51	1,319	2,381
Vehicle repairs	-	4,414	-	-	790	214	401	18
Rent expense	-	4,935	-	-	-	-	-	-
Telephone	-	11,780	-	-	-	1,909	-	-
Dues and subscriptions	-	559	-	-	-	1,044	1,215	685
Training	-	11,619	-	-	80	241	595	70
Travel and meetings	-	7,116	-	-	189	-	-	-
Fire prevention supplies	-	6,879	-	-	-	-	-	-
Office supplies and equipment	-	2,213	-	-	-	1,506	1,164	818
Postage	-	212	-	-	155	163	45	86
Uniforms	-	124	-	-	-	-	-	-
Vehicle supplies	-	-	-	-	-	-	-	-
Fuel and oil	-	22,505	-	-	-	-	-	-
Books and publications	-	1,196	-	-	-	-	461	-
Building repairs	-	-	-	-	3,096	564	185	1,708
Capital outlay	-	690,080	-	-	-	-	-	-
Bank charges	-	-	-	-	333	198	375	-
Advertising/printing/supplies	-	-	-	-	866	897	44	316
Maintenance contract	-	-	-	-	1,333	2,160	572	-
1st responder supplies	-	-	-	-	-	-	-	-
Cleaning supplies	-	-	-	-	331	-	392	187
Other	-	-	-	-	1,504	3,165	4,031	298
Fundraising expense	-	-	-	-	-	-	929	-
Fire fighting supplies and equipment	-	-	-	-	27,675	14,241	12,088	13,702
Economic development	607,098	-	-	-	-	-	-	-
Fireman's fund expenditures	-	-	-	-	4,625	9,527	-	-
1% fund expenditures	-	-	-	-	3,908	-	-	-

Laurens County, South Carolina

Exhibit B-7 - Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

For the year ended June 30, 2013

	Community Development	Fire Coordinator	Laurens Rural Fire Dept. Debt Service	Fire Capital Reserve	Gray Court	Cross Hill	Durbin Creek	Ekom
EXPENDITURES, Continued								
Grant expenditures	-	77,327	-	-	-	-	-	-
Contingency	-	19,460	-	-	-	-	-	-
Total expenditures	607,098	987,704	-	-	46,174	35,880	23,816	20,269
Excess (deficiency) of revenues over expenditures	(93,395)	(675,137)	(239)	290,344	3,402	(27,074)	(13,865)	(18,183)
OTHER FINANCING SOURCES								
Insurance recoveries	-	675,969	-	-	-	-	-	-
Transfers in	-	-	-	-	20,180	14,890	10,250	9,320
Transfers out	-	-	-	(246,759)	-	-	-	-
Total other financing sources (uses)	-	675,969	-	(246,759)	20,180	14,890	10,250	9,320
Net change in fund balance	(93,395)	832	(239)	43,585	23,582	(12,184)	(3,615)	(8,863)
FUND BALANCES, BEGINNING OF YEAR	98,395	781,763	76,380	501,404	23,150	68,221	8,617	64,092
FUND BALANCES, END OF YEAR	<u>\$ 5,000</u>	<u>\$ 782,595</u>	<u>\$ 76,141</u>	<u>\$ 544,989</u>	<u>\$ 46,732</u>	<u>\$ 56,037</u>	<u>\$ 5,002</u>	<u>\$ 55,229</u>

Laurens County, South Carolina

Exhibit B-7 - Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

For the year ended June 30, 2013

	Greenpond	Hickory Tavern	Joanna	Mountville	Renno	Sandy Springs	Waterloo	Western Laurens	Young's	Total
REVENUES										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 572,782
Intergovernmental	-	-	-	-	-	-	-	138,000	-	681,593
Interest	-	3	3	35	-	-	2	-	1	50
Other income	25	14,154	3,172	125	807	1,114	557	6,485	-	96,852
Total revenues	25	14,157	3,175	160	807	1,114	559	144,485	1	1,351,277
EXPENDITURES										
Salaries and wages	-	-	-	-	-	-	-	-	-	81,838
Fringe benefits	-	-	-	-	-	-	-	-	-	26,690
Professional services	-	-	-	-	-	-	-	-	-	4,714
Physician and medical supplies	-	-	-	-	-	-	-	-	-	13,190
Equipment repairs	259	2,272	2,258	174	922	2,378	568	1,675	1,695	18,094
Vehicle repairs	46	451	202	-	279	1,896	-	255	124	9,090
Rent expense	-	-	-	-	-	-	-	-	-	4,935
Telephone	-	-	-	-	-	-	-	1,098	-	14,787
Dues and subscriptions	50	75	-	485	225	975	655	25	-	5,993
Training	-	631	255	-	-	660	130	803	125	15,209
Travel and meetings	-	-	-	-	-	-	-	-	-	7,305
Fire prevention supplies	-	-	-	-	-	-	-	-	-	6,879
Office supplies and equipment	1,259	-	-	130	-	892	1,100	11,251	646	20,979
Postage	-	-	78	58	90	197	44	-	-	1,128
Uniforms	-	-	-	-	-	-	-	-	-	124
Vehicle supplies	-	-	-	-	-	-	-	-	315	315
Fuel and oil	-	-	-	-	-	-	-	-	-	22,505
Books and publications	-	-	142	-	-	-	-	-	-	1,799
Building repairs	-	9,552	1,014	329	1,816	1,772	1,449	3,003	5,850	30,338
Capital outlay	-	-	-	-	-	-	-	-	-	690,080
Bank charges	-	483	117	16	24	324	300	56	15	2,241
Advertising/printing/supplies	66	2,463	603	116	589	276	782	-	560	7,578
Maintenance contract	120	-	-	470	-	-	510	-	298	5,463
1st responder supplies	-	-	-	-	299	396	315	278	74	1,362
Cleaning supplies	200	396	-	-	256	-	309	88	1,280	3,439
Other	-	6,502	-	251	1,613	1,279	994	981	5,834	26,452
Fundraising expense	-	-	-	-	-	-	-	-	-	929
Fire fighting supplies and equipment	2,693	15,747	10,473	2,350	1,953	4,105	2,357	140,895	2,785	251,064
Economic development	-	-	-	-	-	-	-	-	-	607,098
Fireman's fund expenditures	-	15,022	949	-	-	-	-	-	-	30,123
1% fund expenditures	-	-	-	-	-	-	-	-	-	3,908

Laurens County, South Carolina

Exhibit B-7 - Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

For the year ended June 30, 2013

	<u>Greenpond</u>	<u>Hickory Tavern</u>	<u>Joanna</u>	<u>Mountville</u>	<u>Renno</u>	<u>Sandy Springs</u>	<u>Waterloo</u>	<u>Western Laurens</u>	<u>Young's</u>	<u>Total</u>
EXPENDITURES, Continued										
Grant expenditures	-	-	-	-	-	-	-	-	-	77,327
Contingency	-	-	-	-	-	-	-	-	-	19,460
Total expenditures	<u>4,693</u>	<u>53,594</u>	<u>16,091</u>	<u>4,379</u>	<u>8,066</u>	<u>15,150</u>	<u>9,513</u>	<u>160,408</u>	<u>19,601</u>	<u>2,012,436</u>
Excess (deficiency) of revenues over expenditures	<u>(4,668)</u>	<u>(39,437)</u>	<u>(12,916)</u>	<u>(4,219)</u>	<u>(7,259)</u>	<u>(14,036)</u>	<u>(8,954)</u>	<u>(15,923)</u>	<u>(19,600)</u>	<u>(661,159)</u>
OTHER FINANCING SOURCES										
Proceeds from insurance claim	-	-	-	-	-	-	-	-	-	675,969
Transfers in	13,150	19,900	11,750	10,200	8,950	15,550	17,550	18,460	17,325	187,475
Transfers out	-	-	-	-	-	-	-	-	-	(246,759)
Total other financing sources (uses)	<u>13,150</u>	<u>19,900</u>	<u>11,750</u>	<u>10,200</u>	<u>8,950</u>	<u>15,550</u>	<u>17,550</u>	<u>18,460</u>	<u>17,325</u>	<u>616,685</u>
Net change in fund balance	8,482	(19,537)	(1,166)	5,981	1,691	1,514	8,596	2,537	(2,275)	(44,474)
FUND BALANCES, BEGINNING OF YEAR	<u>53,399</u>	<u>57,149</u>	<u>21,188</u>	<u>87,312</u>	<u>37,617</u>	<u>6,310</u>	<u>83,273</u>	<u>18,658</u>	<u>8,558</u>	<u>1,995,486</u>
FUND BALANCES, END OF YEAR	<u>\$ 61,881</u>	<u>\$ 37,612</u>	<u>\$ 20,022</u>	<u>\$ 93,293</u>	<u>\$ 39,308</u>	<u>\$ 7,824</u>	<u>\$ 91,869</u>	<u>\$ 21,195</u>	<u>\$ 6,283</u>	<u>\$ 1,951,012</u>

Laurens County, South Carolina
Exhibit B-8 - Nonmajor Debt Service Fund
Balance Sheet
June 30, 2013

	Special Source Revenue Bond	General Obligation bond	Total
Assets			
Due from other funds	\$ 576	\$ 336,031	\$ 336,607
Property taxes receivable	-	58,186	58,186
Total assets	<u>\$ 576</u>	<u>\$ 394,217</u>	<u>\$ 394,793</u>
Liabilities and Fund Balances			
Liabilities			
Unavailable revenue	\$ -	\$ 51,932	\$ 51,932
Total liabilities	-	51,932	51,932
Fund balances			
Restricted	576	342,285	342,861
Total fund balances	576	342,285	342,861
Total liabilities and fund balances	<u>\$ 576</u>	<u>\$ 394,217</u>	<u>\$ 394,793</u>

Laurens County, South Carolina

Exhibit B-9 - Nonmajor Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 2013

	Special Source Revenue Bond	General Obligation bond	Total
REVENUES			
Property taxes	\$ -	\$ 961,707	\$ 961,707
Fee in lieu of taxes	273,281	220	273,501
Interest	-	1,940	1,940
Total revenues	<u>273,281</u>	<u>963,867</u>	<u>1,237,148</u>
EXPENDITURES			
Debt service			
Principal retirement	241,000	731,289	972,289
Interest and fiscal charges	31,705	225,460	257,165
Total expenditures	<u>272,705</u>	<u>956,749</u>	<u>1,229,454</u>
Excess of revenues over expenditures	<u>576</u>	<u>7,118</u>	<u>7,694</u>
Net change in fund balance	576	7,118	7,694
Fund balances, beginning of the year	-	335,167	335,167
Fund balances, end of the year	<u>\$ 576</u>	<u>\$ 342,285</u>	<u>\$ 342,861</u>

Laurens County, South Carolina**Exhibit B-10 - Fines, Assessments and Surcharges****Victims' Assistance Funds****For the year ended June 30, 2013**

Court Fines	
Court fines collected	\$ 900,003
Court fines retained by County	540,179
	<hr/>
Court fines remitted to State Treasurer	\$ 359,824
	<hr/>
Court Assessments	
Court assessments collected	\$ 555,014
Court assessments retained by County	103,532
	<hr/>
Court assessments remitted to State Treasurer	\$ 451,482
	<hr/>
Court Surcharges	
Court surcharges collected	\$ 869,319
Court surcharges retained by County	598,974
	<hr/>
Court surcharges remitted to State Treasurer	\$ 270,345
	<hr/>
Victims' Assistance	
Court assessments allocated to Victims' Assistance	\$ 56,460
Court surcharges allocated to Victims' Assistance	47,072
Intergovernmental funds	34,878
Local funds	27,494
	<hr/>
Funds allocated to Victims' Assistance	165,904
Victims' Assistance expenditures	(165,904)
Funds available for carryforward	-
Fund carried forward from prior year	-
Funds available for carryforward to subsequent year	-
	<hr/>
	\$ -
	<hr/>



**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***

Laurens County Council
Laurens County
Laurens, South Carolina

We have audited 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, the financial statements of the governmental activities, the component unit, each major fund and the aggregate remaining fund information of Laurens County, South Carolina (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 31, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as 2013-1, 2013-3 and 2013-4 in the accompanying schedule of findings and questioned costs to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as 2013-2 in the accompanying schedule of findings and questions costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2013-5.

County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County'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 result 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.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive style with a long, sweeping underline.

Greenwood, South Carolina
December 31, 2013



**Independent Auditor's Report on Compliance for
Each Major Federal Program; Report on
Internal Control Over Compliance**

Laurens County Council
Laurens County
Laurens, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Laurens County's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect to each of the County's major federal programs for the year ended June 30, 2013. The County'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

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 the County's compliance with those requirements and performing such other procedures as we consider 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 the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County 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, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County'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 the County's internal control over compliance.

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

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive style with a long, sweeping underline.

Greenwood, South Carolina
December 31, 2013

Laurens County, South Carolina
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2013

Federal grantor/pass-through grantor/program title	Federal CFDA number	Pass-through grantor's number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through State Department of Commerce Community Development Block Cluster (CDBG)			
Community Development Block Grant	14.228	4-CI-11-021	\$ 498,500
Community Development Block Grant	14.228	4-CI-10-019	24,681
Community Development Block Grant	14.228	4-CI-12-018	31,755
Total Community Development Block Cluster			<u>554,936</u>
Total U.S. Department of Housing and Urban Development			<u>554,936</u>
<u>U S DEPARTMENT OF JUSTICE</u>			
Passed through the Office of the Justice Program JAG Program Cluster			
Edward R. Byrne Justice Assistance Grant	16.738	2012-DJ-BX-1033	22,337
BPV Financial Assistance	16.738	FY 2013	6,831
Total JAG Program Cluster			<u>29,168</u>
Total U.S. Department of Justice			<u>29,168</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Programs			
Airport Improvement Program	20.106	3-45-0036-012-2012	2,346,298
Airport Improvement Program	20.106	3-45-0036-011-2011	7,564
			<u>2,353,862</u>
HMEP Planning Grant	20.703	HM-HMP-0274-12-01	1,519
Total U.S Department of Transportation			<u>2,355,381</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through South Carolina Department of Social Services			
Child Support Enforcement - Family Court	93.563	N/A	169,437
Child Support Enforcement - Filing Fees	93.563	N/A	28,050
Child Support Enforcement - IV, D Incentives	93.563	N/A	25,783
Child Support Enforcement - DSS Administrative Expense	93.563	N/A	40,008
Total Department of Health and Human Services			<u>263,278</u>
<u>U. S. HOMELAND SECURITY ADMINISTRATION</u>			
Passed through S C Law Enforcement Division:			
Local Emergency Management Performance	97.042	11EMPG01	10,971
Local Emergency Management Performance	97.042	12EMPG01	59,833
			<u>70,804</u>
FY 2011 Assistance to Firefighters	97.044	EMW-2011-FO-00957	56,573
Total U.S. Homeland Security Administration			<u>127,377</u>
Total expenditures of federal awards			<u>\$ 3,330,140</u>

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Laurens County, South Carolina (the County) under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Laurens County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Laurens County, South Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2013

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified
 Internal control over financial reporting:

- Material weakness identified? X yes no
- Significant deficiency identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? yes X no
- Significant deficiency identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes X no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program / Cluster Name</u>
14.228	U.S. Department of Housing and Urban Development - Community Development Block Grant Cluster (CDBG)
20.106	U.S. Department of Transportation - Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

Laurens County, South Carolina

Schedule of Findings and Questioned Costs, Continued

For the year ended June 30, 2013

Section II – FINANCIAL STATEMENT FINDINGS

FINDING – FINANCIAL STATEMENT FINDINGS, Continued

Item 2013-1: County Bank Accounts Balances and Transactions Not Maintained on the County General Ledger

Condition

Financial transactions related to Delinquent Tax Collector collection account and grant funds administered on behalf of the County by the Upper Savannah Council of Governments (USCOG) are not currently maintained in the County's accounting system. Separate bank accounts and accounting records are maintained by the above named entities, and these funds and transactions are only recorded or reported by the County at year end when summary information is received.

Criteria

The County is responsible for management and reporting on assurance that monies held by the Delinquent Tax Collector and the USCOG are being spent appropriately and transactions recorded properly.

Cause

The County has not determined the procedures needed to ensure proper recording of the above funds.

Effect

Cash balances and transactions are not recorded on the general ledger to account for funds held in the above identified accounts.

Recommendation

We recommend the identified cash accounts and related transactions be reviewed on a monthly basis by the Finance Director and that such monies and transactions be recorded in the general ledger accounts of the County, included in the restricted cash balances and related revenues and expenditures recorded in a timely manner as they occur.

Management Response

The finance director will examine this issue and determine procedures to properly record Delinquent Tax Collector account and USCOG grant fund activity on the general ledger.

Laurens County, South Carolina

Schedule of Findings and Questioned Costs, Continued

For the year ended June 30, 2013

Item 2013-2: County Capital Assets

Condition

The County's capital assets are maintained in a spreadsheet rather than in the capital asset module of the County's accounting software system.

Criteria

The County is responsible for safeguarding and management of its capital assets, and reporting thereon. The use of spreadsheets to maintain such records is more susceptible to errors in processing and reporting these assets.

Cause

The County has not been able to commit the staffing needed to transition to the capital asset module in its accounting software system.

Effect

Internal control over capital assets cannot be effective without maintaining accurate records of the assets held by the County.

Recommendation

We recommend the County transition to the capital asset module in its accounting software system.

Management Response

The finance director is considering the resources needed to make such a transition to the capital asset module and intends to implement when it is practical to do so.

Item 2013-3: Accounts Receivable and Revenue

Condition

Accounts receivable recorded at yearend was understated.

Criteria

The County is responsible for the completeness of its recognized revenue and accounts receivable.

Cause

The payments that were considered for accrual as accounts receivable did not represent all of the payments received subsequent to yearend.

Effect

Accounts receivable and revenues, primarily intergovernmental revenues and insurance recoveries were understated for the year, and required adjustment to reflect additional receivables.

Recommendation

Receipts of revenues subsequent to year end should be examined closely to determine the proper period in which to recognize the revenue. Procedures should be implemented to ensure that the population of such receipts is complete.

Management Response

The finance director will examine the issue and determine the needed procedures to ensure completeness of the population.

Laurens County, South Carolina

Schedule of Findings and Questioned Costs, Continued

For the year ended June 30, 2013

Item 2013-4: Insurance Recoveries

Condition

Insurance recoveries related to fire loss were netted against acquisitions of replacement equipment.

Criteria

Generally accepted accounting principles require that replacement of capital assets should be reported as a separate transaction from the associated insurance recovery.

Cause

The County's goal was to maintain the insurance recovery proceeds netted against the replacement acquisitions in a single balance sheet account in order to match acquisitions with funding from the insurance recovery.

Effect

Capital outlay and insurance recoveries were understated for the year.

Recommendation

The County should implement procedures to ensure that revenues are recorded in an appropriate revenue account and expenditures are recorded in an appropriate expenditure account.

Management Response

The finance director will review the procedures in place and implement the needed procedures to ensure proper recording to segregate revenues and expenditures.

Item 2013-5: Collateralization of County Deposits

Condition

At June 30, 2013 the County had a bank account with a bank balance of approximately \$725,000, for which collateral had not been pledged by the financial institution. Federal Depository Insurance Corporation (FDIC) insurance coverage of \$500,000 based on two custodians of the account, left the County exposure of uninsured and unsecured funds at approximately \$225,000.

Criteria

The County is required by the State of South Carolina to deposit County funds in accounts that are insured by Federal Deposit Insurance Corporation (FDIC) or collateralized by securities in the County's name.

Cause

The County opened a new bank account, and the County was unaware that the requisite collateral agreements had not been executed.

Effect

County bank deposits were exposed to uninsured and unsecured risk.

Recommendation

We recommend that the County establish procedures, including checklists if deemed appropriate, to ensure that all bank documents for new accounts are obtained and maintained in a permanent file.

Management Response

The County responded immediately to execute the collateral agreements with the bank upon discovery of the missing agreement, and the bank account was subsequently collateralized.

Laurens County, South Carolina

Schedule of Findings and Questioned Costs, Continued

For the year ended June 30, 2013

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

Laurens County, South Carolina
Summary Schedule of Prior Audit Findings
For the year ended June 30, 2013

FINDING AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted.