

ABBEVILLE COUNTY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
June 30, 2014**

(With Independent Auditors' Report Thereon)

ABBEVILLE COUNTY, SOUTH CAROLINA
Comprehensive Annual Financial Report
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June 30, 2014

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INTRODUCTORY SECTION

ABBEVILLE COUNTY, SOUTH CAROLINA
List of Principal Officials
June 30, 2014

Members of County Council:

Claude Thomas
Charlie Stone
John T. Calhoun
William C. Norris
James P. McCord
Rick Campbell
Robert B. McClain

Chairman - District Three
Vice Chairman - District One
Councilman - District Two
Councilman - District Four
Councilman - District Five
Councilman - District Six
Councilman - District Seven

Other Officials:

Emily McMahan
Bruce Cooley
Ray W. Peck
Sue Simpson
Barry Devore
Lee Roper

Clerk of Court
County Director
County Treasurer
County Auditor
Finance Director
County Attorney

FINANCIAL SECTION



MARTIN·SMITH

& COMPANY CPAs

Independent Auditors' Report

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Opinion

In our opinion, except for the effects on the financial statements of the issue described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Abbeville County, South Carolina, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants • South Carolina Association of Certified Public Accountants

1212 Haywood Road, Bldg. 100 • Greenville, South Carolina 29615 • (864) 232-1040

The Honorable Chairman
and Members of the County Council
Abbeville, South Carolina
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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2014, on our consideration of Abbeville County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is supplementary information 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 the 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 an opinion on the financial statements that collectively comprise the County’s basic financial statements taken as a whole. The combining and individual non-major fund financial statements, other required supplementary information, other supplementary information and the Schedule of Expenditures of Federal Awards, as required by the provisions of Office of Management and Budget Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations”, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements, other required supplementary information – Magistrate Fees and Fines, other supplementary information 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 basic 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 other required supplementary information – Clerk of Court Fees and Fines – has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Martin Smith & Company CPAs PA

December 10, 2014

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2014

Our discussion and analysis of Abbeville County's financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2014. Please review in conjunction with the transmittal letter and the County's financial statements.

REVIEWING THE ANNUAL REPORT

The annual report covers multiple financial statements. The Statement of Net Position and the Statement of Activities supply data about the activities of the County as a whole and provide information regarding the County's finances. For government activities, these statements provide long-term and short-term information about the County's overall status. Financial reporting is similar to that found in the private sector with its basis in full accrual accounting. Fund financial statements show County operations in more detail than government-wide statements, as they provide information about the County's most important funds.

FINANCIAL HIGHLIGHTS

Due to this year's operations, the County's net assets are as follows: net assets of business-type activities were \$1,809,689, and net assets of governmental activities were \$16,049,359.

- The current year's expense total was \$12,974,495 as compared to the \$14,095,316 generated in fees and charges, grants, general revenues, and taxes for governmental programs. In the previous year, expenses were \$13,362,864 as compared to the \$13,529,304 generated in tax and other revenues for governmental programs.
- For business-type activities, revenues were \$881,267 and expenses were \$914,950.
- The annual cost of all County programs was \$13,889,445. The previous year's cost was \$14,990,102.

After analyzing the expenses compared to revenues, it can be determined that the County's governmental activities generated \$1,120,821 more than it spent. The \$1,120,821 net assets increase was an improvement from last year's increase in net assets of \$166,340.

The business-type activities realized a decrease in net assets of \$33,683, as expenses of \$914,950 exceeded revenues of \$881,267.

When all funds are combined, the total primary government showed an increase in net assets of \$1,087,138. The prior year combined net assets decreased by \$417,028.

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2014

THE COUNTY AS A WHOLE ANALYSIS

Because the Statement of Net Assets and the Statement of Activities provide facts about the County as a whole, the statements can help determine if a County's financial condition has improved or deteriorated as a result of the year's activities. All assets and liabilities are included in the statements using the accrual basis of accounting. The accrual method is comparable to the accounting used by most private corporations. All current year revenues and expenses are included. It does not matter when cash is paid or received.

These statements give an account of the County's net assets and any changes in those assets. However, to truly judge the condition of the County, some non-financial factors, such as diversification of the taxpayer base or the condition of the County's infrastructure, must be considered in addition to the financial information provided in this report. The Statement of Net Assets and the Statement of Activities divide the County into two types of activities:

- 1) **Governmental activities:** The County's basic services are accounted for in this section, including public safety, fire, public works, parks, departments, and general administration. Property taxes, franchise fees, and state and federal grants finance the majority of these activities.
- 2) **Business-type activities:** These activities are reported in the fund financial statements and generally report services for which the County charges customers a fee. There are two kinds of business-type activities. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as Business-type activities in the government-wide statements. Services are provided to customers external to the County organization such as water utilities. Internal service funds provide services and charge fees to customers within the County organization such as fleet services (maintenance and repair of vehicles) and the print shop (mail and printing services for County departments). Because the County's internal service funds primarily serve governmental functions, they are included within the Governmental activities of the government-wide financial statements.

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2014

DETAILING THE MOST IMPORTANT FUNDS

The fund financial statements provide detailed information about the most important funds of the County. Certain funds are mandated by State law and by bond agreements. Other funds are established to manage money, meet legal requirements, or for certain taxes or grants.

- Government funds: Basic services are reported in government funds. Government fund financial statements detail how money flows in and out of the funds and reports the balances left at year-end that are on hand for disbursement. Government funds are reported using an accounting method called modified accrual accounting. This method measures cash and financial assets that can easily be converted to cash. The governmental fund accountability focuses on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the next term.

Budgetary comparison statements are included in the basic financial statements for the general fund and major revenue fund. These statements and schedules demonstrate compliance within the County's adopted and final revised budget.

- Proprietary funds: Proprietary funds are those that the County charges for services it provides, both to County units and outside customers. Proprietary funds are reported in the Statement of Net Assets and the Statement of Revenues and Expenses and Changes in Fund Net Assets. The County's enterprise funds, a component of proprietary funds, are the same as the business-type activities we report in the government-wide statements, but they give more detailed information such as cash flow. Another component of proprietary funds is internal service funds. Internal service funds cover activities that provide supplies and services for County programs.

COUNTY SERVING AS TRUSTEE

Due to trust arrangements, the County is often accountable for assets that can only be used for trust beneficiaries. All of these trustee proceedings are detailed in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets, if required. Because the County cannot use these assets to finance its operations, these activities are not included in other financial statements. However, the County must be certain the assets detailed in these funds are used for their intended purposes.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is necessary for a full understanding of the data provided in the accompanying financial statements.

OTHER INFORMATION

In addition to the financial statements and notes, this report contains supplementary information and details of the accompanying financial statements.

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2014

COUNTY AS A WHOLE

The County's combined net assets from the previous year were \$16,771,911 as compared to \$17,859,048 this year. However, net assets and expenses from governmental and business-type activities must be reviewed separately. Table 1 focuses on the net assets, and Table 2 focuses on changes in the net assets of the County's governmental and business-type activities.

The County's net assets for governmental activities were \$16,049,359 this year as compared to \$14,928,538 last year. Unrestricted net assets were \$679,069 last year as compared to \$1,082,324 this year. Unrestricted net assets are those that can be used to finance every-day operations without restrictions set by legislation, debt covenants, or other legal regulations.

The net assets of the County's business-type activities were \$1,809,689 this year as compared to \$1,843,373 last year.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Current and Other Assets	\$ 6,057,586	\$ 5,681,067	\$ 6,945,705	\$ 3,876,096	\$ 13,003,291	\$ 9,557,163
Capital Assets	<u>17,490,441</u>	<u>17,080,055</u>	<u>915,476</u>	<u>898,961</u>	<u>18,405,917</u>	<u>17,979,016</u>
Total Assets	<u>23,548,027</u>	<u>22,761,122</u>	<u>7,861,181</u>	<u>4,775,057</u>	<u>31,409,208</u>	<u>27,536,179</u>
Liabilities						
Long-term Liabilities	5,813,102	6,114,293	66,665	-	5,879,767	6,114,293
Other Liabilities	<u>1,685,566</u>	<u>1,718,291</u>	<u>2,984,827</u>	<u>2,931,684</u>	<u>4,670,393</u>	<u>4,649,975</u>
Total Liabilities	<u>7,498,668</u>	<u>7,832,584</u>	<u>3,051,492</u>	<u>2,931,684</u>	<u>10,550,160</u>	<u>10,764,268</u>
Net Assets						
Invested in Capital Assets, Net of Debt	11,677,339	10,988,400	848,811	898,961	12,526,150	11,887,361
Restricted	3,289,696	3,261,069	-	-	3,289,696	3,261,069
Unrestricted	<u>1,082,324</u>	<u>679,069</u>	<u>960,878</u>	<u>944,412</u>	<u>2,043,202</u>	<u>1,623,481</u>
Total Net Assets	<u>\$ 16,049,359</u>	<u>\$ 14,928,538</u>	<u>\$ 1,809,689</u>	<u>\$ 1,843,373</u>	<u>\$ 17,859,048</u>	<u>\$ 16,771,911</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2014

Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 2,880,816	2,828,549	821,627	1,023,967	3,702,443	3,852,516
Restricted:						
Operating grants	336,815	393,828	-	-	336,815	393,828
Capital grants	332,658	604,322	-	-	332,658	604,322
General revenue:						
Property taxes	6,359,735	6,913,509	-	-	6,359,735	6,913,509
Other taxes	638,749	376,383	-	-	638,749	376,383
Investment income	1,276	1,493	25,067	89	26,343	1,582
Other general revenue	3,545,267	2,411,220	34,573	19,814	3,579,840	2,431,034
Total Revenues	14,095,316	13,529,304	881,267	1,043,870	14,976,583	14,573,174
Program Expenses						
General government	2,517,280	2,352,808	-	-	2,517,280	2,352,808
Public safety	3,946,116	3,507,266	-	-	3,946,116	3,507,266
Roads and bridges	526,764	694,055	914,950	1,627,238	1,441,714	2,321,293
Solid waste	386,488	382,457	-	-	386,488	382,457
Health and welfare	1,645,254	1,795,247	-	-	1,645,254	1,795,247
Culture and recreation	178,012	171,073	-	-	178,012	171,073
Nondepartmental	2,929,657	3,823,310	-	-	2,929,657	3,823,310
Interest on long-term debt	294,008	290,895	-	-	294,008	290,895
Other expenses	550,916	345,753	-	-	550,916	345,753
Total Expenses	12,974,495	13,362,864	914,950	1,627,238	13,889,445	14,990,102
Excess (Deficiency)						
Before Transfers	1,120,821	166,440	(33,683)	(583,368)	1,087,138	(416,928)
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Assets	\$ 1,120,821	166,440	(33,683)	(583,368)	1,087,138	(416,928)

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2014

GOVERNMENTAL ACTIVITIES

This year's governmental activities revenues were \$14,095,316 as compared to \$13,529,304 last year. The year's governmental activities cost was \$12,974,495 as compared to \$13,362,964 in the previous year.

The County's total net assets for all funds increased by \$1,087,138 in the current year. The business-type activities saw a total decrease in net assets of \$33,683. Governmental activities resulted in an increase in net assets of \$1,120,821.

In the prior year, the business-type activities generated \$583,368 less in revenues than expenses and the governmental activities realized a net asset decrease by generating \$33,683 more in expenses than revenues.

Governmental activities revenues increased by \$566,012 from last year, while expenses decreased by \$388,469. Comparing these numbers gives the governmental activities a net increase of revenue over expenses from prior year to current by \$954,481.

Table 3 details the cost of the County's major programs as well as each program's net cost (total cost less revenues generated by the program). The net cost indicates the financial burden that was shifted to the County's taxpayers by each of these programs.

Table 3
Governmental Activities
For the Years Ended June 30

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General government	\$ 2,517,280	2,352,808	1,497,059	1,200,763
Public safety	3,946,116	3,507,266	1,907,293	1,593,244
Roads and bridges	526,764	694,055	158,986	59,219
Solid waste	386,488	382,457	364,506	362,284
Health and welfare	1,645,254	1,795,247	1,543,769	1,689,624
Culture and recreation	178,012	171,073	178,012	171,073
Nondepartmental	2,929,657	3,823,310	2,929,657	3,692,021
Interest on long-term debt	294,008	290,895	294,008	290,895
Other expenses	550,916	345,753	550,916	345,753
Totals	\$ <u>12,974,495</u>	<u>13,362,864</u>	<u>9,424,206</u>	<u>9,404,876</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2014

BUSINESS-TYPE ACTIVITIES

This year's business-type activities revenues (see Table 2) were \$881,267 as compared to \$1,043,870 in the prior year. This year's expenses were \$914,950 as compared to \$1,627,238 in the previous year. Business-type activities expenditures showed a decrease from prior year to current year. This was due primarily to Landfill Capacity usage and a corresponding recognition of closure and post-closure care costs in the prior year of approximately \$460,000.

GENERAL FUND BUDGETARY STATEMENTS

The County Council revisits the budget several times during the year. The current year's budgets focus on general funds, major funds, and on availability of fund resources.

COUNTY FUNDS

At yearend the County reported a government funds (restricted and unrestricted net assets) balance of \$4,428,180 as compared to \$3,762,172 in the previous year.

CAPITAL ASSETS

At the close of the year, the County had invested \$32,419,275 in capital assets such as land, buildings and improvements, equipment or infrastructure (see Table 4). \$31,482,861 was invested in similar assets in the previous year.

Table 4
Capital Assets at June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 2,037,695	2,032,688	-	-	2,037,695	2,032,688
Construction in progress	1,043,906	3,260,499	-	-	1,043,906	3,260,499
Buildings and improvements	11,874,424	8,616,597	-	-	11,874,424	8,616,597
Equipment	5,718,777	5,976,903	-	-	5,718,777	5,976,903
Infrastructure	6,105,797	6,098,647	-	-	6,105,797	6,098,647
Landfill	-	-	4,313,491	4,394,637	4,313,491	4,394,637
Other	<u>1,325,185</u>	<u>1,102,890</u>	<u>-</u>	<u>-</u>	<u>1,325,185</u>	<u>1,102,890</u>
Cost of capital assets	28,105,784	27,088,224	4,313,491	4,394,637	32,419,275	31,482,861
Less accumulated depreciation	<u>(10,615,343)</u>	<u>(10,008,169)</u>	<u>(3,398,014)</u>	<u>(3,495,675)</u>	<u>(14,013,357)</u>	<u>(13,503,844)</u>
Cost of capital assets	<u>\$ 17,490,441</u>	<u>17,080,055</u>	<u>915,477</u>	<u>898,962</u>	<u>18,405,918</u>	<u>17,979,017</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2014

CAPITAL ASSETS, continued

The current year's significant capital asset additions included:

- Completion of the Administration Building Renovations; total cost over the past three years was \$3,184,644
- \$1,043,906 – Lakelands “incubator” building; funding of this project includes approximately \$758,000 of federal funds. The 22,0000-square-foot incubator building will be used to provide mentorship and low rents for startup manufacturing companies. As of June 30, 2014, the building was not yet completed.
- \$199,460 – Vehicles for Public Safety

DEBT MANAGEMENT

Table 5
 Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds (Backed by the County)	\$ 442,000	748,260	-	-	442,000	748,260
Revenue bonds and notes (Backed by specific tax and and fee revenues)	169,741	331,169	-	-	169,741	331,169
Facilities Corporation bonds	4,170,000	4,210,000	-	-	4,170,000	4,210,000
Other bonds or outstanding obligations	889,650	693,477	66,665	-	956,315	693,477
Totals	\$ 5,671,391	5,982,906	66,665	-	5,738,056	5,982,906

At the close of the year, the County had \$5,738,056 in outstanding bonds, notes, and other obligations as compared to \$5,982,906 in the previous year (see Table 5). The County's total outstanding debt decreased by \$244,850.

ECONOMIC ISSUES/UPCOMING YEARLY BUDGETS

County public officials considered many issues when establishing the upcoming year's budget, tax rates, and fees.

A slowing economy means the County's budgets for this and upcoming years will be negatively affected providing for no growth expenditures. This lack of budget growth prevented any increases in typical operational expenditures, including cost of living raises for employees.

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2014

CONTACT INFORMATION

This report has been created to give our citizens, taxpayers, customers, investors, and creditors a summary of County finances and to show how its revenues are used. If you have any questions regarding this report, or if you need additional financial information, please contact:

Barry Devore
901 W Greenwood Street, Suite 2806
Abbeville, South Carolina 29620
Phone: (864) 366-6690
Fax: (864) 366-4595
bdevore@abbevillecountysc.com

ABBEVILLE COUNTY, SOUTH CAROLINA
Statement of Net Position
June 30, 2014

	Primary Government			Component Unit
	Governmental Activites	Business-Type Activites	Total	
ASSETS				
Cash and cash equivalents	\$ 3,738,408	1,059,663	4,798,071	22,696
Investments	-	1,816,313	1,816,313	-
Receivables:				
Taxes, net	206,589	34,601	241,190	5,559
Accounts, net	16,715	32,100	48,815	-
Intergovernmental	1,936,263	-	1,936,263	-
Due from other funds	122,902	1,003,028	1,125,930	-
Prepaid expenses	13,616	-	13,616	11,239
Inventories	23,093	-	23,093	-
Capital assets	28,105,784	4,313,490	32,419,274	928,604
Less accumulated depreciation	(10,615,343)	(3,398,014)	(14,013,357)	(20,815)
Total capital assets net of depreciation	<u>17,490,441</u>	<u>915,476</u>	<u>18,405,917</u>	<u>907,789</u>
TOTAL ASSETS	<u>23,548,027</u>	<u>4,861,181</u>	<u>28,409,208</u>	<u>947,283</u>
LIABILITIES				
Accounts payable	166,765	1,488	168,253	-
Accrued expenses	444,225	8,157	452,382	5,322
Deferred revenue	-	-	-	3,577
Due to others	1,074,576	6,070	1,080,646	45,288
Landfill closure and post-closure costs	-	2,969,112	2,969,112	-
Long-term liabilities:				
Due within one year	935,220	66,665	1,001,885	-
Due in more than one year	4,877,882	-	4,877,882	-
TOTAL LIABILITIES	<u>7,498,668</u>	<u>3,051,492</u>	<u>10,550,160</u>	<u>54,187</u>
NET POSITION				
Net investment in capital assets	11,677,339	848,811	12,526,150	-
Restricted for:				
Debt service	153,986	-	153,986	-
Infrastructure	1,557,023	-	1,557,023	-
Various purposes	1,578,687	-	1,578,687	-
Unrestricted net position	<u>1,082,324</u>	<u>960,878</u>	<u>2,043,202</u>	<u>893,096</u>
TOTAL NET POSITION	<u>\$ 16,049,359</u>	<u>1,809,689</u>	<u>17,859,048</u>	<u>893,096</u>

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2014

Functions / Programs	Expenses	Program Revenues			Primary Government		Total	Component Unit
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities		
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 2,517,280	1,020,221	-	-	(1,497,059)	-	(1,497,059)	-
Public safety	3,946,116	1,860,595	178,228	-	(1,907,293)	-	(1,907,293)	-
Roads and bridges	526,764	-	35,120	332,658	(158,986)	-	(158,986)	-
Solid waste	386,488	-	21,982	-	(364,506)	-	(364,506)	-
Health and welfare	1,645,254	-	101,485	-	(1,543,769)	-	(1,543,769)	-
Culture and recreation	178,012	-	-	-	(178,012)	-	(178,012)	-
Nondepartmental	2,929,657	-	-	-	(2,929,657)	-	(2,929,657)	-
Lump sum appropriation	294,008	-	-	-	(294,008)	-	(294,008)	-
Interest and fiscal charges	550,916	-	-	-	(550,916)	-	(550,916)	-
Total governmental activities	<u>12,974,495</u>	<u>2,880,816</u>	<u>336,815</u>	<u>332,658</u>	<u>(9,424,206)</u>	<u>-</u>	<u>(9,424,206)</u>	<u>-</u>
Business-type activity:								
Landfill	914,950	821,627	-	-	-	(93,323)	(93,323)	-
Total business-type activity	<u>914,950</u>	<u>821,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,323)</u>	<u>(93,323)</u>	<u>-</u>
Total primary government	<u>\$ 13,889,445</u>	<u>3,702,443</u>	<u>336,815</u>	<u>332,658</u>	<u>(9,424,206)</u>	<u>(93,323)</u>	<u>(9,517,529)</u>	<u>-</u>
COMPONENT UNIT	<u>\$ 317,874</u>	<u>-</u>	<u>-</u>	<u>-</u>				<u>(317,874)</u>
General revenues:								
Property taxes					\$ 6,359,735	-	6,359,735	205,942
Accommodation taxes					249,730	-	249,730	-
Local option sales taxes					389,019	-	389,019	-
Intergovernmental, not restricted to specific programs					2,436,951	9,748	2,446,699	76,275
Investment income					1,276	25,067	26,343	3
Donations					989,252	24,825	1,014,077	4,000
Other					119,064	-	119,064	14,915
Total general revenues, special, and extraordinary items					<u>10,545,027</u>	<u>59,640</u>	<u>10,604,667</u>	<u>301,135</u>
Change in net position					1,120,821	(33,683)	1,087,138	(16,739)
Net position, beginning of year					<u>14,928,538</u>	<u>1,843,372</u>	<u>16,771,910</u>	<u>909,835</u>
Net position, end of year					<u>\$ 16,049,359</u>	<u>\$ 1,809,689</u>	<u>\$ 17,859,048</u>	<u>\$ 893,096</u>

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 714,841	3,023,567	3,738,408
Investments	-	-	-
Receivables:			
Taxes, net	101,590	104,999	206,589
Accounts, net	16,715	-	16,715
Intergovernmental	1,600,117	336,146	1,936,263
Due from other funds	93,153	29,749	122,902
Prepaid expenses	13,616	-	13,616
Inventories	23,093	-	23,093
TOTAL ASSETS	\$ 2,563,125	3,494,461	6,057,586
LIABILITIES			
Accounts payable	\$ 145,362	21,403	166,765
Accrued expenses	238,041	26,211	264,252
Deferred revenue	67,649	56,164	123,813
Due to others	1,029,749	44,827	1,074,576
Landfill closure and post-closure costs	-	-	-
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
TOTAL LIABILITIES	\$ 1,480,801	148,605	1,629,406
FUND BALANCE			
Nonspendable	\$ 36,709	-	36,709
Restricted	-	2,780,595	2,780,595
Assigned	-	565,261	565,261
Unassigned	1,045,615	-	1,045,615
TOTAL FUND BALANCE	1,082,324	3,345,856	4,428,180
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,563,125	3,494,461	6,057,586

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2014

Total fund balances - Governmental Funds	\$	4,428,180
<p>Amounts reported for governmental activities in the statement of net position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$28,105,784 and the accumulated depreciation is \$10,615,343.		17,490,441
Certain revenues are collected after year-end but are not available soon enough to pay for current expenditures and, therefore, are deferred in the funds		123,813
Long-term liabilities, including general obligation debt, capital leases, and accrued interest, are not due and payable in current period and are not reported in the funds.		<u>(5,993,075)</u>
Net position of governmental activities	\$	<u><u>16,049,359</u></u>

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2014

	General	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 5,743,974	1,511,273	7,255,247
Intergovernmental	1,724,079	1,272,199	2,996,278
Grants and donations	226,638	872,760	1,099,398
Charges for services	985,796	890,236	1,876,032
Rent	34,425	-	34,425
Fees and fines	404,568	367,391	771,959
Licenses and permits	211,493	-	211,493
Miscellaneous	66,088	39,883	105,971
Investment income	314	962	1,276
TOTAL REVENUES	9,397,375	4,954,704	14,352,079
EXPENDITURES			
Current:			
General government	2,312,229	39,408	2,351,637
Public safety	2,555,899	1,288,799	3,844,698
Roads and bridges	-	291,183	291,183
Solid waster	-	349,114	349,114
Health and welfare	1,557,266	23,942	1,581,208
Culture and recreation	178,012	-	178,012
Nondepartmental	1,949,483	479,805	2,429,288
Lump sum appropriation	-	294,008	294,008
Capital outlay	213,551	1,339,262	1,552,813
Debt service:	-	-	-
Principal retirement	165,729	429,560	595,289
Cost of issuance	-	-	-
Interest and fiscal charges	17,198	533,718	550,916
TOTAL EXPENDITURES	8,949,367	5,068,799	14,018,166
Excess (Deficiency) of revenues over (under) expenditures	448,008	(114,095)	333,913
OTHER FINANCING SOURCES (USES)			
Proceeds from installment purchase debt	-	195,000	195,000
Proceeds from capital lease	-	137,095	137,095
Transfers	(44,754)	44,754	-
TOTAL OTHER FINANCING SOURCES (USES)	(44,754)	376,849	332,095
Net change in fund balance	403,254	262,754	666,008
Fund balance, beginning of year	679,069	3,083,103	3,762,172
Fund balance, end of year	\$ 1,082,323	3,345,857	4,428,180

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Total net change in fund balance -- Governmental Funds from Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	\$	666,008
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Amounts reported for governmental activities in the statement of activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,552,813) exceeded depreciation expense (\$1,093,343) in the period.		459,470
--	--	---------

Certain revenues are collected after year-end but are not available soon enough to pay for current expenditures and, therefore, are deferred in the funds.		(256,763)
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Compensated absences are reported in the statement of activities as expenditures. However, they do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		727
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Amortization of issuance costs of debt is recognized over the original remaining life of the debt in the statement of net position.		(11,051)
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Interest is accrued on outstanding debt in the statement of activities, whereas in the governmental funds it is expensed as due.		-
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Capital lease proceeds provide current financial resources to governmental funds, but issuing capital leases increases long-term liabilities in the statement of net position.		(332,859)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		595,289
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Change in net position of governmental activities on the Statement of Activities	\$	<u>1,120,821</u>
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ABBEVILLE COUNTY, SOUTH CAROLINA
Statement of Net Position
Enterprise Fund
June 30, 2014

	<u>Landfill</u>
ASSETS	
Cash and cash equivalents	\$ 1,059,663
Investments	1,816,313
Accounts receivable, net	32,100
Property taxes receivable	34,601
Due from other funds	1,003,028
Capital assets, net	<u>915,476</u>
Total Assets	<u><u>\$ 4,861,181</u></u>
LIABILITIES AND NET POSITION	
Liabilities	
Accounts payable	1,488
Accrued expenses	8,157
Capital lease payable	66,665
Due to other funds	6,070
Landfill closure and post closure costs	<u>2,969,112</u>
Total liabilities	<u><u>\$ 3,051,492</u></u>
Net position	
Net investment in capital assets	848,811
Unrestricted net position	<u>960,878</u>
Total net position	<u><u>\$ 1,809,689</u></u>

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Fund
For the Fiscal Year Ended June 30, 2014

		<u>Landfill</u>
OPERATING REVENUES		
Landfill fee assessments	\$	476,202
Landfill tickets and tip fees		278,208
Intergovernmental		34,573
Recycle fees		67,217
Other revenue		-
		<hr/>
Total operating revenues		856,200
		<hr/>
OPERATING EXPENSES		
Salaries personnel costs		329,129
Cost of services		429,943
Bad debt expense		188
Depreciation		77,339
Landfill closure cost		78,351
		<hr/>
Total operating expenses		914,950
		<hr/>
Operating income (loss)		(58,750)
		<hr/>
NONOPERATING INCOME (EXPENSE)		
Net investment income (loss)		25,067
Interest expense		-
		<hr/>
Total nonoperating income (expense)		25,067
		<hr/>
Net income (loss)		(33,683)
		<hr/>
Operating transfer out		-
		<hr/>
Net change in fund net position		(33,683)
		<hr/>
Net position, beginning of year		1,843,372
		<hr/>
Net position, end of year	\$	<u><u>1,809,689</u></u>

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2014

	<u>Landfill</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers	\$ 897,310
Cash payments to suppliers for goods and services	(449,485)
Cash payments to employees for services	<u>(335,422)</u>
Net Cash Provided by Operating Activities	<u>112,403</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Transfers from other funds	<u>1,547</u>
Net Cash Used For Capital and Related Financing Activities	<u>1,547</u>
<u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</u>	
Principal Paid on Capital Lease	66,665
Interest Paid	<u>-</u>
Net Cash Used For Capital and Related Financing Activities	<u>66,665</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Net investment income (loss)	25,067
Net increase in investments	(38,451)
Purchase of Capital Assets	(93,854)
Proceeds from Sale of Capital Assets	<u>-</u>
Net Cash Provided by Investing Activities	<u>(107,238)</u>
Net increase (decrease) in cash and cash equivalents	73,377
Cash and cash equivalents - July 1, 2013	<u>986,286</u>
Cash and cash equivalents - June 30, 2014	<u>\$ 1,059,663</u>
Reconciliation of operating income (loss) to net cash received from (used by) operating activities:	
Operating income (loss) - Exhibit H	\$ (58,750)
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Depreciation	77,339
Change in assets and liabilities:	
(Increase) decrease in other receivables	41,296
Increase (decrease) in accounts payable	(254)
Increase (decrease) in accrued expenses	(6,293)
Increase (decrease) in landfill closure and post-closure payable	<u>59,065</u>
Net cash received from (used by) operating activities	<u>\$ 112,403</u>

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Statement of Fiduciary Net Position
Agency Fund
June 30, 2014

ASSETS	
Cash and cash equivalents	\$ 8,611,218
Investments	-
Receivables:	
Taxes, net	221,935
Accounts, net	-
Intergovernmental	719,190
Due from other funds	-
Prepaid expenses	-
Inventories	-
	-
TOTAL ASSETS	\$ 9,552,343
 LIABILITIES	
Accounts payable	\$ -
Accrued expenses	1,169,106
Deferred revenue	162,930
Due to others	132,920
Funds held in trust for others	4,263,957
Due to other taxing authorities	3,823,430
	3,823,430
TOTAL LIABILITIES	\$ 9,552,343
 NET POSITION	
	-
TOTAL NET POSITION	\$ -

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

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

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

The component unit discussed below is included in the County’s financial reporting entity because of the significance of its operational and financial relationship with the County. In conformity with GAAP, as set forth in Statement of Governmental Accounting Standard No. 14, *The Financial Reporting Entity*, and amended by GASB 39, *Determining Whether Certain Organizations are Component Units*. The financial statements of the component unit have been included as a discretely presented component unit. The component unit column in the combined financial statement includes the financial data from the Abbeville County Library for the year ended June 30, 2013. This unit is reported in a column separate from the County’s financial information to emphasize that it is legally separate from the County.

Blended Component Unit

Abbeville Public Facilities Corporation (APFC), a not-for-profit organization, was formed in 2010 under the laws of the State of South Carolina for public benefit purposes, specifically (1) to acquire or lease real and/or personal property and develop, finance, construct, acquire, install, and operate certain public facilities to be used by the County and such other projects located in and for the benefit of the County as may be permitted by applicable law; (2) to acquire by gift, lease, or purchase, and to sell, lease, sublease, convey, assign, mortgage, pledge, or otherwise encumber any property, real or personal, incidental to carrying out such projects; (3) to finance or refinance the costs of acquiring, constructing, and installing such projects by the issuance and sale from time to time by APFC of its installment purchase revenue bonds in one or more series, or such other financing means as may be deemed necessary and desirable by APFC in accordance with applicable law; (4) to convey to the County title and exclusive possession and use of the applicable projects, including any additions to such projects, upon terms agreed upon between the APFC and the County; (5) to carry out or engage in any other activities which APFC may deem necessary, proper, or convenient in connection with the purposes herein above described; provided, however, that APFC must at all times be operated as a nonprofit corporation as provided in the Nonprofit Corporation Act; and (6) to exercise all the rights, privileges, powers, and immunities available to nonprofit corporations under the laws of the State.

The APFC is governed at a minimum by a three-person board of directors. One of the directors is the current chairman of the Abbeville County Council and shall serve, ex-officio, as a designated director so long as the person holds such designated office. The other two directors shall be elected by the board. The number of directors of the APFC board may be increased or decreased, and the positions held by persons comprising directors may be modified, as may be determined from time to time by the unanimous vote of the members of the board; provided, however, in no event will the board consist of less than three directors. However, in all events, less than 70% of the members of the APFC board shall be representatives of or controlled by the County. Because the APFC exclusively benefits the County, the APFC financial information is blended with that of the County in the basic financial statements. Separate financial statements for the APFC are not issued.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Discretely Presented Component Unit

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Measurement focus, basis of accounting, and financial statement presentation

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered 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 accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The government reports the following major governmental funds:

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

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

The County reports the following major enterprise fund:

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

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

Special revenue funds

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

Debt service fund

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

Capital projects funds

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Agency fund

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

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

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

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

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Government-wide financial statements

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

Fund financial statements

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

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within 60 days of fiscal year-end.

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance financial year 2013-2014 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Cash and Investments

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

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

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

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

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

For statement of cash flows purposes, the enterprise fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Receivables and Payables

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

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

Inter-governmental Receivable

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

Property Tax Calendar

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

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

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

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

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

Taxes uncollected at June 30, 2014 are not considered available to liquidate current period liabilities; and, accordingly, the County has provided deferred revenue equal to the delinquent accounts at fiscal year-end.

The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires. The County bills and collects its own property taxes. The County also bills and collects property taxes for the Special Service Districts, School Districts, and Municipalities. Property tax revenue is recognized when due or past due and collectible within the current period or soon enough thereafter (defined as 60 days) to pay liabilities of the current period. An allowance is provided for an estimated amount of taxes billed, which may ultimately prove to be uncollectible. Deferred revenue (property taxes) represents that portion of property taxes which is deemed not available to pay current expenditures.

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Inventories

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

Capital Assets

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

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

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

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	20 to 50 years	40 years
Building improvements	5 to 50 years	N/A
Land improvements	10 to 50 years	20 years
Vehicles	5 to 20 years	N/A
Furniture and equipment	3 to 10 years	5 years
Machinery and equipment	5 to 10 years	N/A
Infrastructure	5 to 50 years	N/A
Subtitle D landfill	N/A	16 years
C & D landfill	N/A	20 years

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Long-Term Obligations

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

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

Compensated Absences

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

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

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

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

Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Fund Equity

The County has adopted GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. In the fund financial statements, fund balance classifications depict the nature of the net resources reported in the governmental funds. Individual governmental funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The general fund also includes unassigned amounts. The County considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used. The County's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. Committed fund balance amounts are established by the County Council through motions passed at Council meetings. The County has no committed fund balance amounts. Assigned fund balance amounts are established by the County administration. The County has no assigned fund balance amounts.

Nonspendable fund balance includes amounts which cannot be spent. This includes items that may not be in spendable form or that may be legally or contractually required to be maintained intact. The County's nonspendable fund balance represents amounts not in spendable form.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can only be used for the specific purposes pursuant to constraints imposed by a formal action of the County Council.

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are established by the County administration.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

Interfund Transactions

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

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information

Annual budgets, as required by state statutes, are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except capital project funds. Capital project funds adopt project-length budgets. Annual budgets are also adopted for the proprietary fund and the Economic Development Board, which is accounted for in the agency fund. The budget includes proposed expenditures and the means of financing the expenditures.

The budget calendar is as follows:

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

Annual appropriations lapse at fiscal year-end.

On or before March 1, heads of County departments and agencies submit requests for appropriation to the County Director who compiles the requests. After adjustments, the County Director submits a comprehensive budget request document to County Council. The County Council conducts workshops and public hearings on the proposed budget and adopts the budget no later than June 30.

The appropriated budget is prepared by fund, function, and activity. The County Director is authorized to transfer funds or any portion thereof from any department, activity, or purpose to another department, activity, or purpose as may be needed to facilitate the spending plan of the County in the best interest of the County. The County Director is also authorized to amend the budget to reflect grants received during the year and to carry over balances of grants or one-time state appropriations for special projects, provided that matching local funds as required have been appropriated. At any time in which the total appropriations will be exceeded, the County Council must take a vote. Therefore, total appropriations are the legal level of control. There is no supplemental appropriation for the fiscal year ended June 30, 2014.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

2) **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

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

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

At June 30, 2014, the Victims Services special revenue fund reflected a fund balance deficit of \$31,186 and the Title III special revenue fund reflected a negative fund balance deficit of \$52.

3) **DEPOSITS AND INVESTMENTS**

Custodial Credit Risk (Deposits)

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At June 30, 2014, the carrying amount of the County's deposits was \$11,176,394 and the bank balance was \$11,030,579. All the County's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name.

Investments (Proprietary Fund)

As of June 30, 2014, the County had the following investments in its Landfill proprietary fund:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1 - 5	6 -10
US Treasury Obligations	\$ 860,448	\$ 190,784	\$ 528,827	140,837
US Government Agency Obligations	931,140	-	329,087	602,053
	<u>\$ 1,791,588</u>	<u>\$ 190,784</u>	<u>\$ 857,914</u>	<u>742,890</u>

Interest Rate Risk

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

Credit Risk

The County has no investment policy that would further limit its investment choices other than state law. The County's investments in U.S. Treasury Obligations and Government Agency Obligations and Mutual Funds were rated AAA by Moody's Investors Services.

Concentration of Credit Risk

The County places no limit on the amount it may invest in any one issuer. As of June 30, 2014, no single issuer investment exceeded 5% of total investments.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

3) **DEPOSITS AND INVESTMENTS, CONTINUED**

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

Reported value of deposits	\$ 11,176,394
Fair value of investments	1,777,862
Cash on hand	<u>1,600</u>
Total	<u>\$ 12,955,856</u>
Cash and cash equivalents	
Primary government	\$ 4,568,013
Fiduciary/Agency	<u>6,609,981</u>
	11,177,994
Investments	
Fiduciary/Agency	<u>1,777,862</u>
Total	<u>\$ 12,955,856</u>

The deposits for the Component Unit at June 30, 2014, were \$20,244, all of which were insured by FDIC.

4) **RECEIVABLES**

Receivables as of June 30, 2014, for the government-wide statement of net assets, in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Governmental</u>	<u>Business- Type</u>	<u>Total</u>
Taxes and assessments	\$ 439,463	\$ 62,675	\$ 502,138
Intergovernmental	560,678	2,717	563,395
Accounts and other	<u>7,226</u>	<u>63,213</u>	<u>70,439</u>
Gross receivables	1,007,367	128,605	1,135,972
Less allowance	<u>-</u>	<u>(20,606)</u>	<u>(20,606)</u>
Net receivables	<u>\$ 1,007,367</u>	<u>\$ 107,999</u>	<u>\$ 1,115,366</u>

5) **INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2014, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 74,636	\$ 1,000,000
Special revenue funds	-	55,985
Enterprise fund	1,003,950	5,445
Library	-	16,841
Agency	<u>-</u>	<u>315</u>
	<u>\$ 1,078,586</u>	<u>\$ 1,078,586</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

6) **CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2014, is as follows:

	Beginning				Ending
	Balance	Increases	Decreases	Transfers	Balance
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 2,032,688	\$ 5,007	\$ -	\$ -	\$ 2,037,695
Construction in progress	3,260,499	1,066,545	-	(3,283,137)	1,043,907
Total capital assets not being depreciated	<u>5,293,187</u>	<u>1,071,552</u>	<u>-</u>	<u>(3,283,137)</u>	<u>3,081,602</u>
Capital assets, being depreciated					
Buildings and improvements	8,616,597	73,182	-	3,184,644	11,874,423
Improvements other than buildings	1,102,890	123,802	-	98,493	1,325,185
Machinery and equipment	4,620,747	73,398	(535,253)	-	4,158,892
Equipment under capital lease	1,356,156	203,729	-	-	1,559,885
Infrastructure	6,098,647	7,150	-	-	6,105,797
Total capital assets being depreciated	<u>21,795,037</u>	<u>481,261</u>	<u>(535,253)</u>	<u>3,283,137</u>	<u>25,024,182</u>
Less accumulated depreciation	<u>(10,008,169)</u>	<u>(1,093,343)</u>	<u>486,169</u>	<u>-</u>	<u>(10,615,343)</u>
Total capital assets being depreciated, net	<u>11,786,868</u>				<u>14,408,839</u>
Governmental activities capital assets, net	<u>\$ 17,080,055</u>				<u>17,490,441</u>
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 166,215	\$ -	\$ -	\$ -	\$ 166,215
Capital assets, being depreciated					
Land improvements	\$ 154,630	\$ -	\$ -	\$ -	\$ 154,630
Subtitle D Landfill	2,018,209	-	-	-	2,018,209
C&D Landfill	178,117	-	-	-	178,117
Buildings	87,454	-	-	-	87,454
Machinery and equipment	1,790,011	25,304	(175,000)	-	1,640,315
Equipment under capital lease	-	68,550	-	-	68,550
Total capital assets being depreciated	<u>4,228,421</u>	<u>93,854</u>	<u>(175,000)</u>	<u>-</u>	<u>4,147,275</u>
Less: accumulated depreciation	<u>(3,495,675)</u>	<u>(77,339)</u>	<u>175,000</u>	<u>-</u>	<u>(3,398,014)</u>
Total capital assets being depreciated, net	<u>732,746</u>				<u>749,261</u>
Business-type activities capital assets, net	<u>\$ 898,961</u>				<u>\$ 915,476</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

6) **CAPITAL ASSETS, CONTINUED**

Depreciation was charged to functions/programs as follows:

Governmental activities:

County government administration	\$ 166,370
Public safety	101,418
Roads and bridges	235,581
Solid waste	37,374
Health and welfare	64,046
Nondepartmental	<u>488,554</u>

Total depreciation expense - governmental activities	\$ <u>1,093,343</u>
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Business-type activities:

Landfill	\$ <u>77,339</u>
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Total depreciation expense - business-type activities	\$ <u>77,339</u>
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7) **LONG-TERM DEBT**

Ad valorem taxes are pledged to secure the outstanding balance of each bond issue and must be levied in an amount sufficient to pay the principal and interest due each year. The South Carolina Constitution limits local unit borrowing power to 8 percent of its assessed property value. The limitation excludes bonded indebtedness existing on December 1, 1977 (date of the Constitutional amendment), certain special levies assessed on properties located in an area receiving special benefits, special source revenue bonds and other prescribed indebtedness approved by the voters. Based on the 2012 assessed property valuation of approximately \$55,000,000 the County's debt limit would approximate \$4,400,000.

Long-term debt currently outstanding is as follows as June 30, 2014:

General Obligation Refunding Bonds Series 2010, due in annual installments of principal through March 2015, interest payable semi-annually at 1.83%	\$ 295,000
Public Building General Obligation Bonds Series 1980, due in annual installments of principal and interest of \$29,385 through March 2020, interest at 5.00%	<u>147,000</u>
	<u>\$ 442,000</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

7) **LONG-TERM DEBT, CONTINUED**

Annual debt service requirements for General Obligation Bonds outstanding as of June 30, 2014 are as follows:

Year Ending June 30	Principal	Interest	Totals
2015	\$ 316,365	\$ 10,719	\$ 327,084
2016	22,531	6,854	29,385
2017	23,760	5,625	29,385
2018	25,056	4,329	29,385
2019	26,423	2,962	29,385
2020	27,865	1,520	29,385
	<u>\$ 442,000</u>	<u>\$ 32,009</u>	<u>\$ 474,009</u>

The amount available in the debt service fund to service the General Obligation Bonds is \$80,606.

Individual Issuances

General Obligation Refunding Bond Series 2010

In June 2011, Abbeville County issued \$1,399,000 of General Obligation Refunding Bonds, Series 2010 to refund the General Obligation Bonds, Series 2000 and pay the costs of issuance. The Refunded bonds were issued to finance the costs of acquiring and constructing a new County detention facility and pay the costs of issuance. The transaction resulted in decreasing the aggregate principal and interest payments over the term of the new debt by \$163,371. Interest is payable semi-annually on March 1 and September 1 of each year.

The annual requirements to amortize the County's Series 2010 General Obligation Refunding Bonds are as follows at June 30, 2014:

Year Ending June 30	Principal	Interest	Totals
2015	\$ 295,000	\$ 2,699	\$ 297,699
	<u>\$ 295,000</u>	<u>\$ 2,699</u>	<u>\$ 297,699</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM DEBT, CONTINUED

Special Source Revenue Bonds

Article X, Section 14, of the Constitution of the State of South Carolina, as amended, provides that indebtedness payable solely from a special source, which source does not involve revenues from any tax or license, may be issued by a county. State law empowers Abbeville County to receive and retain revenues from a payment in lieu of taxes, to issue special source revenue bonds secured by and payable from all or a part of such revenues, for the purpose of defraying a portion of the cost of designing, acquiring, constructing, improving, or expanding the infrastructure serving the County in order to enhance the economic development of the County. At June 30, 2013, the County had authorized and issued special source revenue bonds. This Special Source Revenue Bond is secured by and payable solely from the net FILOT revenues (as defined in the Bond Ordinance) and certain other amounts pledged heretofore. This bond and the interest hereon is not secured by, or in any way entitled to, a pledge of the full faith, credit, or taxing power of the County. This bond and the interest, if any, hereon shall never constitute an indebtedness of the county within the meaning of any state constitutional provision or statutory limitation and shall be payable solely from the net FILOT revenues and certain other amounts pledged under the assignment and shall never constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Year Ending			
June 30	Principal	Interest	Totals
2015	\$ 169,741	\$ 8,742	\$ 178,483
	<u>\$ 169,741</u>	<u>\$ 8,742</u>	<u>\$ 178,483</u>

Taxable Installment Purchase Revenue Bond (Recovery Zone Economic Recovery Bond)

Series 2010 Original issue of \$4,250,000, principal due in annual installments issued in December 2010 and matures in December 2025; interest at 5.8% paid semiannually. This debt was issued by Abbeville Public Facilities Corporation for Abbeville County (the County’s blended component unit) and thus is not subject to the County’s constitutional debt limit (8% of assessed value) since it was not directly issued by the County.

Installment Purchase Revenue Bond (IPR)

The 2010 Installment Purchase Revenue Bond was issued by Abbeville Public Facilities Corporation (APFC) for Abbeville County to design, renovate and equip two separate existing properties. One building is the old Abbeville County Memorial Hospital, which will be renovated to accommodate county offices, and the other is a former retail store building, which will be upfitted to house the County library.

The IPR Bonds were issued pursuant to a facilities agreement between the County and APFC and evidence the interest of the APFC in certain rental payments made by the County. The Facilities agreement and the Base Lease agreement discussed below were authorized by the County Council in fiscal year 2011. The County will purchase the facilities from APFC pursuant to the facilities agreement, which will obligate the County to make installment payments of the purchase price (lease rental payments) to APFC in amounts calculated to be sufficient to enable APFC to pay the principal and interest on the IPR Bond. The County’s obligations under the facilities agreement are from year to year only and do not constitute a mandatory payment obligation of the County in any fiscal year in which funds are not appropriated by the County to pay the installment payments of purchase price due in such fiscal year. Upon a failure to appropriate sufficient lease rental payments, the County would forfeit possession of the facilities, subject to the provisions of the facilities agreement, for the remainder of the term of the Base Lease, but the APFC would remain as tenant under the Base Lease between the County and the APFC.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

7) **LONG-TERM DEBT, CONTINUED**

The County and the APFC made an irrevocable election to designate the IPR Bond as a “Build America Bond” and as a “Recovery Zone Economic Development Bond” so that the IPR Bond is a “qualified bond” for purposes of receiving a refundable credit equal to forty-five percent of the interest payable on the Bonds. The interest on these bonds will not be exempt for federal income tax purposes.

The Bond agreements required two separate funds to be established for the following:

- Project Funds – Proceeds in these funds are used to pay administrative fees and issuance costs, as well as construction costs of the projects. The total in these accounts at June 30, 2014 was \$2,125,878.
- Acquisition Account – The amount required to be deposited into this account in a bond year is equal to the debt service for such bond year. This account is expected to be a “bona fide debt service fund”.

The annual requirements to amortize the IPR are as follows at June 30, 2014:

Year Ending				
June 30	Principal	Interest	Totals	
2015	\$ 40,000	\$ 240,700	\$ 280,700	
2016	306,800	230,643	537,443	
2017	320,600	212,448	533,048	
2018	334,900	193,439	528,339	
2019	349,800	173,582	523,382	
2020	365,100	152,850	517,950	
2021	376,900	131,332	508,232	
2022	389,100	109,118	498,218	
2023	401,700	86,185	487,885	
2024	414,800	62,507	477,307	
2025	428,200	38,060	466,260	
2026	442,100	12,821	454,921	
	<u>\$ 4,170,000</u>	<u>\$ 1,643,685</u>	<u>\$ 5,813,685</u>	

Capital Leases

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

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities	Business-Type Activities
Machinery and equipment	\$ 1,551,586	\$ 68,550
Less accumulated depreciation	<u>(533,408)</u>	<u>(6,855)</u>
Total	<u>\$ 1,018,178</u>	<u>\$ 61,695</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

7) **LONG-TERM DEBT, CONTINUED**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

Year Ending June 30	Governmental Activities	Business-Type Activities
2015	\$ 270,200	\$ -
2016	269,842	-
2017	144,264	-
2018	111,018	-
2019-2021	<u>173,064</u>	<u>-</u>
Total minimum lease payment	968,388	-
Less amounts representing interest	<u>(78,738)</u>	<u>-</u>
Present value of minimum lease payments	<u>\$ 889,650</u>	<u>\$ -</u>

Changes in Long-term Liabilities

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

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General Obligation Bonds Series 1980	\$ 167,260	\$ -	\$ 20,260	\$ 147,000	\$ 21,365
General Obligation Bonds Refunding Series 2010	581,000	-	286,000	295,000	295,000
General Obligation Bonds Refunding Series 2014	-	195,000	195,000	-	-
Special Source Revenue Bonds Series 2009	331,169	-	161,428	169,741	169,741
Facilities Corp Installment Purchase Bond	4,210,000	-	40,000	4,170,000	40,000
Capital leases	693,477	283,774	87,601	889,650	244,596
Compensated absences	275,053	194,089	194,816	274,326	175,569
Issuance costs	<u>(143,666)</u>	<u>-</u>	<u>(11,051)</u>	<u>(132,615)</u>	<u>(11,051)</u>
	<u>\$ 6,114,293</u>	<u>\$ 672,863</u>	<u>\$ 974,054</u>	<u>\$ 5,813,102</u>	<u>\$ 935,220</u>

The general fund liquidates the compensated absences liability.

Business-Type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital leases	\$ -	\$ 66,665	\$ -	\$ 66,665
Municipal solid waste landfill closure cost	1,671,116	47,461	-	1,718,577
Post closure cost	<u>1,238,931</u>	<u>30,604</u>	<u>19,000</u>	<u>1,250,535</u>
	<u>\$ 2,910,047</u>	<u>\$ 144,730</u>	<u>\$ 19,000</u>	<u>\$ 3,035,777</u>

The County recognizes its liability for its solid waste landfill closure and post closure costs as long-term debt in the enterprise fund. For the year ended June 30, 2014, the liability increased by \$47,461 for landfill capacity used, increased by \$30,604 for closure costs and decreased by \$19,000 for post closure completed.

For further explanation of the liability, see note 8.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

8) **SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COST**

The Abbeville County Solid Waste Authority began operations in the early 1970's. It became a department of Abbeville County and in 1991 transferred operations from a special revenue fund to an enterprise fund. On October 9, 1991, federal regulations issued by the Environmental Protection Agency (EPA) placed specific requirements pertaining to the closing of municipal solid waste landfills once its capacity is reached as well as post-closure monitoring and maintenance for a period of thirty years after closure. The County completed construction on a new Subtitle D landfill and began accepting waste into the landfill on October 1, 1998. The existing landfill, which consisted of two separate cells, began the closure process immediately. The South cell closure was complete at June 30, 2002. The North cell closure was substantially complete on June 30, 2005. The estimated liability for post closure care costs amounted to \$342,000 at June 30, 2014. In addition, the County recognizes a portion of the closure and post-closure care costs for the new Subtitle D landfill in each operating period even though actual payouts will not occur until the landfill is closed. The amount recognized to date is based on the landfill capacity used as of the balance sheet date. As of June 30, 2014, the County had incurred an estimated liability of \$2,627,111, which represents the amount of costs reported to date based on an estimated ninety-four percent (96.8%) of landfill capacity used to date, and consulting engineer's analysis and estimates. The total liability under GASB 18 was \$2,969,111 as of June 30, 2014.

The closure and post-closure costs are subject to changes such as the effects of inflation, revision of laws and other variables. By federal and state laws, the County is required to establish financial assurance by the use of one of several approved mechanisms, to accumulate, or otherwise provide, the assets needed for the actual payout of closure and post-closure care costs. As of June 30, 2014, the County has \$1,811,190 of cash in a separate landfill closure fund as well as the capacity to issue debt to provide for this liability.

The total estimated remaining constructed capacity of the landfill at June 30, 2014, is approximately 2.5 years, and the total estimated permitted capacity is approximately 40 years.

9) **RISK MANAGEMENT**

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

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

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

10) **RETIREMENT PLAN**

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

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

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

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

SCRS plan members are required to contribute 7.50% of their annual covered salary while PORS plan members are required to contribute 7.84% of their annual covered salary. The County is required to contribute an actuarially determined rate. The current rates for the SCRS and PORS are 10.45% and 12.44% of annual covered payroll, respectively. In addition to the preceding rates, the County contributes .150% and .200 % of covered payroll to a group life insurance benefit for their SCRS and PORS participants, respectively. Additionally, participating employers contribute .200% of covered payroll to provide an accidental death benefit for their PORS participants. The contribution requirements of plan members and the County are established under Title 9 of the South Carolina Code of Laws.

The County's required contributions were made to SCRS and PORS and are summarized for the current and prior two years as follows:

Year Ending June 30	Employer		Employee	
	SCRS	PORS	SCRS	PORS
2014	\$ 376,131	\$ 241,625	\$ 269,953	\$ 152,278
2013	353,359	215,722	236,700	126,895
2012	328,454	212,612	227,486	121,615
2013 SCRS and PORS	\$ <u>617,756</u>		\$ <u>422,231</u>	

The total covered wages for the County and its component unit for the fiscal year presented are \$5,541,663. The County has no fiduciary responsibility for or further liability to either plan.

All employers contribute at the actuarially required contribution rates.

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

10) **RETIREMENT PLAN, CONTINUED**

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

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

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.45% plus the retiree surcharge of 4.92% from the employer in fiscal year 2014.

None of the County's employees have elected to be covered under any of the optional retirement plans as of June 30, 2014.

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

In addition to providing pension benefits, the County provides certain health care benefits for qualifying retirees. In the current fiscal year the County adopted a Health Reimbursement Arrangement which is a Defined Contribution Plan administered by Vested Health, LLC. Based on an individual's consecutive years of service with the County at the date of adoption of the plan, November 9, 2009, the County provides a monthly payment to the administrator, from which the retiree may pay qualifying medical costs, including insurance premiums. There is a lifetime cap on the total benefits that the County will pay for each retired employee, which is also determined based on years of service at date of adoption of the plan, as shown below. The plan is owned by the County and unused funds remain the property of the County.

<u>Consecutive Years of Service</u>	<u>Monthly Payment During Retirement</u>	<u>Maximum Total</u>
25 or more	576	20,000
20-25 years	207	15,000
15-20 years	137	10,000

During the fiscal year ended June 30, 2014, the County paid a total of \$44,572 on behalf of 14 retirees.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

12) **DEFERRED COMPENSATION PLAN**

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

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

CitiStreet LLC., One Heritage Drive North Quincy, MA 02171, (under state contract) is the program administrator of the 457 plan, as well as the 401K plan. The choice of deferred compensation options are selected by the participant. As recommended by GASB 32, *Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans*, the value of the assets under the plan are not included in the County's financial statements.

13) **COMMITMENTS AND CONTINGENCIES**

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

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

The County receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or overall financial position of the County at June 30, 2014.

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

14) **CONDUIT DEBT OBLIGATIONS**

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

As of June 30, 2014 there were two hospital revenue bonds outstanding and there were no industrial revenue bonds outstanding that the county has record of.

15) **COMPONENT UNIT INFORMATION**

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

Cash and Investments

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Library’s deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At June 30, 2014, the carrying amount of the Library’s deposits was \$20,244 and the bank balance was \$18,335. All of the Library’s deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions’ trust departments in the Library’s name. Therefore, none of the Library’s deposits were exposed to custodial credit risk at June 30, 2014.

Capital Assets

Component unit capital asset activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Abbeville County Library:				
Capital assets not being depreciated:				
Books	\$ 872,147	\$ 8,416	\$ 35,916	\$ 844,647
Collections	61,935	-	-	61,935
Total capital assets not being depreciated	<u>934,082</u>	<u>8,416</u>	<u>35,916</u>	<u>906,582</u>
Capital assets being depreciated:				
Equipment, furniture and fixtures	22,022	-	-	22,022
Total capital assets being depreciated	<u>22,022</u>	<u>-</u>	<u>-</u>	<u>22,022</u>
Less accumulated depreciation	<u>(20,212)</u>	<u>(603)</u>	<u>-</u>	<u>(20,815)</u>
Total capital assets being depreciated, net	<u>1,810</u>			<u>1,207</u>
Governmental activities capital assets, net	<u>\$ 935,892</u>			<u>\$ 907,789</u>

16) **SUBSEQUENT EVENTS**

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through December 10, 2014, the date the financial statements were available to be issued.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2014

16) **PENDING IMPLEMENTATION OF GASB STATEMENT ON PENSIONS**

GASB Statement No. 68, Accounting and Financial Reporting for Pensions (“GASB 68”), was issued by the GASB in June 2013. The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple-employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB’s intention that GASB 68 will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the County’s financial obligations to current and former employees for past services rendered.

In particular, the County will be required to report a net pension liability for its participation in the SCRS on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the statement of net position) and present more extensive note disclosures. In general, it should not have a significant impact on the County’s governmental funds.

The effect of implementation of GASB 68 has not been determined at this time, but it is anticipated that it will materially decrease the County’s unrestricted net position. GASB 68 is required to be implemented by the County no later than the fiscal year ending June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Balance Sheet
June 30, 2014

ASSETS	
Cash and cash equivalents	\$ 714,841
Investments	-
Receivables:	
Taxes, net	101,590
Accounts, net	16,715
Intergovernmental	1,600,117
Due from other funds	93,153
Prepaid expenses	13,616
Inventories	<u>23,093</u>
 TOTAL ASSETS	 \$ <u><u>2,563,125</u></u>
 LIABILITIES	
Accounts payable	\$ 145,362
Accrued expenses	238,041
Deferred revenue	67,649
Due to others	<u>1,029,749</u>
 TOTAL LIABILITIES	 <u>1,480,801</u>
 FUND BALANCE	
Nonspendable	36,709
Restricted	-
Assigned	-
Unassigned	<u>1,045,615</u>
 TOTAL FUND BALANCE	 <u>1,082,324</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u><u>2,563,125</u></u>

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
TAXES				
Current real estate	\$ 2,791,440	2,791,440	2,636,905	(154,535)
Homestead	372,160	372,160	432,931	60,771
Real property - delinquent	300,000	300,000	194,677	(105,323)
Replenish fund balance	224,000	224,000	-	(224,000)
Multi-county industrial park fee	790,000	790,000	781,391	(8,609)
Vehicle	415,200	415,200	541,908	126,708
LOST property tax rollback	800,000	800,000	1,088,180	288,180
FILOT real estate	40,000	40,000	-	(40,000)
Manufacturing exempt	100,000	100,000	67,982	(32,018)
Total taxes	5,832,800	5,832,800	5,743,974	(88,826)
INTERGOVERNMENTAL				
Aid to subdivisions	960,213	960,213	933,695	(26,518)
City of Abbeville detention revenue	15,000	15,000	10,050	(4,950)
Ware Shoals detention revenue	300	300	510	210
Calhoun Falls detention revenue	4,000	4,000	5,775	1,775
Due West detention revenue	1,000	1,000	950	(50)
DSS reimbursement	25,000	25,000	29,407	4,407
Election supplies reimbursement	1,000	1,000	-	(1,000)
Local options sales tax	375,000	375,000	389,019	14,019
Motor carrier tax	17,500	17,500	30,415	12,915
Poll managers and registration board	7,500	7,500	10,200	2,700
Accommodations tax	28,000	28,000	29,231	1,231
Veterans' service officer	4,500	4,500	4,467	(33)
State salary supplement	8,600	8,600	6,300	(2,300)
Inmate labor	65,000	65,000	65,000	-
State inventory tax	12,557	12,557	12,557	-
Anderson County industrial park	63,000	63,000	59,541	(3,459)
Family court reimbursement	65,000	65,000	90,000	25,000
State treasurer	1,000	1,000	16,962	15,962
Landfill - reimbursement	30,000	30,000	30,000	-
Total intergovernmental	1,684,170	1,684,170	1,724,079	39,909

Continued

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
GRANTS AND DONATIONS				
State treasury grant	-	-	32,299	32,299
Emergency management performance grant	25,000	25,000	100,422	75,422
EMS grant	9,000	9,000	44,263	35,263
Duke Community Paramedic grant	-	-	45,693	45,693
SC Parks grant	-	-	3,961	3,961
Total grants and donations	34,000	34,000	226,638	192,638
CHARGES FOR SERVICES				
Bill and collect municipalities	15,000	15,000	19,806	4,806
Tax collector costs	-	-	(15,953)	(15,953)
EMS service billing	652,267	652,267	735,362	83,095
Nonemergency services billing	300,000	300,000	227,619	(72,381)
Treasurer decal	19,000	19,000	16,232	(2,768)
Sheriff fees	7,000	7,000	2,730	(4,270)
Total charges for services	993,267	993,267	985,796	(7,471)
RENT				
County building	32,351	32,351	34,425	2,074
Old Milliken plant	-	-	-	-
Total rent	32,351	32,351	34,425	2,074
FINES AND FEES				
Natural resources fines	-	-	67	67
Municipal property management fee	-	-	240	240
Clerk of court fees	220,000	220,000	176,449	(43,551)
Health department	4,500	4,500	(200)	(4,700)
Magistrate civil fee	30,000	30,000	(170)	(30,170)
Magistrate criminal fees	110,000	110,000	159,876	49,876
Worthless check program fees	750	750	588	(162)
Master in equity fees	25,000	25,000	33,945	8,945
Ordinances map zone	1,000	1,000	805	(195)
Returned check fee	-	-	35	35
Probate judge fees	35,000	35,000	32,933	(2,067)
Total fines and fees	426,250	426,250	404,568	(21,682)

Continued

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
LICENSES AND PERMITS				
Building permits	70,000	70,000	100,712	30,712
Cable television	80,000	80,000	110,016	30,016
Mobile home licenses	1,000	1,000	765	(235)
Total licenses and permits	<u>151,000</u>	<u>151,000</u>	<u>211,493</u>	<u>60,493</u>
MISCELLANEOUS				
Phone reimbursement-sheriff	8,000	8,000	5,280	(2,720)
US Treasury	-	-	1,572	1,572
Auditor temporary tags	1,560	1,560	1,315	(245)
Asset disposition	4,000	4,000	57,553	53,553
Copying and vending	1,500	1,500	174	(1,326)
Miscellaneous revenue	-	-	194	194
Total miscellaneous	<u>15,060</u>	<u>15,060</u>	<u>66,088</u>	<u>51,028</u>
INTEREST REVENUES				
Interest earned	750	750	314	(436)
Interest from holding fund	100	100	-	(100)
Total interest revenues	<u>850</u>	<u>850</u>	<u>314</u>	<u>(536)</u>
Total revenues	<u>9,169,748</u>	<u>9,169,748</u>	<u>9,397,375</u>	<u>227,627</u>
EXPENDITURES				
GENERAL GOVERNMENT				
County council	103,577	103,577	103,446	131
Administration	95,500	95,500	121,278	(25,778)
Development services	142,940	142,940	123,858	19,082
Finance department	140,448	140,448	139,408	1,040
Risk management	5,950	5,950	5,646	304
Clerk of court	258,693	258,693	251,162	7,531
Probate judge	122,792	122,792	118,416	4,376
Master in equity	14,652	14,652	13,436	1,216
Auditor	115,702	115,702	112,508	3,194

Continued

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
GENERAL GOVERNMENT, continued				
Treasurer	154,100	154,100	157,858	(3,758)
Tax collector	96,637	96,637	169,225	(72,588)
Assessor	216,588	216,588	201,608	14,980
Registration and election	80,364	80,364	97,071	(16,707)
County attorney	36,000	36,000	36,010	(10)
Building and grounds	328,453	328,453	315,385	13,068
Veterans' affairs	59,998	59,998	55,279	4,719
External auditor	50,000	50,000	38,000	12,000
Grant tracking	34,000	34,000	132,060	(98,060)
Building codes and planning	128,141	128,141	120,575	7,566
Total general government	<u>2,184,535</u>	<u>2,184,535</u>	<u>2,312,229</u>	<u>(127,694)</u>
PUBLIC SAFETY				
Solicitor	41,200	41,200	41,200	-
Sheriff	1,289,026	1,289,026	1,318,237	(29,211)
Magistrate	225,864	225,864	200,349	25,515
Public defender	26,790	26,790	26,790	-
Coroner	40,525	40,525	36,890	3,635
Detention center	885,225	885,225	932,433	(47,208)
Juvenile detention	2,000	2,000	-	2,000
Total public safety	<u>2,510,630</u>	<u>2,510,630</u>	<u>2,555,899</u>	<u>(45,269)</u>
HEALTH AND WELFARE				
Emergency management	1,375,813	1,375,813	1,450,016	(74,203)
Nonemergency transport	93,397	93,397	107,250	(13,853)
Animal control	40,000	40,000	-	40,000
Total health and welfare	<u>1,509,210</u>	<u>1,509,210</u>	<u>1,557,266</u>	<u>(48,056)</u>
CULTURE AND RECREATION				
Recreation	30,750	30,750	32,801	(2,051)
Intergovernmental	138,824	138,824	145,211	(6,387)
Total culture and recreation	<u>169,574</u>	<u>169,574</u>	<u>178,012</u>	<u>(8,438)</u>

Continued

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
NONDEPARTMENTAL				
Health insurance	810,000	810,000	704,973	105,027
Payroll taxes	365,000	365,000	363,992	1,008
Retirement expense	492,401	492,401	546,367	(53,966)
Retiree defined contribution	47,622	47,622	44,617	3,005
Unemployment expense	30,000	30,000	4,712	25,288
Fringe benefits expense	20,624	20,624	-	20,624
Replenish fund balance	224,000	224,000	-	224,000
Workman's compensation	154,464	154,464	126,130	28,334
IT management fees	67,000	67,000	49,278	17,722
IT computer hardware	20,000	20,000	38,726	(18,726)
Membership & dues	7,882	7,882	8,765	(883)
Bank fees and supplies	500	500	82	418
Building insurance	145,828	145,828	145,828	-
Telephone	45,000	45,000	32,401	12,599
Internet	12,000	12,000	14,897	(2,897)
Copy machine	10,500	10,500	12,247	(1,747)
Data processing supplies	5,500	5,500	1,190	4,310
Postage meter expense	-	-	2,283	(2,283)
Interest expense	3,500	3,500	4,186	(686)
Professional services	18,000	18,000	12,864	5,136
Miscellaneous expense	80,978	80,978	2,000	78,978
Disbursements - federal grants	12,000	12,000	47,496	(35,496)
Principal	178,210	178,210	165,729	12,481
Interest and fiscal charges	-	-	17,198	(17,198)
Total nondepartmental	2,751,009	2,751,009	2,345,961	405,048
Total expenditures	9,124,958	9,124,958	8,949,367	175,591
Excess (deficiency) of revenues over (under) expenditures	44,790	44,790	448,008	52,036

Continued

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	87	87
Transfers out	(44,790)	(44,790)	(44,841)	(51)
Total other financing sources (uses)	(44,790)	(44,790)	(44,754)	36
Net change in fund balance	0	0	403,254	52,072
Fund balance, beginning of year	679,069	679,069	679,069	-
Fund balance, end of year	\$ 679,069	679,069	1,082,323	52,072

SUPPLEMENTARY INFORMATION

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Total Nonmajor Spec Rev Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,874,259	149,308	3,023,567
Investments	-	-	-
Receivables:			
Taxes, net	91,875	13,124	104,999
Accounts, net	-	-	-
Intergovernmental	336,146	-	336,146
Due from other funds	29,749	-	29,749
Prepaid expenses	-	-	-
Inventories	-	-	-
Capital assets	-	-	-
Less accumulated depreciation	-	-	-
Total capital assets net of depreciation	-	-	-
TOTAL ASSETS	3,332,029	162,432	3,494,461
LIABILITIES			
Accounts payable	21,403	-	21,403
Accrued expenses	26,211	-	26,211
Deferred revenue	47,718	8,446	56,164
Due to others	44,827	-	44,827
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
TOTAL LIABILITIES	140,159	8,446	148,605
FUND BALANCE			
Nonspendable	-	-	-
Restricted	2,626,609	153,986	2,780,595
Assigned	565,261	-	565,261
Unassigned	-	-	-
TOTAL FUND BALANCE	3,191,870	153,986	3,345,856
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,332,029	162,432	3,494,461

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 1,020,550	490,723	1,511,273
Intergovernmental	1,272,199	-	1,272,199
Grants and donations	771,275	101,485	872,760
Charges for services	890,236	-	890,236
Rent	-	-	-
Fees and fines	367,391	-	367,391
Licenses and permits	-	-	-
Miscellaneous	39,883	-	39,883
Investment income	240	722	962
TOTAL REVENUES	4,361,774	592,930	4,954,704
EXPENDITURES			
Current:			
General government	37,818	1,590	39,408
Public safety	1,287,164	1,635	1,288,799
Roads and bridges	291,183	-	291,183
Solid waste	349,114	-	349,114
Health and welfare	23,942	-	23,942
Culture and recreation	-	-	-
Nondepartmental	479,805	-	479,805
Lump sum appropriation	294,008	-	294,008
Capital outlay	1,339,262	-	1,339,262
Debt service:			
Principal retirement	83,300	346,260	429,560
Cost of issuance	-	-	-
Interest and fiscal charges	74,647	459,071	533,718
TOTAL EXPENDITURES	4,260,243	808,556	5,068,799
Excess (Deficiency) of revenues over (under) expenditures	101,531	(215,626)	(114,095)
OTHER FINANCING SOURCES (USES)			
Proceeds from installment purchase debt	-	195,000	195,000
Proceeds from capital lease	137,095	-	137,095
Transfers	44,754	-	44,754
TOTAL OTHER FINANCING SOURCES (USES)	181,849	195,000	376,849
Net change in fund balance	283,380	(20,626)	262,754
Fund balance, beginning of year	2,908,491	174,612	3,083,103
Fund balance, end of year	\$ 3,191,871	153,986	3,345,857

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	The Rural Fire Spec Rev Fund	Road Maintenance Sp Rev Fund	Abbeville County C Funds	Accomodations Tax Sp Rev Fund	Victim's Services Sp Rev Fund
ASSETS					
Cash and cash equivalents	\$ 155,948	293,860	54,778	4,842	5,503
Investments	-	-	-	-	-
Receivables:					
Taxes, net	9,450	-	-	-	12,918
Accounts, net	-	-	-	-	-
Intergovernmental	-	-	17,168	110,773	-
Due from other funds	29,749	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Capital assets	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets net of depreciation	-	-	-	-	-
TOTAL ASSETS	\$ 195,147	293,860	71,946	115,615	18,421
LIABILITIES					
Accounts payable	\$ 1,535	-	17,168	-	-
Accrued expenses	2,971	3,438	-	-	990
Deferred revenue	6,208	-	-	-	-
Due to others	983	6,268	-	-	35,521
Long-term liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
TOTAL LIABILITIES	11,697	9,706	17,168	-	36,511
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	183,450	284,154	54,778	115,615	(18,090)
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	183,450	284,154	54,778	115,615	(18,090)
TOTAL LIABILITIES AND FUND BALANCE	\$ 195,147	293,860	71,946	115,615	18,421

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Clerk Family Court	DSS Child Support	Sheriff Family Court	Solid Waste Sp Rev Fund	Infrastructure Dev Sp Rev Fund
ASSETS					
Cash and cash equivalents	\$ 126,472	73,749	22,883	305,560	388,825
Investments	-	-	-	-	-
Receivables:					
Taxes, net	-	-	-	9,164	-
Accounts, net	-	-	-	-	-
Intergovernmental	271	8,079	462	-	176,436
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Capital assets	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets net of depreciation	-	-	-	-	-
TOTAL ASSETS	\$ 126,743	81,828	23,345	314,724	565,261
LIABILITIES					
Accounts payable	\$ -	-	-	449	-
Accrued expenses	-	-	-	5,736	-
Deferred revenue	-	-	-	5,939	-
Due to others	-	-	-	2,046	-
Long-term liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	14,170	-
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	126,743	81,828	23,345	300,554	-
Assigned	-	-	-	-	565,261
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	126,743	81,828	23,345	300,554	565,261
TOTAL LIABILITIES AND FUND BALANCE	\$ 126,743	81,828	23,345	314,724	565,261

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Title III Forest Funds	Infrastructure Millage	E-911 Sub Tariffs Sp Rev Fund	Emer Mgmt Donations	Rural Fire Donations
ASSETS					
Cash and cash equivalents	\$ -	990,831	141,364	14,737	5,475
Investments	-	-	-	-	-
Receivables:					
Taxes, net	-	2,625	-	-	-
Accounts, net	-	-	-	-	-
Intergovernmental	-	-	22,463	494	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Capital assets	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets net of depreciation	-	-	-	-	-
TOTAL ASSETS	\$ -	993,456	163,827	15,231	5,475
LIABILITIES					
Accounts payable	\$ -	-	752	-	-
Accrued expenses	-	-	-	-	-
Deferred revenue	-	1,694	-	-	-
Due to others	-	-	5	-	-
Long-term liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
TOTAL LIABILITIES	-	1,694	757	-	-
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	-	991,762	163,070	15,231	5,475
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	-	991,762	163,070	15,231	5,475
TOTAL LIABILITIES AND FUND BALANCE	\$ -	993,456	163,827	15,231	5,475

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	County Animal Rescue Team	E911 Donations	Sheriff Dept Donations	Sheriff BJA Grant	Competitive Grant
ASSETS					
Cash and cash equivalents	\$ -	1,190	2,360	24,019	15,455
Investments	-	-	-	-	-
Receivables:					
Taxes, net	-	-	-	-	-
Accounts, net	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Capital assets	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets net of depreciation	-	-	-	-	-
TOTAL ASSETS	\$ -	1,190	2,360	24,019	15,455
LIABILITIES					
Accounts payable	\$ -	-	-	-	-
Accrued expenses	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to others	-	-	-	-	-
Long-term liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	-	1,190	2,360	24,019	15,455
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	-	1,190	2,360	24,019	15,455
TOTAL LIABILITIES AND FUND BALANCE	\$ -	1,190	2,360	24,019	15,455

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Public Safety Sp Rev Fund	Piedmont Tech College	Sheriff Dept Seizure Forfeited	Co Admin Bldg Proj 2010	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 139,035	59,401	47,972	-	2,874,259
Investments	-	-	-	-	-
Receivables:					
Taxes, net	53,395	4,323	-	-	91,875
Accounts, net	-	-	-	-	-
Intergovernmental	-	-	-	-	336,146
Due from other funds	-	-	-	-	29,749
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Capital assets	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets net of depreciation	-	-	-	-	-
TOTAL ASSETS	\$ 192,430	63,724	47,972	-	3,332,029
LIABILITIES					
Accounts payable	\$ 1,499	-	-	-	21,403
Accrued expenses	13,076	-	-	-	26,211
Deferred revenue	31,095	2,782	-	-	47,718
Due to others	4	-	-	-	44,827
Long-term liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
TOTAL LIABILITIES	45,674	2,782	-	-	140,159
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	146,756	60,942	47,972	-	2,626,609
Assigned	-	-	-	-	565,261
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	146,756	60,942	47,972	-	3,191,870
TOTAL LIABILITIES AND FUND BALANCE	\$ 192,430	63,724	47,972	-	3,332,029

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	The Rural Fire Spec Rev Fund	Road Maintenance Sp Rev Fund	Abbeville County C Funds	Accomodations Tax Sp Rev Fund	Victim's Services Sp Rev Fund
REVENUES					
Taxes	\$ 394,996	-	-	-	-
Intergovernmental	5,536	34,823	332,658	220,499	-
Grants and donations	-	-	-	-	-
Charges for services	-	-	-	-	13,093
Rent	-	-	-	-	-
Fees and fines	-	336,828	-	-	30,563
Licenses and permits	-	-	-	-	-
Miscellaneous	-	5,000	-	-	-
Investment income	14	20	5	3	-
TOTAL REVENUES	400,546	376,671	332,663	220,502	43,656
EXPENDITURES					
Current:					
General government	-	15,451	-	-	-
Public safety	251,039	-	-	-	45,601
Roads and bridges	-	291,183	-	-	-
Solid waster	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Nondepartmental	-	-	342,861	29,231	-
Lump sum appropriation	58,300	-	-	80,383	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	4,582	-	-	-	-
Cost of issuance	-	-	-	-	-
Interest and fiscal charges	81,950	-	-	-	-
TOTAL EXPENDITURES	395,871	306,634	342,861	109,614	45,601
Excess (Deficiency) of revenues over (under) expenditures	4,675	70,037	(10,198)	110,888	(1,945)
OTHER FINANCING SOURCES (USES)					
Proceeds from installment purchase debt	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Transfers	29,749	-	-	-	15,041
TOTAL OTHER FINANCING SOURCES (USES)	29,749	-	-	-	15,041
Net change in fund balance	34,424	70,037	(10,198)	110,888	13,096
Fund balance, beginning of year	149,027	214,117	64,976	4,727	(31,186)
Fund balance, end of year	\$ 183,451	284,154	54,778	115,615	(18,090)

Continued

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Clerk Family Court	DSS Child Support	Sheriff Family Court	Solid Waste Sp Rev Fund	Infrastructure Dev Sp Rev Fund
REVENUES					
Taxes	\$ -	-	-	377,824	-
Intergovernmental	12,055	97,935	6,914	21,982	349,121
Grants and donations	-	-	-	-	758,446
Charges for services	-	-	-	-	-
Rent	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Miscellaneous	-	-	-	17,173	-
Investment income	11	5	2	23	35
TOTAL REVENUES	12,066	97,940	6,916	417,002	1,107,602
EXPENDITURES					
Current:					
General government	-	-	4,937	4,709	-
Public safety	-	-	-	-	-
Roads and bridges	-	-	-	-	-
Solid waster	-	-	-	349,114	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Nondepartmental	-	107,713	-	-	-
Lump sum appropriation	-	-	-	-	-
Capital outlay	-	-	-	20,350	1,071,089
Debt service:					
Principal retirement	-	-	-	-	-
Cost of issuance	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
TOTAL EXPENDITURES	-	107,713	4,937	374,173	1,071,089
Excess (Deficiency) of revenues over (under) expenditures	12,066	(9,773)	1,979	42,829	36,513
OTHER FINANCING SOURCES (USES)					
Proceeds from installment purchase debt	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Transfers	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net change in fund balance	12,066	(9,773)	1,979	42,829	36,513
Fund balance, beginning of year	114,677	91,601	21,366	257,725	528,748
Fund balance, end of year	\$ <u>126,743</u>	<u>81,828</u>	<u>23,345</u>	<u>300,554</u>	<u>565,261</u>

Continued

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Title III Forest Funds	Infrastructure Millage	E-911 Sub Tariffs Sp Rev Fund	Emer Mgmt Donations	Rural Fire Donations
REVENUES					
Taxes	\$ -	88,893	-	-	-
Intergovernmental	-	297	164,031	-	-
Grants and donations	-	-	-	-	8,661
Charges for services	-	-	104,310	-	-
Rent	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Miscellaneous	-	-	-	15,343	-
Investment income	-	84	13	1	2
TOTAL REVENUES	-	89,274	268,354	15,344	8,663
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	198,551	11,836	35,765
Roads and bridges	-	-	-	-	-
Solid waster	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Lump sum appropriation	-	-	-	-	-
Capital outlay	-	-	37,748	-	-
Debt service:					
Principal retirement	-	-	42,760	-	-
Cost of issuance	-	-	-	-	-
Interest and fiscal charges	-	-	4,088	-	-
TOTAL EXPENDITURES	-	-	283,147	11,836	35,765
Excess (Deficiency) of revenues over (under) expenditures	-	89,274	(14,793)	3,508	(27,102)
OTHER FINANCING SOURCES (USES)					
Proceeds from installment purchase debt	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Transfers	51	(87)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	51	(87)	-	-	-
Net change in fund balance	51	89,187	(14,793)	3,508	(27,102)
Fund balance, beginning of year	(52)	902,575	177,863	11,723	32,577
Fund balance, end of year	\$ (1)	991,762	163,070	15,231	5,475

Continued

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	County Animal Rescue Team	E911 Donations	Sheriff Dept Donations	Sheriff BJA Grant	Competitive Grant
REVENUES					
Taxes	-	-	-	-	-
Intergovernmental	-	-	-	24,015	-
Grants and donations	-	-	4,168	-	-
Charges for services	-	-	-	-	-
Rent	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Miscellaneous	-	389	-	-	-
Investment income	-	-	-	1	2
TOTAL REVENUES	-	389	4,168	24,016	2
EXPENDITURES					
Current:					
General government	10	-	1,808	-	-
Public safety	1,714	374	-	20,076	8,703
Roads and bridges	-	-	-	-	-
Solid waster	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Lump sum appropriation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Cost of issuance	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
TOTAL EXPENDITURES	1,724	374	1,808	20,076	8,703
Excess (Deficiency) of revenues over (under) expenditures	(1,724)	15	2,360	3,940	(8,701)
OTHER FINANCING SOURCES (USES)					
Proceeds from installment purchase debt	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Transfers	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net change in fund balance	(1,724)	15	2,360	3,940	(8,701)
Fund balance, beginning of year	1,724	1,174	-	20,078	24,157
Fund balance, end of year	-	1,189	2,360	24,018	15,456

Continued

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Public Safety Sp Rev Fund	Piedmont Tech College	Sheriff Dept Seizure Forfeited	Co Admin Bldg Proj 2010	Total Nonmajor Special Revenue Funds
REVENUES					
Taxes	\$ -	158,837	-	-	1,020,550
Intergovernmental	-	2,333	-	-	1,272,199
Grants and donations	-	-	-	-	771,275
Charges for services	772,833	-	-	-	890,236
Rent	-	-	-	-	-
Fees and fines	-	-	-	-	367,391
Licenses and permits	-	-	-	-	-
Miscellaneous	-	-	1,978	-	39,883
Investment income	14	5	-	-	240
TOTAL REVENUES	772,847	161,175	1,978	-	4,361,774
EXPENDITURES					
Current:					
General government	10,903	-	-	-	37,818
Public safety	686,108	-	27,397	-	1,287,164
Roads and bridges	-	-	-	-	291,183
Solid waster	-	-	-	-	349,114
Health and welfare	23,942	-	-	-	23,942
Culture and recreation	-	-	-	-	-
Nondepartmental	-	-	-	-	479,805
Lump sum appropriation	-	155,325	-	-	294,008
Capital outlay	187,437	-	-	22,638	1,339,262
Debt service:					
Principal retirement	35,958	-	-	-	83,300
Cost of issuance	-	-	-	-	-
Interest and fiscal charges	(11,391)	-	-	-	74,647
TOTAL EXPENDITURES	932,957	155,325	27,397	22,638	4,260,243
Excess (Deficiency) of revenues over (under) expenditures	(160,110)	5,850	(25,419)	(22,638)	101,531
OTHER FINANCING SOURCES (USES)					
Proceeds from installment purchase debt	-	-	-	-	-
Proceeds from capital lease	137,095	-	-	-	137,095
Transfers	-	-	-	-	44,754
TOTAL OTHER FINANCING SOURCES (USES)	137,095	-	-	-	181,849
Net change in fund balance	(23,015)	5,850	(25,419)	(22,638)	283,380
Fund balance, beginning of year	169,773	55,092	73,391	22,638	2,908,491
Fund balance, end of year	\$ 146,758	60,942	47,972	-	3,191,871

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2014

	Abbeville County Debt Service	Total Nonmajor Debt Service Funds
	<hr/>	<hr/>
ASSETS		
Cash and cash equivalents	\$ 149,308	149,308
Investments	-	-
Receivables:		
Taxes, net	13,124	13,124
Accounts, net	-	-
Intergovernmental	-	-
Due from other funds	-	-
Prepaid expenses	-	-
Inventories	-	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>162,432</u>	<u>162,432</u>
LIABILITIES		
Accounts payable	\$ -	-
Accrued expenses	-	-
Deferred revenue	8,446	8,446
Due to others	-	-
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>8,446</u>	<u>8,446</u>
FUND BALANCE		
Nonspendable	-	-
Restricted	153,986	153,986
Assigned	-	-
Unassigned	-	-
	<hr/>	<hr/>
TOTAL FUND BALANCE	<u>153,986</u>	<u>153,986</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>162,432</u>	<u>162,432</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2014

	Abbeville County Debt Service	Total Nonmajor Debt Service Funds
REVENUES		
Taxes	\$ 490,723	490,723
Intergovernmental	-	-
Grants and donations	101,485	101,485
Charges for services	-	-
Rent	-	-
Fees and fines	-	-
Licenses and permits	-	-
Miscellaneous	-	-
Investment income	722	722
TOTAL REVENUES	592,930	592,930
EXPENDITURES		
Current:		
General government	1,590	1,590
Public safety	1,635	1,635
Roads and bridges	-	-
Solid waster	-	-
Health and welfare	-	-
Culture and recreation	-	-
Nondepartmental	-	-
Lump sum appropriation	-	-
Capital outlay	-	-
Debt service:		
Principal retirement	346,260	346,260
Cost of issuance	-	-
Interest and fiscal charges	459,071	459,071
TOTAL EXPENDITURES	808,556	808,556
Excess (Deficiency) of revenues over (under) expenditures	(215,626)	(215,626)
OTHER FINANCING SOURCES (USES)		
Proceeds from installment purchase debt	195,000	195,000
Proceeds from capital lease	-	-
Transfers	-	-
TOTAL OTHER FINANCING SOURCES (USES)	195,000	195,000
Net change in fund balance	(20,626)	(20,626)
Fund balance, beginning of year	174,612	174,612
Fund balance, end of year	\$ 153,986	153,986

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Clerk of Court Fees and Fines - UNAUDITED
For the Fiscal Year Ended June 30, 2014

<u>Amounts retained by County Treasurer</u>	
Fines	\$ 189,687
Assessments	-
Surcharges	<u>-</u>
Total retained by County Treasurer:	<u><u>\$ 189,687</u></u>
<u>Amounts remitted to State Treasurer</u>	
Fines	\$ -
Assessments	140,947
Surcharges	<u>8,148</u>
Total remitted to State Treasurer	<u><u>\$ 149,095</u></u>
<u>Amounts allocated to Victims' Services</u>	
Fines	\$ -
Assessments	2,277
Surcharges	<u>6,742</u>
Total allocated to Victims' Services	<u><u>\$ 9,019</u></u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Magistrate Fees and Fines
For the Fiscal Year Ended June 30, 2014

<u>Amounts retained by County Treasurer</u>	
Fines	\$ 149,829
Fees	-
Surcharges	<u>-</u>
Total retained by County Treasurer:	<u><u>\$ 149,829</u></u>
<u>Amounts remitted to State Treasurer</u>	
Fines	\$ -
Assessments	74,947
Surcharges	<u>56,446</u>
Total remitted to State Treasurer	<u><u>\$ 131,393</u></u>
<u>Amounts allocated to Victims' Services</u>	
Fines	\$ -
Assessments	9,174
Surcharges	<u>7,266</u>
Total allocated to Victims' Services	<u><u>\$ 16,440</u></u>
<u>Victims' services</u>	
Beginning fund balance (deficit)	\$ (28,133)
Revenues	43,656
Less expenditures	(48,654)
Net transfers in (out)	<u>15,041</u>
Ending fund balance (deficit)	<u><u>\$ (18,090)</u></u>

ABBEVILLE COUNTY LIBRARY
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2014

	Balance June 30, 2013	Revenues	Expenditures	Balance June 30, 2014
SOURCES OF FUNDS				
Local sources:				
County tax appropriations	\$ (20,580)	205,865	230,748	(45,463)
Fees and fines	12,844	12,636	12,636	12,844
Gifts and donations	4,000	-	-	4,000
Other local sources	44,959	2,282	2,282	44,959
Total local sources	<u>41,223</u>	<u>220,783</u>	<u>245,666</u>	<u>16,340</u>
State sources:				
State aid	-	75,000	75,000	-
Education lottery	6,397	-	-	6,397
Other state (including Capital Improvement Funds)	8,743	-	-	8,743
State grant - travel	22	-	-	22
Motor carrier	2,019	1,275	1,275	2,019
Total state sources	<u>17,181</u>	<u>76,275</u>	<u>76,275</u>	<u>17,181</u>
Federal sources:				
Library services and technology act	(910)	4,000	3,665	(575)
Other federal	-	-	-	-
Total federal sources	<u>(910)</u>	<u>4,000</u>	<u>3,665</u>	<u>(575)</u>
Total all sources of funds	<u>\$ 57,494</u>	<u>301,058</u>	<u>325,606</u>	<u>32,946</u>

REQUIRED GOVERNMENTAL INFORMATION

ABBEVILLE COUNTY
ABBEVILLE, SC
Schedule of Findings
For Fiscal Year Ended June 30, 2014

Financial Statement Findings – Material Weaknesses

2014-001 (Repeat)

Internal Control over Financial Reporting

- Condition:** The County is responsible for the internal control process which includes the preparation of financial statements in accordance with generally accepted accounting principles. This preparation of materially accurate financial statements will help the County to prevent, detect and correct potential misstatements in the financial statements or footnotes. During the audit process, material adjustments and corrections were made to the financial statements. The County's independent auditors assist in the preparation of accurate financial statements and disclosures, but are not considered a part of the County's internal control process under audit standards.
- Criteria:** The financial statement revisions made during the audit process constitute a material weakness in internal control under standards.
- Cause:** Various factors combined to create this condition, including tremendous transactional volume.
- Effect:** During the audit process, material audit adjusting entries were required so as to fairly state certain general ledger accounts.
- Recommendation:** The condition, cause and effect described above are common to similar organizations. The County should seek to improve the review process for amounts reflected in the financial statements, both within the Treasurer's office and the Finance office. The County should continue to employ individuals capable of thoroughly reviewing and accepting responsibility for proposed journal entries and the financial statements.

2014-002 (Repeat)

Information Technology

- Condition:** Four individuals in the Treasurer's office who handled collecting, receipting, and custody of cash also had full access to the computer billing and collection system.
- Criteria:** Internal accounting control requirements
- Cause:** A strong system of internal accounting controls requires a segregation of duties so that individuals with access to assets do not also have the responsibility for, or access to, recording in the accounting records. There was not enough staff in the Treasurer's office to achieve an appropriate segregation of duties.
- Effect:** There is a lack of segregation of duties.
- Recommendation:** The condition, cause and effect described above are common to similar organizations. The Treasurer's office has implemented certain steps to strengthen its controls over cash. The County has implemented procedures which further mitigate the risks associated with a lack of segregation of duties. These procedures include careful review by the Treasurer of all postings to accounting records.

ABBEVILLE COUNTY
ABBEVILLE, SC
Schedule of Findings
For Fiscal Year Ended June 30, 2014

Financial Statement Findings – Material Weaknesses

2014-003 (Repeat)

Clerk of Court

- Condition:** The bank balances for the Family Court and Clerk of Court were not reconciled to outstanding bonds or child support receipts and payments.
- Criteria:** Internal accounting control requirements and State of South Carolina requirements
- Cause:** Certain bond information and child support payment and receipt information was not maintained in sufficient detail to facilitate reconciliation with the bank accounts.
- Effect:** The Clerk of Court does not have a complete set of accounting records.
- Recommendation:** The Family Court and Clerk of Court should enter outstanding bond amounts and child support receipts and payments into the computer system in detail and should regularly reconcile such detail amounts to the bank balances.
-

Financial Statement Findings – Deficiencies

2014-004

Purchase Orders

- Condition:** As part of a strong system of internal accounting controls, the County has established purchasing procedures detailed in its Abbeville County Purchasing Manual. These procedures require that a purchase order be prepared and approved by the department head for any expenditure of an amount greater than \$750. During our detail expenditure testing, we noted instances in which invoices from the EMS department in amounts above the established dollar threshold were submitted for payment without a valid, approved purchase order.
- Criteria:** Internal accounting control requirements
- Cause:** Purchase orders were not always prepared, approved, and submitted in accordance with County policy.
- Effect:** All procedures within the County's established system of internal accounting controls were not followed, weakening that system.
- Recommendation:** The County should emphasize the importance of all departments closely following the procedures detailed in its purchasing manual and other internal accounting control documentation.

ABBEVILLE COUNTY
ABBEVILLE, SC
Schedule of Findings
For Fiscal Year Ended June 30, 2014

Financial Statement Findings – Deficiencies

2014-005

Time Sheets

- Condition:** As part of a strong system of internal accounting controls, the County has established payroll procedures. These procedures require the completion of payroll time forms which are provided by the County payroll department. These payroll time forms detail each employee who worked during the pay period, the hours worked by the employee on each day during the period, the signature of the employee confirming the accuracy of the time worked, and the approval of the supervisor or department head. During our detail testing, we noted instances in which the payroll time form was incomplete or it was apparent that the individual employees had not signed the forms evidencing their approval. These forms, from the EMS and Sheriff's, were not completed in compliance with County processes.
- Criteria:** Internal accounting control requirements
- Cause:** Payroll time forms were not always prepared, approved, and submitted in accordance with County policy.
- Effect:** All procedures within the County's established system of internal accounting controls were not followed, weakening that system.
- Recommendation:** The County should emphasize the importance of all departments closely following established payroll procedures.

Federal Award Findings – Material Weaknesses

2014-006

Identification of Federal Awards

- Condition:** As part of a strong system of internal accounting controls, the County has established procedures whereby all departments promptly notify the Finance office of the award of any federal grant. This knowledge enables the Finance office to perform and coordinate the completion of all compliance requirements of the federal grant. During the current fiscal year, the County received a federal award from the U. S. Department of Commerce and began receiving funding for this award; however, the Finance office was not made aware in a timely manner that these funds were federal monies.
- Criteria:** Internal accounting control requirements
- Cause:** Prompt communication of the source of grant funding was not made by the recipient department to the Finance office.
- Effect:** All procedures within the County's established system of internal accounting controls were not followed, weakening that system.
- Recommendation:** The County should emphasize the importance of all departments promptly and fully communicating the source of grant funding to facilitate compliance with all grant requirements.

ABBEVILLE COUNTY
ABBEVILLE, SC
Schedule of Findings
For Fiscal Year Ended June 30, 2014

Prior Year Financial Statement Findings – Material Weaknesses

2013-001	<u>Internal Control over Financial Reporting – Repeated as 2014-001</u>
2013-002	<u>Information Technology – Repeated as 2014-002</u>
2013-003	<u>Clerk of Court – Repeated as 2014-003</u>

ABBEVILLE COUNTY
ABBEVILLE, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor <u>Program Title</u>	<u>Federal Pass Through CFDA Number</u>	<u>Grantor's Number</u>	<u>Total Expenditures</u>
<u>U. S. DEPARTMENT OF COMMERCE</u>			
Direct program:			
Economic Adjustment Assistance **	11.307	N/A	\$ <u>758,446</u>
 TOTAL FEDERAL ASSISTANCE EXPENDED			 \$ <u><u>758,446</u></u>

**Denotes Major Program

(continued)

ABBEVILLE COUNTY
ABBEVILLE, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Abbeville County, for the year ended June 30, 2014. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's general purpose financial statements.

(3) Relationship to Combined Financial Statements

Federal financial assistance revenues are reported in the County's general purpose financial statements as federal revenues in the Special Revenue Fund.

(4) Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to revenues and expenditures received or made subsequent to the filing of federal financial reports.

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

County Council
Abbeville County
Abbeville, SC

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Abbeville County as of and for the year ended June 30, 2014, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 10, 2014. 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.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

A deficiency in control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. We noted matters involving the internal control over financial reporting and its operation that we consider deficiencies, as described in Findings 2014-004 and 2014-005 in the Schedule of Findings.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. We noted matters involving the internal control over financial reporting and its operation that we consider material weaknesses, as described in Findings 2014-001, 2014-002, and 2014-003 in the Schedule of Findings.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. Material weaknesses may exist that have not been identified.

Purpose of this Report

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

Martin Smith & Company CPAs PA

Greenville, South Carolina
December 10, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

County Council
Abbeville County
Abbeville, SC

Report on Compliance for Each Major Program

We have audited the compliance of Abbeville County with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal program for the year ended June 30, 2014. The County's major federal program is identified in the accompanying Schedule of Expenditures of Federal Awards.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the County's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the County's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133; "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

Opinion

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

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by the County's internal controls. We noted a matter involving the internal control over compliance that we consider a material weakness, as described at Finding 2014-006 in the Schedule of Findings.

Our consideration of the internal control over compliance was for the limited purpose described above and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Martin Smith & Company CPAs PA

Greenville, South Carolina
December 10, 2014