PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 31, 2011

NEW ISSUE
BOOK-ENTRY-ONLY

RATING: Moody's Investors Service: "Aa2"
(See "Rating" Herein)

In the opinion of Bond Counsel, assuming continuing compliance by the County with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations and judicial decisions. Interest on the Bonds is not an item of tax preference in computing the alternative minimum taxable income of individuals or corporations. Interest on the Bonds will, however, be included in the computation of certain taxes including alternative minimum tax for corporations. See "LEGAL MATTERS – Federal Income Tax Generally" for a brief description of alternative minimum tax treatment and certain other federal income tax consequences to certain recipients of interest on the Bonds. The Bonds and the interest thereon will also be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes. The Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

OFFICIAL STATEMENT
Relating to the Issuance of
$5,000,000 GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2011 (BANK QUALIFIED TAX-EXEMPT) OF FLORENCE COUNTY, SOUTH CAROLINA

The $5,000,000 General Obligation Refunding and Improvement Bonds, Series 2011 (the "Bonds"), will be general obligation bonds of Florence County, South Carolina (the "County"), and as such the full faith, credit, resources and taxing power of the County will be irrevocably pledged for the payment thereof. See "THE BONDS - Security" herein.

The Bonds are issuable in fully registered form and when issued will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which principal and interest payments on the Bonds will be made. Individual purchases of beneficial ownership interests in the Bonds will be made in book-entry form only, in the principal amounts of $5,000 or any whole multiple thereof. So long as Cede & Co. as nominee of DTC is the registered owner of the Bonds, references herein to the holders of the Bonds or registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, the principal and interest on the Bonds are payable to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to the DTC Participants (as defined herein) for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System." ______________________________ will serve as Registrar and Paying Agent for the Bonds.

The Bonds will be dated the date of delivery thereof which is expected to be November 22, 2011, and will mature on March 1 in each of the years and in the principal amounts and bear interest at the rates shown below. Interest on the Bonds is first payable on March 1, 2012, and semiannually thereafter on each March 1 and September 1 until the Bonds are paid in full. The Bonds are subject to optional redemption prior to their state maturities as set forth herein.

March 1 Year	Principal Amount	Interest Rate	Reoffering Price	March 1 Year	Principal Amount	Interest Rate	Reoffering Price
2012	$280,000			2020	$355,000		
2013	290,000			2021	365,000		
2014	295,000			2022	375,000		
2015	305,000			2023	395,000		
2016	310,000			2024	335,000		
2017	320,000			2025	345,000		
2018	330,000			2026	360,000		
2019	340,000						

The interest rates are the result of a successful proposal from a syndicate headed by ____________________. The reoffering information has been provided by such company submitting the winning proposal.

The Bonds are offered when, as and if issued and subject to the approving opinion as to legality of Haynsworth Sinkler Boyd, P.A., Bond Counsel, Florence, South Carolina. It is expected that the Bonds in definitive form will be available for delivery on or about November 22, 2011.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. The County deems the Preliminary Official Statement to be final as of its date for purposes of S.E.C. Rule 15c2-12 except for information which may be omitted therefrom pursuant to Rule 15c2-12.

This Official Statement is dated ______________, 2011.

No dealer, broker, salesman or other person has been authorized by Florence County, South Carolina (the "County") to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representation may not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the County and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

This Preliminary Official Statement has been deemed final by the County for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), but is subject to revision, amendment and completion in a final official statement as provided in the Rule.

FLORENCE COUNTY, SOUTH CAROLINA

Florence County Council

K. G. “Rusty” Smith, Jr., Chairman
Waymon Mumford, Vice Chairman
Russell W. Culberson
Mitchell Kirby
Johnny D. Rodgers, Jr.
H. Morris Anderson
James T. Schofield
Alphonso Bradley
Roger M. Poston

County Administration

Richard A. Starks, County Administrator
Kevin V. Yokim, Finance Director
Connie Y. Haselden, Clerk to Council

County Attorney

D. Malloy McEachin, Jr.
Florence, South Carolina

Bond Counsel

Haynsworth Sinkler Boyd, P.A.
Florence, South Carolina

Financial Advisor

Davenport & Company LLC
Charlotte, North Carolina

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OFFICIAL NOTICE OF SALE
$5,000,000
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2011, (BANK QUALIFIED TAX-EXEMPT) OF FLORENCE COUNTY, SOUTH CAROLINA

Sealed proposals, addressed to the undersigned, will be received by the Florence County Council, ("County Council"), the governing body of Florence County, South Carolina (the "County"), until 11:00 o'clock a.m. (local time) on Thursday, November 10, 2011 (the "Sale Date"), at which time said proposals will be publicly opened in the Chambers of County Council, Room 803, City-County Complex, 180 N. Irby Street, Florence, South Carolina 29501, for the purchase of $5,000,000 General Obligation Refunding and Improvement Bonds, Series 2011, of Florence County, South Carolina (the "Bonds"). The Bonds are designated "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. The Bonds shall be payable as to principal as follows:

Year	Principal Amount	Year	Principal Amount
2012	$280,000	2020	$355,000
2013	290,000	2021	365,000
2014	295,000	2022	375,000
2015	305,000	2023	395,000
2016	310,000	2024	335,000
2017	320,000	2025	345,000
2018	330,000	2026	360,000
2019	340,000		

The Bonds will be dated the date of delivery thereof which is expected to be on or about November 22, 2011, and will bear interest from the date thereof, payable on each March 1 and September 1, beginning on March 1, 2012, until they mature. Both principal and interest will be payable in any coin or currency of the United States of America, which at the time of payment, is legal tender for the payment of public and private debts at the Corporate Trust Office of the Registrar and Paying Agent of the Bonds.

Registrar and Paying Agent: A financial institution will be selected by the County to serve as Registrar and Paying Agent. However, the County may determine to allow the successful bidder for the Bonds to name the Registrar and Paying Agent subject to the County's approval of the institution so nominated. So long as the Bonds remain outstanding in book-entry form with DTC, all payments of principal and interest with respect to the Bonds shall be through the facilities of DTC.

Redemption: The Bonds maturing on or before March 1, 2021, are not subject to redemption prior to maturity. The Bonds maturing on or after March 1, 2022, are subject to redemption prior to maturity, at the option of the County, on or after March 1, 2021, in whole or in part at any time, at a redemption price equal to 100 percent of the principal amount therof, plus interest accrued to the date fixed for redemption.

Bid Requirements: Bidders shall specify the rate or rates of interest per annum which such Bonds are to bear, to be expressed in multiples of 1/20th or 1/8th of 1% with no greater difference than 2% between the highest and lowest rates of interest named by a bidder. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for the Bonds of that maturity from their date to such maturity date. A bid for less than all the Bonds, or at a price less than par, will not be considered. Any premium offered must be paid as part of the purchase price of the Bonds at the delivery thereof.

Award of Bonds: The Bonds will be awarded to the bidder or bidders offering to purchase the

Bonds at the lowest net interest cost (NIC) to the County from the date of delivery of the Bonds. The County reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 4:00 p.m. (local time) on the day of the sale.

Adjustment of Principal Maturities of Bonds If after final computation of the proposals, the County determines that it is necessary to adjust debt service requirements of the Bonds in one or more years, it reserves the right to decrease or increase the principal amount of the Bonds of any maturity (all calculations to be rounded to the nearest $5,000) by not exceeding 10%. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, bidders must disclose to the County in connection with their respective bids the price (or yield to maturity) at which each maturity of the Bonds will be reoffered to the public.

In the event of any adjustment of the maturity schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. The Bonds of each maturity, as adjusted, will bear interest at the same rate and must have the same reoffering yield as are specified by the successful bidder for the Bonds of that maturity. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest net interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of the Bonds pursuant to this paragraph.

Bid Submission—PARITY: All bids, except as provided in the following paragraph, must be submitted to the Parity Electronic Bid Submission System ("PARITY"). No other form of bid, whether oral or written, or provider of electronic bidding services will be accepted. Such bids are to be publicly disclosed and read at such time and place on said day. The time as maintained by PARITY shall constitute the official time with respect to all bids submitted. No proposal shall be considered which is not actually received by the County at the place, date and time appointed through PARITY, and the County shall not be responsible for any delay, failure, misdirection or error in the transmission of bids.

Bid Submission—Direct Placement Bidders: Financial institutions desiring to submit a bid to purchase the Bonds for the purpose of investment ("Direct Placement Bidders") may submit bids via facsimile at telephone number 843-665-4515. Direct Placement Bidders must bid a single fixed rate of interest for all Bonds at a price not less than par. In the event a Direct Placement Bidder is awarded the Bonds, the Bonds will be issued as a single Bond, without CUSIP identification. A Direct Placement Bidder, if awarded the Bonds, must execute a letter addressed to the County and Bond Counsel acknowledging, among other things, that (1) the purchaser had the opportunity to review a preliminary official statement relating to the Bonds and to the County; (2) the purchaser had an opportunity to make appropriate inquires of and receive answers from officials, employees, agents and attorneys of the County; (3) the purchaser has knowledge and experience in financial and business affairs and that it is capable of evaluating the merits and risks of the purchase of the Bond; (4) the purchaser is acquiring the Bond as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property at all times be under its control) within the meaning of the Federal securities laws; (5) the purchaser is acquiring the Bond solely for its own account and no other undisclosed person now has any direct or indirect ownership or interest therein; and (6) the purchaser understands that the scope of engagement of Haynsworth Sinkler Boyd, P.A., as Bond Counsel to the County with respect to the Bond has been limited to matters as set forth in their opinion based on their view of such legal proceedings as they deem necessary to approve the validity of the Bond and the tax-exempt status of interest thereon (the "Letter of Representations"). The purchaser will also be required to covenant that it will not voluntarily dispose of all or any portion of the Bond unless it procures from each assignee thereof representations and covenants in form and content the same as those made by the purchaser.

If any provisions of this Official Notice of Sale conflict with information provided by *PARITY* as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about *PARITY* may be obtained from *PARITY*, 1359 Broadway, 2nd Floor, New York, NY 10018, telephone (212) 849-5024.

Municipal Bond Insurance. If a bidder for the Bonds desires to have the Bonds insured, the bidder shall specify in its bid whether bond insurance will be purchased and the premium of such bond insurance must be paid at or prior to closing by the successful bidder.

Security: The Bonds shall constitute binding general obligations of the County and the full faith, credit, resources and taxing power of the County are irrevocably pledged for the payment of the Bonds. There shall be levied and collected annually in the same manner as all other county taxes are levied and collected, a tax, without limit, on all taxable property in the County sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

Purpose: The Bonds are being issued for the purposes of (a) refunding the County's Series 2002 General Obligation Bonds, (b) acquisition and installation of and improvements related to new electrical generators for the County's facilities in the City-County Complex and the County Planning Building, as well as the potential acquisition of real property (the "Improvements"), and (c) paying certain costs of issuance of the Bonds.

Official Statement: The Preliminary Official Statement dated October 31, 2011 has been deemed final by the County for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") but is subject to revision, amendment and completion in a final Official Statement as provided in the Rule. The Preliminary Official Statement may be accessed via the Internet at www.i-dealprospectus.com.

The County will furnish at its cost a sufficient number of copies of the final Official Statement to allow the successful bidder for the Bonds to comply with the Rule within seven (7) working days of the acceptance of a bid for the purchase of the Bonds.

Continuing Disclosure: In order to assist bidders in complying with SEC Rule 15c2-12 (the "Rule"), the County will undertake, pursuant to the Bond Ordinance and a Disclosure Dissemination Agreement, to provide certain annual information reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. The delivery by the County of a fully executed Disclosure Dissemination Agreement by the County dated the date of delivery of the Bonds, is a condition precedent to the delivery of the Bonds as described in the Notice of Sale. Failure by the County to deliver such Disclosure Dissemination Agreement will relieve the successful bidder of its contractual obligation arising from the acceptance of its bid. The Preliminary Official Statement has been deemed final by the County for purposes of paragraph (b)(1) of the Rule but is subject to revision, amendment and completion in the final Official Statement as provided in the Rule.

In accordance with Section 1-11-85 of the Code of Laws of South Carolina, 1976, as amended, the County has covenanted in the Bond Ordinance authorizing the issuance of the Bonds to file with a central repository for availability in the secondary bond market when requested an annual independent audit, within thirty (30) days of the County's receipt of the audit; and event-specific information, within thirty (30) days of an event adversely affecting more than five percent (5%) of the County's revenue or tax base. The only remedy for failure by the County to comply with this covenant shall be an action for specific performance. Moreover, the County has specifically reserved the right to amend the covenant to reflect any change in

Section 1-11-85 without the consent of any bondholder.

Closing Certificates: The County shall furnish upon delivery of the Bonds the final approving opinion of Haynsworth Sinkler Boyd, P.A., Bond Counsel, Florence, South Carolina, together with closing proofs including (a) a certificate that there is no litigation threatened or pending to restrain the issuance or sale of said Bonds, (b) a certificate establishing that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations as in effect on the occasion of the delivery of the Bonds, and (c) certification by an appropriate official to the effect that the Official Statement, as of its date and as of the date of delivery of the Bonds does not contain an untrue statement of a material fact and does not omit to state a material fact which should be included therein for the purpose for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances in which they were made, not misleading.

Certificates as to Issue Price and Yield: The successful bidder for the Bonds must provide a certificate to the County not later than two business days following the sale date, and confirmed by a certificate delivered at closing, stating the initial reoffering price of the Bonds to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Bonds were sold to the public, in form satisfactory to Bond Counsel. As a condition precedent to the delivery of the Bonds and in order to assist the County in compliance with applicable federal tax law, bidders must certify to the County the “yield” on the Bonds, calculated in accordance with Section 1.148-4 of the United States Treasury Regulations.

Delivery: The Bonds will be delivered on or about November 22, 2011 through the facilities of DTC at the expense of the County, or at such other place as may be agreed upon with the purchasers at the expense of the purchaser. The balance of the purchase price then due must be paid in Federal funds or other immediately available funds. The cost of preparing the Bonds will be borne by the County.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the County; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

Additional Information: Persons seeking information should communicate with Kevin V. Yokim, County Finance Director, Florence County, 180 N. Irby Street, MSC-H, Florence, South Carolina 29501, telephone (843) 665-3013, Walter Goldsmith, Financial Advisor, Davenport & Company, LLC, 401 N. Tryon Street, Charlotte, North Carolina 28202, telephone (704) 375-0550 or Benjamin T. Zeigler, Bond Counsel, Haynsworth Sinkler Boyd, P.A., 1831 West Evans Street, Florence, South Carolina 29501, telephone (843) 673-5304.

This Notice is given to evidence the County's intent to receive bids for and award the Bonds on the date stated above. Such sale may be postponed prior to the time bids are to be received and as published on Thomson Municipal Market Monitor, Bloomberg, or other electronic information service. If canceled, the sale may be thereafter rescheduled within 60 days of the date of the publication of this Official Notice of Sale, and notice of such rescheduled date of sale will be posted at least 48 hours prior to the time for receipt of bids on Thomson Municipal Market Monitor, Bloomberg, i-dealprospectus.com or other electronic information service.

County Administrator
Florence County, South Carolina

INTRODUCTION

This Introduction briefly describes the contents of this Official Statement and is expressly qualified by reference to the entire contents hereof, including appendices, as well as of the documents summarized or described herein.

The Issuer

The $5,000,000 General Obligation Refunding and Improvement Bonds, Series 2011 (the "Bonds") are being issued by Florence County, South Carolina (the "County"), a body politic and corporate and a political subdivision of the State of South Carolina.

Security

For the payment of principal of and interest on the Bonds, the full faith, credit, resources and taxing power of the County are irrevocably pledged. See "THE BONDS - Security" herein.

Purpose of the Bonds

The Bonds are being issued for the purposes of (a) refunding the County's Series 2002 General Obligation Bonds, (b) defraying a portion of the costs of acquisition and installation of and improvements related to new electrical generators for the County's facilities in the City-County Complex and the County Planning Building, as well as the potential acquisition of real property (the "Improvements"), and (c) paying certain costs of issuance of the Bonds.

The Bonds

The Bonds will be general obligation bonds of the County; will be issuable in fully registered form and, when issued, will be registered to Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"); will be dated as of November 22, 2011, the date of delivery; and will bear interest from their dated date at the rates shown on the front cover hereof, payable initially on March 1, 2012, and semiannually thereafter on March 1 and November 1 of each year until they mature. The Bonds will mature serially in successive annual installments on March 1 in each of the years and in the principal amounts set forth on the front cover hereof. The Bonds are subject to optional redemption prior to their stated maturities as outlined in "THE BONDS – Redemption of the Bonds".

Tax Status of Interest on the Bonds

In the opinion of Bond Counsel, subject to the conditions and limitations stated therein, interest on the Bonds will be excludable from gross income for Federal income tax purposes and will not constitute an item of tax preference for purposes of the alternative minimum tax. The Bonds are designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. Under the present laws of the State of South Carolina, the Bonds and the interest thereon will be exempt from all State, county, municipal, school district, and all other taxes and assessments, direct or indirect, general and special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate and transfer taxes, but the interest thereon may be includable for certain franchise fees or taxes. See "CERTAIN LEGAL MATTERS – Federal Income Tax Generally" and "CERTAIN LEGAL MATTERS - Collateral Federal Tax Considerations" herein.

Professionals Involved in the Offering

Haynsworth Sinkler Boyd, P.A., Florence, South Carolina, is acting as Bond Counsel and Davenport & Company, LLC, Charlotte, North Carolina is serving as Financial Advisor. ______________________________________ will serve as the Registrar/Paying Agent for the Bonds.

Independent Auditors

The Financial Statements for the fiscal year ended June 30, 2010, included as Appendix A hereto, have been audited by Baird and Company, LLC, Certified Public Accountants, Augusta, Georgia, as stated in their report appearing in Appendix A.

Financial Advisor

Davenport & Company, LLC ("Davenport") is employed as Financial Advisor to the County in connection with the issuance of the 2011 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the 2011 Bonds is contingent upon the issuance and delivery of the 2011 Bonds. Davenport will not submit a bid for the 2011 Bonds, either independently or as a member of a syndicate organized to submit a bid for the 2011 Bonds. Davenport, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 2011 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. Davenport has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy of completion of such information.

Authorization

Section 14 of Article X of the Constitution of the State of South Carolina (the "Constitution") provides that the counties of the State may issue bonded indebtedness in an amount not exceeding eight percent (8%) of the assessed value of all taxable property therein, and provides further that no bonded indebtedness incurred on or prior to November 30, 1977, shall be charged against such eight percent (8%) debt limitation. Paragraph (6) of Section 14 of Article X of the Constitution further provides that general obligation debt authorized by a majority of the qualified electors of the issuer may be issued without consideration of the eight percent (8%) limit otherwise imposed by Section 14 of Article X. The assessed value of all taxable property located within the County for purposes of calculating the County's debt limit, excluding property subject to a fee in lieu of taxes, as certified by the County Auditor for the year 2010, which is the last completed assessment thereof, is the sum of $436,573,078, including merchants' inventory, and thus the eight percent (8%) debt limit of the County is not less than $34,925,846. At present, the County has outstanding $17,989,390 aggregate principal amount of general obligation debt and other indebtedness chargeable against the eight percent (8%) limit. That portion of the Bonds used to refund the outstanding principal of the County's Series 2002 General Obligation Bonds will not be further chargeable against the eight percent (8%) limit. Thus, the Council may issue the Bonds without the authorization required by Section 14(6) of the Constitution.

By virtue of Title 4, Chapter 15, Code of Laws of South Carolina, 1976, as amended, and supplemented by Title 11, Chapter 27, Code of Laws of South Carolina, 1976, as amended (collectively, the "County Bond Act"), the County is empowered to issue general obligation bonds for any "authorized purpose" as defined in the County Bond Act. A portion of the Bonds are being issued to defray the cost of certain capital improvements of the County, which constitute authorized purposes within the meaning of the County Bond Act. By virtue of Title 11, Chapter 15, Article 5, Code of Laws of South Carolina, 1976, as amended, and supplemented by Title 11, Chapter 27, Code of Laws of South Carolina, 1976, as amended (collectively, the "Refunding Act"), the County is empowered to issue general obligation refunding bonds for the purpose of refunding outstanding general obligation bonds of the County. A portion of the Bonds are being issued to refund the County's presently outstanding Series 2002 General Obligation Bonds.

An ordinance authorizing the issuance of general obligation bonds for the purpose of defraying the cost of certain capital improvements to facilities of the County and refunding the County's Series 2002 General Obligation Bonds (the "Bond Ordinance") was adopted on October 20, 2011.

Information Concerning Terms Of The Offering

The Bonds are being issued in book-entry-only form. It is expected that the Bonds will be delivered to Cede & Co., at the offices of DTC, on or about November 22, 2011, and will be available for credit to the accounts of the participants and, through them, the Beneficial Owners on such date. Information on limitations on transfer of ownership is set forth in "THE BONDS - Book-Entry-Only System" and "THE BONDS - Discontinuance of Book-Entry-Only System."

General

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Preliminary Official Statement and the Official Statement will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, Virginia 22314. Copies of the Preliminary Official Statement, the Official Statement, the ordinance of the County Council authorizing the issuance of the Bonds and related documents and information are available by contacting Kevin Yokim, County Finance Director, Florence County, 180 N. Irby Street, MSC-H, Florence, South Carolina 29501, telephone (843) 665-3013; Walter Goldsmith, Davenport & Company, LLC 401 N. Tryon Street, Charlotte, North Carolina 28202, telephone (704) 375-0550; or Benjamin T. Zeigler, Haynsworth Sinkler Boyd, P.A., Bond Counsel, Post Office Box 6617, Florence, South Carolina 29501, telephone (843) 673-5304.

THE BONDS

Description

The Bonds constitute an issue of $5,000,000 General Obligation Refunding and Improvement Bonds, Series 2011, of Florence County, South Carolina (the "County"). The Bonds mature on March 1 in the years and in the principal amounts as follows:

Year	Principal Amount	Year	Principal Amount
2012	$280,000	2020	$355,000
2013	290,000	2021	365,000
2014	295,000	2022	375,000
2015	305,000	2023	395,000
2016	310,000	2024	335,000
2017	320,000	2025	345,000
2018	330,000	2026	360,000
2019	340,000		

The Bonds will be issued in fully registered book-entry-only form; will be dated as of November 22, 2011, the date of delivery; and will bear interest from the date thereof, payable initially on March 1, 2012, and semiannually thereafter on March 1 and November 1 of each year until they mature; and will mature serially on March 1 in each of the years and in the principal amounts as shown above. The Bonds shall be issued under the DTC Book-Entry-Only System in the denominations of $5,000 or integral multiples thereof, registered in the name of Cede & Co. as the registered owner and nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds. ________________________ shall serve as Registrar and Paying Agent for the Bonds for so long as the same are held under a Book-Entry-Only System ("Registrar/Paying Agent").

Book-Entry-Only System

Beneficial ownership interests in the Bonds will be available only in book-entry form. Beneficial Owners (as defined below) will not receive physical certificates representing their interests in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, references in this Official Statement to the Owners of the Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners. The Bond Ordinance contains provisions applicable to periods when DTC or its nominee is not the registered owner.

THE FOLLOWING DESCRIPTION OF DTC, OF PROCEDURES AND RECORD KEEPING ON BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS WITH RESPECT TO THE BONDS TO DTC PARTICIPANTS OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS AND OF OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds (the "Bonds"). The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds in the aggregate principal amount of such issue, as set forth on the front cover of this Official Statement, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS DTC'S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE

BENEFICIAL OWNERS OF THE BONDS.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants, and Indirect Participants to Beneficial Owners of the Bonds will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar/Paying Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County of the Registrar/Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Registrar/Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County and the Registrar/Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants. The County can give no assurance that Direct and Indirect Participants will promptly transfer payments to Beneficial Owners.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Registrar/Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered to the Beneficial Owners as described in the Bond Ordinance (as defined herein in "Authorization"). The Beneficial Owners of the Bonds, upon registration of certificates held in the Beneficial Owners' names, will become the registered owners of the Bonds.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The County has no responsibility or obligation to the Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, or the maintenance of any records; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the Bonds, or the sending of any transaction statements; (3) the delivery or timeliness of delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the Bond Ordinance to be given to Owners; (4) the selection of the Beneficial Owners to receive payments upon any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the Bonds, including any action taken pursuant to an omnibus proxy.

BECAUSE DTC IS TREATED AS THE OWNER OF THE BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE BOND RESOLUTION, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN

ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE COUNTY, TO DTC OR TO THE REGISTRAR/PAYING AGENT, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER.

Discontinuance of Book-Entry-Only System

In the event that the Bonds are no longer in book-entry-only form, the following provisions shall apply with respect to the Bonds: The County will appoint another securities depository for the Bonds or the Bonds held by DTC will be cancelled and the County will execute and deliver the Bonds in fully certificated form to the DTC Participants shown on the records of DTC. If no other securities depository is named, principal and interest on the Bonds shall be payable to the Registered Owner at maturity upon presentation and surrender thereof to the Registrar/Paying Agent at its principal corporate trust office. If no other securities depository is named, interest on the Bonds will be paid by check or draft of the Registrar/Paying Agent, mailed to the person in whose name the Bond is registered as of the close of business on the fifteenth day of each month immediately preceding such payment, and principal shall be payable to the Registered Owner at maturity upon presentation and surrender thereof to the Registrar/Paying Agent at its principal corporate trust office. The County would then maintain through the Registrar/Paying Agent books of registry for the purpose of registering ownership and transfer of the Bonds. The Bonds would be transferable by the registered owner in person or by his duly authorized attorney upon surrender of the Bonds to be transferred together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney. The Registrar/Paying Agent will, upon receipt thereof, authenticate and deliver a new Bond or Bonds in like principal amount as the Bond so presented. The County and the Registrar/Paying Agent will deem and treat the person in whose name each Bond is registered as the absolute owner thereof for all purposes.

Redemption of the Bonds

The Bonds maturing on or before March 1, 2021, are not subject to redemption prior to maturity. The Bonds maturing on or after March 1, 2022, are subject to redemption prior to maturity, at the option of the County, on or after March 1, 2021, in whole or in part at any time, at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

In the event less than all of the Bonds are to be redeemed, the Bonds shall be redeemed in such order of maturities as shall be determined by the County.

In the event that the County shall, in accordance with the provisions of the Bond Ordinance, elect to redeem Bonds, it shall give notice to the Registrar and Paying Agent of each optional redemption. Each such notice shall specify the date fixed for redemption and the Bonds which are to be redeemed.

When any Bonds are to be redeemed, the Registrar shall give notice of the redemption of the Bonds in the name of the County specifying (i) the Bonds and maturities to be redeemed; (ii) the redemption date; (iii) the redemption price; (iv) the numbers and other distinguishing marks of the Bonds to be redeemed unless all of the Bonds Outstanding are to be redeemed; (v) the place or places where amounts due upon such redemption will be payable; and (vi) in the case of Bonds to be redeemed in part only, the respective portions of the principal thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. The Registrar shall mail by registered mail a copy of such notice, postage prepaid, not less than 30 days before the redemption date to the registered Holders of all Bonds or portions of Bonds which are to be redeemed at their addresses which appear upon the registration books, but failure to so mail any such notice to any of such Holders shall not affect the validity of the proceedings for the redemption of Bonds held by Holders to whom written notice has been mailed. The obligation of the Registrar to give the notice required by the Ordinance shall not be conditioned upon the prior payment to the Registrar of money or the delivery to the Registrar of Authorized Investments sufficient to pay the principal of the Bonds to which such notice relates or the interest thereon to the redemption date.

On and after the redemption date (unless the County shall default in the payment of the principal and accrued interest) all Bonds so called for redemption will cease to bear interest and will no longer be considered as Outstanding.

Defeasance

If all of the Bonds and all interest thereon shall have been paid and discharged, then the obligations of the County under the Bond Ordinance and all other rights granted thereby shall cease and determine. The Bonds shall be deemed to have been paid and discharged under any of the following circumstances, viz.:

(i) If the Registrar/Paying Agent shall hold, at the stated maturities of the Bonds, in trust and irrevocably appropriated thereto, sufficient moneys for the payment of the Principal Installment and interest thereof; or

(ii) If default in the payment of the principal of the Bonds or the interest thereon shall have occurred on any Bond Payment Date, and thereafter tender of payment shall have been made, and at such time as the Registrar/Paying Agent shall hold in trust and irrevocably appropriated thereto sufficient moneys for the payment thereof to the date of the tender of such payment; or

(iii) If the County shall elect to provide for the payment of the Bonds prior to their stated maturities and shall have deposited with the Paying Agent in an irrevocable trust moneys which shall be sufficient, or Government Obligations, the principal of and interest on which when due will provide moneys, which together with moneys, if any, deposited with said Paying Agent at the same time, shall be sufficient to pay when due the Principal Installment and interest due and to become due on the Bonds on and prior to their maturity dates. "Government obligations" as used in the preceding sentence means and includes direct general obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which is fully and unconditionally guaranteed by the United States of America.

Purpose

The Bonds are being issued for the purposes of (a) refunding the County's Series 2002 General Obligation Bonds, (b) defraying a portion of the costs of the Improvements, and (c) paying certain costs of issuance of the Bonds. The allocation of the Bonds to such purposes is estimated as follows:

Refunding of Series 2002 General Obligation Bonds	$____________
Capital Improvements	____________
Costs of Issuance	____________
Total	$5,000,000

Security

For the payment of principal of and interest on the Bonds, the full faith, credit, resources and taxing power of the County will be irrevocably pledged, and there will be levied annually by the Auditor of the County and collected by the Treasurer of the County, in the same manner as County taxes are levied and collected, a tax, without limit, on all taxable property in the County sufficient to pay the principal of and interest on such portion of the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

Additional Security for the Bonds

Article X, Section 14, Paragraph (5) of the Constitution of the State of South Carolina, 1895, as amended, provides:

> If at any time any political subdivision shall fail to effect the punctual payment of the principal and interest of its general obligation debt, the State Treasurer shall withhold from such political subdivision sufficient moneys from any state appropriation to which such political subdivision may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the political subdivision then due.

As is the case with the enforcement of the pledge of the full faith, credit, resources, and taxing powers of the County, mandamus may be available to require the State Treasurer to fulfill the duty imposed by the provision of Article X referred to above.

The following table shows the amount of State General Fund appropriations subject to being so withheld which were received by the County for the fiscal years shown below:

Fiscal Year Ended June 30	Amount Received
2011[(1)]	$5,200,000
2010	5,770,740
2009	6,912,138
2008	7,248,149
2007	6,517,430

[(1)] Budgeted.

Miscellaneous

Neither the Bonds nor any of the documents relating to their issuance contain any covenants or periodic reporting requirements that could result in a default. Payment of principal of and interest on the Bonds may be enforced against the County, and the pledge of the full faith, credit, resources, and taxing power is enforceable by mandamus. The Bonds contain no provision for amendment of any of the terms thereof.

THE COUNTY

General Description

The County was established in 1888 and is located in the northeast section of South Carolina, which is also known as the Pee Dee region. The County has an area of 806 square miles and is bordered on the east by the Great Pee Dee River, on the south by Clarendon and Williamsburg Counties, on the southwest by Sumter County, on the west by Darlington and Lee Counties, and on the north by Darlington, Marlboro, and Dillon Counties. The County's population in 2010 population was 135,158. The City of Florence, the largest municipality in the County and the county seat, had a 2010 population of 37,056.

Form of Government

The County operates under the Council-Administrator form of government in accordance with Title 4, Chapter 9 of the Code of Laws of South Carolina 1976, as amended (known as the Home Rule Act). A nine member County Council is elected from single member districts for staggered four year terms. The Chairman is appointed by the Council at its first meeting in January of each year. Vacancies of members of the Council are filled through special elections, or by appointment by the Governor, depending on the balance of the term of office. The County Council is responsible for adopting an annual budget for all county departments and ordering the levy of ad valorem taxes necessary to carry out County functions and to pay County indebtedness.

The present members of the Florence County Council, their respective occupations and years of service, are as follows:

Name	Occupation	Years of Service
K. G. "Rusty" Smith, Chairman	Farm Implement Dealer	24 Years
Waymon Mumford, Vice Chairman	Private Security	16 Years
Russell W. Culberson	Self-Employed	18 Years
Mitchell Kirby	Self-Employed	18 Years
Johnnie D. Rodgers, Jr.	Self-employed	10 Years
James T. Schofield	Owner – Hardware Supply Company	6 Years
H. Morris Anderson, Sec/Chaplain	Retired Veterinarian	6 Years
Alphonso Bradley	School Administrator	4 Years
Roger M. Poston[(1)]	Retired	4 Months

[(1)] Elected in a special election on May 17, 2011 to fill the unexpired term of J. Ken Ard, who resigned his seat upon being elected Lieutenant Governor of South Carolina.

In addition to the County Council, a number of other county officials are elected, including the County Treasurer, County Auditor, Clerk of Court, Probate Judge, Sheriff, Coroner, and Solicitor.

The County Council employs a County Administrator who acts as the chief administrative officer of the County and is responsible for the administration of all departments of the County government which the County Council controls. The County Administrator serves at the pleasure of the County Council. The powers and duties of the Administrator include: (1) to execute policies, directives and legislative actions of the County Council; (2) to direct and coordinate the operational agencies and administrative activities of the County; (3) to prepare annual operating and capital improvement budgets for submission to County Council; (4) to supervise the expenditure of appropriated funds; (5) to prepare reports for County Council regarding financial and administrative activities of the County; (6) to administer the County's personnel policies; and (7) to be responsible for employment and discharge of personnel in those departments of the County in which employment authority over personnel is vested in County government.

The County Administrator is Richard A. Starks. Mr. Starks was appointed to his position in September, 2005. Prior to coming to Florence County, Mr. Starks served as the County Administrator for Colleton County, South Carolina for a period of five (5) years. Mr. Starks is recognized by the International City/County Management Association as a Credentialed Manager, as well as being a Certified Government Financial Manager. Mr. Starks earned his Masters of Public Administration from Troy State University and is an alumnus of the South Carolina Budget and Control Board Executive Institute. Mr. Starks has announced his retirement effective December 2, 2011. Beginning in April, 2011, a search committee of Council advertised the position of County Administrator, received applications, and interviewed candidates. On October 13, 2011, Council offered the position to Thomas B. Robinson, who was previously the County Administrator for Rockingham County, North Carolina. Mr. Robinson has accepted the position, although no contract has been negotiated.

The County Finance Director is Kevin V. Yokim, who has been employed in that position since April 22, 1996. Mr. Yokim is a native of Connecticut, and was a certified public accountant in both Greenville, South Carolina and Florence prior to becoming County Finance Director.

Services Provided By the County

The County operates and maintains various programs which are funded from County revenues, as reflected in its annual budgets for Fiscal Year 2010-11 and 2011-12, summaries of which are shown below under "Summary of General Fund Budget." These programs include:

(a) General Government
(b) Public Safety
(c) Public Works
(d) Health
(e) Welfare
(f) Culture & Recreation
(g) Education

During Fiscal Year 2010-11, the County has employed approximately 768 employees, consisting of 719 full-time employees and 49 part-time employees. During Fiscal Year 2009-10, the County had 771 employees, consisting of 722 full-time employees and 49 part-time employees.

Services Provided By Other Governmental Entities

The nine municipalities within the County also provide some of the services listed above and additional services, including water and sewer services, not provided by the County.

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FINANCIAL AND TAX INFORMATION

Five Year Summary of General Fund Operations

The following table sets forth a summary of the County's General Fund operations as of June 30 of each of the years shown:

	2006	2007[1]	2008	2009	2010
Revenues					
Taxes[2]	$12,039,217	$28,565,666	$31,111,747	$30,446,052	$29,742,204
Licenses, Permits and Fees	4,766,632	1,875,734	1,748,527	1,973,556	1,832,795
Charges for Services	3,635,353	3,870,461	4,119,248	4,107,030	3,763,725
Intergovernmental Revenues	7,536,294	7,890,855	8,788,308	8,536,469	7,064,611
Fines and Forfeits	2,812,062	4,565,619	4,491,437	5,023,064	5,130,255
Miscellaneous	1,392,909	1,187,856	1,463,778	1,144,729	628,714
Total Revenues	$32,182,467	$47,956,191	$51,723,045	$51,230,900	$48,162,304
Expenditures					
General Government	$15,700,650	$16,901,105	$18,245,116	$20,436,320	$24,590,755
Public Safety	12,354	15,365,944	15,876,001	16,427,641	17,001,431
Public Works	3,942,128	1,378,720	1,266,520	1,555,669	1,808,937
Health	4,526,642	4,962,215	5,306,509	5,411,166	5,329,598
Welfare	517,884	503,269	495,905	480,658	456,021
Culture and recreation	2,693,075	4,933,198	4,812,137	4,859,932	5,286,989
Education	4,950	4,950	4,950	4,950	4,901
Total Expenditures	$27,397,683	$44,049,404	$46,007,138	$49,176,336	$54,478,632
Excess of Revenues Over (Under) Expenditures	$4,784,784	$3,906,787	$5,715,907	2,054,564	(6,316,328)
Other Financing Sources (Uses):					
Proceeds of capital lease	749,110	970,661	--	--	--
Operating transfer in	2,301,511	4,771,925	1,855,032	896,009	3,426,099
Operating transfer out	(8,300,344)	(4,398,934)	(3,943,084)	(3,814,969)	(2,402,456)
Total Other Financing Sources (Uses)	($5,249,723)	$1,343,652	($2,088,052)	($2,918,960)	$1,023,643
Excess of Revenues and Other Sources Over (Under) Expenditures & Other Uses	($464,939)	$5,250,439	$3,627,855	($864,396)	($5,292,685)
Fund Balance - July 1	$9,743,828	$9,278,889	$14,529,328	$18,157,183	$17,292,787
Fund Balance - June 30	$9,278,889	$14,529,328	$18,157,183	$17,292,787	$12,000,102[3]

(1) Increase in tax revenues from 2006 to 2007 due to multiple special revenue funds (Law Enforcement, Library Operations, Emergency Management and Senior Center) being consolidated into the general fund.
(2) Includes Local Option Sales Tax.
(3) Reduction in Fund Balance due primarily to purchase of real property for future facility expansion and amounts utilized for economic incentives for businesses locating in the County. $1,740,00 of fund balance expenditures was budgeted for General Fund.
The County's general fund balance as of June 30, 2011 is estimated to be $12,200,000, approximately $11,100,000 of which is undesignated and unencumbered.
Source: Audited financial statements of the County.

Financial Statements

The financial statements of the County for the years ended June 30, 2006 through 2010 have been audited by Baird & Company, LLP, Certified Public Accountants. A copy of the general purpose financial statements of the County for the year ended June 30, 2010 is attached to this Official Statement as Appendix A. Copies of complete audited financial statements for the year ended June 30, 2010 and prior years are available for inspection in the office of Kevin V. Yokim, Finance Director, 180 N. Irby Street, Florence, South Carolina 29501, telephone (843) 665-3013 and on the County's website at www.florenceco.org/offices/finance.

Budget Procedure and Accounting Policies

The South Carolina State Constitution requires each county to prepare and maintain annual budgets which provide for sufficient income to meet its estimated expenses for each year. If a county's expenses exceed income in any year, the governing body of the county is required in the following year to levy taxes in an amount which, when added to all other sources of income will be sufficient to pay such deficiency and the estimated expenses for such year.

Pursuant to Section 4-9-10 *et seq*., Code of Laws of South Carolina, 1976 as amended (the "Home Rule Act") provides that the fiscal year for county governments begins on July 1 of each year and ends on June 30 of the following year. The County Council is required to adopt annually, prior to the beginning of each fiscal year, operating and capital budgets for the operation of county government. The budgets must identify the sources of anticipated revenue, including taxes necessary to meet the financial requirements of the budgets adopted.

Each year, all agencies of the County submit requests for appropriations to the County Finance Director so that a proposed budget may be formulated. The budget is prepared by fund, function and activity and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The proposed budget is presented to County Council for review and revision. A public hearing, after due notice has been provided, is held to allow public input as to the proposed budget. Pursuant to the provision of the Home Rule Act, County Council must then take formal action by an ordinance in adopting its annual budget. All ordinances are required to be read at three public meetings of County Council on three separate days with an interval of not less than seven days between the second and third reading. In order to modify the original ordinance adopting the budget, formal action must again be taken by ordinance with due notice provided.

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds for the purpose of conducting specific activities in accordance with laws, regulations or other restrictions.

The County's accounting methods and procedures conform to generally accepted accounting principles applicable to governmental entities. The financial statements include all funds, account groups, agencies, boards, commissions and authorities of the County and its component unit.

Pursuant to Section 6-1-320, Code of Laws of South Carolina, 1976 as amended, the County's annual millage rate for operations may increase only at a rate equal to the sum of (a) the increase in the consumer price index, plus (b) the rate of population growth of the County. This limitation may be overridden by a vote of two-thirds of the governing body of the County, but only for the following purposes and only in a year in which such condition exists:

(1) a deficiency of the preceding year;
(2) any catastrophic event outside the control of the County Council such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;
(3) compliance with a court order or decree;
(4) taxpayer closure due to circumstances outside the control of the County Council that decreases by ten percent or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or
(5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

Summary of General Fund Budget

The County General Fund Budget for Fiscal Year 2011-12 provides for expenditures of $48,229,641 as compared to $48,982,950 expended for 2010-11 (unaudited), $54,478,632 expended for 2009-10, and $49,176,336 expended for 2008-09.

Set forth below are summaries of the unaudited general fund revenues and expenditures for the County's General Fund for Fiscal Year 2010-11 and the County's General Fund Budget for Fiscal Year 2011-12.

SOURCES OF FUNDS	2010-11[1] AMOUNT	2011-12 AMOUNT
Taxes	$32,433,378	$33,016,586
Licenses and Permits	1,848,745	1,343,676
Fines and Fees	3,450,226	3,531,342
Intergovernmental	5,938,846	5,380,549
Revenue from service charges & fees	5,469,111	5,493,889
Miscellaneous transfers in/out (net)	(1,619,689)	(536,401)
Total Revenues	$47,520,617	$48,229,641
EXPENDITURE OF FUNDS		
General Government	$21,034,386	$19,227,071
Public Safety	16,768,413	17,431,601
Public works[2]	0	0
Health	5,399,560	5,859,753
Welfare	430,833	439,075
Culture and Recreation	5,344,955	5,267,626
Education	4,803	4,515
Total Expenditures	$48,982,950	$48,229,641

[1] Unaudited.
[2] Public works accounted for in separate special revenue fund.
Source: County Finance Director.

County Operating Revenues

The audited financial statements of the County for the fiscal year ended June 30, 2009, indicate that 59.43% of general fund revenues came from taxpayers of the County; 16.66% came from intergovernmental revenues; and 17.82% came from fees, fines, charges and services charged by the County. The audited financial statements of the County for the fiscal year ending June 30, 2010 indicate that 61.75% of general fund revenues came from taxpayers of the County; 14.67% came from intergovernmental revenues; and 18.47% came from fees, fines, charges and services charged by the County.

Revenues from Ad Valorem Taxes. The largest source of County operating revenues comes from ad valorem taxes (excluding amounts received from the Local Option Sales Tax) paid by taxpayers within the County. A discussion of general tax information, tax rates and millage levied upon taxpayers of the County for County purposes is presented below. All the revenues from ad valorem taxes and fees in lieu of taxes (see "Payments in Lieu of Taxes" herein) are either general fund revenues and may therefore be used by the County on an unrestricted basis or are collected for the purposes of paying debt service on general obligation bonds of the County, or with respect to fees in lieu of taxes, special source revenue bonds of the County. During the past five fiscal years for which information is available, the County received the following amounts as general fund revenues from ad valorem taxes and fees in lieu of taxes:

Fiscal Year June 30	Local Revenues	Fee-in-Lieu of Taxes
2010-11[1]	$20,061,714	$2,020,000
2009-10	17,277,769	2,017,241
2008-09	17,542,244	2,002,927
2007-08	17,700,585	1,721,742
2006-07	15,750,585	1,578,149
2005-06	6,021,633	1,103,703

[1] Budgeted.

Local Option Sales Tax

A one percent sales tax (the "Local Option Sales Tax") was imposed in the County beginning May 1, 1994. The sales tax is authorized pursuant to Sections 4-10-10 *et seq*, Code of Laws of South Carolina, 1976, as amended, and a referendum by which the imposition of the tax in the County was approved. The Local Option Sales Tax may be terminated upon approval thereof by referendum; a referendum shall be called upon the filing of a petition signed by at least 15% of the qualified electors of the County.

Revenues collected from the Local Option Sales Tax are by law divided into a "Property Tax Credit Fund" and a "County/Municipal Revenue Fund." Presently, 100% of all collections are allocated to the Property Tax Credit Fund. The Property Tax Credit Fund is distributed to the county government (67%) and all municipalities within the county (33% total). The municipalities' 33% share is allocated based upon the population of each municipality as compared to the total municipal population within the county. All amounts allocated from the Property Tax Credit Fund must be applied to a reduction in ad valorem property tax millage; the reduction applicable to a given parcel or item of taxable property is based upon the assessed value of such property compared to the assessed value of all property within the taxing jurisdiction.

Revenues not distributed to the Property Tax Credit Fund, if any, must be deposited in the County/Municipal Revenue Fund. Fifty percent of such revenue is distributed based upon the location of the sale, and the remaining fifty percent is distributed based upon population. County/Municipal Revenue Fund moneys may be deposited to the general fund of a county or municipality, or applied to provide additional millage rollback. As to those counties in which annual Local Option Sales Tax collections exceed five million dollars or more, the State Treasurer is charged with withholding a portion of such collections, not to exceed five percent, for distribution to other counties which have adopted the Local Option Sales Tax but have not collected an amount at least equal to a defined annual minimum amount. The annual minimum amount is equal to two million dollars in the first year of collections within a county, and increases annually based upon a statutory formula.

The following table shows total Local Option Sales Tax Collections for the years shown:

Year	Total Receipts	Applied to Rollback	Reserved for Rollback In Future Years
2010-11	$12,187,658	$11,281,040	$906,618
2009-10	11,839,934	12,729,095	(889,161)
2008-09	12,558,014	13,835,271	(1,277,257)
2007-08	13,208,835	13,836,772	(627,937)
2006-07	13,097,498	13,032,620	64,848

Source: County Finance Director.

Capital Project Sales Tax

At a referendum held on November 7, 2006, the voters of Florence County approved a one cent Capital Project Sales Tax (the "CPST") pursuant to pursuant to Sections 4-10-300 et seq., Code of Laws of South Carolina, 1976, as amended (the "CPST Act") for the following road improvement projects (the "Projects") within the County:

(1) Widening of Pine Needles Road from South Ebenezer Road to Southborough Road;
(2) Widening of US Highway 378 from US Highway 52 to SC Highway 41;
(3) Widening of US Highway 76 from Interstate 95 to Timmonsville;
(4) Widening of TV Road from Wilson Road to Interstate 95;
(5) Widening of SC Highway 51 from Claussen Road to US Highway 378; and
(6) Completion of the US Highway 301 Bypass from US Highway 76 to US Highway 52.

The CPST is projected to generate approximately $148,000,000 in revenue for the Projects, which amount will be used to match a $250,000,000 grant from the South Carolina State Infrastructure Bank for the Projects.

The CPST is imposed at the rate of 1% percent on retail sales in the County. The CPST was imposed beginning on May 1, 2007. The term of imposition of the CPST is the earlier of seven years or the date by which the CPST produces $148,000,000 for the Projects.

The CPST is administered and collected by the South Carolina Department of Revenue in the same manner as other sales and use taxes. The revenues of the tax are remitted to the South Carolina Department of Revenue and placed on deposit with the State Treasurer and credited to a fund separate and distinct from the General Fund of the State. After deducting the amount of any refunds made and costs to the South Carolina Department of Revenue of administering the tax (not to exceed one percent of the revenues), the State Treasurer will distribute the revenues quarterly to the County Treasurer and the revenues must be used only for the purposes stated in the imposition ordinance. Net revenue derived from the collection of CPST is remitted quarterly in January, April, July, and October, by the State Treasurer's Office to the County Treasurer. Net revenues received by the County Treasurer are deposited into a separate Capital Projects Sales Tax fund and applied solely to costs of the Projects. Any funds remaining in the Capital Projects Sales Tax fund after the completion of the Projects must be expended as directed by the County Council, but only on the type of expenditures permitted by the CPST Act.

Capital Projects Sales Tax Collections

The table below sets forth the amount of net Capital Projects Sales Tax revenues remitted to the County Treasurer during the past five fiscal years.

Fiscal Year Ended June 30	Capital Projects Sales Tax Received
2011[1]	$20,579,622
2010	19,390,358
2009	19,972,452
2008	19,734,297

[1] Unaudited.
Source: Florence County Finance Director

Local Hospitality And Accommodations Fees

The County also imposes a local hospitality fee (the "Hospitality Fee") on all amounts paid for prepared food and beverages purchase in the County pursuant to Article 7 of Chapter 1 of Title 6 of the Code of Laws of South Carolina, 1976 (the "Hospitality Fee Act"). The Hospitality Fee is imposed by the County at a rate of 2% in unincorporated areas on the County and an effective rate of 1% within seven of County's nine municipalities, with 1% in those seven municipalities either collected by or remitted to the municipality in question. The County's other two municipalities (Florence and Pamplico) have their own hospitality fee which predates and preempts that of the County.

Imposition of the Hospitality Fee began October 1, 2008. The table below sets forth the amount of net Hospitality Fee revenues remitted to the County Treasurer during the past three fiscal years.

Fiscal Year Ended June 30	Hospitality Fees Received
2011[1]	$1,303,579.81
2010	1,192,914.23
2009[2]	801,408.78

[1] Unaudited.
[2] Nine months of collections from October 1, 2008.
Source: Florence County Finance Director

In addition to the Hospitality Fee, the County imposes a local accommodations fee (the "Accommodations Fee") pursuant to Article 5 of Chapter 1 of Title 6 of the Code of Laws of South Carolina, 1976 (the "Accommodations Fee Act"). The Accommodations Fee is imposed by the County at the rate of 3% in all parts of the County on amounts paid for accommodations furnished to transients in the County.

The table below sets forth the amount of net Accommodations Fee revenues remitted to the County Treasurer during the past five fiscal years.

Fiscal Year Ended June 30	Accommodations Fees Received
2011[(1)]	$1,356,318
2010	1,349,580
2009	1,334,885
2008	1,321,383
2007	1,170,226

[(1)] Unaudited.
Source: Florence County Finance Director

The receipts of both the Hospitality Fee and the Accommodations Fee must be used for "tourism-related" expenditures, which include:

(1) tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;
(2) tourism-related cultural, recreational, or historic facilities;
(3) beach access, renourishment, or other tourism-related lands and water access;
(4) highways, roads, streets, and bridges providing access to tourist destinations;
(5) advertisements and promotions related to tourism development; or
(6) water and sewer infrastructure to serve tourism-related demand.

In addition, because the County has exceeded $900,000 in annual collections of accommodations taxes imposed by the State of South Carolina, both the Hospitality Fee and the Accommodations Fee may be used for operation and maintenance of those items provided in (1) through (6) above, including police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

Council has approved, but has not yet issued, a $3,900,000 Hospitality Fee Revenue Bond of the County (the "Hospitality Fee Bond"). The Hospitality Fee Bond will be secured by and payable from revenues of the Hospitality Fee, and its proceeds will be used to pay a portion of the cost of a new, 27,000 square foot County Museum building. It is anticipated that the Hospitality Fee Bond will be issued in November, 2011.

Permitted Investments

Pursuant to Section 6-5-10 of the Code of Laws of South Carolina, 1976, as amended, the County Treasurer invests money subject to the control and jurisdiction in investments specified under Section 6-5-10 of the Code of Laws of South Carolina, 1976, as amended or the South Carolina Pooled Investment Fund. Section 6-5-10 provides the following investments: (1) obligations of the United States and its agencies; (2) general obligations of the State of South Carolina or any of its political units; (3) savings and loan associations to the extent that the same are insured by an agency of the federal government; (4) certificates of deposit and repurchase agreements which are collaterally secured by securities of the type described in subsections (1), (2) or (3) of this paragraph; and (5) certain no load open-end or closed-end management type investment companies or trusts which are, in essence, an indirect investment in investments of the kind described in (1) and (2) above or repurchase agreements collateralized by such investments. The South Carolina Pooled Investment Fund is managed by the South Carolina State Treasurer.

Fringe Benefits and Retirement

A majority of all employees of the County are members of the South Carolina Retirement System (SCRS) or the Police Officers Retirement System (PORS) which are cost-sharing, multi-employer, defined benefit pension plans administered by the South Carolina Retirement Systems, a division of the South Carolina State Budget and Control Board. Both systems offer retirement and disability benefits, cost of living adjustments on an ad hoc basis, life insurance and survivor benefits. Both employees and employers are required to contribute to the plan. Employees covered under both the SCRS and the PORS are required to contribute at a rate of 6.5% of salary. Employers are required to contribute at a rate of 9.24% to the SCRS and 10.65% to the PORS. In addition, participating employers contribute 3.57% of payroll to provide retiree health and dental insurance; 0.15% of payroll for SCRS and 0.20% for PORS for group life insurance benefits; and 0.20% of payroll for PORS accidental death benefits.

The payrolls for the covered employees by the SCRS and the PORS for the year ended June 30, 2010 were $18,299,992 and $8,352,106, respectively. The County's SCRS and PORS contributions for the years ended June 30, 2010 and June 30, 2009 are as follows:

SCRS	June 30, 2010	SCRS	June 30, 2009
Employee Contributions	$1,723,477	Employee Contributions	$1,670,271
Employer Contributions	$1,189,499	Employer Contributions	$1,152,531
PORS		PORS	
Employee Contributions	$922,908	Employee Contributions	$926,422
Employer Contributions	$542,887	Employer Contributions	$544,954

The County's employer contributions for the years ended June 30, 2007 and 2008 were $1,321,567 and $1,578,817 for SCRS and $841,001 and $863,067 for PORS, respectively.

Post-Retirement Health Insurance Benefits

The County provides post-retirement healthcare insurance premium assistance in accordance with the guidelines in the annual budget ordinance to all employees who retire from the County with fifteen or more years of service, regardless of age, if hired prior to July 1, 2011. Employees hired after June 30, 2011 must retire with at least twenty years of service, regardless of age in order to qualify. Currently, 85 retirees meet these eligibility requirements. The County pays a portion of the medical and hospitalization insurance for retirees. The cost of retirees' healthcare benefits is recognized as an expenditure as claims are paid. For the fiscal year ended June 30, 2009, those costs totaled $224,959. For the fiscal year ended June 30, 2010, those costs totaled $264,158.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured and benefits are offered for eighteen months after the employee's termination date.

Liability Insurance

Subject to specific immunity set forth in the South Carolina Tort Claims Act, local governments including the County are liable for damages not to exceed $300,000 per incident/person and $600,000 per occurrence/aggregate. No punitive or exemplary damages are permitted under the Act. Insurance protection to units of local government is provided from either the South Carolina Insurance Reserve Fund established by the State Budget and Control Board, private carriers, self insurance or pooled self insurance funds. The County currently maintains liability insurance coverage with the South Carolina Counties Property and Liability Trust. In the opinion of the County Administrator, the amount of liability coverage maintained by the County is sufficient to provide protection against any loss arising under the Act.

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CERTAIN FISCAL MATTERS

Property Taxation and Assessment

Article X, Section 1 of the Constitution requires equal and uniform assessments of property throughout the State for the following classes of property and at the following ratios of fair market value of such property:

(1) Real and personal property owned by or leased to manufacturers, utilities and mining operations and used in the conduct of such business - 10.5% of fair market value;

(2) Real and personal property owned by or leased to companies primarily engaged in transportation for hire of persons or property and used in the conduct of such business - 9.5% of fair market value;

(3) Legal residence and not more than five contiguous acres - 4% of fair market value (if the property owner makes proper application and qualifies);

(4) Agricultural real property used for such purposes owned by individuals and certain corporations - 4% of use value (if the property owner makes proper application and qualifies);

(5) Agricultural property and timberlands belonging to corporations having more than 10 shareholders - 6% of use value (if property owner makes proper application and qualifies);

(6) All other real property - 6% of fair market value;

(7) Business inventories - 6% of fair market value (as of 1988, there is available an exemption from taxation of property in this category, hence this item is no longer significant, except that the assessed value of business inventory as of tax year 1987 is taken into account in determining total assessed value for purposes of the bonded debt limit)

(8) Motor vehicles – 6.0%; and

(9) All other personal property - 10.5% of fair market value.

Homestead Exemption--Property Tax Relief

South Carolina provides, among other exemptions, for homesteads, a general exemption from all ad valorem property taxes and applies to the first $50,000 of value of the dwelling place of persons who are over 65 years of age, totally and permanently disabled or legally blind (the "Homestead Exemption"). In the case of the Homestead Exemption, the State pays each taxing entity the amount to which it is entitled by April 15 of each year from the State's general fund. The following table shows amounts received by way of reimbursing appropriations from the State for Homestead Exemption for all purposes by all taxing entities with the County:

Tax Year	Homestead Exemption
2010	$2,200,959
2009	2,137,136
2008	1,881,627
2007	1,840,775
2006	4,197,106
2005	3,825,644

Source: County Treasurer

Payments in Lieu of Taxes

Several of the largest taxpayers in Florence County pay a "payment in lieu" of taxes with respect to new manufacturing projects, and each year new payment in lieu arrangements are made with other new manufacturing investments. The State of South Carolina has adopted an array of property tax inducements and incentives to promote investment in the State. Qualifying investments of \$2.5 million (\$1 million in some counties and for certain "brownfield" sites) or more may be negotiated for payments in lieu of taxes for a period of 20 years based on assessment ratios of as little as 6% and using millage rates that are either fixed for 20 years or adjusted every fifth year. In some cases, owners of projects may also design a payment schedule so long as the present value of the payments under the schedule are equal to the present value of the payments that would have been made without the schedule. The State also provides a more generous inducement for projects creating at least 200 new jobs and providing new invested capital of not less than \$200 million and a total investment of not less than \$400 million. For these projects payments may be negotiated based on assessment ratios of as low as 4% and for a term of 30 years.

The State provides alternative provisions respecting the distribution of payments in lieu of taxes to entities having taxing jurisdiction at the location of the investment: (i) revenues received in respect of property that is not included in a multicounty industrial park ("MCIP") are allocated annually in proportion to the amounts that would have been received by the taxing entities if the payments were taxes, based on the relative millage rates of overlapping taxing entities in a given year; (ii) revenues received from property that is in an MCIP, however, is distributed in accordance with the agreement creating the park; the amount of the distribution to each taxing entity is, for all practical purposes, controlled by the County. Property may be included in an MCIP under terms of agreements between two or more counties with individual sites being determined primarily by the county in which they are located. Payments in lieu of taxes may be diverted from taxing entities to fund projects which support economic development activities, including projects that are used solely by a single enterprise, either directly or through the issuance of special source revenue bonds secured by payments in lieu of taxes. A county government may also divert payments in lieu of taxes derived from an MCIP to its own corporate purposes or those of other taxing entities in that county.

Projects on which payments in lieu of taxes are made are considered taxable property at the level of the negotiated payment for purposes of calculating bonded indebtedness limits and for purposes of computing the index of taxpaying ability pursuant to the South Carolina Education Financing Act. If the property is situated in an MCIP, the calculation of assessed value for debt limit purposes is based upon the relative share of payments received by all taxing entities which overlap the MCIP. Accordingly, a recipient of payments from an MCIP is able to include only a fraction of the assessed value of property therein in calculating its debt limit.

If a county, municipality or special purpose district pledges to the repayment of special source revenue bonds any portion of the revenues received by it from a payment in lieu of taxes, it may not include in the calculation of its general obligation debt limit the value of the property that is the basis of the pledged portion of revenues. If such political subdivision, prior to pledging revenues to secure a special source revenue bond, has included an amount representing the value of a parcel or item of property that is the subject of a payment in lieu of taxes in the assessed value of taxable property located in the political subdivision and has issued general obligation debt within a debt limit calculated on the basis of such assessed value, then it may not pledge revenues based on the item or parcel of property, to the extent that the amount representing its value is necessary to permit the outstanding general obligation debt to not exceed the debt limit of the political subdivision.

As an alternative to the issuance of special source revenue bonds, the owners of qualifying projects may receive a credit against payments in lieu of taxes due from the project to pay certain project costs. If a county, municipality or special purpose district agrees to allow a credit against the payments in lieu of taxes it would otherwise receive, it is subject to the limitations on calculation of its debt limit as described in the preceding paragraph.

Exempt Manufacturing Property

Article X, Section 3 of the Constitution provides that all new manufacturing establishments located in any county after July 1, 1977, and all additions (in excess of $50,000) to existing manufacturing establishments are exempt from *ad valorem* taxation for five years for county taxes only. No exemption is granted from school or municipal taxes, although municipal governing bodies may grant a similar exemption to manufacturing establishments. The table below shows the level of tax-exempt manufacturing property located within the County for the tax years shown below.

Tax Year	Exempt Assessed Value
2011[1]	$11,500,000
2010[2]	11,362,204
2009	11,247,510
2008	9,301,650
2007	8,498,440
2006	9,871,210

[1] Projected.
[2] Unaudited
Source: County Auditor.

Millage History

The millage assessed for County general fund operations and debt service in each of the last five fiscal years is set forth below:

	2007-08	2008-09	2009-10	2010-11	2011-12
Operations	67.9	67.9	67.9	67.9	68.9
Debt Service	9.0	9.0	9.0	9.0	8.0
Total	76.9	76.9	76.9	76.9	76.9

Source: County Auditor.

Assessed Value

Set forth below is the assessed value of taxable real and personal property of the County for the last five fiscal years for which data is available.

Fiscal Year Ended June 30	Tax Year	Real Property	Personal Property	Total Assessed Value
2010	2009	$307,684,623	$123,645,363	$431,329,986
2009	2008	299,687,483	126,360,229	426,047,712
2008	2007	289,731,772	128,615,228	418,347,000
2007[1]	2006	280,790,362	132,733,870	413,524,232
2006	2005	273,404,173	133,343,735	406,747,908

[1] Reassessment.
Excludes the assessed value of motor carrier reimbursements, reimbursements of manufacturer's depreciation, assessment of property otherwise subject to negotiated fees in lieu of taxes, property situated in a multi-county industrial park and Merchants' Inventory. Also excludes manufacturing property exempt from county taxes.
Source: County Auditor.

2010 Market Value/Assessment Summary of the County

Class of Property	Market Value	Assessment Ratio	Assessed Value
1. Real Property and Mobile Homes	$3,802,951,420	4.00%	$152,118,043
	2,380,981,039	6.00%	142,859,234
2. Motor Vehicles	766,957,637	6.00%	49,352,720
3. Public Utilities	261,075,134	10.50%	27,412,890
4. Manufacturing Property - Real	122,565,194	10.50%	12,707,346
Manufacturing Property – Personal	192,100,573	10.50%	20,170,561
5. Marine Equipment	25,169,392	10.50%	1,510,164
6. Airplanes	6,063,250	4.00%	242,530
7. Railroads	22,876,299	9.50%	2,173,249
8. Business Personal Property	59,619,428	10.50%	6,260,041
9. Merchant's Fixtures and Equipment	157,363,875	10.50%	16,523,208
TOTAL	$7,797,723,241		$431,329,986

Excludes the assessed value of Merchant's Inventory in the amount of $5,243,092; motor carrier reimbursements pursuant to §12-37-2810 *et seq*. of the South Carolina Code in the amount of $2,012,716; reimbursements of manufacturer's depreciation pursuant to §12-37-935(b) of the South Carolina Code in the amount of $2,760,720; assessment of property otherwise subject to negotiated fees in lieu of taxes in the amount of $34,332,043; and property situated in a multi-county industrial park in the amount of $738,563. Also excludes manufacturing property exempt from county taxes.
Source: County Auditor.

Tax Collection Procedure

Real and personal taxes in the County are due on or before January 15 of each year with the exception of taxes on motor vehicles. All personal property taxes on motor vehicles are due on or before the last day of the month in which the license tag for each such motor vehicle expires. If property taxes, other than taxes on motor vehicles, are not paid before January 16, a penalty of 3% is added; if not paid before February 2, an additional penalty of 7% is added; if not paid before March 17, an additional penalty of 5% is added and taxes go into execution. Taxes on motor vehicles are subject to similar penalties measured from due date thereof. Unpaid taxes, both real and personal, constitute a first lien against the property. The County Treasurer is responsible for the collection of delinquent taxes and is empowered to seize and sell so much of the defaulting taxpayer's estate - real and personal or both - as may be sufficient to satisfy the taxes. Act 388 allows taxpayers to pay property taxes in periodic installments, with the last installment due as of January 15 of each year.

Tax Collections in the County

The following table shows the amount of taxes levied in the County (adjusted to include additions, abatements, and nulla bonae), and taxes collected as of June 30 of the year following the year in which the levy was made, for fiscal years 2007 through 2010. Delinquent taxes include taxes levied in prior years but collected in the year shown.

Fiscal Year	Taxes Subject to Collection	Current Collections	Current % Collected	Delinquent Taxes Collected	Total Collections	Total % Collected
2009-10	27,810,812	26,961,498	96.95%	464,808[(1)]	27,426,306	98.62%
2008-09	26,821,494	25,263,988	94.19	577,313	25,841,301	96.35
2007-08	25,854,174	25,121,390	97.17	365,415	25,486,805	98.58
2006-07	25,850,962	25,246,830	97.66	405,624	25,652,454	99.23

[(1)] Unaudited. Collected in Fiscal Year 2010-11.
Includes homestead exemptions, fee-in-lieu payments and manufacturers exemption.
Source: County Treasurer

Ten Largest Taxpayers

The 10 largest taxpayers in the County, the 2010 assessed value of the taxable property of each located within the County and the estimated amount of 2010-11 Fiscal Year taxes paid to all taxpaying entities in the County are shown in the following table:

	Taxpayer	Assessed Valuation	Taxes Paid[1]	Fee in Lieu of Taxes[1]	Total Taxes and Fee in Lieu of Taxes Paid[1]
1.	Progress Energy	$10,845,885	$3,199,536	0	$3,199,536
2.	QHG of South Carolina	9,011,851	2,658,496	0	2,658,496
3.	Nan Ya Plastics	7,375,481	2,139,627	$1,048,436	3,188,063
4.	Smurfit/Stone Container	4,016,473	1,263,984	0	1,263,984
5.	McLeod Health	3,150,349	1,082,775	0	1,082,775
6.	Bell South	3,655,010	1,078,228	0	1,078,228
7.	PREIT/Rubin	2,875,376	848,236	0	848,236
8.	SCE&G	2,375,295	700,712	0	700,712
9.	Nucor	2,299,424	678,330	0	678,330
10.	DuPont/Teijin[2]	1,944,560	611,953	0	611,953

(1) Unaudited.
(2) Plant closed in 2010.
Source: County Auditor.

DEBT STRUCTURE

Legal Debt Limit of the County

The County is authorized by law to incur general obligation indebtedness and may also contract for the acquisition of capital assets through lease-purchase agreements subject to annual appropriation termination clauses. The County has issued general obligation bonded indebtedness as described below, and has entered into one lease purchase agreement for equipment which is subject to annual appropriation. Payment on debt service of the County's obligations is handled by the Florence County Treasurer.

Pursuant to Article X, §14 of the Constitution, the County has a limit on the amount of general obligation debt it may incur equal to 8% of the assessed valuation of property within its jurisdiction. Any indebtedness approved in a referendum or any refunding of either is excluded from the limit.

In addition, §§ 14 and 12 of Article X of the Constitution provide that bonded indebtedness may be incurred by counties for sewage disposal or treatment, fire protection, street lighting, garbage collection and disposal, water service, or any other service or facility benefiting only a particular geographical section of a county, provided a special assessment, tax, or service charge, in an amount designed to provide debt service on bonded indebtedness incurred for such purposes, shall be imposed upon the area or persons receiving the benefit therefrom; and general obligation debt so incurred shall not be considered in computing the bonded indebtedness of counties under the 8% debt limitation. The County presently has outstanding such general obligation bonds as follows:

(a) The outstanding $200,000 of the original principal amount $500,000 General Obligation Bond, Series 2000 (Johnsonville Rural Fire District), of the County which matures on March 1 of each year through 2015;

(b) The outstanding $115,000 of the original principal amount of $210,000 General Obligation Bond, Series 2003 (Hannah-Salem-Friendfield Fire Protection District), of the County which matures on October 15 of each year through 2013;

(c) The outstanding $327,038.45 of the original principal amount of $950,000 General Obligation Bond Series 2004 (Howe Springs Fire District), of the County which matures on February 5 of each year through 2014;

(d) The outstanding $500,999 of the original principal amount of $600,000 General Obligation Bond, Series 2008 (Windy Hill Fire District), of the County which matures on April 1 of each year through 2023;

(e) The outstanding $1,236,940.44 of the original principal amount $1,500,000 General Obligation Bonds (Howe Springs Fire District), Series 2009, of the County which matures on April 1 of each year through 2019;

(f) The outstanding $820,255 of the original principal amount $900,000 General Obligation Bonds (Windy Hill/Olanta Rural Volunteer Fire District), Series 2010, of the County which matures on April 1 of each year through 2020.

The County's debt limitation is computed below:

Assessed Value for fiscal year 2010	$431,329,986
Plus Assessed Value -- Merchants' Inventory	5,243,092
Net Assessed Value for Computation of Legal debt margin	436,573,078
	x 8%
Constitutional Debt Limit	$34,925,846
Outstanding Debt Subject to Limit	$17,989,390
Legal Debt Available without a Referendum	$16,936,456

Not included in the above-calculation is debt limit based upon the value of fee-in-lieu of tax payments to be received by the County for industrial projects discussed on page 22 in the amount of $34,332,043. Such debt limit fluctuates each year based upon the payments received in that year and the overall millage in effect for that year.

Outstanding Debt

In addition to the $3,200,232.89 in general obligation indebtedness payable from taxes levied within special tax districts discussed on page 26, as of June 30, 2011, which is not chargeable against the County's general obligation debt limit, the outstanding bonded and general obligation indebtedness of Florence County (including all outstanding maturities of the County's Series 2002 General Obligation Bonds) is $14,115,000 and includes the following issues:

(a) The outstanding $3,765,000 of the original principal amount $10,000,000 General Obligation Bond, Series 2002[1], of the County which mature on March 1 in each of the years as follows:

$235,000 in the year 2012;	315,000 in the year 2018;
250,000 in the year 2013;	330,000 in the year 2019;
260,000 in the year 2014;	350,000 in the year 2020;
275,000 in the year 2015;	370,000 in the year 2021;
285,000 in the year 2016;	385,000 in the year 2022; and
300,000 in the year 2017;	410,000 in the year 2023.

(1) To be refunded with a portion of the proceeds of the Bonds.

(b) The outstanding $3,250,000 of the original principal amount $4,200,000 General Obligation Advanced Refunding Bonds, Series 2005, of the County which mature on April 1 in each of the years as follows:

$305,000 in the year 2012;	360,000 in the year 2016;
320,000 in the year 2013;	375,000 in the year 2017;
335,000 in the year 2014;	390,000 in the year 2018;
345,000 in the year 2015;	400,000 in the year 2019; and
	420,000 in the year 2020.

(c) The outstanding $7,100,000 of the original principal amount $7,600,000 General Obligation Bonds, Series 2006, of the County which mature on February 1 in each of the years as follows:

$515,000 in the year 2012;	1,020,000 in the year 2016;
535,000 in the year 2013;	1,060,000 in the year 2017;
760,000 in the year 2014;	1,185,000 in the year 2018; and
790,000 in the year 2015;	1,235,000 in the year 2019.

$3,874,390 of the $18,429,677 outstanding principal amount of the County's 2010 Lease Financing is also chargeable against the County general obligation debt limit. See "CERTAIN FISCAL MATTERS, Other Commitments" herein.

The following table shows the projected annual debt service requirements (principal and interest) on the outstanding general obligation bonds of the County (excluding the 2002 Bonds, which will be refunded by the Bonds) and other obligations, the outstanding principal of which is chargeable against the County's general obligation debt limit, and on the Bonds, excluding general obligation bonds payable from taxes levied in special tax districts described on page 26:

Calendar Year	2005 Bonds	2006 Bonds	Series B Portion of 2010 Lease Financing	The Bonds	Total
2012	$420,920	$772,829	$511,977		
2013	424,783	773,141	527,301		
2014	427,911	973,860	542,303		
2015	425,586	974,798	551,974		
2016	427,808	1,170,860	566,358		
2017	429,251	1,171,860	580,397		
2018	429,810	1,254,766	594,080		
2019	424,600	1,258,774			
2020	428,400				
2021					
2022					
2023					
2024					
2025					
2026					
Total	$3,839,069	$8,350,888	$3,874,390		

Other Commitments

The County was the obligor under certificates of participation issued by the Florence County Public Facilities Corporation (the "PFC") in the original principal amount of $42,545,000 on October 1, 1990 (the "1990 COPS"), to provide funds for the construction of a law enforcement/detention center, a civic center, and acquiring certain equipment. On December 1, 1992, the PFC issued Certificates of Participation in the original principal amount of $45,880,000 (the "1992 COPS") refunding the 1990 COPS; on March 3, 2003 the PFC issued Certificates of Participation in the original, principal amount of $29,515,000 (the "2003 COPS") refunding the 1992 COPS; and on November 23, 2010, the PFC entered into a Lease-Purchase

Financing with Branch Banking and Trust Company in the original principal amount of $21,158,666 (the "2010 Lease Financing") refunding the 2003 COPS financing and paying the cost of capital improvements of the County. The County is the obligor with respect to the 2010 Lease Financing, but its obligation to make payment with respect thereto is subject to annual appropriation.

As of June 30, 2011, the outstanding principal amount of the 2010 Lease Financing of the County, which matures on May 1 of each year is as follows:

$2,440,730 in the year 2012;	2,629,457 in the year 2015;
2,503,432 in the year 2013;	2,692,707 in the year 2016;
2,569,704 in the year 2014;	2,764,364 in the year 2017; and
	2,829,283 in the year 2018.

The amounts outstanding under the 2010 Lease Financing bear interest at a fixed rate of 2.49%.

Because the portion of the principal amount of the 2010 Lease Financing that was used to refund the 2003 COPS is not chargeable against the County's general obligation debt limit, and that portion used to finance capital improvements is so chargeable, payments under the 2010 Lease Financing are divided into Series A Payments (applicable to that portion of the outstanding principal of the 2010 Lease Financing that is not chargeable against the County's general obligation debt limit) and Series B Payments (applicable to that portion that is so chargeable).

SERIES A PAYMENTS				SERIES B PAYMENTS			
Date	Principal	Interest	Total Series A	Date	Principal	Interest	Total Series B
05/01/2012	1,928,753	362,426.65	2,291,179.65	05/01/2012	511,977	96,472.31	608,449.31
05/01/2013	1,976,131	314,400.70	2,290,531.70	05/01/2013	527,301	83,724.08	611,025.08
05/01/2014	2,027,401	265,195.03	2,292,596.03	05/01/2014	542,303	70,594.29	612,897.29
05/01/2015	2,077,483	214,712.75	2,292,195.75	05/01/2015	551,974	57,090.94	609,064.94
05/01/2016	2,126,349	162,983.42	2,289,332.42	05/01/2016	566,358	43,346.79	609,704.79
05/01/2017	2,183,967	110,037.33	2,294,004.33	05/01/2017	580,397	29,244.48	609,641.48
05/01/2018	2,235,203	55,656.55	2,290,859.55	05/01/2018	594,080	14,792.59	608,872.59
Total	$14,555,287	$1,485,412.43	$16,040,699.43		$3,874,390	$395,265.48	$4,269,655.48

See "DEBT STRUCTURE, Outstanding Debt" herein.

Revenue Bonds

The County has no outstanding revenue bonds.

Overlapping Debt

The following table shows local subdivisions which overlap the County and which have outstanding general obligation debt as of June 30, 2011.

	2010 Assessed Value	Outstanding G.O. Debt
Municipalities		
City of Florence	$159,086,173	$5,345,0000
Town of Quinby	2,517,787	0
Town of Pamplico	2,489,540	58,879
City of Lake City	12,899,799	1,355,903
Town of Olanta	1,510,294	0
Town of Coward	1,013,127	0
Town of Scranton	1,184,384	0
Town of Timmonsville	3,590,081	215,230
City of Johnsonville	4,334,591	0
School Districts		
District 1	$354,031,934	$10,710,000
District 2	13,481,049	483,522
District 3	42,325,104	2,736,107
District 4	14,227,179	5,684,149
District 5	12,495,056	2,830,294
Special Purpose Districts		
South Lynches Fire District	$25,343,219	0

NOTE: The assessed value figures above do not include property for which fee-in-lieu of taxes is paid.
Source: Florence County Finance Director and municipalities.

Anticipated Capital Needs

The only additional capital needs presently identified by the County for the next five years are various projects with an estimated total cost of $12,900,000, including a new EMS substation in the Pamplico area at a cost of $500,000, a new community building in Lake City at a cost of $700,000, and a new County Museum building in Florence at a total cost of $11,700,000. The County's contribution to the County Museum building will be $3,900,000, which amount will be funded by a Hospitality Fee Revenue Bond which is expected to be issued prior to January 1, 2012. See "FINANCIAL AND TAX INFORMATION, Local Hospitality and Accommodations Fees" herein.

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ECONOMIC CHARACTERISTICS

Description of Florence County, South Carolina

Florence County was established in 1888 and is located in the northeast section of South Carolina, which is also known as the Pee Dee region. The County has an area of 806 square miles, a 2010 population of 135,158, and is bordered on the east by the Great Pee Dee River, on the south by Clarendon and Williamsburg Counties, on the southwest by Sumter County, on the west by Darlington and Lee Counties, and on the North by Darlington, Marlboro, and Dillon Counties. The City of Florence, the largest municipality in the County and the county seat, had a 2010 population of 37,056.

The local economy of the County enjoys a well-balanced industrial, agricultural and manufacturing base. The County's growth has been underpinned by the expansion of the two hospital systems, McLeod Regional Medical Center and the Carolinas Hospital System, and the growth of the two major higher education institutions, Francis Marion University (FMU) and Florence-Darlington Technical College ("FDTC"). Phase I of the Southeastern Institute of Manufacturing and Technology ("SiMT") was completed in Fall, 2008. The SiMT project is located on a 146 acre tract and consists of three phases and will total more than 400,000 square feet of customized training, laboratory, research, manufacturing, convention, and administrative space when all phases are completed. Phase I, the Advanced Manufacturing Center, consists of a $34 million facility which includes an 800 seat auditorium for training and equipment demonstrations, along with a three dimensional lab where industries can simulate an assembly-line process. Francis Marion University dedicated the Dr. Frank B. Lee, Jr. Nursing Center in August, 2006, as well as received initial accreditation for its baccalaureate nursing program from the National League of Nursing. The new $7.6 million, 36,000 square foot facility houses the nursing program which has increased by fifty percent (50%) to 48 nursing majors.

In the past four years, the County has seen significant growth in locating new industries, as well as the expansion of several existing businesses. In June, 2007, McCall Farms opened a new $3.9 million freezer operation which allowed for the transition from a canning facility to marketing frozen food products. The expansion will allow for an additional 40 jobs. In July, 2007, QVC, Inc. opened a new 1.4 million square foot distribution center which employs over 500 people. In September, 2007, Automatic Data Processing, Inc. (ADP) announced the expansion of its Florence facility. The expansion allowed for an additional 100 employees. In June, 2008, H. J. Heinz announced the expansion of its frozen meal production to include a 225,00 square-foot facility in Pee Dee Touchstone Energy's Commerce City at a investment of $105 million. On November 18, 2009, Monster.com, an online job recruitment and careers resource, celebrated the grand opening of its 75,000 square-foot facility located in Pee Dee Touchstone Energy's Commerce City and currently employs approximately 150 full-time employees. The announcement, made in June 2008, stated plans to invest $28 million and create 750 jobs over a five (5) year period. In October, 2010, MIT (Materials Innovation Technologies) of Lake City announced an award of a $3 million grant from the Department of Energy for the advancement of vehicle technologies. MIT-RCF opened in April, 2010 and is a leading advanced materials company. The recent grant will expedite the use of clean energy technologies and create jobs. In December, 2010, ICE Recycling LLC, a recycler of plastics and polymers announced a $4.3 million expansion which is expected to generate approximately 50 new jobs. Groundbreaking for Johnson Controls' battery recycling facility (announced June, 2008) was held in January, 2011. The company plans to develop 36 acres of its 270 acre site located off of US Highway 76 for the facility and parking, which is estimated to create 250 direct jobs and 1,000 indirect jobs with a total estimated investment of $150 million. On September 16, 2011, Otis Elevator Company officially announced its Florence operation would be the center of excellence for its North and South American operations. The company is expected to invest $40 million and bring 360 jobs with an average wage of $25 per hour. The facility is expected to begin operation in the second quarter of 2012.

Since 2008, global economic conditions have led to closures and curtailment of certain business operations in the County. Most notably, in July 2009, DuPont Teijin announced the closure of it facility, which employed 173 people. This closure was completed in December 2010. In 2010, Roche, parent company of Roche Carolina, Inc., announced a global restructuring initiative that resulted in the relocation of the research and development department of the Florence facility to California. The manufacturing department will remain in Florence.

Top Employers in the County

Set forth below are ten of the top public and private sector employers located in the County, their type of business and approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the County. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the employers listed below, except as noted:

Employer	Product/Service	Approximate Number of Employees
McLeod Regional Medical Center	Health Care	4,700
Florence School District One	Education	2,093
J. P. Morgan Chase	Mortgage Services	1,400
Carolinas Hospital System	Health Care	1,325
Assurant	Financial Advisors	881
Nan Ya Plastics Corporation America	Polyester Staple Fiber & Filament	880
TRICARE (Blue Cross Blue Shield) PGBA	Insurance Services	850
Wal-Mart	Discount Retailer	800
Florence County	Government	782
QVC, Inc.	Distribution	580

Source: Florence County Economic Development Office.

Retail Sales

Retail sales in the amount of $2,494,130,091 as certified by the South Carolina Department of Revenue have been collected for the first six months of 2011. The following table shows the level of gross retail sales for businesses located in the County for the last five calendar years.

Calendar Year	Total Retail Sales
2010	$4,543,400,319
2009	4,221,380,448
2008	4,703,883,987
2007	4,759,689,665
2006	4,549,338,572

Source: South Carolina Department of Revenue, Administrative Division.

Per Capita Personal Income

The following table shows the per capita personal income in the County, residence adjusted, for the years shown:

Year	County	South Carolina	United States
2010	n/a	33,163	40,584
2009	34,178	32,338	39,626
2008	34,248	32,947	40,673
2007	32,948	32,107	39,458
2006	31,557	30,925	34,698
2005	29,335	29,226	35,424

Source: U.S. Department of Commerce; Bureau of Economic Analysis.

Unemployment

The unemployment rate for the County for August, 2011 was 11.1%. The average unemployment rate in the County, the State and the United States for each of the last five years for which data is available is shown in the following table.

Year	Florence County	South Carolina	United States
2010	11.3%	11.2%	9.6%
2009	11.2	11.3	9.3
2008	7.0	6.8	5.8
2007	6.0	5.6	4.6
2006	7.2	6.4	4.6

Source: U.S. Department of Labor; Bureau of Labor Statistics.

Labor Force

The labor force participation rates of resident of the County (by place of residence) for the last five years for which information is available is as follows:

	2010	2009	2008	2007	2006
Civilian Labor Force	62,040	62,392	62,907	64,294	63,901
Employment	56,684	57,065	58,514	58,623	57,580
Unemployment	7,217	7,229	4,393	3,769	4,460
% of Labor Force Unemployed	11.3%	11.2%	7.0%	6.0%	7.2%

Source: U. S. Department of Labor, Bureau of Labor Statistics.

Population Figures

The following table shows population information for the County for the years indicated.

Year	Population
2010[(1)]	137,088
2000	125,761
1990	114,344
1980	110,163

[(1)] Estimate as of September, 2011
Source: Board of Economic Advisors and Office of Economic Research of the State Budget and Control Board; Population Division, U.S. Census Bureau.

Building Permits and Construction Activity

The following table shows the approximate number of building permits (including permits issued for alterations) issued by the County and the approximate cost of construction represented by those permits in each of the last five years.

Year	Residential Permits[(1)]	Total Valuation	Commercial Permits[(1)]	Total Valuation
2010	621	$29,729,785	305	$111,345,414
2009	884	37,601,025	288	45,544,400
2008	754	59,013,554	263	105,895,907
2007	1029	90,402,312	331	121,981,699
2006	902	93,583,661	244	96,648,057

[(1)] Excludes mobile home permits; permits issued for multi-family units are counted as one. Includes additions and alterations.
Source: Florence County Planning

Facilities Serving the County

Education

There are 36 schools in the County's five school districts: 20 elementary, 8 middle, 7 high schools and 1 career center. Based on the 2010-11 135-day average daily membership, there are currently approximately 21,985 students enrolled county-wide.

Higher Education

The Florence-Darlington Technical Education Center was established in 1963 to serve Florence, Darlington, Dillon and Marion counties. In 1974, the Florence-Darlington Technical Education Center received accreditation from the Southern Association of Colleges and Schools and changed its name to Florence-Darlington Technical College. Its original campus of less than 10 acres has expanded to nearly 100 acres with a modern complex of eight major buildings totaling nearly 300,000 square feet. Florence-Darlington Technical College is one of 16 technical colleges that make up the South Carolina Technical Education System, which is under the coordination of the South Carolina Board for Technical and Comprehensive Education. Florence-Darlington Technical College is a two-year technical school with a Fall 2011 enrollment of 5,965 students.

Special programs and services offered include the Advanced Welding and Cutting Center, the Caterpillar Dealer Academy and a CISCO systems training laboratory. The recently completed SiMT offers businesses the cutting-edge, strategic training and manufacturing technology solutions to maximize workforce productivity in the Southeast.

Francis Marion University ("FMU"), located in Florence County, is a four-year, comprehensive university founded in 1970. FMU estimates a Fall 2011 enrollment of 4,032 students and offers a broad range of undergraduate degrees and a select number of graduate programs. FMU cooperates with other colleges and universities to offer courses leading to degrees at those institutions. A four-year program of the Reserve Officer Training Corps (ROTC) is available. Phase II of University Villas opened in the Fall of 2007 providing housing for an additional 190 students. The Center for the Child, a combination day care and learning lab facility, opened in August, 2008.

The Francis Marion University Performing Arts Center located in downtown Florence opened the end of August, 2011. The 61,000-square-foot center seats 900 in the main hall and 100 in the black box theater next to the main hall, and includes classrooms, faculty offices, dressing rooms, other performance preparation spaces, and the center's operations center, and will include a variety of performances including musical events and touring Broadway-style shows. Additionally, the building will house offices for the Florence Symphony, the Masterworks Choir and the Drs. Bruce and Lee Foundation.

Health Care

Florence County serves as the regional medical center for the northeastern half of South Carolina. McLeod Regional Medical Center is the largest employer in the County. McLeod Regional Medical Center has, in the past few years, constructed a women's hospital pavilion as well as a four-story medical office building and has completed construction on an additional five-story medical office building. Hosting 347 licensed beds, McLeod is the teaching hospital and referral center for a 12-county area, supporting a Family Medicine Residency Program with 27 physicians, a pharmacist and a psychologist. McLeod is a medical leader in several areas, with Centers of Excellence including the Cancer Center for Treatment and Research; the Children's Hospital; the Heart Institute; McLeod Behavioral Health Services; the Neonatal Intensive Care Unit; the Pediatric Intensive Care Unit; the Neuro Science Center; the Outpatient Center; and the Women's Pavilion.

McLeod completed construction in 2008 on an expansion to the McLeod Pavilion Tower which increased the five-story Pavilion Tower to twelve floors to house 140 general acute care beds and 16 operating suites. This growth resulted in a total licensed bed capacity for McLeod Regional Medical Center of 441 general acute care beds and 35 psychiatric beds. The overall economic benefit is expected to generate more than 600 new jobs and $12 million in earnings for the region. McLeod is currently in the process of completing a building plan begun in 2009, which includes reconfiguring patient rooms, addition of a heart and vascular institute, a cancer center, orthopedic and sports medicine facilities, two new ICU towers, and construction of two new parking garages. McLeod anticipates construction of these improvements will be completed in 2012. In April 2011, McLeod announced affiliation with Loris Healthcare System.

The consolidation of Bruce Hospital System and Florence General Hospital in 1995 created the largest hospital in the Pee Dee region, Carolinas Hospital System, with 408 beds. Affiliates of Carolinas Hospital System include a 24-bed acute care rehabilitation facility, a 44-bed subacute rehabilitation facility, the Men's Diagnostic Center, MRI Center, the Balance Disorder Center, and Bruce Hall, a center for the treatment of drug and alcohol dependency. In the summer of 2006 Carolinas Hospital System completed a $25 million expansion project which included a three-story addition with 48 new acute care beds, a new 12-bed intensive care unit and an oncology unit. Hospital growth also included an 18-bed addition to the newly remodeled Carolinas Rehabilitation Hospital and the opening of the Floyd Conference Center, a facility for health education and community meetings.

Financial Institutions

According to the State Board of Financial Institutions, as of June 30, 2011, there were 43 branches of major and local commercial banks in Florence County with total deposits of $1,828,000,000 as well as 1 savings and loan association with total deposits of $162,000,000. The continuing reorganization of the banking system in the United States, with its attendant mergers and consolidations, is likely to affect the total number of branch offices in the County.

Transportation

The County's location within the region is complimented by a highway transportation network consisting of interstate highways I-20 and I-95 and U.S. highways 52, 76, 301 and 378, as well as numerous State highways. Motor freight carriers serve the County, with 20 nearby terminals. Bus service is provided by Greyhound/Trailways. The Pee Dee Regional Transportation Authority (PDRTA) provides public transportation within the city and to many rural locations within the County, including a "shuttle" service to Myrtle Beach.

The Florence Regional Airport is located two miles east of downtown Florence. The runways are paved and lighted, 150 feet wide and approximately 6,500 feet long. The airport offers air frame and power plant repairs, fuels, 24-hour weather service, flight instruction and charter flights. A multi-million dollar expansion project for the airport has recently been completed.

Rail transportation in the County is provided by CSX Transportation and passenger service is provided by Amtrak.

Libraries

The Florence County Library provides service through a main library, five branch libraries in the surrounding municipalities, and a bookmobile. In June 2004, the Drs. Bruce and Lee Foundation Library opened containing 81,000 square feet on two floors. The new state of the art library includes a 215-seat meeting room and a conference room; 75 internet-accessible computers for the public; a state of the art South Carolina History and Genealogy room; and a state of the art children's library. Currently, the library has approximately 254,000 volumes available for loan to the public.

Recreation

In 1997, County Council commissioned LS3P and Associates of Charleston, South Carolina to develop a recreation master plan for Florence County. County Council accepted the recommendations in 1999 and committed $500,000 the following fiscal year for implementation of the plan. Since that initial investment, Florence County Parks and Recreation (the "Recreation Department") has experienced significant growth, highlighted by the transfer of Lynches River Park from the South Carolina Department of Parks, Recreation and Tourism to Florence County. The recent completion of the Savannah Grove Baseball Complex along with Ebenezer Park provides the Recreation Department with approximately 860 total acres and more than 40 baseball fields throughout the County.

LEGAL MATTERS

Litigation

There is no litigation presently pending or, to the knowledge of the County, threatened challenging the validity of any general obligation indebtedness, including the Bonds, issued or proposed to be issued by the County.

Legal Opinion

The County will furnish, without cost to the successful bidder, the opinion of Bond Counsel, Haynsworth Sinkler Boyd, P.A., Florence, South Carolina, the form of which is attached hereto as Appendix B. A certificate to the effect that there is no litigation threatened or pending to restrain the issuance and sale of the Bonds will be delivered at closing.

Haynsworth Sinkler Boyd, P.A. has assisted the County by compiling certain information supplied by the County and others and included in this Official Statement, but has not undertaken to verify the accuracy of such information. The opinion of Haynsworth Sinkler Boyd, P.A. will be limited solely to the legality and enforceability of the Bonds, and no opinion will be given with respect to this Official Statement.

The legal opinion to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

United States Bankruptcy Code

The undertakings of the County should be considered with reference to Chapter 9 of the United States Bankruptcy Code, 11 U.S.C. Section 901, et. seq., as amended (the "Bankruptcy Code"), and other laws affecting creditors' rights and public instrumentalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a state that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that Chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner but does not limit or impair the power of a state to control a municipality by legislation; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors of each class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate or otherwise modify indebtedness under its plan varying from the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

Federal Income Tax Generally

On the date of issuance of the Bonds, Haynsworth Sinkler Boyd, P.A., Florence, South Carolina ("Bond Counsel"), will render an opinion that, assuming continuing compliance by the County with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations promulgated thereunder (the "Regulations") and further subject to certain considerations described in "Collateral Federal Tax Considerations" below, under existing statutes, regulations and judicial decisions, interest on the Bonds is excludable from the gross income of the registered owners thereof for federal income tax purposes. Interest on the Bonds will not be treated as an item of tax preference in calculating the alternative minimum taxable income of individuals or corporations; however, interest on the Bonds will be included in the calculation of adjusted current earnings in determining the alternative minimum tax liability of corporations. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Bond Counsel, as a result of (i) ownership of the Bonds or (ii) the inclusion in certain computations (including, without limitation those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

The County has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Bonds.

The opinion of Bond Counsel will be limited to matters relating to the authorization and validity of the Bonds and the tax-exempt status of interest on the Bonds as described herein. Bond Counsel makes no statement regarding the accuracy and completeness of this Official Statement.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. Bond Counsel's opinions are based upon existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service (the "IRS") or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The opinion of Bond Counsel described above is subject to the condition that the County comply with all requirements of the Code and the Regulations, including, without limitation, certain restrictions on the use, expenditure and investment of the gross proceeds of the Bonds and the obligation to rebate certain earnings on investments of such gross proceeds to the United States Government, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned on compliance by the County with such requirements and Bond Counsel has not been retained to monitor compliance with the requirements subsequent to the issuance of such Bonds.

Collateral Federal Tax Considerations

Prospective purchasers of the Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel expresses no opinion concerning such collateral income tax consequences and prospective purchasers of Bonds should consult their tax advisors as to the applicability thereof.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. For example, on September 12, 2011, President Obama proposed to Congress the enactment of legislation entitled the "American Jobs Act of 2011" (the "Jobs Act"). If enacted as currently proposed, the Jobs Act would result in federal income tax being imposed on a portion of the interest received by certain individual owners of state or local bonds, including the Bonds, for taxable years beginning on or after January 1, 2013. No prediction is made whether this provision will be enacted as proposed or concerning other future legislation which if passed might have an adverse affect on the tax treatment of interest on the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Bonds. Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. The IRS has taken the position that, under the standards of practice before the IRS, Bond Counsel must obtain a waiver of a conflict of interest to represent an issuer in an examination of tax exempt bonds for which Bond Counsel had issued an approving opinion. Under current procedures, parties other than the Issuer and their appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the County or the Owners to incur significant expense, regardless of the ultimate outcome. Under certain circumstances, the County may be obligated to disclose the commencement of an audit under the Continuing Disclosure Agreement. See "Continuing Disclosure" herein.

[Original Issue Premium

The Bonds maturing in the years _____ through _____ have been sold at an initial public offering price which is greater than the amount payable at maturity (the "Premium Bonds"). An amount equal to the excess of the purchase price of the Premium Bonds over their stated redemption prices at maturity constitutes premium on such Bonds. A purchaser of a Premium Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.]

State Tax Exemption

Bond Counsel is of the further opinion that the Bonds and the interest thereon are exempt from all taxation by the State of South Carolina, its counties, municipalities and school districts except estate, transfer or certain franchise taxes. Interest paid on the Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue and Taxation as a franchise tax. The opinion of Bond Counsel is limited to the laws of the State of South Carolina and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Bonds or the interest thereon under the laws of any other jurisdiction.

Continuing Disclosure

In accordance with Act No. 442 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1994, the County has covenanted in the Bond Ordinance to file with a central repository for availability in the secondary bond market when requested (1) an annual independent audit, within thirty days of the County's receipt of the audit; and (2) event specific information, within thirty days of an event adversely affecting more than five percent of the County's revenue or tax base. The only remedy for failure by the County to comply with this covenant shall be an action for specific performance. Moreover, the County has specifically reserved the right to amend the covenant to reflect any change in Act No. 442 without the consent of any bondholder.

The County has covenanted for the benefits of the holders and beneficial owners of the Bonds to provide notices of the occurrence of certain enumerated events, if material, and, in addition, to file an annual report containing certain financial information and operating data. The notices of material events and the annual report will be filed by the Issuer with the Electronic Municipal Market Access System (EMMA) maintained by the Municipal Securities Rulemaking Board and with any State Depository if any is hereafter established. The form of the Continuing Disclosure Certificate to be executed by the County is attached to this Official Statement as Appendix C. These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12 (the "Rule"). The County did not timely file its annual report in years prior to 2005, but has since been timely with its filings.

Closing Certification

The County will also furnish, without cost to the successful bidder, certifications by appropriate officials that the Official Statement relating to the Bonds as of its date and as of the date of delivery of the Bonds does not contain an untrue statement of a material fact and does not omit to state a material fact which should be included therein for the purpose for which the Official Statement is intended to be used or which is necessary to make the statements contained therein, in the light of the circumstances in which they were made, not misleading.

Appropriate certification will be given by County officials to establish that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code, and applicable regulations thereunder in effect on the occasion of the delivery of the Bonds.

Conclusion

Further inquiries should be addressed to Kevin V. Yokim, Florence County, 180 N. Irby Street, Florence, South Carolina 29501, telephone (843) 665-3013 or Walter Goldsmith, Davenport & Company LLC, 401 N. Tryon Street, Charlotte, North Carolina, telephone (704) 375-0550. Requests for additional copies of this Official Statement may be addressed to Benjamin T. Zeigler, Bond Counsel, Haynsworth Sinkler Boyd, P.A., Post Office Box 6671, Florence, South Carolina 29502, telephone (843) 673-5304.

RATING

Application has been made to Moody's Investors Service, Inc. (the "Rating Agency") for rating of the Bonds. The Bonds received a rating of "Aa2." Such rating reflects only the view of the Rating Agency, and an explanation of the significance of such rating may be obtained from the Rating Agency. The County has furnished to the Rating Agency certain information and materials with respect to the County and the Bonds. Generally, the Rating Agency bases its rating on such information and materials and on investigations, studies and assumptions furnished to and obtained and made by it. There is no assurance that such rating will remain unchanged for any period of time or that it may not be lowered or withdrawn entirely by the Rating Agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds have been purchased at a competitive sale from the County for resale by ______________________ (the "Purchaser"). The Purchaser has agreed, subject to certain conditions, to purchase the Bonds at _______% of par. The initial public offering prices of the Bonds are as shown on the front page of this Official Statement and may be changed from time to time by the Purchaser. The Purchaser may also allow a concession from the public offering prices to certain dealers. The initial public offering prices average approximately $________ per $1,000 face amount of the Bonds in excess of the purchase price paid to the County by the Purchaser. The Purchaser has not received a fee from the County for underwriting the Bonds.

CERTIFICATION

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Bonds and the determinations of the County relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and the authorizing resolution and to such determinations. All such summaries, explanations and references are further qualified in their entirety by reference to the exercise of sovereign police powers of the State and the constitutional powers of the United States of America, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Certain of the information set forth in this Official Statement and in the appendices hereto has been obtained from sources other than the County that are believed to be reliable but is not guaranteed as to accuracy or completeness by the County. The information and expressions of opinion in this Official Statement are subject to change, and neither the delivery of this Official Statement nor any sale made under such document shall create any implication that there has been no change in the affairs of the County.

This Official Statement has been duly executed and delivered by the County as of the date shown on the cover page.

/s/______________________________________
County Administrator,
Florence County, South Carolina

APPENDIX A

AUDITED FINANCIAL INFORMATION

FOR FISCAL YEAR ENDED JUNE 30, 2010

FLORENCE COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared By:

Kevin V. Yokim, CPA, CGFO, Finance Director
Kathy C. Coker, CGFO, Accounting Manager
Tiffany L. Wallace, Accountant II

FLORENCE COUNTY

1888

SOUTH CAROLINA

FLORENCE COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2010

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FLORENCE COUNTY
Finance Department

December 10, 2010

To the Chairman, Members of County Council, and Citizens of Florence County

The Comprehensive Annual Financial Report of Florence County, South Carolina, for the year ended June 30, 2010, is submitted herewith. State statutes require Florence County to annually issue a report on its financial position and activities, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of this presented data and the completeness and fairness of this presentation, including all disclosures, rests with the County's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly both the financial position, results of operations and cash flows of the various funds and component units of Florence County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

This annual report is in a format that complies with the financial reporting model developed by the Government Accounting Standards Board (GASB) Statement 34. This model improves financial reporting by including government-wide statements that are based on full accrual accounting and include capital assets and long-term debt. The requirements of GASB Statement 34 are explained in some detail within the Management's Discussion and Analysis, which immediately precedes the basic financial statements in the financial section of this report.

Florence County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, "Audits of State and Local Governments". Information related to this single audit, including a schedule of expenditures of federal and state awards and the independent auditor's report on internal controls and compliance with applicable laws and regulations, is included in the single audit section of this report.

City-County Complex
180 North Irby Street MSC-H • Florence, South Carolina 29501 • (843) 665-3013 • Fax (843) 665-4515

THE REPORTING ENTITY

Florence County, South Carolina is located in the northeast section of the state, and is bounded on the north and east by the Pee Dee River, on the south by Williamsburg County, and the west by Darlington County. The County was established in 1888 as a railroad community and since that time has grown into the commercial, retail, and medical center for this region of the state. Being at the intersection of U.S. I-95 and I-20 has facilitated this growth, as well as being the mid-way point on I-95 between New York City and Miami, Florida.

Florence County operates under the Council-Administrator form of government. The County's Council is comprised of nine single member districts. The Council annually elects one member to serve as Chairman, one member to serve as Vice-Chairman, and one member to serve as Secretary-Chaplain. County Council is responsible, among other things, for passing ordinances, adopting the budget, and appointing the Administrator.

The Comprehensive Annual Financial Report includes all funds of Florence County that are controlled by this governing body, and are considered to be the "reporting entity". The County provides a full range of services including public safety, public works, health and social service, culture and recreation, economic development, family court, magistrates, probate court, general sessions court, solicitor, public defender, and general administration. Other entities and political subdivisions including the County's five school districts and nine cities and towns have been excluded from the County's funds and accordingly, each entity has sufficient discretion in the management of its own affairs. However, the County Treasurer is responsible for the collection of property taxes, intergovernmental revenues, and other revenues for the political subdivisions. The year-end balances and results of that fiduciary responsibility are included as agency funds in the basic financial statements.

A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government (i.e. Florence County, South Carolina as legally defined) and to differentiate its financial position and results of operations from those of the primary government. The Florence City-County Building Commission is reported as a discretely presented component unit.

ECONOMIC CONDITION AND OUTLOOK

Florence County is continuing to experience a strong increase in economic growth. This growth comes from four areas: manufacturing companies, distribution, the medical community, and tourism.

Manufacturing

The County is becoming an international center for manufacturing. Nan Ya Plastics Corporation of America, a polyester fiber producing company based in Taiwan, has become the County's largest taxpayer as it continues to grow towards its goal of investing $1 billion in the Florence County/Williamsburg County Joint Industrial Park. Roche Carolina, Inc., a subsidiary of the Swiss-based pharmaceutical company, Hoffman-LaRoche, Inc., continues to expand its processing operation, adding to its previous $550 million investment since 1993. Over the past few years, Honda Motors Corporation of America expanded its current facility to include an engine plant for its all-terrain vehicles. Honda now employs approximately 1,000 people in its assembly and engine plants. This is the first time that engines for any Honda vehicle have been produced in the United States. Honda has also constructed a personal watercraft (jet ski) plant that began production in December 2002. Also, two suppliers to the Honda plant have located in Florence County in recent years, those being South East Express and North American Container Company. In addition, Angus-Palm, a manufacturer of cabs for heavy equipment, began operation of its plant in the Pee Dee Commerce Center as well.

As shown above, the County's manufacturing base is very diversified. Other well known companies also have plants in the County. These companies include Dupont/Teijin, General Electric, Asea Brown Boveri, and Smurfit Stone Container.

Distribution

Given its location at the intersection of Interstates I-95 and I-20, the County is now becoming a center for distribution facilities as well. IFH, a restaurant food supplier, recently constructed a new plant that resulted in an investment of more than $20,000,000 and 70 new jobs. FedEx has also constructed a 75,000 square foot distribution facility within the past two years. QVC, Inc. recently constructed a 1,000,000 square foot distribution facility that opened in the spring of 2007. This resulted in an investment of almost $75,000,000 and the addition of several hundred jobs to the local economy. Finally, Johnson Controls, Inc. moved into a 300,000 square foot spec. building in the Pee Dee Touchstone Energy Commerce Center in order to distribute automotive batteries. This facility also opened in the spring of 2007 and resulted in an investment of approximately $35,000,000. In June 2008, Heinz, Inc. announced a new investment of $105,000,000 and 350 new jobs and is scheduled to begin production in 2011.

Medical Community

Florence County continues to serve as the medical center for the eastern half of South Carolina. McLeod Regional Medical Center is the largest employer in the County, with over 3,500 employees. McLeod has, in the past few years, constructed a women's hospital pavilion as well as a four-story medical office building. McLeod also has completed construction on an additional five-story medical office building. In 2007, McLeod completed the expansion of the women's hospital pavilion from its current five floors to a total of twelve floors at a cost in excess of $100 million. In 2010, McLeod was awarded the American Hospital Association-McKesson Quest for Quality Prize. This national award is presented to one hospital annually and, since its inception in 2002, has been awarded to major national hospitals such as the Duke University Hospital and The Johns Hopkins Hospital. McLeod is the first hospital in South Carolina to receive this award.

Carolinas Hospital System is also located in Florence County. Carolinas is a subsidiary of the national hospital company Quorum Health Group. In November 1998 Carolinas dedicated a new nine-story state of the art hospital complex. In the past year, Carolinas has also constructed facilities for additional bed space as well as a new conference center.

Also headquartered in Florence County is Palmetto Government Benefits Administrators, a division of Blue Cross & Blue Shield of South Carolina. This division processes health insurance claims from military personnel and their dependents from all across the nation and around the world. They currently employ over 1,000 people in Florence County. In addition, American Security Insurance Company (Assurant) has located an insurance processing facility in Florence that currently employs over 300 people.

Tourism

With such attractions as the Darlington Raceway, the Florence City-County Civic Center, and Freedom Florence, a nine-field softball complex, Florence County continues to see an increase in tourism every year. This has resulted in the construction of several new hotels and motels including a new multi-story Hilton Garden Inn as well as a new Holiday Inn Express.

Florence County's moderate climate attracts tourists year round to come to the County to shop, eat, and play golf at one of over 10 golf courses located within 30 miles of the City of Florence. In addition the Florence City-County Civic Center hosts several conventions and trade shows each year, as well as many business meetings and luncheons. The Freedom Florence recreation complex hosts softball tournaments every weekend during its 30-week season. These tournaments include a minimum of 15 teams and bring in players from all over the Southeast to the Florence area. The City of Florence is constructing a 30 court tennis center that will open in 2011. This center will attract tennis tournaments from many different locations. For the first time, the Darlington Raceway held a NASCAR Craftsman truck series race in 2001. The Darlington Raceway, which is next door to Florence County, also hosted the largest weekend sporting event in the state with Busch series and NASCAR series races both on the Mother's Day weekend. These races bring international exposure to Florence through ESPN and major network telecasts. The raceway has also added lights to the track to provide the opportunity for night-time racing as well.

MAJOR INITIATIVES

Florence County has embarked on several initiatives that center primarily on increasing service to the residents of Florence County.

EMS Improvements

During 2000, Florence County made major improvements to its EMS System. Four new state of the art ambulances were purchased, as well as four new quick response vehicles. In February 1999 the County broke ground on a new 7,500 square foot EMS headquarters. The building was completed in December 1999. In 2004, the County completed the construction of two new EMS substations in rural areas of the County, and has acquired land for a third rural substation to be completed in 2011.

Recreation Improvements

During 1999, a recreation master plan for the entire county was prepared by an outside consulting company. The County had executed a long-term lease for a state park that is now known as Lynches River County Park. On October 31, 2002, the State of South Carolina deeded the Lynches River County Park to Florence County. Therefore, the County now owns a 675 acre park near the geographic center of the county and the County is moving forward with improvements to the park. A major renovation of the community building at the park has already been completed. A canoe launch and a 1,200 foot boardwalk have been constructed. In addition, two cabins and a bathhouse have been purchased and installed and are available to be rented. A splashpad was added to the park to replace an out-dated swimming pool that was in much need of repair. An environmental discovery center opened during 2008, and includes a rope bridge walk through the treetops adjacent to the center. An archery range also opened at the park in 2010. In North Florence a local park has been enhanced by the addition of a community building and a walking trail. In West Florence, additional land was acquired adjacent to an existing ball field and several tennis courts, a picnic shelter and a playground were constructed. In the Lake City area, land was acquired for a local park and a walking trail was constructed. This land also includes a pond; therefore a fishing deck and a walking bridge over the pond have been constructed. In 2004 the County acquired three parcels of land for recreation. Two parcels are for the expansion of two existing baseball leagues and the third is for a neighborhood park. In 2005 one of these parks was completed and an existing league was relocated to this new facility. In 2007, the second of these parks was completed and the other existing league was relocated to this new facility.

Libraries

In 2004, Florence County completed construction of an 80,000 square foot main library. This new facility more than doubled the existing space of the previous facility and provides more than three times the number of public access computers. In 2010 the County completed the last of four branch libraries in the rural area of the county. Each of these libraries are more than twice as large as the previous facilities and patronage at each of these new facilities has increased dramatically.

Economic Development

During 1999, Florence County entered into an agreement with a local private business group to form the Florence County Economic Development Partnership. This is a joint partnership that was formed to increase economic development throughout the county and is funded equally by public and private funds. During 1999, a strategic plan was completed by an outside consulting company and the County is currently proceeding with most of the areas of the strategic plan. The County issued $1,500,000 of general obligation bonds to fund the first of three phases of this strategic plan. A portion of these bonds proceeds have been used to purchase approximately 150 acres for an industrial park in Johnsonville and develop this park by installing roads and water and sewer service.

FINANCIAL INFORMATION

Management of Florence County is responsible for establishing and maintaining an internal control structure to ensure that assets of the County are protected from loss, theft, or misuse, and to ensure that data compiled will allow for the preparation of financial statements that are in conformity with generally accepted accounting principles.

Financial Audit. As a recipient of federal and state financial assistance, we are also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with laws and regulations related to those programs. This internal structure is subject to periodic evaluation by management of the County and our external auditors. The results of the County's financial audit for the year ended June 30, 2010 provided no instances of material weakness in the internal control structure or significant violations of applicable laws and regulations related to major or non-major federal financial assistance programs.

Budgetary Controls. A formal budget is adopted for the general fund and various special revenue funds of the County at the account level. In the General Fund, a budget is prepared for each department of the County. Encumbrance accounting is used to record estimated amounts for purchase orders, contracts and other commitments prior to release to vendors. Commitments that would result in over expended funds are not made until available funds are transferred via a budget adjustment approved by the County Administrator and the Finance Director. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Proprietary Operations. Florence County has three proprietary funds. The Florence County Utility System Fund accounts for the operation and maintenance of the water and sewer system. The Florence County Landfill Fund accounts for the operation of the County's 15 manned convenience centers and the transportation of the waste from these centers to a private landfill outside the county and the tipping fee at this private landfill. The Florence County E911 System Fund accounts for the mapping and establishing of the E911 system throughout the County.

Debt Administration. In accordance with South Carolina State Law, Florence County must maintain its general obligation bonded debt within a limit of eight percent of its total assessed value of its real and personal property. For the year ended June 30, 2010, this requirement has been met.

Cash Management. The management of cash and cash investments is the responsibility of the County Treasurer. As of June 30, 2010, Florence County's investments were held primarily in certificates of deposit.

Capital Assets. The capital assets of the County are those used in the performance of general government functions. These assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the acquisition date. The County, in accordance with the Government Accounting Standards Board Statement No. 34, began recognizing depreciation on all its capital assets during the prior fiscal year. In addition, in further compliance with this statement, the County capitalized all infrastructure assets, including roads and bridges, during the fiscal year as well.

Risk Management. The County maintains coverage for worker's compensation with a third party insurance company. This fund covers all medical claims for work-related injuries, as well as providing disability payments for loss of time from work.

Independent Audit. The South Carolina Code of Laws requires an annual audit of financial records and transactions of the County by an independent certified public accountant selected by County Council. The fiscal year ended June 30, 2010 was audited by the accounting firm of Baird and Company, CPA's, LLC, and their report on the basic financial statements is included in the Financial Section of this Comprehensive Annual Financial Report.

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Florence County, South Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twelfth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedicated service of the Finance Department and the technical expertise and efforts of our independent auditors, Baird and Company, CPA's, LLC. We would like to also commend County Council for realizing the need for, and the benefits derived from timely financial reporting.

Sincerely,

Kevin V. Yokim, CPA, CGFO
Finance Director

FLORENCE COUNTY, SOUTH CAROLINA

PRINCIPAL OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2010

MEMBERS OF COUNTY COUNCIL

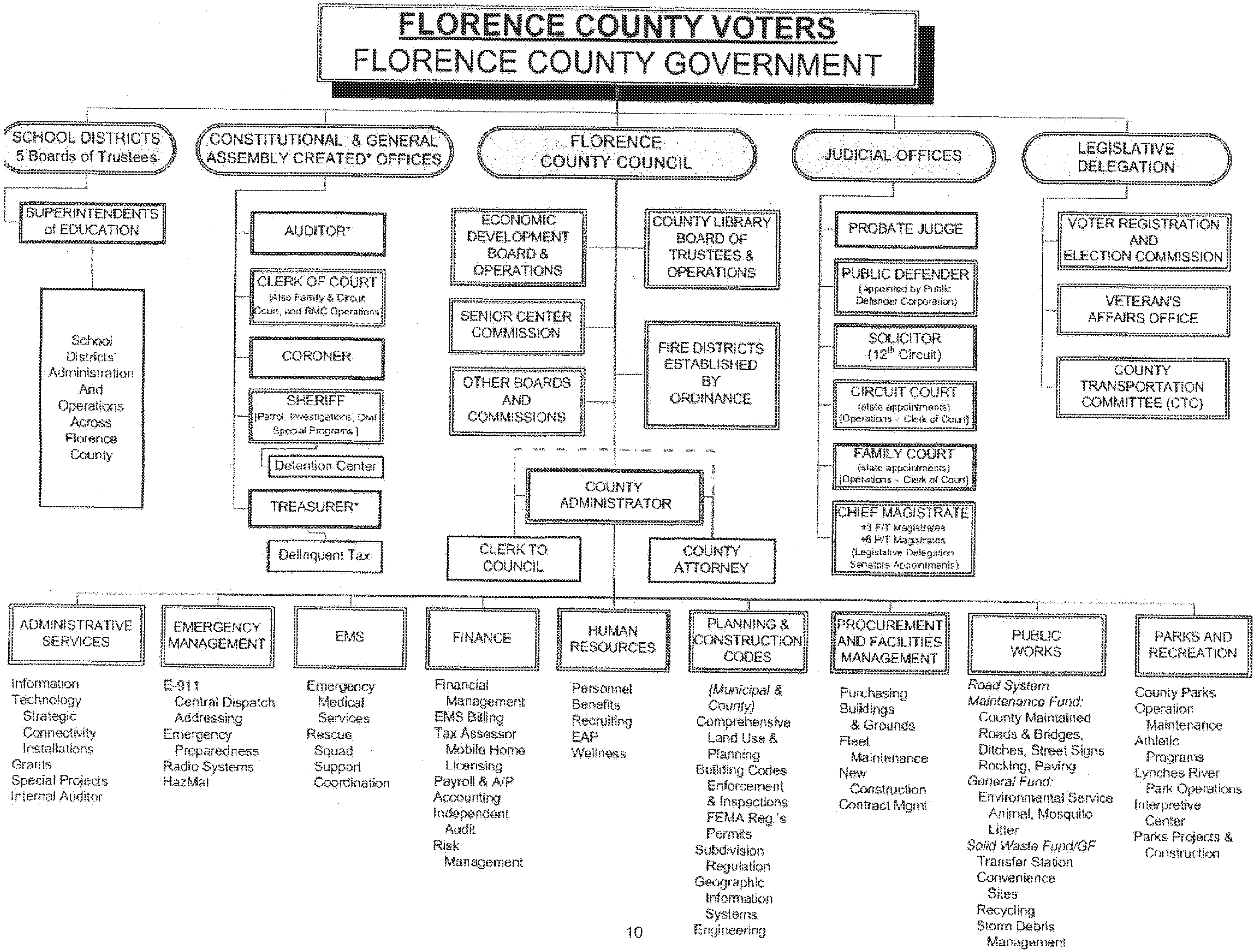
K.G. Rusty Smith, Jr.	Chairman
Waymon Mumford	Vice-Chairman
H. Morris Anderson	Secretary - Chaplain
Mitchell Kirby	Member
Russell Culberson	Member
Johnnie Rodgers	Member
Ken Ard	Member
James Schofield	Member
Alphonso Bradley	Member

ELECTED OFFICIALS

Connie Reel-Shearin	Clerk of Court
Wayne Joye	County Auditor
M. G. "Bubba" Matthews	County Coroner
Kenney Boone	County Sheriff
Ed Clements	County Solicitor
Dean Fowler	County Treasurer
Kenneth Eaton	Judge of Probate

ADMINISTRATIVE OFFICIALS

Richard A. Starks	County Administrator
Kevin V. Yokim	Finance Director


FLORENCE COUNTY VOTERS
FLORENCE COUNTY GOVERNMENT
SCHOOL DISTRICTS 5 Boards of Trustees
SUPERINTENDENTS of EDUCATION
School Districts' Administration And Operations Across Florence County
CONSTITUTIONAL & GENERAL ASSEMBLY CREATED* OFFICES
AUDITOR*
CLERK OF COURT (Also Family & Circuit Court, and RMC Operations)
CORONER
SHERIFF (Patrol, Investigations, Civil Special Programs)
Detention Center
TREASURER*
Delinquent Tax
FLORENCE COUNTY COUNCIL
ECONOMIC DEVELOPMENT BOARD & OPERATIONS
SENIOR CENTER COMMISSION
OTHER BOARDS AND COMMISSIONS
COUNTY LIBRARY BOARD OF TRUSTEES & OPERATIONS
FIRE DISTRICTS ESTABLISHED BY ORDINANCE
COUNTY ADMINISTRATOR
CLERK TO COUNCIL
COUNTY ATTORNEY
JUDICIAL OFFICES
PROBATE JUDGE
PUBLIC DEFENDER (appointed by Public Defender Corporation)
SOLICITOR (12th Circuit)
CIRCUIT COURT (state appointments) (Operations - Clerk of Court)
FAMILY COURT (state appointments) (Operations - Clerk of Court)
CHIEF MAGISTRATE +3 F/T Magistrates +6 P/T Magistrates (Legislative Delegation Senators Appointments)
LEGISLATIVE DELEGATION
VOTER REGISTRATION AND ELECTION COMMISSION
VETERAN'S AFFAIRS OFFICE
COUNTY TRANSPORTATION COMMITTEE (CTC)
ADMINISTRATIVE SERVICES
Information Technology
Strategic Connectivity Installations
Grants
Special Projects
Internal Auditor
EMERGENCY MANAGEMENT
E-911
Central Dispatch
Addressing
Emergency Preparedness
Radio Systems
HazMat
EMS
Emergency Medical Services
Rescue Squad
Support Coordination
FINANCE
Financial Management
EMS Billing
Tax Assessor
Mobile Home Licensing
Payroll & A/P
Accounting
Independent Audit
Risk Management
HUMAN RESOURCES
Personnel
Benefits
Recruiting
EAP
Wellness
PLANNING & CONSTRUCTION CODES
(Municipal & County)
Comprehensive Land Use & Planning
Building Codes Enforcement & Inspections
FEMA Reg.'s Permits
Subdivision Regulation
Geographic Information Systems
Engineering
PROCUREMENT AND FACILITIES MANAGEMENT
Purchasing
Buildings & Grounds
Fleet Maintenance
New Construction
Contract Mgmt
PUBLIC WORKS
Road System Maintenance Fund:
County Maintained Roads & Bridges, Ditches, Street Signs Rocking, Paving
General Fund:
Environmental Service Animal, Mosquito Litter
Solid Waste Fund/GF
Transfer Station
Convenience Sites
Recycling
Storm Debris Management
PARKS AND RECREATION
County Parks Operation Maintenance
Athletic Programs
Lynches River Park Operations
Interpretive Center
Parks Projects & Construction

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Florence County South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

FLORENCE COUNTY

1888

SOUTH CAROLINA

Baird & Company *CPAs, LLC*
CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS

John P. Gillion, Jr., CPA, PFS, CFS, CVA, CFP®
Brenda F. Carroll, CPA, CFE, CIA, CICA, FCPA, PFS
Rep E. Whiddon, CPA, CVA

INDEPENDENT AUDITORS' REPORT

To the County Council
Florence County, South Carolina
Florence, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and aggregate remaining fund information of Florence County, South Carolina, as of and for the year ended June 30, 2010, which collectively comprise Florence County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Florence County, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Florence City-County Complex Building Commission which statements reflect total assets of $1,922,849 as of June 30, 2010, and total revenues of $1,484,959 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions on the financial statements, insofar as it relates to the amounts included for the Florence City-County Complex Building Commission in the component unit column, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Florence County, South Carolina, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

4210 Columbia Road, Building 10, Augusta, Georgia 30907 / Telephone (706) 855-9500 / Telefax (706) 855-2900 (www.bairdcpas.com)

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2010, on our consideration of Florence County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 14 through 24 and 76, pages 106 through 118, and pages 149 through 180 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Florence County, South Carolina's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, statistical section, and the capital assets used in the operation of governmental funds section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
December 10, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Florence County, South Carolina, we offer readers of the Florence County financial statements this narrative overview and analysis of the financial activities of Florence County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 – 8 of this report.

Financial Highlights

- The assets of Florence County exceeded its liabilities at the close of the most recent fiscal year by $77,401,747 (*net assets*). Of this amount, $32,363,864 represents unrestricted net assets. The general fund unreserved, undesignated fund balance was $10,910,932, which may be used to meet the government's cash flow management needs and its ongoing obligations to citizens and creditors. The remainder represents amounts accounted for in special revenue, debt service, and capital project funds which are reserved or designated for the specific purposes of each fund.
- The government's total net assets decreased by $6,798,841. Nearly all of this decrease is attributable to a budgeted use of General Fund fund balance of $1,740,000, various purchases of real property approximating $2,000,000, and economic development incentives approximating $2,950,000 to three new industries that have committed to invest approximately $138,000,000 in Florence County.
- As of the close of the current fiscal year, Florence County's governmental funds reported combined ending fund balances of $31,488,139, a decrease of $1,568,460 in comparison with the prior year primarily as the result of a planned transfer of $1,231,020 from the General Fund to the Landfill Enterprise Fund.
- At the end of the current fiscal year, the unreserved, undesignated fund balance for the general fund was $10,910,932, or a healthy 20 percent of total general fund expenditures and net transfers in.
- Florence County's debt decreased by $2,138,542 (4.6 percent) during the current fiscal year. The key factor in this decrease was the principal payment during the fiscal year on the capital lease that funded the law enforcement center and the civic center.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of Florence County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Florence County include general government, public safety, economic development, public works, health, welfare, culture and recreation, and education. The business-type activities of Florence County include a utility system, a county landfill and an E911 system.

The government-wide financial statements include not only Florence County itself (known as the *primary government*), but also a legally separate building commission for which Florence County is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 25 – 26 of this report.

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

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

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

Florence County maintains forty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the grant special revenue fund, and the museum capital project fund, all of which are considered to be major funds. Data from the other thirty-eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Florence County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. A budgetary compliance statement has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 27 – 31 of this report.

Proprietary funds. Florence County maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Florence County uses enterprise funds to account for its utility system, its landfill, and its E911 system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility system, the landfill, and for the E911 system, all of which are considered to be major funds of Florence County.

The basic proprietary fund financial statements can be found on pages 32 – 35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Florence County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 36 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 – 75 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 77 – 98 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Florence County, assets exceeded liabilities by $77,401,747 at the close of the most recent fiscal year.

The largest portion of Florence County's net assets (56 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. Florence County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Florence County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Florence County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	$ 42,259,164	$ 52,024,787	$ 7,187,881	$ 7,511,701	$ 49,447,045	$ 59,536,488
Capital assets	81,124,174	80,086,653	2,673,396	2,521,889	83,797,570	82,608,542
Total assets	123,383,338	132,111,440	9,861,278	10,033,590	133,244,615	142,145,030
Long-term liabilities outstanding	44,750,505	46,889,048	891	890	44,751,396	46,889,938
Other liabilities	9,400,220	9,696,286	1,691,252	1,358,218	11,091,472	11,054,504
Total liabilities	54,150,725	56,585,334	1,692,143	1,359,108	55,842,868	57,944,442
Net assets:						
Invested in capital assets, net of related debt	40,838,692	38,516,950	2,673,396	2,521,889	43,512,088	41,038,839
Restricted	1,525,795	1,498,580	-	-	1,525,795	1,498,580
Unrestricted	26,868,126	35,510,576	5,495,738	6,152,593	32,363,864	41,663,169
Total net assets	$ 69,232,613	$ 75,526,106	$ 8,169,134	$ 8,674,482	$ 77,401,747	$ 84,200,588

An additional portion of Florence County's net assets (1.97 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($32,363,864) is comprised of the general fund unreserved, undesignated fund balance of $10,910,932, which may be used to meet the government's cash flow management needs and its ongoing obligations to citizens and creditors and a remaining balance of $21,452,932, which represents amounts accounted for in special revenue, debt service, and capital project funds which are reserved or designated for the specific purposes of each fund.

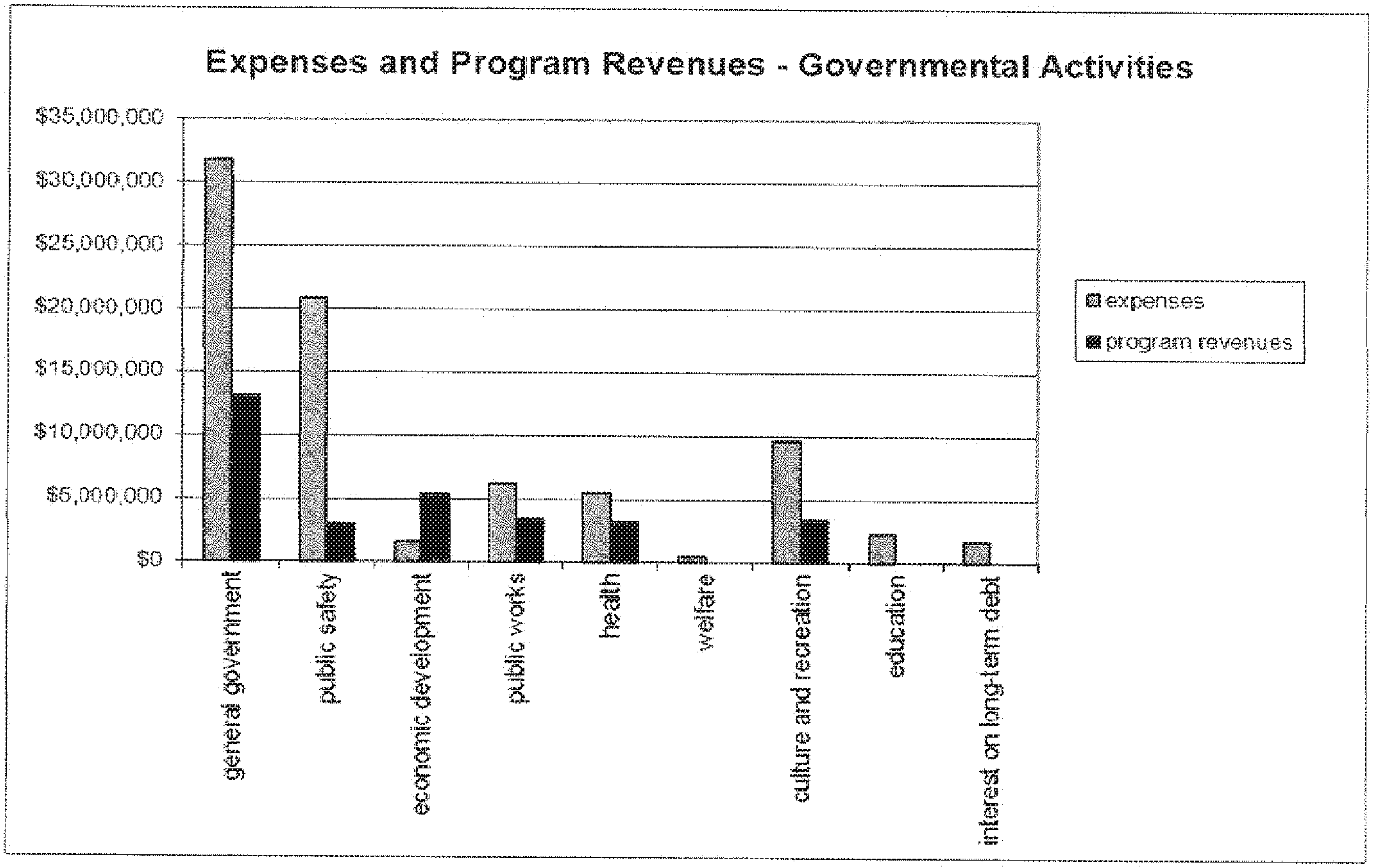
The County's unrestricted net assets decreased by $9,299,305 during the current fiscal year as a result of a budgeted use of General Fund fund balance of $1,740,000, various purchases of real property approximating $2,000,000, and economic development incentives to three new industries approximating $2,950,000. In addition, unrestricted cash and investments decreased by $5,784,941 as a result of the purchase of capital assets during the year. Even given these purchases of capital assets during the year, net assets invested in capital assets increased by only $1,189,029 as a result of current depreciation.

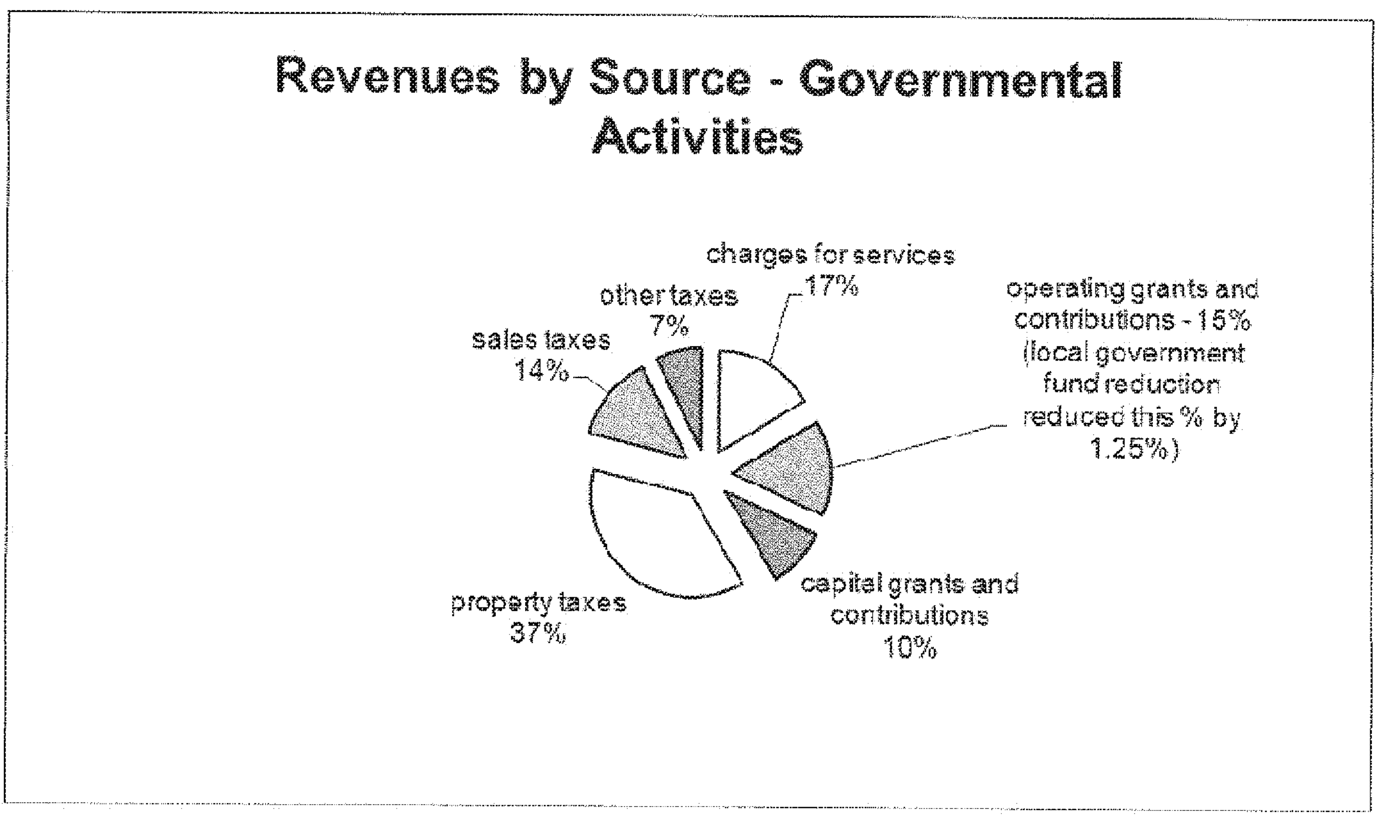
Governmental activities. Governmental activities adjusted Florence County's net assets downward by $6,293,493 to $69,232,613.

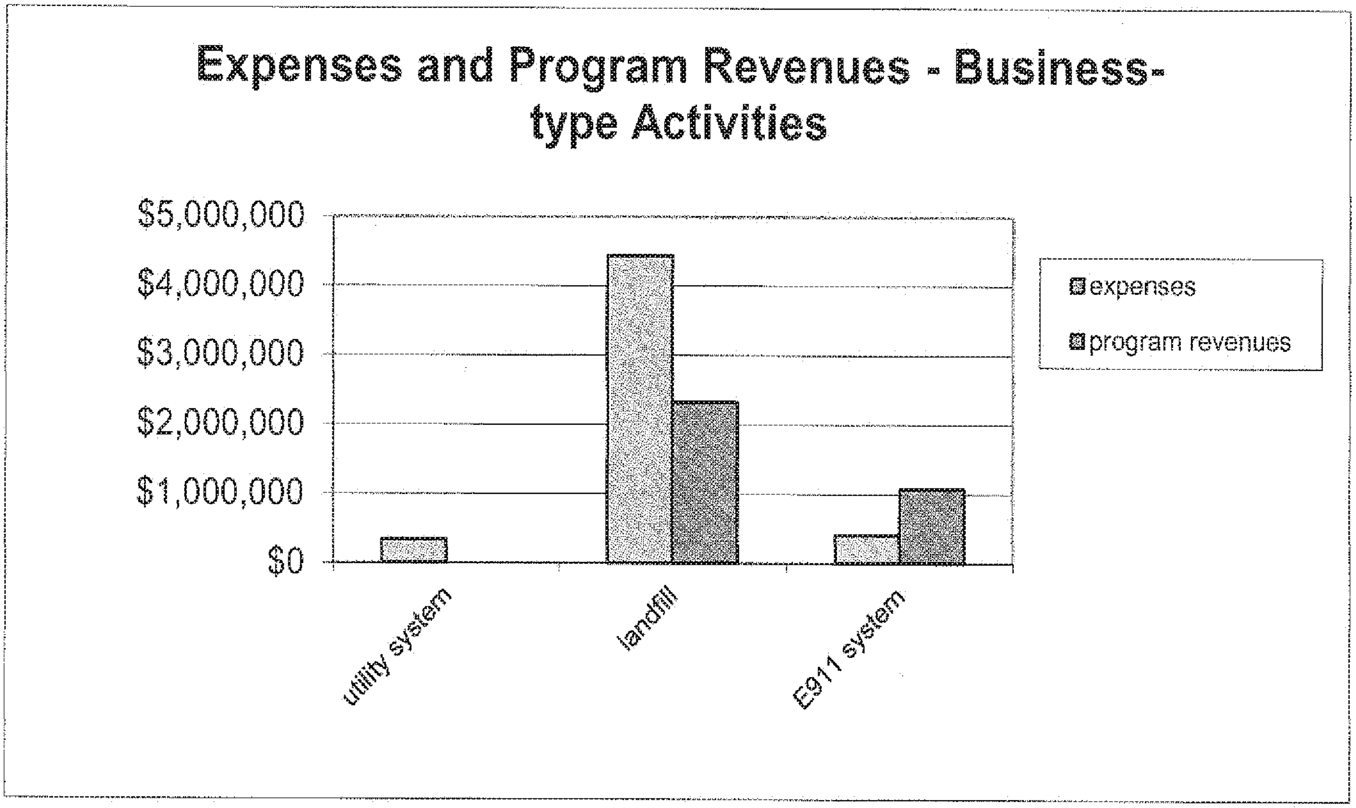
Business-type activities. Business-type activities decreased Florence County's net assets by $505,347, primarily as a result of the budgeted use of Landfill Enterprise Fund fund balance in the amount of $560,000 for various capital projects.

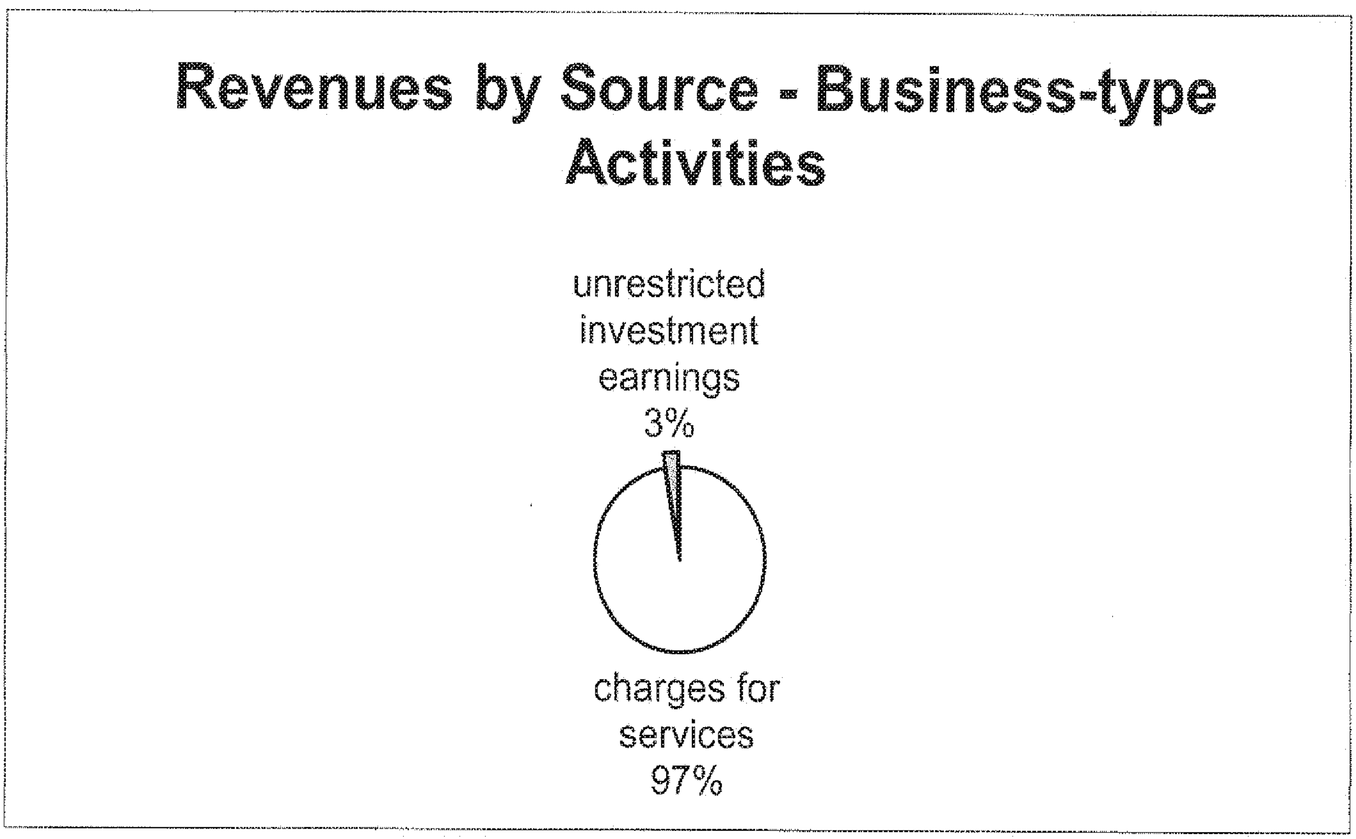
Florence County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	$12,561,420	$13,017,659	$ 3,401,666	$ 2,049,284	$15,963,086	$15,066,943
Operating grants and contributions	11,535,769	11,932,002	-	-	11,535,769	11,932,002
Capital grants and contributions	7,408,402	10,033,845	-	-	7,408,402	10,033,845
General revenues:						
Property taxes	26,449,051	26,503,650	-	-	26,449,051	26,503,650
Other taxes	16,086,521	16,032,678	-	-	16,086,521	16,032,678
Other	722,604	926,799	100,663	196,311	823,267	1,123,110
Total revenues	74,813,767	78,446,633	3,502,329	2,245,595	78,316,096	80,692,228
Expenses:						
General government	31,761,022	24,427,877	-	-	31,761,022	24,457,877
Public safety	20,839,785	22,634,972	-	-	20,839,785	22,634,972
Economic and physical development	1,641,743	1,454,256	-	-	1,641,743	1,454,256
Public works	6,203,449	6,848,306	-	-	6,203,449	6,848,306
Health	5,478,965	5,973,499	-	-	5,478,965	5,973,499
Welfare	456,021	480,658	-	-	456,021	480,658
Culture and recreation	9,572,999	9,124,155	-	-	9,572,999	9,124,155
Education	2,254,901	2,278,950	-	-	2,254,901	2,279,950
Interest on long-term debt	1,706,256	1,827,075	-	-	1,706,256	1,827,075
Utility System	-	-	341,436	400,166	341,436	400,166
Landfill	-	-	4,441,440	5,818,160	4,441,440	5,818,160
E911 System	-	-	416,920	361,865	416,920	361,865
Total expenses	79,915,141	75,050,748	5,199,796	6,580,191	85,114,937	81,630,939
Increase (decrease) in net assets before transfers	(5,101,374)	3,395,885	(1,697,467)	(4,334,596)	(6,798,841)	(938,711)
Transfers	(1,192,119)	(463,734)	1,192,119	463,734	-	-
Increase (decreases) in net assets	(6,293,493)	2,932,151	(505,348)	(3,870,862)	(6,798,841)	(938,711)
Net assets, July 1,	75,526,106	72,593,955	8,674,482	12,545,344	84,200,588	85,139,299
Net assets, June 30,	$69,232,613	$75,526,106	$ 8,169,134	$ 8,674,482	$77,401,747	$84,200,588


Expenses and Program Revenues - Governmental Activities
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
expenses
program revenues
general government
public safety
economic development
public works
health
welfare
culture and recreation
education
interest on long-term debt


Revenues by Source - Governmental Activities
charges for services 17%
operating grants and contributions - 15% (local government fund reduction reduced this % by 1.25%)
capital grants and contributions 10%
property taxes 37%
sales taxes 14%
other taxes 7%


Expenses and Program Revenues - Business-type Activities
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
utility system
landfill
E911 system
expenses
program revenues


Revenues by Source - Business-type Activities
unrestricted investment earnings 3%
charges for services 97%

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of Florence County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Florence County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for cash flow purposes, to maintain financial stability in the economic downturn affecting revenue received from the state government and to fund reimbursement-based grants, as had often been the case in recent years.

As of the end of the fiscal year, Florence County's governmental funds reported combined ending fund balances of $31,488,139, a decrease of $1,568,460 in comparison with the prior year primarily as the result of a planned transfer of $1,231,020 from the General Fund to the Landfill Enterprise Fund. Nearly half of this total amount ($14,764,871) constitutes unreserved, undesignated fund balance. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period ($23,408), 2) to pay debt service ($2,151,381), 3) to pay for various capital improvements or other expenditures in future years ($14,242,786), or 4) for a variety of other restricted purposes ($161,422).

The general fund is the chief operating fund of Florence County. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was $10,910,932, while total fund balance reached $12,007,396. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and net transfers in. Unreserved, undesignated fund balance represents 20 percent of total general fund expenditures and net transfers in, while total fund balance represents 22 percent of that same amount.

The fund balance of Florence County's general fund decreased by $5,296,888 during the current fiscal year, primarily as a result of a planned draw down of fund balance.

The grant special revenue fund has a total fund balance of ($1,216,296), all of which is designated for subsequent years' expenditures. This fund balance decreased by $3,187,597, primarily as a result of the transfer to the museum capital project fund.

The museum capital project fund has a total fund balance of $7,813,328, all of which is designated for subsequent years' expenditures. This fund balance increased by $7,813,328, primarily as a result of the transfer from the grant special revenue fund.

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

Unrestricted net assets of the utility system at the end of the year amounted to $2,916,616, those for the landfill amounted to $811,490, and those for the E911 system amounted to $1,767,632. The total decrease in net assets for the utility fund and the landfill fund was $299,021 and $852,218, respectively. The total increase in net assets for the E911 system was $645,892. Other factors concerning the finances of these three funds have already been addressed in the discussion of Florence County's business-type activities.

General Fund Budgetary Highlights

There were minor changes between the original budget and the final amended budget for the General Fund. Budgeted revenue from sales and other functional revenue generated by the Recreation Department was increased by $65,000 and budgeted general government expenditures were increased by a corresponding amount. Budgeted general government operating transfers in were increased by $2,981,601 to fund economic development incentives for three industries and general government expenditures were increased by a corresponding amount. General government expenditures were also increased by $2,000,000 for various real property purchases. Finally, general government expenditures were increased by $802,457, primarily to fund a capital payment in the amount of $450,000 on behalf of a local hospital special purpose district, to fund five additional Sheriff's deputies for six months at a cost of $107,000, and to fund a long range transportation plan contract in the amount of $151,000. After these changes to the General Fund budget were made, it was expected that fund balance would decrease by a total of up to $4,542,457. However, since less money was spent during the year than was budgeted, primarily as a result of savings from vacant personnel positions and reimbursements being received earlier than planned on library construction grants, fund balance decreased by only $3,937,434.

Capital Asset and Debt Administration

Capital assets. Florence County's investment in capital assets for its governmental and business type activities as of June 30, 2010, amounts to $83,797,570 (net of accumulated depreciation). This investment in capital assets includes land, buildings and additions, improvements other than buildings, autos and trucks, furniture and fixtures, machinery and equipment, and roads and bridges.

Major capital assets events during the current fiscal year included the following:

- Construction was completed on three new branch libraries.
- Various real property purchases were made.

Florence County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$ 9,258,319	$ 8,930,418	$2,308,451	$2,309,195	$11,566,770	$11,239,613
Buildings and additions	42,011,795	39,420,077	1,895	-	42,013,690	39,420,077
Improvements other than buildings	4,623,364	4,555,381	9,133	17,097	4,632,497	4,572,478
Autos and trucks	3,118,877	2,944,944	19,000	33,250	3,137,877	2,978,194
Furniture and fixtures	199,584	46,362	4,830	4,312	204,414	50,674
Machinery and equipment	5,833,169	6,486,356	330,087	158,035	6,163,256	6,644,391
Infrastructure	16,079,066	17,703,115	-	-	16,079,066	17,703,115
Total	$81,124,174	$80,086,653	$2,673,396	$2,521,889	$83,797,570	$82,608,542

Additional information on Florence County's capital assets can be found in Note 2 on pages 54 – 56 of this report.

Long-term debt. At the end of the current fiscal year, Florence County had total bonded debt outstanding of $17,676,639. This entire amount is backed by the full faith and credit of the government. The remainder of Florence County's debt represents revenue bonds, unused vacation pay, and capital leases which are secured by annual appropriations by County Council.

Florence County's Outstanding Debt
General Obligation Bonds and Other Debt

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	$17,676,639	$ 18,986,357	$ -	$ -	$17,676,639	$18,986,357
Revenue bonds	4,780,482	2,800,000	-	-	4,780,482	2,305,664
Capital leases	20,665,000	23,868,030	-	-	20,665,000	23,868,030
Unused vacation pay	1,628,384	1,728,997	891	890	1,629,275	1,728,997
Total	$44,750,505	$ 46,889,048	$ 891	$ 890	$44,751,396	$46,889,938

Florence County's total debt decreased by $2,138,542 (4.6 percent) during the current fiscal year. The key factor in this decrease was the principal payments made on various capital leases during the course of the fiscal year.

Florence County maintains an "A" rating from Standard & Poor's, and an Aa2 rating from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of its total assessed valuation. The current debt limitation for Florence County is $34,506,399, which is significantly in excess of Florence County's general obligation debt as of June 30, 2010, which is $17,676,639.

Additional information on Florence County's long-term debt can be found in note 2 on pages 59 – 70 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Florence County is currently 11.1%, which is a decrease from a rate of 12.1% a year ago.

This factor was considered in preparing Florence County's budget for the 2011 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund decreased to $10,910,932. This fund balance has now reached a threshold of 20 percent of expenditures, limiting any additional planned drawdowns in future budget years. In addition, given the anticipation of future reductions in state revenue and accompanying increases in premium expenditures for the state health insurance plan, it is probable that future reductions in budgeted expenditures will be required to maintain a balanced budget.

Requests for Information

This financial report is designed to provide a general overview of Florence County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, 180 North Irby St. MSC-H, Florence, South Carolina, 29501.

Financial Statements of Component Unit

The financial statements of Florence County's component unit, the Florence City-County Building Commission, can be obtained from its administrative office at 180 North Irby Street, Box VV, Florence, S.C. 29502.

FLORENCE COUNTY

1888

SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS

FLORENCE COUNTY, SOUTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Building Commission
ASSETS				
Cash and investments	$ 33,362,896	$ 5,457,390	$ 38,820,286	$ 132,025
Receivables (net of allowance for uncollectibles)	8,587,948	113,612	8,701,560	120,329
Inventories	164,049	-	164,049	-
Prepaids	144,271	-	144,271	43,116
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	896,140	896,140	-
Note receivable	-	720,739	720,739	-
Capital assets (net of accumulated depreciation):				
Land	9,258,319	2,308,451	11,566,770	521,180
Buildings and additions	42,011,795	1,895	42,013,690	1,020,400
Improvements other than buildings	4,623,364	9,133	4,632,497	40,709
Autos and trucks	3,118,877	19,000	3,137,877	-
Furniture and fixtures	199,584	4,830	204,414	45,090
Machinery and equipment	5,833,169	330,087	6,163,256	-
Infrastructure	16,079,066	-	16,079,066	-
Total assets	123,383,338	9,861,277	133,244,615	1,922,849
LIABILITIES				
Accounts payable and other current liabilities	7,836,420	795,112	8,631,532	28,050
Liabilities payable from restricted assets	-	896,140	896,140	-
OPEB liability payable	1,563,800	-	1,563,800	-
Noncurrent liabilities:				
Due within one year	5,261,994	891	5,262,885	33,800
Due in more than one year	39,488,511	-	39,488,511	123,076
Total liabilities	54,150,725	1,692,143	55,842,868	184,926
NET ASSETS				
Invested in capital assets, net of related debt	40,838,692	2,673,396	43,512,088	1,470,503
Restricted for:				
Debt service	1,525,795	-	1,525,795	-
Unrestricted	26,868,126	5,495,738	32,363,864	267,420
Total net assets	$ 69,232,613	$ 8,169,134	$ 77,401,747	$ 1,737,923

The Notes to Financial Statements are an integral part of this statement.

FLORENCE COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Building Commission
Primary government:								
Governmental activities:								
General government	$ 31,761,022	$ 4,663,219	$ 8,448,466	$ -	$(18,649,337)	$ -	$(18,649,337)	$ -
Public safety	20,839,785	1,181,954	1,431,067	422,285	(17,804,479)	-	(17,804,479)	-
Economic and physical development	1,641,743	-	47,030	5,333,337	3,738,624	-	3,738,624	-
Public works	6,203,449	3,254,620	13,883	86,044	(2,848,902)	-	(2,848,902)	-
Health	5,478,965	2,896,451	236,302	70,283	(2,275,929)	-	(2,275,929)	-
Welfare	456,021	-	-	-	(456,021)	-	(456,021)	-
Culture and recreation	9,572,999	565,176	1,359,021	1,496,453	(6,152,349)	-	(6,152,349)	-
Education	2,254,901	-	-	-	(2,254,901)	-	(2,254,901)	-
Interest on long-term debt	1,706,256	-	-	-	(1,706,256)	-	(1,706,256)	-
Total governmental activities	79,915,141	12,561,420	11,535,769	7,408,402	(48,409,550)	-	(48,409,550)	-
Business-type activities:								
Utility System	341,436	-	-	-	-	(341,436)	(341,436)	-
Landfill	4,441,440	2,322,730	-	-	-	(2,118,710)	(2,118,710)	-
E911 System	416,920	1,078,936	-	-	-	662,016	662,016	-
Total business-type activities	5,199,796	3,401,666	-	-	-	(1,798,130)	(1,798,130)	-
Total primary government	$ 85,114,937	$ 15,963,086	$ 11,535,769	$ 7,408,402	$(48,409,550)	$ (1,798,130)	$(50,207,680)	$ -
Component unit:								
Building Commission	$ 1,600,826	$ -	$ 1,484,959	$ -	$ -	$ -	$ -	$ (115,867)
Total component unit	$ 1,600,826	$ -	$ 1,484,959	$ -	$ -	$ -	$ -	$ (115,867)
General revenues:								
Property taxes					26,499,051	-	26,499,051	-
Sales taxes					10,447,194	-	10,447,194	-
Fees in lieu of tax					2,017,241	-	2,017,241	-
Franchise fees (based on gross receipts)					720,575	-	720,575	-
Accommodations tax					2,901,511	-	2,901,511	-
Unrestricted investment earnings					722,604	100,663	823,267	1,056
Transfers					(1,192,119)	1,192,119	-	-
Total general revenues and transfers					42,116,057	1,292,782	43,408,839	1,056
Change in net assets					(6,293,493)	(505,348)	(6,798,841)	(114,811)
Net assets - beginning					75,526,106	8,674,482	84,200,588	1,852,734
Net assets - ending					$ 69,232,613	$ 8,169,134	$ 77,401,747	$ 1,737,923

The Notes to Financial Statements are an integral part of this statement.

FLORENCE COUNTY, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	Grant Special Revenue Fund	Museum Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS					
Assets:					
Cash and investments	$ 12,779,856	$ -	$ 7,813,328	$ 12,673,423	$ 33,266,607
Receivables:					
Property taxes (net)	252,337	-	-	123,470	375,807
Other governmental units and agencies	4,345,772	683,413	-	954,032	5,983,217
Others (net)	1,731,282	10,297	-	487,345	2,228,924
Inventory	25,603	-	-	138,446	164,049
Prepaids	144,271	-	-	-	144,271
Due from other funds	96,289	-	-	-	96,289
Total assets	**$ 19,375,410**	**$ 693,710**	**$ 7,813,328**	**$ 14,376,716**	**$ 42,259,164**
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,695,390	$ 226,222	$ -	$ 1,173,972	$ 3,095,584
Payroll withholdings and accruals	1,556,320	67,352	-	108,212	1,731,884
Other payables	2,912,663	-	-	-	2,912,663
Due to other funds	-	63,474	-	32,815	96,289
Deferred revenues	1,203,641	1,552,958	-	178,006	2,934,605
Total liabilities	7,368,014	1,910,006	-	1,493,005	10,771,025
Fund balances:					
Reserved for debt service reserve	-	-	-	625,586	625,586
Reserved for encumbrances	23,408	-	-	-	23,408
Reserved for inventory	22,976	-	-	138,446	161,422
Reserved for prepaids	144,271	-	-	-	144,271
Reserved for debt service	-	-	-	1,525,795	1,525,795
Unreserved, reported in:					
General fund	11,816,741	-	-	-	11,816,741
Special revenue funds	-	(1,216,296)	-	5,324,993	4,108,697
Capital project funds	-	-	7,813,328	5,268,891	13,082,219
Total fund balances	12,007,396	(1,216,296)	7,813,328	12,883,711	31,488,139
Total liabilities and fund balances	**$ 19,375,410**	**$ 693,710**	**$ 7,813,328**	**$ 14,376,716**	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	81,124,174
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,934,605
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(46,314,305)
Net assets of governmental activities	**$ 69,232,613**

The Notes to Financial Statements are an integral part of this statement.

FLORENCE COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended June 30, 2010

	General	Grant Special Revenue Fund	Museum Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 29,742,204	$ 238,988	$ -	$ 8,577,022	$ 38,558,214
Licenses and permits	1,832,795	-	-	-	1,832,795
Fines and fees	3,763,725	-	-	5,710,399	9,474,124
Intergovernmental	7,064,611	11,883,204	-	1,572,828	20,520,643
Sales and other functional revenues	5,130,255	-	-	-	5,130,255
Miscellaneous	628,714	5,953,527	71,615	275,912	6,929,768
Total revenues	48,162,304	18,075,719	71,615	16,136,161	82,445,799
Expenditures:					
Current:					
General government	24,577,743	6,912,416	-	1,232,432	32,722,591
Public safety	17,003,166	1,461,248	-	1,733,189	20,197,603
Economic and physical development	-	567,424	-	1,071,489	1,638,913
Public works	1,808,937	-	-	2,827,705	4,636,642
Health	5,329,598	104,743	-	-	5,434,341
Welfare	456,021	-	-	-	456,021
Culture and recreation	5,287,179	3,362,671	-	1,746,601	10,396,451
Education	4,901	-	-	2,250,000	2,254,901
Capital outlay	-	-	58,287	1,653,242	1,711,529
Debt service:					
Principal retirements	-	-	-	4,649,902	4,649,902
Interest	-	-	-	1,703,698	1,703,698
Paying agent fee	-	-	-	2,558	2,558
Total expenditures	54,467,545	12,408,502	58,287	18,870,816	85,805,150
Revenues over (under) expenditures	(6,305,241)	5,667,217	13,328	(2,734,655)	(3,359,351)
Other financing sources (uses):					
Issuance of debt	-	-	-	2,998,300	2,998,300
Transfer in	3,426,099	-	7,800,000	2,748,014	13,974,113
Transfer out	(2,402,456)	(8,854,814)	-	(3,908,962)	(15,166,232)
Total other financing sources (uses)	1,023,643	(8,854,814)	7,800,000	1,837,352	1,806,181
Net change in fund balances	(5,281,598)	(3,187,597)	7,813,328	(897,303)	(1,553,170)
Fund balance - beginning of year	17,304,284	1,971,301	-	13,781,014	33,056,599
Change in reserve for inventory	(15,290)	-	-	-	(15,290)
Fund balance - end of year	**$ 12,007,396**	**$ (1,216,296)**	**$ 7,813,328**	**$ 12,883,711**	**$ 31,488,139**

The Notes to Financial Statements are an integral part of this statement.

FLORENCE COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities (page 26) are different because:

Net change in fund balances - total governmental funds (page 28)		$ (1,553,170)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	7,089,751	
Less: depreciation expense (page 55)	(5,998,473)	1,091,278
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets		
Disposals of capital assets, net of accumulated depreciation (page 54)		(105,098)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred revenues (page 27)	2,934,605	
Less: deferred revenues, June 30, 2009	(10,985,934)	(8,051,329)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the curent financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal retirements	5,037,930	
Net decrease in vacation pay earned not used	100,613	
Less: issuance of debt	(3,000,000)	2,138,543
Increase in capital assets for which no capital outlay funds were expended, primarily represented by the value of new subdivision roads donated to the County		51,341
Decrease in OPEB liability payable		150,232
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		
Change in reserve for inventory (page 28)		(15,290)
Change in net assets of governmental activities (page 26)		$ (6,293,493)

The Notes to Financial Statements are an integral part of this statement.

FLORENCE COUNTY, SOUTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Taxes	$ 31,293,974	$ 31,293,974	$ 29,742,204	$ (1,551,770)
Licenses and permits	1,976,800	1,976,800	1,832,795	(144,005)
Fines and fees	3,867,480	3,867,480	3,763,725	(103,755)
Intergovernmental	7,495,965	7,495,965	7,064,611	(431,354)
Sales and other functional revenues	5,196,833	5,261,833	5,130,255	(131,578)
Miscellaneous	1,248,000	1,248,000	628,714	(619,286)
Total revenues	51,079,052	51,144,052	48,162,304	(2,981,748)
Expenditures:				
General government	19,898,489	25,524,177	24,590,755	933,422
Public safety	17,086,208	17,086,208	17,001,431	84,777
Public works	2,858,686	2,858,686	1,808,937	1,049,749
Health	5,726,877	5,726,877	5,329,598	397,279
Welfare	463,777	463,777	456,021	7,756
Culture and recreation	5,375,033	5,375,033	5,286,989	88,044
Education	4,901	4,901	4,901	-
Total expenditures	51,413,971	57,039,659	54,478,632	2,561,027
Revenues over (under) expenditures	(334,919)	(5,895,607)	(6,316,328)	(420,721)
Other financing sources (uses):				
Transfers in	419,151	3,400,752	3,426,099	25,347
Transfers out	(3,407,056)	(3,407,056)	(2,402,456)	1,004,600
Net change in fund balance	(3,322,824)	(5,901,911)	(5,292,685)	609,226
Fund balance - beginning of year	17,292,787	17,292,787	17,292,787	-
Fund balance - end of year	**$ 13,969,963**	**$ 11,390,876**	**$ 12,000,102**	**$ 609,226**

(Continued)

The Notes to Financial Statements are an integral part of this statement.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

(Continued)

Reconciliation of fund balance:	
GAAP basis	$ 12,007,396
Increase (decrease):	
Due to expenditures:	
Encumbrances	(23,409)
Inventories	(22,976)
Cash - Juror fee accounts	39,091
Budgetary basis	**$ 12,000,102**

The Notes to Financial Statements are an integral part of this statement.

FLORENCE COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business-type Activities - Enterprise Funds			
	Florence County Utility System	Florence County Landfill	County E911 System	Totals
ASSETS				
Current assets:				
Cash and investments	$ 2,232,114	$ 1,533,827	$ 1,691,449	$ 5,457,390
Receivables:				
Due from customers	-	14,455	99,157	113,612
Total current assets	2,232,114	1,548,282	1,790,606	5,571,002
Noncurrent assets:				
Restricted cash and investments	-	896,140	-	896,140
Note receivable	720,739	-	-	720,739
Capital assets:				
Land	-	2,465,853	-	2,465,853
Buildings & additions	-	185,721	-	185,721
Improvements other than buildings	-	567,096	-	567,096
Autos & trucks	-	1,738,972	25,009	1,763,981
Furniture & fixtures	-	1,720	16,357	18,077
Machinery & equipment	-	48,573	1,120,870	1,169,443
Less accumulated depreciation	-	(2,669,441)	(827,334)	(3,496,775)
Total capital assets (net of accumulated depreciation)	-	2,338,494	334,902	2,673,396
Total noncurrent assets	720,739	3,234,634	334,902	4,290,275
Total assets	2,952,853	4,782,916	2,125,508	9,861,277
LIABILITIES				
Liabilities:				
Current liabilities:				
Accounts payable	36,234	736,793	18,006	791,033
Accrued payroll	-	-	4,079	4,079
Total current liabilities	36,234	736,793	22,085	795,112
Noncurrent liabilities:				
Accrued vacation	-	-	891	891
Closure and post-closure costs	-	896,140	-	896,140
Total long-term liabilities	-	896,140	891	897,031
Total liabilities	36,234	1,632,933	22,976	1,692,143
NET ASSETS				
Invested in capital assets	-	2,338,494	334,902	2,673,396
Unrestricted	2,916,619	811,489	1,767,630	5,495,738
Total net assets	$ 2,916,619	$ 3,149,983	$ 2,102,532	$ 8,169,134

The Notes to Financial Statements are an integral part of this statement.

FLORENCE COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds			
	Florence County Utility System	Florence County Landfill	Florence County E911 System	Totals
Operating revenues:				
Charges for services	$ -	$ 2,322,730	$ 1,078,936	$ 3,401,666
Total operating revenues	-	2,322,730	1,078,936	3,401,666
Operating expenses:				
System maintenance	341,436	4,417,610	312,644	5,071,690
Depreciation	-	23,830	104,276	128,106
Total operating expenses	341,436	4,441,440	416,920	5,199,796
Operating income (loss)	(341,436)	(2,118,710)	662,016	(1,798,130)
Non operating revenues (expenses):				
Interest earned on investments	42,418	35,470	22,775	100,663
Total nonoperating revenues (expenses)	42,418	35,470	22,775	100,663
Income (loss) before operating transfers	(299,018)	(2,083,240)	684,791	(1,697,467)
Transfers in	-	1,231,020	-	1,231,020
Transfers out	-	-	(38,901)	(38,901)
Change in net assets	(299,018)	(852,220)	645,890	(505,348)
Net assets - beginning	3,215,637	4,002,203	1,456,642	8,674,482
Net assets - ending	**$ 2,916,619**	**$ 3,149,983**	**$ 2,102,532**	**$ 8,169,134**

The Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds			
	Florence County Utility System	Florence County Landfill	Florence County E911 System	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ -	$ 2,308,273	$ 1,081,055	$ 3,389,328
Payments to suppliers	(375,140)	(4,052,883)	(245,123)	(4,673,146)
Payments to employees	-	-	(65,508)	(65,508)
Net cash provided by (used in) operating activities	(375,140)	(1,744,610)	770,424	(1,349,326)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers in	-	1,231,020	-	1,231,020
Transfers out	-	-	(38,901)	(38,901)
Net cash provided by (used in) non-capital financing activities	-	1,231,020	(38,901)	1,192,119
CASH FLOWS FROM CAPITAL and RELATED FINANCING ACTIVITIES:				
Payment received on note	339,715	-	-	339,715
Purchase of capital assets	-	-	(279,613)	(279,613)
Net cash provided by (used in) financing activities	339,715	-	(279,613)	60,102
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned on operating funds	42,418	35,470	22,775	100,663
Other	-	-	-	-
Net cash provided by investing activities	42,418	35,470	22,775	100,663
Net increase (decrease) in cash and restricted cash	6,993	(478,120)	474,685	3,558
Cash and restricted cash at beginning of period	2,225,121	2,908,087	1,216,764	6,349,972
Cash and restricted cash at end of period	**$ 2,232,114**	**$ 2,429,967**	**$ 1,691,449**	**$ 6,353,530**

(Continued)

The Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds			
	Florence County Utility System (Continued)	Florence County Landfill	Florence County E911 System	Totals
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (341,436)	$ (2,118,710)	$ 662,016	$ (1,798,130)
Adjustments to reconcile operating loss to net cash provided by (used in) operations:				
Depreciation	-	23,830	104,276	128,106
Changes in assets and liabilities:				
(Increase) decrease in receivables	-	(14,455)	2,118	(12,337)
(Increase) decrease in prepaid expenses	-	-	-	-
Increase (decrease) in accounts payable	(33,704)	368,225	1,548	336,069
Increase (decrease) in postclosure costs	-	(3,500)	-	(3,500)
Increase (decrease) in accrued payroll	-	-	466	466
Net cash provided by (used in) operating activities	$ (375,140)	$ (1,744,610)	$ 770,424	$ (1,349,326)

SCHEDULE of NONCASH INVESTING and FINANCING ACTIVITIES:

NONE

The Notes to Financial Statements are an integral part of this statement.

FLORENCE COUNTY, SOUTH CAROLINA

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2010

	Agency Funds
ASSETS	
Cash and investments	$ 12,234,895
Total assets	$ 12,234,895
LIABILITIES	
Due to others	$ 1,815,970
Due to other taxing units	10,418,925
Total liabilities	$ 12,234,895

Reconciliation to combining statements:

Total assets and liabilities per above	$ 12,234,895
Amount due to other funds - eliminated from basic financial statements	486,619
Total assets and liabilities per combining statements (page 102)	$ 12,721,514

The Notes to Financial Statements are an integral part of this statement.

FLORENCE COUNTY

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SOUTH CAROLINA

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

Florence County is a municipal corporation governed by an elected nine member council. As required by generally accepted accounting principles, these financial statements present Florence County (the primary government) and its component unit, a legally separate entity for which the County is financially accountable. The component unit discussed in Note 1.B. is included in the County's reporting entity because of the significance of its operational or financial relationships with the County.

B. Component Unit

In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Blended component units: Florence County has no blended component units.

Discretely presented component units: The component unit column in the combined financial statements includes the financial data of the County's component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Florence City-County Building Commission is responsible for the maintenance and operation of the Florence City-County Complex building. The County provides approximately 72% of the operating revenue for the Commission under an agreement with the City of Florence. The Commission is governed by a seven member board that is appointed by the Governor of the State of South Carolina. Five members are appointed based on the recommendation of County Council and two members on the recommendation of Florence City Council.

Complete financial statements of the individual component unit can be obtained at 180 North Irby Street, Box VV, Florence, S.C. 29502.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The County Council appoints the board members of the Howe Springs Fire District Board, the Sardis-Timmonsville Fire District Board, the Johnsonville Fire District Board, and the Commission on Alcohol and Drug Abuse.

D. Joint Venture

The County is a participant with the City of Florence in a joint venture to operate the Florence City-County Civic Center. The Florence City-County Civic Center Commission was created for that purpose. The Commission is governed by a nine member board composed of four appointees from the County and four from the City with the remaining member appointed by the members of the board. The County and the City are obligated by agreement to contribute $520,000 each annually as its share of the cost of the Civic Center. Included in the agreement is a provision that any additional funding shortfall is to be paid equally by the County and the City. Neither of the participating governments have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2010. Complete financial statements of the Commission can be obtained from its administrative office at 3300 West Radio Drive, Florence, S.C. 29501.

E. Government-wide and Fund Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Government-wide and Fund Financial Statements (Continued)

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

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

F. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In June 1999, Government Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis for state and local governments and in June 2001, GASB issued Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus and Statement No. 38, Certain Financial Statement Note Disclosures. These statements established new requirements for annual financial reports for state and local governments. The County implemented these statements for the year ended June 30, 2003.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund statements. The agency fund financial statements do not have a measurement focus; however, they are reported using the *accrual basis of accounting*. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

The government reports the following major governmental funds:

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

The *Grant Special Revenue Fund* accounts for the activities relative to various federal and state grants received throughout the fiscal year.

The *Museum Capital Project Fund* accounts for the construction of a new museum in Florence County.

The government reports the following major proprietary funds:

The *Utility System Fund* accounts for the balances remaining after the water and sewer system were consolidated into the City of Florence utility system.

The *County Landfill Fund* accounts for the activities of the County landfill and the operation of 15 manned convenience centers throughout the County.

The *E911 System Fund* accounts for the operating of the County's emergency 911 system.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government also reports the receipt and disbursement of property taxes and other revenues for school districts, municipalities, fire districts, and other special purpose districts in its fiduciary funds.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Utility System Fund, the County Landfill Fund, and the E911 System Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Budgetary Data

Budget

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

1. Prior to May 1, the County Administrator and Finance Director submit to the County Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted by the County to obtain taxpayer comments.

3. Prior to June 30, the budget is legally enacted through passage of an ordinance.

4. The County Administrator is authorized to transfer budgeted amounts within departments or between departments. Revisions that alter total expenditures of a fund must be approved by the County Council.

5. Formal budgetary integration is employed as a management control device during the year for all funds of the County; however, legal budgets are adopted only for the General Fund and the following ten Special Revenue Funds: Capital Improvements Special Revenue Fund, Law Library Special Revenue Fund, Economic Development Partnership Special Revenue Fund, Victim/Witness Assistance Special Revenue Fund, Local Accommodations Fee Special Revenue Fund, Hospitality Tax Special Revenue Fund, Sheriff Camps Special Revenue Fund, Sheriff Sex Offender Special Revenue Fund, Seized Auction Special Revenue Fund, and Road System Maintenance Fee Special Revenue Fund. For each fund for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of generally accepted accounting principles.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Budgetary Data (Continued)

The County provides that the whole or any part of any appropriation provided for grants, and S.C. Accommodations tax budgeted amounts for outlays of any activity remaining unexpended or unencumbered at the close of the fiscal year shall remain in full force and effect and shall be held available for the following year, except any such appropriations as the County Council by ordinance may abandon. All other appropriations, which are not encumbered, lapse at the end of each fiscal year.

6. The budget for the General Fund is adopted on a basis that differs from generally accepted accounting principles (GAAP) in that expenditures are budgeted on a basis that includes encumbrances. Budgetary control over expenditures is exercised by County Council on a departmental basis to establish more administrative control than state law requires. Legal level of budgetary control is at the fund level. The actual results of operations are presented in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - in accordance with the budget basis to provide a meaningful comparison between actual results and budget. Adjustments necessary to convert the results of operations and fund balances at the end of year on the GAAP basis to the budget basis for the General Fund are as follows:

	Net Change in Fund Balance General Fund	Fund Balance at end of year General Fund
GAAP basis	($5,281,598)	$12,007,396
Increase (decrease):		
Due to expenditures:		
Encumbrances	(23,219)	(23,409)
Inventories	-	(22,976)
Cash - Juror fee accounts	12,132	39,091
Budgetary basis	($5,292,685)	$12,000,102

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County does not have budgets for the fiscal year ended June 30, 2009, for the South Carolina Accommodations Tax Special Revenue Fund, the Treasurer Delinquent Tax Special Revenue Fund, the Grant Special Revenue Fund, the Jail Debt Service/Operations and Maintenance (O&M) Special Revenue Fund, the Emergency Management Special Revenue Fund, the County Library Special Revenue Fund, the Florence-Darlington Technical Education Center and Library Special Revenue Fund, the Howe Springs Fire District Special Revenue Fund, the Sardis-Timmonsville Fire District Special Revenue Fund, the Johnsonville Fire District Special Revenue Fund, and the Senior Citizens Center Special Revenue Fund. Individual fund statements of revenues, expenditures, and changes in fund balance -- budget (budgetary basis) and actual present financial information for only the following special revenue funds which have legally adopted annual budgets: Capital Improvements Special Revenue Fund, Law Library Special Revenue Fund, Economic Development Partnership Special Revenue Fund, Victim/Witness Assistance Special Revenue Fund, Local Accommodations Fee Special Revenue Fund, Hospitality Tax Special Revenue Fund, Sheriff Camps Special Revenue Fund, Sheriff Sex Offender Special Revenue Fund, Seized Auction Special Revenue Fund, and Road System Maintenance Fee Special Revenue Fund.

Encumbrances

The County maintains encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year end represent the estimated amounts of the expenditures ultimately to be incurred if unperformed contracts in process at year end are completed. Encumbrances outstanding at year end do not constitute expenditures or liabilities.

At June 30, 2010, $23,408 of open purchase orders and contracts were outstanding. These amounts are reported as "Reserved for encumbrances" in the fund balance section of the balance sheet. Encumbrances do not lapse at year end.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Assets, Liabilities and Fund Equity

Deposits and investments

As of June 30, 2010, the County had the following investments and maturities:

Investment	Maturities	Fair Value
Certificates of Deposit	10/15/10 – 04/16/11	$ 11,540,295
Total investments		$ 11,540,295

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 – Statutes authorized the County to invest in obligations of the State of South Carolina and any of its political units, United States Government obligations fully insured or guaranteed by the United States Government, repurchase agreements and certificates of deposit which are secured by direct obligations of the State of South Carolina or the United States Government, and savings and loan associations to the extent that the same are insured by an agency of the Federal government. The County has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The County places no limit on the amount that the County may invest in any one issuer. More than 5% of the County's total investments are in certificates of deposit (100.0%).

As of June 30, 2010, the County had the following balances in cash and investments:

Cash, including restricted cash and investments	$28,176,131
Investments	11,540,295
Total cash and investments	$39,716,426

NOTE 1. SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes Receivable

Ad valorem taxes receivable are accrued as revenue for collections 60 days subsequent to year end; the balance is not accrued because it is not considered to be both "measurable and available". The amount of the receivable is reduced by an allowance for doubtful accounts and is based on historical collection experience (Note 2). An amount equal to the net receivable less the 60 days subsequent collections is shown as deferred revenue on the liability side of the balance sheet. The following dates are applicable to property taxes:

Lien date	December 31
Levy date	July 1
Due date	January 15
Collection date	March 15

According to South Carolina law, ad valorem taxes levied on July 1, the beginning of the fiscal year, are due January 15. Penalties accrue at that time. On March 15 delinquent costs also begin to accrue. On June 30, they are materially past due and, consequently, cannot be considered as a resource which can be used to finance the government operations for this year although the amount due is measurable.

For collection purposes, ad valorem taxes receivable are written off at the end of ten years in accordance with South Carolina law.

For reporting purposes this receivable also includes costs and fees relating to property taxes.

Sales Tax Receivable

In November 1993, the Florence County voters approved a referendum to impose a one percent local option sales tax. This tax was imposed beginning May 1, 1994. All of the revenue collected from this tax is being used as a credit against ad valorem taxes and vehicle taxes. This credit first appeared on ad valorem tax notices mailed November 1994 and on vehicle tax notices beginning with those notices for January 1995.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

According to GASB Statement 22, "Sales taxes collected by merchants but not yet required to be remitted to the taxing authority at the end of the fiscal year and taxes collected and held by one government agency for another at year-end should be accrued..." Therefore, May and June taxes which were received by the County within 60 days after fiscal year-end are shown as sales tax receivable on the asset side of the balance sheet.

Included in other payables at June 30, 2010, are local option sales tax collections in excess of local option sales tax credits applied on property tax notices as follows:

Special Revenue Fund	$ 773,760
	$ 773,760

Allowance for Doubtful Accounts

An allowance for doubtful accounts is maintained for property taxes, Emergency Medical Services (EMS), Vehicle Registration Fee, Florence County Utility System, and Landfill receivables which historically experience uncollectible accounts. All other receivables are generally collectible and any doubtful accounts are considered immaterial.

Inventory

Inventories are maintained for major items used by the governmental funds and enterprise funds. Inventories of the governmental funds are valued at cost. The purchase method is used to account for most inventories of the governmental funds. The purchase method is not used for the drug and supply inventory of the EMS system since this inventory is held for use for EMS patients and is not expended until used. The purchase method is not used for the fuel truck inventory as well and is not expended until used. The amount of these inventories at June 30, 2010, is $2,627. Therefore, the total Florence County General Fund inventory balance at June 30, 2010, of $25,603 is not equally offset by the Florence County General Fund fund balance reserved for inventory of $22,976. Under the purchase method, disbursements for inventory-type items in the General Fund are considered to be expenditures at the time of purchase. Supplies transferred to and consumed by the individual departments are considered a reduction of the inventory expenditure account and an expenditure of the department.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reported inventories accounted for using the purchase method in the governmental funds are equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

Restricted Assets - Cash and Investments

The balance shown in restricted assets - cash and investments at June 30, 2010, is the balance required for closure and post-closure costs of the Florence County Landfill.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two 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 projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20
Roads	20
Bridges	40
Machinery & equipment	10
Vehicles	5
Furniture & fixtures	10
Computer equipment	5

Long-Term Obligations

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

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

Deferred Revenues

As discussed in the Summary of Significant Accounting Policies, ad valorem taxes receivable are not accrued as revenue because they are not considered to be both "measurable and available". NCGA Statement 3 states that property taxes that are measurable but not available should be initially recorded as deferred revenues. In addition, property taxes collected in advance of the fiscal year to which they apply should also be recorded as deferred revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The balance in deferred revenues at June 30, 2010, is composed of the following elements:

	Receivables From Other Governments	Prepaid Vehicle Taxes & Fees	Unearned Grant Revenue	Other
General fund	$ 188,622	$1,007,684	$ -	$ 7,334
Special revenue	-	172,927	1,552,958	-
Debt service	-	5,079	-	-
Total	$ 188,622	$1,185,690	$1,552,958	$ 7,334

Fund Equity

The amounts shown in the fund equity section of the balance sheet reflect fund balance as defined by "generally accepted accounting principles" in NCGA Statement 1. Portions of fund balance have also been reserved for inventories, encumbrances and debt service.

Equity includes the following:

1. Net assets - represents the cumulative net earnings of the enterprise funds.

2. Fund balance - represents the fund balances as defined by "generally accepted accounting principles" in governmental accounting and financial reporting standards.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designated Fund Balances

Management has made designations of portions of unreserved fund balances for capital improvements or other subsequent year expenditures. These balances as of June 30, 2010, were as follows:

General Fund	$ 960,610
Capital Improvements Special Revenue Fund	1,101,466
Treasurer Delinquent Tax Special Revenue Fund	170,516
County General Capital Project Fund	746,405
Windy Hill/Olanta Fire District Capital Project Fund	1,520
2008 County Capital Project Fund	2,408,284
Radio System Upgrade Capital Project Fund	206,653
Hannah/Salem/Friendfield Fire District Capital Project Fund	237
Johnsonville Fire District Capital Project Fund	7,860
Museum Capital Project Fund	7,813,328
Howe Springs Fire District Capital Project Fund	10,885
2006 County Capital Project Fund	1,887,047

Deficit Fund Balances

The Grants Special Revenue Fund, the Victim/Witness Assistance Special Revenue Fund, and the Johnsonville Fire District Special Revenue Fund had a deficit fund balance of $1,216,296, $32,592, and $18,562, respectively, as of June 30, 2010. These deficits will be funded through future operations.

I. Revenues, Expenditures, and Expenses

Vacation and Sick Pay

The County's vacation policy provides for the accumulation of up to twenty-five days earned vacation as of the end of the calendar year with such leave being fully vested when earned. Depending on years of service, ten days (for service years 1-10), fifteen days (for service years 11-20) or twenty days (for service over twenty years) may accrue for the current year. Accumulated earned vacation at June 30, 2010, amounted to $1,628,384 in total, all of which relates to the governmental funds. The liability of the governmental funds is recorded as a long-term obligation in the government-wide financial statements. The current portion is not considered to be material.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County's sick leave policy provides for accumulation of ninety days earned sick leave. Depending on years of service, additional days are allowed to accrue for the current year but must be used within that year or be lost. Sick leave does not vest; any unused sick leave at retirement is lost and is not used in determination of length of service for retirement purposes. Since the County has no obligation for accumulated sick leave until actually taken, no accrual has been made.

Excess of Expenditures over Appropriations in Individual Funds

The following table shows the excess of expenditures over appropriations in individual funds for the year ended June 30, 2010.

	Appropriations	Expenditures	Excess
Economic Development Partnership Special Revenue Fund	455,400	954,135	(498,735)

For the Economic Development Partnership Special Revenue Fund, excess expenditures were the result of two factors. First, the appropriations for this fund were based on historical appropriations that did not reflect the revenues of these funds. Second, as a result of the appropriations being based on historical appropriations for the past few fiscal years, a fund balance had accumulated in this fund. Therefore, the excess of expenditures occurred to reduce the fund balance of this fund to a more appropriate level.

NOTE 2. DETAIL NOTES ON ALL FUNDS

A. Assets

Receivables - Allowance for Doubtful Accounts
The amount shown on page 27 for property taxes receivable is net of an allowance for doubtful accounts of $1,127,660 for property taxes not related to vehicles. The breakdown of this allowance is as follows:

General Fund	$ 845,229
Special Revenue Funds	149,488
Debt Service Funds	132,943
	$1,127,660

Included in the amount shown as property taxes receivable are vehicle taxes receivable net of an allowance for doubtful accounts of $462,364. The breakdown of this allowance is as follows:

General Fund	$ 312,842
Special Revenue Funds	100,607
Debt Service Funds	48,915
	$ 462,364

Certain receivables included in other receivables are net of an allowance for doubtful accounts as follows:

	General Fund Vehicle Registration Fee	General Fund EMS	Enterprise
Gross receivables	$852,081	$6,186,664	$1,230,867
Less: allowance for doubtful accounts	852,081	5,959,551	1,117,255
	$ -	$ 227,113	$ 113,612

Due from Other Governments and Agencies
General Fund amounts due from other governments include the following:

State - taxes and licenses	$4,222,577
State - other	113,950
Local municipality	9,245
	$4,345,772

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

Capital Assets

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

Primary Government

Description	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 8,930,418	$ 327,901	$ -	$ 9,258,319
Total capital assets, not being depreciated	8,930,418	327,901	-	9,258,319
Capital assets being depreciated:				
Buildings & additions	52,753,995	3,891,575	(709,238)	55,936,332
Improvements other than buildings	6,398,741	428,886	(35,616)	6,792,011
Autos & trucks	9,858,159	1,335,938	(799,720)	10,394,377
Furniture & fixtures	245,015	183,084	-	428,099
Machinery & equipment	22,078,972	922,518	(14,097)	22,987,393
Infrastructure	52,626,713	51,190	-	52,677,903
Total capital assets being depreciated	143,961,595	6,813,191	(1,558,671)	149,216,115
Less accumulated depreciation for:				
Buildings & additions	(13,333,918)	(1,263,399)	672,780	(13,924,537)
Improvements other than buildings	(1,843,360)	(341,314)	16,027	(2,168,647)
Autos & trucks	(6,913,215)	(1,127,051)	764,766	(7,275,500)
Furniture & fixtures	(198,653)	(29,862)	-	(228,515)
Machinery & equipment	(15,592,616)	(1,561,608)	-	(17,154,224)
Infrastructure	(34,923,598)	(1,675,239)	-	(36,598,837)
Total accumulated depreciation	(72,805,360)	(5,998,473)	1,453,573	(77,350,260)
Total capital assets being depreciated, net	71,156,235	814,718	(105,098)	71,865,855
Governmental activities capital assets, net	$ 80,086,653	$1,142,619	($ 105,098)	$ 81,124,174

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

Business-type activities:

Capital assets being depreciated:				
Land	$2,465,853	$ -	$ -	$2,465,853
Buildings & additions	185,721	-	-	185,721
Improvements other than buildings	567,096	-	-	567,096
Autos & trucks	1,763,981	-	-	1,763,981
Furniture & fixtures	15,721	2,356	-	18,077
Machinery & equipment	892,186	277,257	-	1,169,443
Total capital assets being depreciated	5,890,558	279,613	-	6,170,171
Less accumulated depreciation for:				
Land	(156,658)	(744)	-	(157,402)
Buildings & additions	(185,721)	-	-	(185,721)
Improvements other than buildings	(549,999)	(8,807)	-	(558,806)
Autos & trucks	(1,730,731)	(14,250)	-	(1,744,981)
Furniture & fixtures	(11,409)	(1,838)	-	(13,247)
Machinery & equipment	(734,151)	(102,467)	-	(836,618)
Total accumulated depreciation	(3,368,669)	(128,106)	-	(3,496,775)
Total capital assets being depreciated, net	2,521,889	151,507	-	2,673,396
Business-type activities capital assets, net	$2,521,889	$151,507	$ -	$2,673,396

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

Governmental activities:	
General government	$ 699,017
Public safety	1,964,555
Economic development	2,830
Public works, including depreciation of infrastructure assets	2,088,238
Health	456,805
Culture & recreation	787,028
Total depreciation expense – governmental activities	$5,998,473
Business-type activities:	
Landfill	$23,830
E911	104,276
Total depreciation expense – business type activities	$128,106

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

The Civic Center is operated as a joint venture between the City of Florence and Florence County. Accordingly, the capital assets of the Civic Center are not included in the capital assets of the County.

The portion of the land in the landfill fund that was used for landfill purposes is being depreciated over a period of twenty-five (25) years since the future use of the land has been impaired due to its previous use as a municipal solid waste landfill. The remaining land in the landfill fund is vacant and has not been used for landfill purposes and therefore is not being depreciated.

B. Liabilities

Pension Plans

The County is a member of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers' Retirement System (SCPORS). Both systems are cost-sharing multiple-employer public employee retirement systems (PERS) and are administered by the South Carolina Retirement Systems. Benefit provisions, contribution rates and amendment authority are established under the authority of Title 9 of the South Carolina Code of Laws.

Generally, all employees are required to participate and contribute to the SCRS as a condition of employment. The normal cost is funded by contributions from the members at a rate of 6.5% of wages earned for the year. The employer's contribution rate is 9.39%. Employees who retire at or after age 65 or with 28 years of credited service are entitled to full retirement benefits, payable for life, with an annual rate equal to 1.82% of average final compensation, for each year of credited service. Vested employees are entitled to deferred annuity commencing at age 60.

Generally, all full-time employees whose principal duties are the preservation of public order, protection or prevention and control of property destruction by fire are eligible to participate in the SCPORS. The basic pension program is funded by contributions from the members at a 6.5% rate. The employer's contribution rate is 11.05%. There are no early retirement provisions under SCPORS. A member must have 25 years service for full retirement or must be age 55 with 5 years service, both criteria provide for full formula benefit, payable for life with an annual rate equal to 2.14% of average final compensation, for each year of credited service.

NOTE 2. DETAIL NOTES on ALL FUNDS (Continued)

The County's contributions to the SCRS for the years ended June 30, 2010, 2009, and 2008 were $1,723,477, $1,670,271, and $1,578,817, respectively, equal to the required contributions for each year. The County's contributions to the SCPORS for the years ended June 30, 2010, 2009, and 2008 were $922,908, $926,422, and $863,067, respectively, equal to the required contributions for each year. Contributions by employees during the year were $1,189,499 to the SCRS and $542,887 to the SCPORS. The County's covered payroll for the SCRS and SCPORS was $18,299,992 and $8,352,106, respectively. Total current year payroll for all employees was $27,520,475.

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

Other Post Employment Benefits

Plan Description

The County provides post-retirement health insurance benefits for qualifying retirees as required by County Ordinance #15-87/88. Qualifying retirees are those who retired after September 1, 1987, with at least 15 years of continuous employment service with the County. The County will contribute the cost of insurance coverage as carried by the County for regular full-time employees according to the following scale which is based on years of service.

Years of service	% of coverage paid for by the County
35 years	100%
30 years	90%
25 years	80%
20 years	70%
15 years	60%

Funding Policy

At June 30, 2010, there were 85 retirees receiving benefits under this ordinance. The County finances these benefits on a pay-as-you-go basis and the expenditures for these benefits for the year ended June 30, 2010, were $264,158.

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

The County's annual cost (expense) for other post employment benefits is calculated based on the annual required contribution (ARC) of the employer, which is actuarially determined based upon the requirements and parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits other Than Pensions*. The ARC represents the amount of funding required that, if paid on an annual basis, is projected to cover the normal cost for each year plus the amount necessary to amortize any unfunded liability over a period not to exceed 30 years.

For the current year, the County's year of implementation of GASB Statement 45, the annual OPEB expense of $1,563,800 is equal to the ARC. The ARC for the year ended June 30, 2010 is computed as follows:

Normal cost for current year	$ 863,769
Amortization of the unamortized accrued liability	700,031
Total Annual Required Contribution	$1,563,800

Calculations of benefits for financial reporting purposes are based on the substantive plan understood by the employer and the plan members. The calculations include the types of benefits provided at the time of each valuation and the historical costs, shared by the employer and the plan members. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about future events and costs. The Projected Unit Credit, Level Percent Funding actuarial cost method was used to calculate the ARC for this valuation. The current rate used to compute the ARC is based on a level percent funding and assumed a 4.50 percent rate of return on investments for the current year.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

The County's management has elected not to reduce the total ARC amount by current year contributions as it is expected that the ARC may increase due to current economic conditions. Accordingly, the net OPEB obligation recorded at June 30, 2010 is $1,563,800.

The funded status of the plan as of June 30, 2010, was as follows:

Actuarial accrued liability (AAL)	$16,301,502
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$16,301,502
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	$27,520,475
UAAL as a percentage of covered payroll	59.23%

The Entry Age Normal Actuarial Cost Method was used in the July 1, 2009 valuation. The actuarial assumptions included 4.50% investment rate of return. For all retirees the healthcare cost trends 2010 to 2012 were a rate of 7.5%. The trends rate will decrease in 0.5% steps until it reaches 5.0% and then will remain level. General inflation is assumed to be 3.0% per year. The Plan's unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll on an open basis. The remaining amortization period at June 30, 2010 was twenty-eight years.

Long-Term Debt

The general obligation bonds shown as long-term obligations in the government-wide financial statements are collateralized by the full faith, credit and taxing power of the County. They bear interest payable semiannually, at rates varying from 3.00% to 5.50%. Principal and interest retirements are to be made from the applicable Debt Service Funds.

On June 21, 2000, the County issued $500,000 of Series 2000A Florence County General Obligation Bonds (Johnsonville Fire District). These bonds bear interest at 5.30%. The first interest payment of $18,403 was due March 1, 2001 and semi-annually thereafter. The first principal payment was due March 1, 2002 and annually thereafter, with the final payment for both principal and interest due March 1, 2015.

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

On October 11, 2001, the County issued $430,000 of Series 2001 Florence County General Obligation Bonds (Hannah-Salem-Friendfield Fire District). These bonds bear interest at 4.10%. The first principal and interest payment of $32,630 was due October 11, 2002, and annually thereafter with the final payment for both principal and interest due October 11, 2011.

On July 17, 2002, the County issued $10,000,000 of Series 2002 Florence County General Obligation Bonds. These bonds bear interest at rates ranging from 3.00% to 4.75%. The first interest payment of $243,883 was due March 1, 2003, and semiannually thereafter. The first principal payment was due March 1, 2003, and annually thereafter, with the final payment for both principal and interest due March 1, 2023. The proceeds of the bonds were used for funding a portion of the costs of the construction of a new main library building.

On October 15, 2003, the County issued $210,000 of Florence County General Obligation Bonds, Series 2003 (Hannah-Salem-Friendfield Fire District). These bonds bear interest at a rate of 4.71%. Interest payments and principal payments were due annually beginning on October 15, 2004, with the first payment being in the amount of $17,891. The final payment is due October 15, 2013. The proceeds of these bonds are being used to fund the construction of a new fire substation.

On February 5, 2004, the County issued $950,000 of Florence County General Obligation Bonds, Series 2004 (Howe Springs Fire District). These bonds bear interest at a rate of 4.20%. Interest payments and principal payments were due annually beginning on February 5, 2005, with the first payment being in the amount of $118,295. The final payment is due February 5, 2014. The proceeds of these bonds are being used to fund the purchase of new fire trucks and equipment.

On February 9, 2005, the County issued $1,123,000 of Series 2005 Florence County General Obligation Refunding Bonds. These bonds bear interest at a rate of 3.13%. Interest payments and principal payments are due annually beginning on February 9, 2006, with the first payment being in the amount of $246,123. The final payment was paid February 9, 2010. The proceeds of the bonds were used to refund the entire amount outstanding of the Series 2000B Florence County General Obligation Bonds (Economic Development).

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

On March 16, 2005, the County issued $4,200,000 of Series 2005 Florence County Advance Refunding General Obligation Bonds. These bonds bear interest at rates ranging from 3.00% to 4.00%. The first interest payment of $243,883 was due October 1, 2005, and semiannually thereafter. The first principal payment was due April 1, 2006, and annually thereafter, with the final payment for both principal and interest due April 1, 2020. The proceeds of the bonds were used to refund $3,935,000 of the Series 2000 Florence County General Obligation Bonds. The aggregate debt service of the Refunding Bonds is $5,743,595. The aggregate debt service of the refunded bonds is $5,811,640, for an aggregate difference of $68,045. The economic gain from this refunding transaction was $252,317.

On December 19, 2006, the County issued $7,600,000 of Florence County General Obligation Bonds, Series 2006. These bonds bear interest at rates ranging from 3.50% to 3.85%. The first interest payment of $189,990 is due August 1, 2007, and semiannually thereafter. The first principal payment is due February 1, 2008, and annually thereafter, with the final payment for both principal and interest due February 1, 2019. The proceeds of these bonds are being used to fund various capital projects.

On August 29, 2008, the County issued $600,000 of Florence County General Obligation Bonds, Series 2008 (Windy Hill/Olanta Rural Volunteer Fire District). These bonds bear interest at a rate of 4.65%. Interest payments and principal payments were due annually beginning on April 1, 2009, with the first payment being in the amount of $55,415. The final payment is due April 1, 2023. The proceeds of these bonds are being used to fund the construction of a new fire station.

On April 1, 2009 the County issued $1,500,000 of Florence County General Obligation Bonds, Series 2009 (Howe Springs Fire District). These bonds bear interest at a rate of 3.235%. Interest payments and principal payments were due annually beginning on April 1, 2010, with the first payment being in the amount of $177,961. The final payment is due April 1, 2019. The proceeds of these bonds are being used to fund fire-fighting equipment, vehicles, and related equipment for use within the District.

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

General obligation bonds payable at June 30, 2010, are comprised of the following individual issues:

	Interest Rates	Maturity Date	Final Amount Outstanding	Current Maturity of Principal Installments
Johnsonville Fire District Bonds:				
$500,000, series 2000	5.30%	2011	$ 40,000	$ 40,000
	5.30%	2012	45,000	
	5.30%	2013	50,000	
	5.30%	2014	50,000	
	5.30%	2015	55,000	
			240,000	40,000
Hannah-Salem-Friendfield Fire District Bonds:				
$430,000, series 2001	4.10%	2011	$ 60,000	$ 60,000
	4.10%	2012	63,000	
			123,000	60,000
Florence County General Bonds:				
$10,000,000, series 2002	4.00%	2011	$ 225,000	$ 225,000
	4.00%	2012	235,000	
	4.10%	2013	250,000	
	4.20%	2014	260,000	
	4.30%	2015	275,000	
	4.40%	2016	285,000	
	4.45%	2017	300,000	
	4.55%	2018	315,000	
	4.65%	2019	330,000	
	4.70%	2020	350,000	
	4.75%	2021	370,000	
	4.75%	2022	385,000	
	4.75%	2023	410,000	
			3,990,000	225,000

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

	Interest Rates	Maturity Date	Final Amount Outstanding	Current Maturity of Principal Installments
Hannah-Salem-Friendfield Fire District Bonds:				
$210,000, series 2003	4.71%	2011	$ 14,000	$ 14,000
	4.71%	2012	15,000	
	4.71%	2013	55,000	
	4.71%	2014	60,000	
			144,000	14,000
Howe Springs Fire District Bonds:				
$950,000, series 2004	4.20%	2011	$ 100,345	$ 100,345
	4.20%	2012	104,560	
	4.20%	2013	108,951	
	4.20%	2014	113,528	
			427,384	100,345
Florence County Advance Refunding Bonds:				
$4,200,000, series 2005	3.50%	2011	$ 295,000	$ 295,000
	3.50%	2012	305,000	
	3.63%	2013	320,000	
	3.63%	2014	335,000	
	3.63%	2015	345,000	
	3.63%	2016	360,000	
	3.75%	2017	375,000	
	3.80%	2018	390,000	
	3.90%	2019	400,000	
	4.00%	2020	420,000	
			3,545,000	295,000

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

	Interest Rates	Maturity Date	Final Amount Outstanding	Current Maturity of Principal Installments
Florence County General Bonds				
$7,600,000, series 2006	3.50%	2011	$ 205,000	$ 205,000
	3.75%	2012	515,000	
	3.75%	2013	535,000	
	3.75%	2014	760,000	
	3.75%	2015	790,000	
	3.75%	2016	1,020,000	
	3.75%	2017	1,060,000	
	3.75%	2018	1,185,000	
	3.85%	2019	1,235,000	
			7,305,000	205,000
Windy Hill/Olanta Fire District Bonds				
$600,000, series 2008	4.65%	2011	$ 30,692	$ 30,692
	4.65%	2012	32,119	
	4.65%	2013	33,612	
	4.65%	2014	35,175	
	4.65%	2015	36,811	
	4.65%	2016	38,523	
	4.65%	2017	40,314	
	4.65%	2018	42,188	
	4.65%	2019	44,150	
	4.65%	2020	46,203	
	4.65%	2021	48,352	
	4.65%	2022	50,600	
	4.65%	2023	52,952	
			531,691	30,692

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

	Interest Rates	Maturity Date	Final Amount Outstanding	Current Maturity of Principal Installments
Howe Springs Fire District Bonds $1,500,000, series 2009	3.235%	2011	$ 133,623	$ 133,623
	3.235%	2012	137,946	
	3.235%	2013	142,409	
	3.235%	2014	147,016	
	3.235%	2015	151,772	
	3.235%	2016	156,681	
	3.235%	2017	161,750	
	3.235%	2018	166,983	
	3.235%	2019	172,384	
			1,370,564	133,623
Total general obligation bonds			$17,676,639	$1,103,660

Amount of long-term liability due within one year, by class:

General obligation bonds	$ 1,103,660
Special source revenue bond	921,511
Capital leases	2,280,000
Vacation pay (estimated)	956,823
Total	$ 5,261,994

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

Changes in long-term debt during 2010 are summarized as follows:

	Long-Term Debt July 1, 2009	Additions	Retirements	Long-Term Debt June 30, 2010
By type of debt:				
General obligation bonds	$18,986,357	$ -	$1,309,718	$ 17,676,639
Revenue bonds	2,305,664	3,000,000	525,182	4,780,482
Capital leases	23,868,030	-	3,203,030	20,665,000
Vacation pay	1,728,997	956,823	1,057,436	1,628,384
Total	$46,889,048	$3,956,823	$6,095,366	$44,750,505
By purpose:				
General government:				
County general capital projects	$ 16,147,700	$ -	$ 948,050	$15,199,650
County vehicles	610,386	-	610,386	-
Energy management	387,644	-	387,644	-
Public safety:				
Fire protection	3,202,704	-	366,065	2,836,639
County jail and radio system	11,920,800	-	1,146,600	10,774,200
Economic and physical development:				
Economic development	2,544,317	3,000,000	763,835	4,780,482
Culture & recreation:				
County library	4,210,000	-	220,000	3,990,000
Civic Center	6,136,500		595,350	5,541,150
Vacation pay	1,728,997	956,823	1,057,436	1,628,384
Total	$46,889,048	$3,956,823	$6,095,366	$44,750,505

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

Annual principal and interest requirements of general obligation bonds are summarized as follows:

Year Ending June 30,	Johnsonville Fire District Bonds		Hannah/Salem/ Friendfield Fire District Bonds		Howe Springs Fire District Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	$ 40,000	$12,720	$ 74,000	$11,825	$ 233,968	$ 62,288
2012	45,000	10,600	78,000	8,706	242,506	53,751
2013	50,000	8,215	55,000	5,417	251,360	44,896
2014-2018	105,000	8,480	60,000	2,826	897,729	110,373
2019-2023	-	-	-	-	172,384	5,577
	$240,000	$40,015	$267,000	$28,774	$1,797,947	$276,885

Year Ending June 30,	Florence County General Bonds		Windy Hill/ Olanta Fire District Bonds	
	Principal	Interest	Principal	Interest
2011	$ 430,000	$ 453,410	$ 30,692	$ 24,724
2012	750,000	437,235	32,119	23,296
2013	785,000	408,523	33,612	21,803
2014-2018	6,250,000	1,454,340	193,011	84,065
2019-2023	3,080,000	319,043	242,258	34,818
	$11,295,000	$3,072,551	$531,692	$188,706

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

Year Ending June 30,	Florence County Advance Refunding Bonds		Totals	
	Principal	Interest	Principal	Interest
2011	$ 295,000	$ 131,583	$ 1,103,660	$ 696,550
2012	305,000	121,258	1,452,625	654,846
2013	320,000	110,583	1,494,972	599,437
2014-2018	1,805,000	368,656	9,310,740	2,028,740
2019-2023	820,000	49,200	4,314,642	408,638
	$3,545,000	$ 781,280	$17,676,639	$4,388,211

	General Principal	General Interest	Totals
Reconciliation:			
Current portion	$ 1,103,660	$ 696,550	$ 1,800,210
Subsequent years	16,572,979	3,691,661	20,264,640
Total	$17,676,639	$4,388,211	$22,064,850

On March 15, 2007, the County issued $2,800,000 of Florence County Special Source Revenue Bonds, Series 2007. These bonds bear interest at a rate of 6.24%. The first interest payment of $174,720 is due March 15, 2008, and annually thereafter. The first principal payment is due March 15, 2009, and annually thereafter, with the final payment for both principal and interest due March 15, 2013. The proceeds of these bonds are being used to fund incentives for two industries in the County.

On April 30, 2010, the County issued $3,000,000 of Florence County Special Source Revenue Bonds, Series 2010. These bonds bear interest at a rate of 5.44%. The first interest payment of $163,200 is due April 30, 2011, and annually thereafter. The first principal payment is due April 30, 2011, and annually thereafter, with the final payment for both principal and interest due April 30, 2017. The proceeds of these bonds are being used to fund incentives for three industries in the County.

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

Annual principal and interest requirements of special source revenue bonds are summarized as follows:

Year ending June 30	Principal	Interest	Total
2011	$ 921,511	$274,302	$1,195,813
2012	976,104	219,709	1,195,813
2013	1,033,946	161,867	1,195,813
2014	426,176	100,581	526,757
2015	449,360	77,397	526,757
2016	473,805	52,952	526,757
2017	499,580	27,177	526,757
Total	$4,780,482	$913,985	$5,694,467

On April 30, 2008, the County issued a $25,000,000 capital lease with a fixed interest rate of 3.52% to refinance the outstanding certificates of participation in the amount of $17,628,714, including interest, and to pay a swap termination payment in the amount of $1,933,400. The remaining proceeds of the lease were deposited into the 2008 County Capital Project Fund to be used for various capital projects. The following is a schedule of future minimum lease payments under this capital lease as of June 30, 2010.

Year ending June 30	Principal	Interest	Total
2011	$ 2,280,000	$ 727,408	$ 3,007,408
2012	2,360,000	647,152	3,007,152
2013	2,445,000	564,080	3,009,080
2014-2018	13,580,000	1,466,784	15,046,784
Minimum capital lease payments	$20,665,000	$3,405,424	$24,070,424

On November 15, 2007, the County entered into a capital lease. The lease bears interest at a rate of 3.40%. Interest payments and principal payments were due quarterly beginning on March 1, 2008, with the first payment being in the amount of $104,776. The balance of this lease was retired in the fiscal year ended June 30, 2010. The proceeds of this lease are being used to fund the purchase of new vehicles and equipment.

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

The County is obligated under other leases accounted for as noncancellable operating leases. The following is a schedule of future minimum lease payments under noncancellable operating leases as of June 30, 2010:

Year ending	June 30
2010	$ 41,500
2011	41,500
2012	41,500
2013	41,500
2014	24,042
	$ 190,042

Due to/from other funds

The composition of interfund balances as of June 30, 2010, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Victim Witness Assistance Special Revenue Fund	$32,815
General Fund	Grant Special Revenue Fund	$63,474

The outstanding balance between these funds results from the time lag between the dates that payments between funds are made.

NOTE 2. DETAIL NOTES ON ALL FUNDS (Continued)

Interfund Transfers

	Transfer In:				
	General Fund	Enterprise Fund	Museum Capital Project	Nonmajor Governmental	Total
Transfer out:					
General Fund	$ -	$1,231,020	$ -	$1,171,436	$ 2,402,456
Grant Special Revenue Fund	98,878	-	7,800,000	955,936	8,854,814
Enterprise Fund	38,901	-	-	-	38,901
Nonmajor Governmental	3,288,320	-	-	620,641	3,908,961
Total	$3,426,099	$1,231,020	$7,800,000	$2,748,013	$15,205,132

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations and 3) move revenues from various funds into the general fund also in accordance with budgetary authorizations.

NOTE 3. RESTRICTED ASSETS - ENTERPRISE FUNDS

The balances of the restricted asset accounts in the enterprise funds are as follows:

Restricted cash – held for closure and postclosure costs	$896,140

NOTE 4. SUMMARY DISCLOSURE of SIGNIFICANT CONTINGENCIES

Litigation

The County is defendant in several miscellaneous litigations. Any losses which may be incurred and are not fully covered by County insurance are not expected to be material. Legal fees related to these litigations are also not expected to be material.

NOTE 4. SUMMARY DISCLOSURE of SIGNIFICANT CONTINGENCIES (Continued)

Federal and State Assisted Programs

The County has received proceeds from several Federal and State Grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE 5. LEASING ARRANGEMENTS

The County has entered into an operating lease agreement with a fire district whereby the district will pay the County for renting a portion of the Lower Florence County Public Service Building. At June 30, 2010, the minimum future rentals under this lease are $22,483 annually for 9 years or $202,347 total. The revenue from these rentals is recorded by the County in the General Fund.

NOTE 6. NO-COMMITMENT DEBT

At June 30, 2010, approximately $207,630,000 of industrial and hospital revenue bonds bearing the County's name was outstanding. This debt is repayable only by the entities for whom the debt is issued and the County assumes no responsibility for repayment.

NOTE 7. UNCERTAIN TAX POSITIONS

The County evaluates income tax positions judged to be uncertain. A loss contingency reserve is accrued if it is probable that the tax position will be challenged, it is probable that the future resolution of the challenge will confirm that a loss has been incurred, and the amount of such a loss can be reasonably estimated. No accrual for uncertain tax positions was recorded at June 30, 2010.

NOTE 8. SUBSEQUENT EVENTS

In preparing the financial statements, the County evaluated events and transactions for potential recognition or disclosure through December 10, 2010, the date the financial statements were available to be issued.

NOTE 9. COMMITMENTS

Of the total unreserved general fund balance of $11,816,741, $10,856,131 is undesignated. The remaining $960,610 is designated to finance current and future capital improvement needs of Florence County.

NOTE 9. COMMITMENTS (Continued)

During fiscal year 1993, Florence County Council approved an ordinance and certain agreements authorizing the sale of $45,880,000 of Refunding Series Certificates of Participation. The proceeds of this issue were placed in an irrevocable trust to provide for all future debt service payments of the 1990 Certificates of Participation. The County's obligation to repay these certificates is dependent upon annual appropriations being made by the County for that purpose. Although this obligation of the County does not constitute a pledge of the full faith, credit, or taxing power of the County within the meaning of any state constitutional or statutory provision, the County is financially obligated for repayment and has set up certain Special Revenue and Debt Service funds from which it contemplates making the annual appropriations. The proceeds of these certificates were used to finance the construction of a Law Enforcement Center, a Civic Center, a radio transmission tower, and to purchase other County equipment.

On March 3, 2003, the first call date for the 1992 certificates, the County issued $29,515,000 variable rate refunding certificates of participation to pay the entire outstanding balance of the 1992 certificates, as well as the issuance costs of the new 2003 certificates.

Principal and interest payments for the refunding series of certificates of participation are being funded by annual appropriations made by County Council.

On April 30, 2008, the County issued a $25,000,000 capital lease with a fixed interest rate of 3.52% to refinance the outstanding certificates in the amount of $17,628,714, including interest, and to pay a swap termination payment in the amount of $1,933,400. The remaining proceeds of the lease were deposited into the 2008 County Capital Project Fund to be used for various capital projects.

NOTE 9. COMMITMENTS (Continued)

The debt service costs and the operation and maintenance costs for the Civic Center are being jointly paid by the City of Florence and the County. The two entities have entered into a service agreement whereby each are making equal annual payments into a Civic Center Debt Service and Operations and Maintenance Fund from which these costs will be paid. All Civic Center revenues are to be used to offset operation and maintenance costs, thereby reducing the amounts needed from the Debt Service and Operations and Maintenance Fund. In fiscal year 2003, the County began using revenues from the Local Accommodations Tax Special Revenue Fund to meet its obligations under this service agreement. The City-County service agreement requires that, if the annual payments and balances on hand in the Debt Service and Operations and Maintenance Fund are not sufficient in any year to pay the debt service and net operations and maintenance costs, the County and City must make equal additional payments to fund the deficiency. The annual payment from both the County and the City was approximately $1,300,000 each for the fiscal year ended June 30, 2010. It is expected that the City's and County's annual payments will remain approximately $1,300,000 per year beginning in fiscal year 2010.

NOTE 10. CONTINGENCIES

Pursuant to the Solid Waste Management Act of 1991, Florence County must operate a Sub-title D landfill in compliance with the provisions of the Act, to continue to accept solid waste into its landfill after October, 1995. Among the requirements of Sub-title D operation are installation of synthetic liners in all fill areas, installation of a cap over the filled areas at the time of closure, and funding of a post-closure account to defray costs of monitoring and compliance after closure.

On October 5, 1995, the County received a six-month extension on compliance with the Act and did not have to operate a Sub-title D landfill until April 9, 1996.

On April 9, 1996, the County closed the vertical expansion portion of the landfill and contracted with a private company to transport the County's solid waste to another landfill.

NOTE 10. CONTINGENCIES (Continued)

Because the County elected to close the vertical expansion portion of the landfill, the County will now incur costs for closure of this portion of the landfill as well as post-closure care costs such as the purchase of liability insurance to protect the County in the event of an incident of contamination and the monitoring of this portion of the landfill for a thirty year period. These costs are estimated at approximately $896,140 at June 30, 2010, and have been funded by user fees which were being collected through September, 1995. Since the vertical expansion portion of the landfill was closed on April 9, 1996, the estimated amount for closure and post closure costs have been fully accrued at June 30, 2010. Costs for closure and post-closure care are based on engineering estimates and are subject to change based on various factors some of which include inflation, deflation, changes in technology, and changes in laws or regulations.

The Solid Waste Management Act, which was amended on June 23, 1995, requires the County to adopt one, or a combination of a few, financial assurance mechanisms that would bind and legally enforce the County to make the payments necessary for closure and post-closure care costs. The County has restricted the cash necessary for the payment of the closure and post-closure care costs in the Landfill Enterprise Fund and has chosen the local government financial test as its financial assurance mechanism. This test requires that the finance director provide certification annually that the County meets certain financial ratios and certain other criteria in order to comply with financial assurance under the Solid Waste Management Act.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage covering each of those risks of loss. The County participates in certain state-wide funds for the purchasing of workers compensation insurance and liability insurance. The County's primary risk with regard to these funds is only for the annual premiums. However, the County does bear a secondary risk if the funds were to default due to either a wide-spread increase in claim experience or mismanagement of the funds assets. If this event were to occur, the County, along with all other participants in the funds, would be charged additional assessments. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

APPENDIX B

[FORM OF OPINION OF HAYNSWORTH SINKLER BOYD, P.A.]

[Purchaser]
[City, State]

Re: $5,000,000 General Obligation Refunding and Improvement Bonds, Series 2011, of Florence County, South Carolina

Sirs:

We have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance of the $5,000,000 General Obligation Refunding and Improvement Bonds, Series 2011, of Florence County, South Carolina (the "Bonds").

The Bonds are issued by Florence County, South Carolina (the "County") pursuant to and for the purposes authorized by Sections 4-15-10 to 4-15-180, inclusive, and Sections 11-15-410 to 11-15-600, inclusive, and Section 11-27-40, Code of Laws of South Carolina 1976, as amended, and ordinances (collectively, the "Ordinance") duly adopted by the County Council of Florence County (the "Council"), the governing body of the County.

In our opinion, the said proceedings are regular and in due form of law, and the Bonds constitute valid and binding obligations of the County, and are payable, both principal and interest, from a direct ad valorem tax upon all taxable property in the County, without limit as to rate or amount. Provision has been made for the levy and collection of the tax to meet the payment of the principal of and interest on the Bonds, as the same respectively mature.

Pursuant to Section 4-15-160, 11-15-550, and Section 12-2-50 of the South Carolina Code of Laws, 1976, as amended, the Bonds and the interest thereon are exempt from all taxation by the State of South Carolina, its counties, municipalities and school districts except estate, transfer or certain franchise taxes. Interest paid on the Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax. The opinion of Bond Counsel is limited to the laws of the State of South Carolina and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Bonds or the interest thereon under the laws of any other jurisdiction.

Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income of the registered owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and such interest will not be included in adjusted current earnings of taxpayers taxed as corporations for purposes of computing alternative minimum tax of such corporations. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Council has covenanted to comply with all such requirements. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The County has represented that it expects that it and all entities subordinate thereto will issue in calendar year 2011 not exceeding $10 million of tax-exempt obligations. The County has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

It is to be understood that the obligations of the County under the Bonds and the Ordinance, and the enforceability thereof, may be subject to judicial discretion, the valid exercise of the sovereign police powers of the State of South Carolina and of the constitutional powers of the United States of America, and applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors rights.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement dated _______________, 2010 relating to the Bonds. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

We have been advised on this date that there is no litigation threatened or pending, which, in any manner, affects the validity of the Bonds.

We have examined an executed Bond of said issue, and in our opinion, its form and execution are in due form of law.

Very truly yours,

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of ___________________, 2011, is executed and delivered by Florence County (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Representative" means the Florence County Administrator, the senior member of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the

Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and

listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Exhibit A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than 210 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2012. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"

2. "Non-Payment related defaults, if material;"

3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"

4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Tender offers;"

13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

14. "Merger, consolidation, or acquisition of the obligated person, if material;" and

15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”

2. “change in obligated person;”

3. “notice to investors pursuant to bond documents;”

4. “certain communications from the Internal Revenue Service;”

5. “secondary market purchases;”

6. “bid for auction rate or other securities;”

7. “capital or other financing plan;”

8. “litigation/enforcement action;”

9. “change of tender agent, remarketing agent, or other on-going party;”

10. “derivative or other similar transaction;” and

11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”

2. “change in fiscal year/timing of annual disclosure;”

3. “change in accounting standard;”

4. “interim/additional financial information/operating data;”

5. “budget;”

6. “investment/debt/financial policy;”

7. “information provided to rating agency, credit/liquidity provider or other third party;”

8. “consultant reports;” and

9. “other financial/operating data.”

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new

Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the headings: "THE COUNTY-Five Year Summary of General Fund Operations"; "THE BONDS-Additional Security for the Bonds"; "THE COUNTY-Market Value/Assessment Summary of the County"; "THE COUNTY-Exempt Manufacturing Property"; "THE COUNTY-Tax Collections for the County"; "THE COUNTY-Ten Largest Taxpayers"; "THE COUNTY-Millage History"; and "THE COUNTY-General Fund Budget".

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Disclosure Dissemination Agent

By:_______________________________________
Name:_____________________________________
Title:_____________________________________

FLORENCE COUNTY, SOUTH CAROLINA
as Issuer

By:_______________________________________
Name: K. G. "Rusty" Smith
Title: Chairman, County Council

EXHIBIT A
NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	Florence County, South Carolina
Name of Bond Issue:	________________________
Date of Issuance:	________________________
Date of Official Statement	________________________

CUSIP Number:	________________________	CUSIP Number:	________________________
CUSIP Number:	________________________	CUSIP Number:	________________________
CUSIP Number:	________________________	CUSIP Number:	________________________
CUSIP Number:	________________________	CUSIP Number:	________________________
CUSIP Number:	________________________	CUSIP Number:	________________________
CUSIP Number:	________________________	CUSIP Number:	________________________
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CUSIP Number:	________________________	CUSIP Number:	________________________
CUSIP Number:	________________________	CUSIP Number:	________________________
CUSIP Number:	________________________	CUSIP Number:	________________________
CUSIP Number:	________________________	CUSIP Number:	________________________
CUSIP Number:	________________________	CUSIP Number:	________________________

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	Florence County, South Carolina
Name of Bond Issue:	______________________________
Date of Issuance:	______________________________
Date of Disclosure Agreement:	_________________________________
CUSIP Number:	_________________________________

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by ______________.

Dated: _____________________________

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Issuer

____

cc: Issuer

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

____

Issuer's Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

____

Number of pages attached: _____

____ Description of Notice Events (Check One):

1._____"Principal and interest payment delinquencies;"
2._____"Non-Payment related defaults, if material;"
3._____"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4._____"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5._____"Substitution of credit or liquidity providers, or their failure to perform;"
6._____"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7._____"Modifications to rights of securities holders, if material;"
8._____"Bond calls, if material;"
9._____"Defeasances;"
10.____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11.____"Rating changes;"
12.____"Tender offers;"
13.____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14.____"Merger, consolidation, or acquisition of the obligated person, if material;" and
15.____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

____

Name: _________________________________Title: _______________________________________

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of ______ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

____

Issuer's Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1._____"amendment to continuing disclosure undertaking;"
2._____"change in obligated person;"
3._____"notice to investors pursuant to bond documents;"
4._____"certain communications from the Internal Revenue Service;"
5._____"secondary market purchases;"
6._____"bid for auction rate or other securities;"
7._____"capital or other financing plan;"
8._____"litigation/enforcement action;"
9._____"change of tender agent, remarketing agent, or other on-going party;"
10.____"derivative or other similar transaction;" and
11.____"other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

____

Name: ______________________________Title: ______________________________

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: ______________

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of __________ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

____

Issuer's Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1._____"quarterly/monthly financial information;"
2._____"change in fiscal year/timing of annual disclosure;"
3._____"change in accounting standard;"
4._____"interim/additional financial information/operating data;"
5._____"budget;"
6._____"investment/debt/financial policy;"
7._____"information provided to rating agency, credit/liquidity provider or other third party;"
8._____"consultant reports;" and
9._____"other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

____

Name: _________________________________Title: ____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

APPENDIX D

OFFICIAL BID FORM

$5,000,000 General Obligation Refunding and Improvement Bonds, Series 2011
(Bank Qualified Tax-Exempt) of Florence County, South Carolina

Kevin V. Yokim
Finance Director
Florence County
180 N. Irby Street, MSC-H
Florence, South Carolina 29501

Telephone (843) 665-3013
Facisimile (843) 665-4515

Subject to the provisions and in accordance with the Official Notice of Sale for the $5,000,000 General Obligation Improvement and Refunding Bonds, Series 2011 (the "Bonds"), of Florence County, South Carolina (the "County"), the terms of which are hereby made a part of this bid, we make the following Net Interest Cost (NIC) bid for the Bonds described in said Official Notice of Sale.

The Bonds maturing on or before March 1, 2021, are not subject to redemption prior to maturity. The Bonds maturing on or after March 1, 2022, are subject to redemption prior to maturity, at the option of the County, on or after March 1, 2021, in whole or in part at any time, at a redemption price equal to 100 percent of the principal amount therof, plus interest accrued to the date fixed for redemption.

We will pay $___________ plus a premium of $________________ and will accept delivery of the Bonds in accordance with the Official Notice of Sale. The undersigned hereby acknowledges receipt of and the opportunity to examine the Preliminary Official Statement for the Bonds dated October 31, 2011 accompanying the Official Notice of Sale.

WE HEREBY NOTIFY the County that we will purchase bond insurance for the Bonds from __________________________at a premium of $__________ and will comply with provisions of the Official Notice of Sale regarding the payment therefor.

The following is for information only and is not a part of this bid:

Total Interest to Maturity calculated on the basis of a 360-day year consisting of twelve 30-day months	$_______
Less Premium	$_______
Net Interest Cost	$_______
Effective Net Interest Rate	______%

____
Company Name

____
Address

____
Authorized Signature

____
Contact Name and Telephone Number

The foregoing proposal accepted this ____ day of _____________ 2011.

____
K. G. "Rusty" Smith, Chairman,
County Council

On the reverse side of this Bid Form is a list of the members of our account on whose behalf this bid is made.

The following is a list of the members of our account on whose behalf this bid is made