

ABBEVILLE COUNTY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

June 30, 2015

(With Independent Auditors' Report Thereon)

ABBEVILLE COUNTY, SOUTH CAROLINA
Comprehensive Annual Financial Report
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June 30, 2015

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INTRODUCTORY SECTION

ABBEVILLE COUNTY, SOUTH CAROLINA
List of Principal Officials
June 30, 2015

Members of County Council:

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

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

Other Officials:

Emily McMahan
David Porter
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 Members of County Council
Abbeville, South Carolina

Report on the Financial Statements

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, 2015, 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Abbeville County, South Carolina, as of June 30, 2015, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2015, 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, budgetary comparison information, and pension liability and contributions schedules, 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 and other supplementary information 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 and other supplementary information 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.

Martin Smith and Company CPAs PA

December 8, 2015

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2015

Our discussion and analysis of Abbeville County's (the "County") financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2015. 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 positions are as follows: net position of business-type activities is \$2,233,111, and net position of governmental activities is \$6,136,749.

- The current year's expense total is \$13,883,351 as compared to the \$13,798,559 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 \$1,021,252 and expenses were \$597,830.
- The annual cost of all County programs was \$14,481,181. The previous year's cost was \$14,990,102.
- The County implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, this year. With the reporting change, the County is allocated its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense of the South Carolina Retirement System plan. A restatement was done to the governmental activities net position to record the effects of the application of the new reporting guidance, which decreased beginning net position by \$9,827,818.

After analyzing the expenses compared to revenues, it can be determined that the County's governmental activities generated \$84,792 less than it spent. The \$84,792 net assets decrease was a decline from last year's increase in net assets of \$166,340.

The business-type activities realized an increase in net position of \$423,422, as expenses of \$597,830 were less than revenues of \$1,021,252.

When all funds are combined, the total primary government showed an increase in net position of \$338,630. The prior year combined net position decreased by \$417,028.

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2015

ANALYSIS OF THE COUNTY AS A WHOLE

Because the Statement of Net Position 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 position and any changes in that position. 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 Position 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, 2015

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 Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. 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 Position and Changes in Fiduciary Net Position, 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, 2015

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's combined net position from the previous year was \$17,859,048 as compared to \$8,369,860 this year. However, net position 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 position of the County's governmental and business-type activities.

The County's net position for governmental activities was \$6,136,749 this year as compared to \$16,049,359 last year. Unrestricted net assets were \$1,082,324 last year as compared to \$(8,563,045) 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 change in net position and the deficit unrestricted net position for the year-ended June 30, 2015, is the result of the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions*.

The net position of the County's business-type activities was \$2,233,111 this year as compared to \$1,809,689 last year.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets						
Current and Other Assets	\$ 6,444,113	6,057,586	4,095,724	3,945,705	10,539,837	10,003,291
Capital Assets	17,307,129	17,490,441	896,277	915,476	18,203,406	18,405,917
Total Assets	23,751,242	23,548,027	4,992,001	4,861,181	28,743,243	28,409,208
Deferred outflows of resources	947,415	-	-	-	947,415	-
Liabilities						
Long-term Liabilities	15,588,366	5,813,102	-	66,665	15,588,366	5,879,767
Other Liabilities	2,040,309	1,685,566	2,758,890	2,984,827	4,799,199	4,670,393
Total Liabilities	17,628,675	7,498,668	2,758,890	3,051,492	20,387,565	10,550,160
Deferred inflows of resources	933,233	-	-	-	933,233	-
Net Position						
Investment in Capital						
Assets, Net of Debt	11,636,118	11,677,339	896,277	848,811	12,532,395	12,526,150
Restricted	3,063,676	3,289,696	-	-	3,063,676	3,289,696
Unrestricted	(8,563,045)	1,082,324	1,336,834	960,878	(7,226,211)	2,043,202
Total Net Position	\$ 6,136,749	16,049,359	2,233,111	1,809,689	8,369,860	17,859,048

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2015

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 2,990,101	2,880,816	875,719	821,627	3,865,820	3,702,443
Restricted:						
Operating grants	209,963	336,815	-	-	209,963	336,815
Capital grants	595,781	332,658	-	-	595,781	332,658
General revenue:						
Property taxes	6,774,968	6,359,735	-	-	6,774,968	6,359,735
Other taxes	531,128	638,749	-	-	531,128	638,749
Investment income	775	1,276	21,397	25,067	22,172	26,343
Other general revenue	2,695,843	3,545,267	124,136	34,573	2,819,979	3,579,840
Total Revenues	13,798,559	14,095,316	1,021,252	881,267	14,819,811	14,976,583
Program Expenses						
General government	2,763,384	2,517,280	-	-	2,763,384	2,517,280
Public safety	3,972,180	3,946,116	-	-	3,972,180	3,946,116
Roads and bridges	554,419	526,764	597,830	914,950	1,152,249	1,441,714
Solid waste	393,997	386,488	-	-	393,997	386,488
Health and welfare	1,765,505	1,645,254	-	-	1,765,505	1,645,254
Culture and recreation	190,219	178,012	-	-	190,219	178,012
Nondepartmental	3,527,482	2,929,658	-	-	3,527,482	2,929,658
Interest on long-term debt	297,925	294,008	-	-	297,925	294,008
Other expenses	418,240	550,916	-	-	418,240	550,916
Total Expenses	13,883,351	12,974,496	597,830	914,950	14,481,181	13,889,446
Excess (Deficiency)						
Before Transfers	(84,792)	1,120,820	423,422	(33,683)	338,630	1,087,137
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Position	\$ (84,792)	1,120,820	423,422	(33,683)	338,630	1,087,137

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2015

GOVERNMENTAL ACTIVITIES

This year's governmental activities revenues are \$13,798,559 as compared to \$14,095,316 last year. The year's governmental activities cost was \$13,883,351 as compared to \$12,974,496 in the previous year.

The County's total net assets for all funds increased by \$338,630 in the current year. The business-type activities realized a total increase in net position of \$423,422. Governmental activities resulted in a decrease in net position of \$84,792.

In the prior year, the business-type activities generated \$33,683 less in revenues than expenses and the governmental activities realized a net position increase by generating \$423,422 more in expenses than revenues.

Governmental activities revenues decreased by \$296,757 from last year, while expenses increased by \$908,855. Comparing these numbers gives the governmental activities a net decrease of revenue over expenses from prior year to current by \$1,205,612.

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

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General government	\$ 2,763,384	2,517,280	1,652,720	1,497,059
Public safety	3,972,180	3,946,116	2,043,102	1,907,293
Roads and bridges	554,419	526,764	(76,799)	158,986
Solid waste	393,997	386,488	369,520	364,506
Health and welfare	1,765,505	1,645,254	1,665,097	1,543,769
Culture and recreation	190,219	178,012	190,219	178,012
Nondepartmental	3,527,482	2,929,657	3,527,482	2,929,657
Interest on long-term debt	297,925	294,008	297,925	294,008
Other expenses	418,240	550,916	418,240	550,916
Totals	\$ <u>13,883,351</u>	<u>12,974,495</u>	<u>10,087,506</u>	<u>9,424,206</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2015

BUSINESS-TYPE ACTIVITIES

This year's business-type activities revenues (see Table 2) are \$1,021,252 as compared to \$881,267 in the prior year. This year's expenses are \$597,830 as compared to \$914,950 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 year-end the County reported a government funds (restricted and unrestricted net assets) balance of \$4,428,521 as compared to \$4,428,179 in the previous year.

CAPITAL ASSETS

At the close of the year, the County had invested \$33,272,864 in capital assets such as land, buildings and improvements, equipment or infrastructure (see Table 4). \$32,419,275 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 2,340,368	2,037,695	-	-	2,340,368	2,037,695
Construction in progress	1,325,185	1,043,906	-	-	1,325,185	1,043,906
Buildings and improvements	13,371,800	11,874,424	-	-	13,371,800	11,874,424
Equipment	5,763,291	5,718,777	-	-	5,763,291	5,718,777
Infrastructure	6,105,797	6,105,797	-	-	6,105,797	6,105,797
Landfill	-	-	4,366,423	4,313,491	4,366,423	4,313,491
Construction in progress	-	1,325,185	-	-	-	1,325,185
Cost of capital assets	28,906,441	28,105,784	4,366,423	4,313,491	33,272,864	32,419,275
Less accumulated depreciation	<u>(11,599,311)</u>	<u>(10,615,343)</u>	<u>(3,470,145)</u>	<u>(3,398,014)</u>	<u>(15,069,456)</u>	<u>(14,013,357)</u>
Cost of capital assets	<u>\$ 17,307,130</u>	<u>17,490,441</u>	<u>896,278</u>	<u>915,477</u>	<u>18,203,408</u>	<u>18,405,918</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2015

CAPITAL ASSETS, continued

The current year's significant capital asset additions included:

- \$1,497,376 – Lakelands “incubator” building; funding of this project includes approximately \$758,000 of federal funds. The 22,000-square-foot incubator building will be used to provide mentorship and low rents for startup manufacturing companies. As of June 30, 2015, the building was completed.
- \$219,410 – Vehicles for Public Safety

DEBT MANAGEMENT

Table 5
 Outstanding Debt at Year-End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2013</u>	<u>2015</u>	<u>2014</u>
General obligation bonds (Backed by the County)	\$ 1,385,635	442,000	-	-	1,385,635	442,000
Revenue bonds and notes (Backed by specific tax and and fee revenues)	-	169,741	-	-	-	169,741
Facilities Corporation bonds	4,130,000	4,170,000	-	-	4,130,000	4,170,000
Other bonds or outstanding obligations	<u>155,376</u>	<u>889,650</u>	<u>-</u>	<u>66,665</u>	<u>155,376</u>	<u>956,315</u>
Totals	<u>\$ 5,671,011</u>	<u>5,671,391</u>	<u>-</u>	<u>66,665</u>	<u>5,671,011</u>	<u>5,738,056</u>

At the close of the year, the County had \$5,671,011 in outstanding bonds, notes, and other obligations as compared to \$5,738,056 in the previous year (see Table 5). The County's total outstanding debt decreased by \$67,045.

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, 2015

CONTACT INFORMATION

This report has been created to give our citizens, taxpayers, customers, investors, and creditors a summary of the County's 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, 2015

	Primary Government			Component Unit
	Governmental Activites	Business-Type Activites	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,999,567	1,142,525	6,142,092	54,069
Investments	-	1,893,719	1,893,719	-
Receivables:				
Taxes, net	222,080	32,045	254,125	5,907
Accounts, net	-	17,186	17,186	-
Intergovernmental	1,067,593	6,988	1,074,581	11,659
Due from other funds	122,304	1,003,261	1,125,565	-
Prepaid expenses	13,789	-	13,789	13,439
Inventories	18,780	-	18,780	-
Capital assets	28,906,440	4,366,422	33,272,862	912,004
Less accumulated depreciation	<u>(11,599,311)</u>	<u>(3,470,145)</u>	<u>(15,069,456)</u>	<u>(21,419)</u>
Total capital assets, net of depreciation	<u>17,307,129</u>	<u>896,277</u>	<u>18,203,406</u>	<u>890,585</u>
TOTAL ASSETS	<u>23,751,242</u>	<u>4,992,001</u>	<u>28,743,243</u>	<u>975,659</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	<u>947,415</u>	<u>-</u>	<u>947,415</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>947,415</u>	<u>-</u>	<u>947,415</u>	<u>-</u>
<u>LIABILITIES</u>				
Accounts payable	212,244	4,181	216,425	3,242
Accrued expenses	793,291	8,965	802,256	5,781
Deferred revenue	-	-	-	4,355
Due to others	1,034,774	6,171	1,040,945	84,620
Landfill closure and post-closure costs	-	2,739,573	2,739,573	-
Long-term liabilities:				
Due within one year	737,849	-	737,849	-
Due in more than one year	<u>14,850,517</u>	<u>-</u>	<u>14,850,517</u>	<u>-</u>
TOTAL LIABILITIES	<u>17,628,675</u>	<u>2,758,890</u>	<u>20,387,565</u>	<u>97,998</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	<u>933,233</u>	<u>-</u>	<u>933,233</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>933,233</u>	<u>-</u>	<u>933,233</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in capital assets	11,636,118	896,277	12,532,395	-
Restricted for:				
Debt service	307,707	-	307,707	-
Infrastructure	1,122,183	-	1,122,183	-
Various purposes	1,633,786	-	1,633,786	-
Unrestricted net position	<u>(8,563,045)</u>	<u>1,336,834</u>	<u>(7,226,211)</u>	<u>877,661</u>
TOTAL NET POSITION	<u>\$ 6,136,749</u>	<u>2,233,111</u>	<u>8,369,860</u>	<u>877,661</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, 2015

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	\$ 2,763,384	1,110,664	-	-	(1,652,720)	-	(1,652,720)	-
Public safety	3,972,180	1,879,437	49,641	-	(2,043,102)	-	(2,043,102)	-
Roads and bridges	554,419	-	35,437	595,781	76,799	-	76,799	-
Solid waste	393,997	-	24,477	-	(369,520)	-	(369,520)	-
Health and welfare	1,765,505	-	100,408	-	(1,665,097)	-	(1,665,097)	-
Culture and recreation	190,219	-	-	-	(190,219)	-	(190,219)	-
Nondepartmental	3,527,482	-	-	-	(3,527,482)	-	(3,527,482)	-
Lump sum appropriation	297,925	-	-	-	(297,925)	-	(297,925)	-
Interest and fiscal charges	418,240	-	-	-	(418,240)	-	(418,240)	-
Total governmental activities	13,883,351	2,990,101	209,963	595,781	(10,087,506)	-	(10,087,506)	-
Business-type activity:								
Landfill	597,830	875,719	-	-	-	277,889	277,889	-
Total business-type activity	597,830	875,719	-	-	-	277,889	277,889	-
Total primary government	\$ 14,481,181	3,865,820	209,963	595,781	(10,087,506)	277,889	(9,809,617)	-
COMPONENT UNIT	\$ 322,368	-	-	-	-	-	(322,368)	-
General revenues:								
Property taxes				\$ 6,774,968	-	-	6,774,968	205,224
Accommodation taxes				151,213	-	-	151,213	-
Local option sales taxes				379,915	-	-	379,915	-
Intergovernmental, not restricted to specific programs				2,292,893	5,106	-	2,297,999	77,521
Investment income				775	-	-	775	4
Donations				360,913	19,956	-	380,869	7,828
Other				42,037	99,074	-	141,111	16,357
Total general revenues, special, and extraordinary items				10,002,714	145,533	-	10,148,247	306,934
Change in net position				(84,792)	423,422	-	338,630	(15,434)
Net position, beginning of year				16,049,359	1,809,689	-	17,859,048	893,095
Prior period adjustment				(9,827,818)	-	-	(9,827,818)	-
Net position, end of year				\$ 6,136,749	2,233,111	-	8,369,860	877,661

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2015

	General Fund	Abbeville County Debt Service	Total Nonmajor Special Revenue Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,058,947	304,041	2,636,579	4,999,567
Investments	-	-	-	-
Receivables:				
Taxes, net	112,309	18,698	91,073	222,080
Accounts, net	-	-	-	-
Intergovernmental	866,401	-	201,192	1,067,593
Due from other funds	122,304	-	-	122,304
Prepaid expenses	13,789	-	-	13,789
Inventories	18,780	-	-	18,780
TOTAL ASSETS	3,192,530	322,739	2,928,844	6,444,113
<u>LIABILITIES</u>				
Accounts payable	185,818	-	26,427	212,245
Accrued expenses	581,528	-	31,790	613,318
Deferred revenue	85,056	15,032	55,167	155,255
Due to others	1,000,000	-	34,774	1,034,774
Landfill closure and post-closure costs	-	-	-	-
TOTAL LIABILITIES	1,852,402	15,032	148,158	2,015,592
<u>FUND BALANCE</u>				
Nonspendable	32,569	307,707	-	340,276
Restricted	-	-	2,581,889	2,581,889
Assigned	-	-	198,797	198,797
Unassigned	1,307,559	-	-	1,307,559
TOTAL FUND BALANCE	1,340,128	307,707	2,780,686	4,428,521
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,192,530	322,739	2,928,844	6,444,113

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, 2015

Total fund balances - Governmental Funds	\$	4,428,521
<p>Amounts reported for governmental activities in the statement of net position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets is \$28,906,440 and the accumulated depreciation is \$11,599,311.</p>		17,307,129
<p>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.</p>		155,255
<p>Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		947,415
<p>Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		(933,233)
<p>Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		(9,917,355)
<p>Long-term liabilities, including general obligation debt, capital leases, and accrued interest, are not due and payable in current period and, therefore, are not reported in the funds.</p>		<u>(5,850,983)</u>
Net position of governmental activities	\$	<u><u>6,136,749</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, 2015

	General Fund	Abbeville County Debt Service	Total Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,764,941	481,638	1,028,075	7,274,654
Intergovernmental	1,726,798	-	1,268,544	2,995,342
Grants and donations	313,842	100,408	49,958	464,208
Charges for services	1,062,122	-	887,297	1,949,419
Rent	41,486	-	7,056	48,542
Fees and fines	401,406	-	372,226	773,632
Licenses and permits	224,582	-	-	224,582
Miscellaneous	2,773	-	33,190	35,963
Investment income	168	361	246	775
TOTAL REVENUES	9,538,118	582,407	3,646,592	13,767,117
EXPENDITURES				
Current:				
General government	2,296,408	45,815	167,798	2,510,021
Public safety	2,490,648	-	1,373,433	3,864,081
Roads and bridges	-	-	302,492	302,492
Solid waster	-	-	354,030	354,030
Health and welfare	1,664,213	-	30,148	1,694,361
Culture and recreation	190,219	-	-	190,219
Nondepartmental	2,291,373	-	702,402	2,993,775
Lump sum appropriation	-	-	297,925	297,925
Capital outlay	112,140	-	863,412	975,552
Debt service:	-	-	-	-
Principal retirement	169,741	1,304,253	171,495	1,645,489
Cost of issuance	-	-	-	-
Interest and fiscal charges	16,349	338,618	63,273	418,240
TOTAL EXPENDITURES	9,231,091	1,688,686	4,326,408	15,246,185
Excess (Deficiency) of revenues over (under) expenditures	307,027	(1,106,279)	(679,816)	(1,479,068)
OTHER FINANCING SOURCES (USES)				
Proceeds from installment purchase debt	-	1,260,000	-	1,260,000
Proceeds from capital lease	-	-	219,410	219,410
Transfers	(49,223)	-	49,223	-
TOTAL OTHER FINANCING SOURCES (USES)	(49,223)	1,260,000	268,633	1,479,410
Net change in fund balance	257,804	153,721	(411,183)	342
Fund balance, beginning of year	1,082,324	153,986	3,191,869	4,428,179
Fund balance, end of year	\$ 1,340,128	307,707	2,780,686	4,428,521

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, 2015

Total net change in fund balance - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	342
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 (\$975,552) exceeded depreciation expense (\$1,136,284) in the period.		(160,732)
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.		31,442
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.		(2,614)
Amortization of issuance costs of debt is recognized over the original remaining life of the debt in the statement of net position.		(11,051)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which the costs of benefits earned (\$748,885) exceeds employer contributions (\$673,530).		(75,355)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		(1,260,000)
Capital lease proceeds provide current financial resources to governmental funds, but issuing capital leases increases long-term liabilities in the statement of net position.		(219,410)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		<u>1,612,586</u>
Change in net position of governmental activities on the Statement of Activities	\$	<u><u>(84,792)</u></u>

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Statement of Net Position
Enterprise Fund
June 30, 2015

	<u>Landfill</u>
ASSETS	
Cash and cash equivalents	\$ 1,142,526
Investments	1,893,719
Accounts receivable, net	24,173
Property taxes receivable	32,045
Due from other funds	1,003,261
Capital assets, net	<u>896,277</u>
Total Assets	<u><u>\$ 4,992,001</u></u>
LIABILITIES AND NET POSITION	
Liabilities	
Accounts payable	\$ 4,182
Accrued expenses	8,965
Due to other funds	6,171
Landfill closure and post closure costs	<u>2,739,572</u>
Total liabilities	<u><u>\$ 2,758,890</u></u>
Net position	
Net investment in capital assets	\$ 896,277
Unrestricted net position	<u>1,336,834</u>
Total net position	<u><u>\$ 2,233,111</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, 2015

	<u>Landfill</u>
OPERATING REVENUES	
Landfill fee assessments	\$ 499,840
Landfill tickets and tip fees	312,630
Intergovernmental	25,062
Recycle fees	63,249
Other revenue	<u>99,074</u>
 Total operating revenues	 <u>999,855</u>
OPERATING EXPENSES	
Salaries personnel costs	332,119
Cost of services	396,837
Bad debt expense	184
Depreciation	72,131
Landfill closure cost	<u>(203,808)</u>
 Total operating expenses	 <u>597,463</u>
 Operating income (loss)	 <u>402,392</u>
NONOPERATING INCOME (EXPENSE)	
Net investment income (loss)	21,397
Interest expense	<u>(367)</u>
 Total nonoperating income (expense)	 <u>21,030</u>
 Net income (loss)	 423,422
 Operating transfer out	 <u>-</u>
 Net change in fund net position	 423,422
 Net position, beginning of year	 <u>1,809,689</u>
 Net position, end of year	 <u>\$ 2,233,111</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, 2015

	<u>Landfill</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers	\$ 1,010,154
Cash payments to suppliers for goods and services	(419,874)
Cash payments to employees for services	<u>(331,312)</u>
Net Cash Provided by Operating Activities	<u>258,968</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Transfers from other funds	<u>(132)</u>
Net Cash Used For Capital and Related Financing Activities	<u>(132)</u>
<u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</u>	
Principal Paid on Capital Lease	(66,665)
Interest Paid	<u>(367)</u>
Net Cash Used For Capital and Related Financing Activities	<u>(67,032)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Net investment income (loss)	21,397
Net increase in investments	(77,406)
Purchase of capital assets	(52,932)
Proceeds from sale of capital assets	<u>-</u>
Net Cash Provided by Investing Activities	<u>(108,941)</u>
Net increase (decrease) in cash and cash equivalents	82,863
Cash and cash equivalents - July 1, 2014	<u>1,059,663</u>
Cash and cash equivalents - June 30, 2015	<u>\$ 1,142,526</u>
Reconciliation of operating income (loss) to net cash received from (used by) operating activities:	
Operating income (loss) - Exhibit H	\$ 402,392
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Depreciation	72,131
Change in assets and liabilities:	
(Increase) decrease in other receivables	10,485
Increase (decrease) in accounts payable	2,692
Increase (decrease) in accrued expenses	808
Increase (decrease) in landfill closure and post-closure payable	<u>(229,540)</u>
Net Cash received from (used by) Operating Activities	<u>\$ 258,968</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, 2015

ASSETS	
Cash and cash equivalents	\$ 8,373,457
Investments	-
Receivables:	
Taxes, net	245,536
Accounts, net	-
Intergovernmental	703,037
Due from other funds	-
Prepaid expenses	-
Inventories	-
	<hr/>
TOTAL ASSETS	\$ 9,322,030
	<hr/> <hr/>
LIABILITIES	
Accounts payable	\$ -
Accrued expenses	360,292
Deferred revenue	195,045
Due to others	195,875
Funds held in trust for others	1,661,234
Due to other taxing authorities	6,909,584
	<hr/>
TOTAL LIABILITIES	\$ 9,322,030
	<hr/> <hr/>
NET POSITION	\$ -
	<hr/>
TOTAL NET POSITION	\$ -
	<hr/> <hr/>

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, 2015

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 Generally Accepted Accounting Principles (“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, 2015. 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, 2015

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

Discretely Presented Component Unit

Effective July 1, 2002, the County created the Abbeville Library System (the "Library"), 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, 2015

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 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:

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.

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:

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 - 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 Funds - used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within 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, 2015, but which were levied to finance financial year 2014-2015 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, 2015

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, 2015

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, 2015 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, 2015

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
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, 2015

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 year to another for sick benefits.

Pension Plan

County employees participate in the South Carolina Retirement System ("SCRS" or the "Plan"), a cost-sharing multi-employer defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Plan and additions/deductions from the Plan's net position have been determined on the same basis as they are reported by the Plan. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. County contributions to the Plan subsequent to the measurement date and the net difference between expected and actual experience in the pension Plan are included as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The net difference between projected and actual earnings on pension Plan investments are included as deferred inflows of resources.

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.

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.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Equity, Continued

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.

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.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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, 2015.

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, 2015, 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, 2015, 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 Deposit Insurance Corporation ("FDIC") or by collateral held in the pledging financial institutions' trust department in the County's name.

Investments (Proprietary Fund)

As of June 30, 2015, the County had the following investments in its Landfill proprietary fund:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 -10</u>
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.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

3) DEPOSITS AND INVESTMENTS, CONTINUED

Concentration of Credit Risk

The County places no limit on the amount it may invest in any one issuer. As of June 30, 2015, no single issuer investment exceeded 5% of total investments.

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, 2015, were \$20,244, all of which were insured by FDIC.

4) RECEIVABLES

Receivables as of June 30, 2015, for the government-wide statement of net assets, in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	Governmental	Business- Type	Total
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>

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

5) INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015, consist of the following individual fund receivables and payables:

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

6) CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2015, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,037,695	302,673	-	-	2,340,368
Construction in progress	1,043,907	435,469	-	(1,479,376)	-
Total capital assets not being depreciated:	3,081,602	738,142	-	(1,479,376)	2,340,368
Capital assets, being depreciated					
Buildings and improvements	11,874,423	-	-	1,497,376	13,371,799
Improvements other than buildings	1,325,185	-	-	-	1,325,185
Machinery and equipment	4,158,892	-	(174,896)	1,779,295	5,763,291
Equipment under capital lease	1,559,885	219,410	-	(1,779,295)	-
Infrastructure	6,105,797	-	-	-	6,105,797
Total capital assets being depreciated	25,024,182	219,410	(174,896)	1,497,376	26,566,072
Less accumulated depreciation	(10,615,343)	(1,136,284)	152,316	-	(11,599,311)
Total capital assets being depreciated, net	14,408,839				14,966,761
Governmental activities capital assets, net	\$ 17,490,441				17,307,129
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	1,640,315	52,932	-	68,550	1,761,797
Equipment under capital lease	68,550	-	-	(68,550)	-
Total capital assets being depreciated	4,147,275	52,932	-	-	4,200,207
Less accumulated depreciation	(3,398,014)	(72,131)	-	-	(3,470,145)
Total capital assets being depreciated, net	749,261				730,062
Business-type activities capital assets, net	\$ 915,476				896,277

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

6) CAPITAL ASSETS, CONTINUED

Depreciation was charged to functions/programs as follows:

Governmental activities:

County government administration	\$ 175,394
Public safety	108,099
Roads and bridges	251,927
Solid waste	39,967
Health and welfare	71,144
Nondepartmental	<u>489,753</u>

Total depreciation expense - governmental activities \$ 1,136,284

Business-type activities:

Landfill	\$ <u>72,131</u>
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Total depreciation expense - business-type activities \$ 72,131

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, 2015:

General Obligation Refunding Bonds Series 2015, due in annual installments of principal through June 2020, interest payable semi-annually at 1.51%	\$ 1,260,000
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>125,635</u>
	<u>\$ 1,385,635</u>

Annual debt service requirements for General Obligation Bonds outstanding as of June 30, 2015 are as follows:

	<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$	246,531	24,347	270,878
2017		269,760	20,967	290,727
2018		273,056	15,957	289,013
2019		285,423	10,844	296,267
2020		<u>290,865</u>	<u>5,492</u>	<u>296,357</u>
	\$	<u>1,365,635</u>	<u>77,607</u>	<u>1,443,242</u>

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM DEBT, CONTINUED

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 remaining outstanding principal was paid in accordance with the original terms of the agreement during the fiscal year ended June 30, 2015.

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. In June, 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. The remaining outstanding principal was paid in accordance with the original terms of the agreement during the fiscal year ended June 30, 2015.

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 up fitted 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, 2015

7) LONG-TERM DEBT, CONTINUED

Installment Purchase Revenue Bond (“IPR”), 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, 2015 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, 2015:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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>\$ 4,130,000</u>	<u>1,402,985</u>	<u>5,532,985</u>

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of computer equipment for the Clerk of Court, fire trucks, medical information equipment, other medical equipment, recycling equipment, ambulances and other 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. During the fiscal year ended June 30, 2015, the County paid the remaining amounts owed under its capital leases, and owns the related equipment with no further liability.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM DEBT, CONTINUED

Changes in Long-term Liabilities

The following is a summary of changes in long-term obligations for the year ended June 30, 2015:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General Obligation Bonds Series 1980	\$ 147,000	-	21,365	125,635	22,531
General Obligation Bonds Refunding Series 2010	295,000	-	295,000	-	-
General Obligation Bonds Refunding Series 2015	-	1,260,000	-	1,260,000	244,000
Special Source Revenue Bonds Series 2009	169,741	-	169,741	-	-
Facilities Corp Installment Purchase Bond	4,170,000	-	40,000	4,130,000	306,800
Capital leases	889,650	277,682	1,167,332	-	-
Compensated absences	274,326	199,721	197,107	276,940	175,569
Issuance costs	(132,615)	-	(11,051)	(121,564)	(11,051)
	<u>\$ 5,813,102</u>	<u>1,737,403</u>	<u>1,879,494</u>	<u>5,671,011</u>	<u>737,849</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	1,718,578	-	136,686	1,581,892
Post closure cost	1,250,534	-	92,854	1,157,680
	<u>\$ 3,035,777</u>	<u>-</u>	<u>296,205</u>	<u>2,739,572</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, 2015, the liability decreased by \$136,686 for landfill capacity used, decreased by \$73,854 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, 2015

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 \$323,000 at June 30, 2015. 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, 2015, the County had incurred an estimated liability of \$2,416,572, which represents the amount of costs reported to date based on an estimated eighty-four percent (84.5%) of landfill capacity used to date, and consulting engineer's analysis and estimates. The total liability under GASB 18 was \$2,739,572 as of June 30, 2015.

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, 2015, 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, 2015, is approximately 3.5 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, 2015

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 8.00% of their annual covered salary while PORS plan members are required to contribute 8.41% of their annual covered salary. The County is required to contribute an actuarially determined rate. The current rates for the SCRS and PORS are 10.75% and 13.01% of annual covered payroll, respectively. In addition to the preceding rates, the County contributes .15% and .20% of covered payroll to a group life insurance benefit for their SCRS and PORS participants, respectively. Additionally, participating employers contribute .20% 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		Employer		Employee	
		SCRS	PORS	SCRS	PORS
June 30					
2015	\$	407,271	266,259	298,915	166,983
2014		381,530	249,394	287,947	163,349
2013		353,359	<u>215,722</u>	236,700	<u>126,895</u>
2015 SCRS and PORS	\$		<u>673,530</u>		<u>465,897</u>

The total covered wages for the County and its component unit for the fiscal year presented are \$5,541,663.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

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, 10.75% plus the retiree surcharge of 4.92% from the employer in fiscal year 2015.

None of the County’s employees have elected to be covered under any of the optional retirement plans as of June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$6,825,727 and \$3,091,628 for its proportionate share of the PEBA’s net pension liability for the SCRS and PORS systems, respectively. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, using membership data as of that date, projected forward to the end of that fiscal year, and financial information of the pension trust funds as of June 30, 2014. The County’s proportion of the net pension liability was based on the County’s contributions received by PEBA during the measurement period for employer payroll paid dates from July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of PEBA’s participating employers. At June 30, 2014, the County’s proportion was .039646% and .16149% for SCRS and PORS, respectively. For the year ended June 30, 2015, the County recognized pension expense of \$478,406 and \$270,479 for its proportionate share of the PEBA’s pension expense for SCRS and PORS, respectively. At June 30, 2015, the County reported its proportionate share of the PEBA’s deferred outflows of resources and deferred inflows of resources related to SCRS pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 193,232	-
Net difference between expected and actual earnings on pension plan investments	-	575,459
County contributions subsequent to the measurement date	407,271	-
	\$ 600,503	575,459

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

10) RETIREMENT PLAN, CONTINUED

\$407,271 reported as deferred outflows of resources related to SCRS pensions resulting from County contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in SCRS pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2016	\$ (84,040)
2017	(84,040)
2018	(84,040)
2019	<u>(130,107)</u>
	<u>\$ (382,227)</u>

At June 30, 2015, the County reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to PORS pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 80,653	-
Net difference between expected and actual earnings on pension plan investments	-	357,774
County contributions subsequent to the measurement date	<u>266,259</u>	<u>-</u>
	<u>\$ 346,912</u>	<u>357,774</u>

\$266,259 reported as deferred outflows of resources related to PORS pensions resulting from County contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in PORS pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2016	\$ (68,035)
2017	(68,035)
2018	(68,035)
2019	<u>(73,016)</u>
	<u>\$ (277,121)</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

10) RETIREMENT PLANS, CONTINUED

Actuarial Assumptions -- The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions:

<u>Actuarial Cost Method</u>	<u>Entry Age</u>
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	levels off at 3.5%
Inflation	2.75%
Benefit adjustments	lesser of 1% or \$500

Actuarial assumptions used in the July 1, 2013 valuation were based on the results of actuarial experience studies. The experience study was for the period through June 30, 2010, with an update of economic assumptions in 2013.

Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (“RSIC”) using a building block approach. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC, which manages the investments of PEBA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
Short Term		
Cash	2.0%	0.3%
Short Duration	3.0%	0.6%
Domestic Fixed Income		
Core Fixed Income	7.0%	1.1%
High Yield	2.0%	3.5%
Bank Loans	4.0%	2.8%
Global Fixed Income		
Global Fixed Income	3.0%	0.8%
Emerging Markets Debt	6.0%	4.1%
Global Public Equity	31.0%	7.8%
Global Tactical Asset Allocation	10.0%	5.1%
Alternatives		
Hedge Funds (Low Beta)	8.0%	4.0%
Private Debt	7.0%	10.2%
Private Equity	9.0%	10.2%
Real Estate	5.0%	5.9%
Commodities	3.0%	5.1%
	<u>100.0%</u>	

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

10) RETIREMENT PLANS, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity - The following presents the County's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

<u>Asset Class</u>	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability			
SCRS	\$ 8,832,913	6,825,727	5,151,158
PORS	4,320,443	3,091,609	2,074,851

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, 2015, 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, 2015

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 counsel, 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 are 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, 2015.

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.

The County has entered into an agreement for a road paving project totaling approximately \$580,000, which commenced subsequent to June 30, 2015. The project will be completed within the next subsequent fiscal year.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

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's 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, 2015 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, 2015, 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, 2015.

Capital Assets

Component unit capital asset activity for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Abbeville County Library:				
Capital assets not being depreciated:				
Books	\$ 844,647	10,347	26,947	828,047
Collections	61,935	-	-	61,935
Total capital assets not being depreciated	<u>906,582</u>	<u>10,347</u>	<u>26,947</u>	<u>889,982</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>(20,815)</u>	<u>(603)</u>	<u>-</u>	<u>(21,418)</u>
Total capital assets being depreciated, net	<u>1,207</u>			<u>604</u>
Governmental activities capital assets, net	<u>\$ 907,789</u>			<u>890,586</u>

16) SUBSEQUENT EVENTS

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through December 8, 2015, the date the financial statements were available to be issued.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

17) PRIOR PERIOD ADJUSTMENT FOR PENSION LIABILITY

GASB Statements No. 67, *Financial Reporting for Pension Plans* (“GASB 67”), and No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), were issued by the GASB in 2013. The primary objective of these statements 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 are now be required to recognize a liability for the proportionate share of the net pension liability of that plan. It is GASB’s intention that these statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the state and local government’s financial obligations to current and former employees for past services rendered.

Effective July 1, 2014, the County implemented GASB 67 and 68. The County reports a net pension liability for its participation in the SCRS, along with related deferred outflows and inflows of resources. This resulted in a restatement of previously reported net position for governmental activities:

Government-Wide Net Position	Governmental Activities
Net position as previously reported at June 30, 2014	\$ <u>16,049,359</u>
Net pension liability (measurement date)	(10,458,742)
Deferred outflows - County's contributions made during fiscal year 2014	<u>630,924</u>
Total prior period adjustment	<u>(9,827,818)</u>
Net position as restated, July 1, 2014	\$ <u><u>6,221,541</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2015

	<u>2015</u>	
	<u>SCRS</u>	<u>PORS</u>
County's proportion of the net pension liability	0.039646%	0.161490%
County's proportionate share of the net pension liability	\$ 6,825,727	\$ 3,091,628
County's covered-employee payroll	\$ 3,599,341	\$ 1,942,322
County's proportionate share of the net pension liability as a percentage of the covered-employee payroll	189.64%	159.17%
Plan fiduciary net position as a percentage of the total pension liability	59.90%	67.50%

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of County Pension Contributions
June 30, 2015

	<u>2015</u>	
	<u>SCRS</u>	<u>PORS</u>
Contractually required contributions	\$ 407,271	\$ 266,259
Contributions in relation to the contractually required contributions	<u>407,271</u>	<u>266,259</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
County's covered-employee payroll	\$ 3,736,433	\$ 1,985,527
Contributions as percentage of covered-employee payroll	10.90%	13.41%

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Balance Sheet
June 30, 2015

ASSETS	
Cash and cash equivalents	\$ 2,058,947
Investments	-
Receivables:	
Taxes, net	112,309
Accounts, net	-
Intergovernmental	866,401
Due from other funds	122,304
Prepaid expenses	13,789
Inventories	<u>18,780</u>
TOTAL ASSETS	\$ <u><u>3,192,530</u></u>
LIABILITIES	
Accounts payable	\$ 185,818
Accrued expenses	581,528
Deferred revenue	85,056
Due to others	<u>1,000,000</u>
TOTAL LIABILITIES	<u>1,852,402</u>
FUND BALANCE	
Nonspendable	32,569
Restricted	-
Assigned	-
Unassigned	<u>1,307,559</u>
TOTAL FUND BALANCE	<u>1,340,128</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u><u>3,192,530</u></u>

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
TAXES				
Current real estate	\$ 3,232,720	3,232,720	2,800,524	(432,196)
Homestead	372,160	372,160	428,774	56,614
Real property - delinquent	300,000	300,000	133,994	(166,006)
Multi-county industrial park fee	810,000	810,000	665,801	(144,199)
Vehicle	450,000	450,000	561,981	111,981
LOST property tax rollback	800,000	800,000	1,106,816	306,816
Manufacturing exempt	85,000	85,000	67,051	(17,949)
Total taxes	6,049,880	6,049,880	5,764,941	(284,939)
INTERGOVERNMENTAL				
Aid to subdivisions	960,213	960,213	933,467	(26,746)
City of Abbeville detention revenue	10,000	10,000	11,450	1,450
Ware Shoals detention revenue	300	300	645	345
Calhoun Falls detention revenue	4,000	4,000	5,450	1,450
Due West detention revenue	1,000	1,000	685	(315)
DSS reimbursement	25,000	25,000	32,366	7,366
Election supplies reimbursement	1,000	1,000	-	(1,000)
Local options sales tax	350,000	350,000	379,915	29,915
Miscellaneous state income	-	-	4,783	4,783
Motor carrier tax	17,500	17,500	59,001	41,501
Poll managers and registration board	22,000	22,000	26,542	4,542
Accommodations tax	28,000	28,000	29,500	1,500
Veterans' service officer	4,500	4,500	4,556	56
State salary supplement	7,500	7,500	7,876	376
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	58,004	(4,996)
Family court reimbursement	65,000	65,000	65,000	-
Landfill - reimbursement	30,000	30,000	30,000	-
Total intergovernmental	1,666,570	1,666,570	1,726,797	60,227

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
GRANTS AND DONATIONS				
State treasury grant	28,383	28,383	45,811	17,428
Emergency management performance grant	67,825	67,825	90,563	22,738
Federal grants	175,000	175,000	31,988	(143,012)
National rifle grant	20,000	20,000	-	(20,000)
Duke Community Paramedic grant	35,000	35,000	121,509	86,509
SC Parks grant	-	-	23,971	23,971
Total grants and donations	<u>326,208</u>	<u>326,208</u>	<u>313,842</u>	<u>(12,366)</u>
CHARGES FOR SERVICES				
Bill and collect municipalities	15,000	15,000	18,344	3,344
EMS service billing	700,000	700,000	679,592	(20,408)
Nonemergency services billing	235,000	235,000	338,210	103,210
Treasurer decal	19,000	19,000	17,584	(1,416)
Sheriff fees	3,000	3,000	2,560	(440)
Total charges for services	<u>972,000</u>	<u>972,000</u>	<u>1,056,290</u>	<u>84,290</u>
RENT				
County building	32,351	32,351	41,486	9,135
Total rent	<u>32,351</u>	<u>32,351</u>	<u>41,486</u>	<u>9,135</u>
FINES AND FEES				
Municipal property management fee	500	500	-	(500)
Clerk of court fees	220,000	220,000	181,446	(38,554)
Health department	4,000	4,000	4,100	100
Magistrate civil fee	30,000	30,000	140	(29,860)
Magistrate criminal fees	110,000	110,000	154,178	44,178
Worthless check program fees	750	750	-	(750)
Master in equity fees	25,000	25,000	22,211	(2,789)
Ordinances map zone	1,000	1,000	825	(175)
Returned check fee	-	-	(385)	(385)
Probate judge fees	30,000	30,000	38,892	8,892
Total fines and fees	<u>421,250</u>	<u>421,250</u>	<u>401,407</u>	<u>(19,843)</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
LICENSES AND PERMITS				
Building permits	75,000	75,000	91,793	16,793
Cable television	100,000	100,000	132,119	32,119
Mobile home licenses	500	500	671	171
Total licenses and permits	<u>175,500</u>	<u>175,500</u>	<u>224,583</u>	<u>49,083</u>
MISCELLANEOUS				
Phone reimbursement-sheriff	7,000	7,000	3,958	(3,042)
FOIA fees	-	-	318	318
Auditor temporary tags	1,250	1,250	1,370	120
Asset disposition	4,000	4,000	1,270	(2,730)
Copying and vending	500	500	433	(67)
Miscellaneous revenue	-	-	1,254	1,254
Total miscellaneous	<u>12,750</u>	<u>12,750</u>	<u>8,603</u>	<u>(4,147)</u>
INTEREST REVENUES				
Interest earned	600	600	153	(447)
Interest from holding fund	-	-	15	15
Total interest revenues	<u>600</u>	<u>600</u>	<u>168</u>	<u>(432)</u>
Total revenues	<u>9,657,109</u>	<u>9,657,109</u>	<u>9,538,117</u>	<u>(118,992)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
County council	69,490	69,490	72,308	(2,818)
Administration	96,651	96,651	137,720	(41,069)
Tax notice processing fees	101,760	101,760	87,783	13,977
Development services	143,723	143,723	121,622	22,101
Finance department	139,225	139,225	131,003	8,222
Risk management	5,950	5,950	5,275	675
Clerk of court	267,728	267,728	255,915	11,813
Probate judge	134,095	134,095	129,739	4,356
Master in equity	15,150	15,150	14,921	229
Auditor	80,825	80,825	79,420	1,405
Treasurer	144,553	144,553	143,505	1,048

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
GENERAL GOVERNMENT, continued				
Tax collector	96,575	96,575	89,080	7,495
Assessor	207,788	207,821	202,423	5,398
Registration and election	111,598	111,598	96,083	15,515
County attorney	37,200	37,200	37,100	100
Building and grounds	312,337	312,337	328,139	(15,802)
Veterans' affairs	60,504	60,504	60,397	107
External auditor	50,000	50,000	56,900	(6,900)
Grant tracking	258,383	258,383	64,188	194,195
Building codes and planning	140,013	139,980	136,797	3,183
Clerk to council & HR	41,704	41,704	46,089	(4,385)
County Mechanic	33,000	33,000	-	33,000
Total general government	<u>2,548,252</u>	<u>2,548,252</u>	<u>2,296,407</u>	<u>251,845</u>
PUBLIC SAFETY				
Solicitor	41,200	41,200	41,200	-
Sheriff	1,371,114	1,349,919	1,295,154	54,765
Magistrate	208,975	208,975	203,131	5,844
Public defender	26,790	26,790	26,790	-
Coroner	41,985	41,985	41,788	197
Detention center	900,881	921,276	882,584	38,692
Total public safety	<u>2,590,945</u>	<u>2,590,145</u>	<u>2,490,647</u>	<u>99,498</u>
HEALTH AND WELFARE				
Emergency management	1,431,778	1,430,478	1,567,463	(136,985)
Nonemergency transport	102,970	104,270	96,750	7,520
Total health and welfare	<u>1,534,748</u>	<u>1,534,748</u>	<u>1,664,213</u>	<u>(129,465)</u>
CULTURE AND RECREATION				
Recreation	30,750	30,750	33,791	(3,041)
Intergovernmental	138,751	138,751	156,428	(17,677)
Total culture and recreation	<u>169,501</u>	<u>169,501</u>	<u>190,219</u>	<u>(20,718)</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
NONDEPARTMENTAL				
Health insurance	810,000	810,000	782,675	27,325
Payroll taxes	365,000	365,000	376,129	(11,129)
Retirement expense	520,000	520,000	588,181	(68,181)
Retiree defined contribution	48,516	48,516	48,113	403
Unemployment expense	22,000	22,000	14,204	7,796
Workman's compensation	154,464	154,464	144,420	10,044
IT management fees	78,727	78,727	90,009	(11,282)
IT computer hardware	15,000	15,000	15,897	(897)
Membership & dues	9,000	9,000	8,765	235
Bank fees and supplies	300	300	123	177
Building insurance	144,350	144,350	144,350	-
Telephone	63,800	63,800	49,158	14,642
Internet	15,000	15,000	21,050	(6,050)
Copy machine	12,000	12,000	15,430	(3,430)
Data processing supplies	3,000	3,000	181	2,819
Postage meter expense	8,000	8,000	7,533	467
Interest expense	3,500	3,500	3,551	(51)
Professional services	18,000	18,000	11,418	6,582
Miscellaneous expense	-	-	4,454	(4,454)
Disbursements - federal grants	67,825	67,825	77,873	(10,048)
Principal	182,983	183,783	165,729	18,054
Interest and fiscal charges	-	-	20,361	(20,361)
Total nondepartmental	<u>2,541,465</u>	<u>2,542,265</u>	<u>2,589,604</u>	<u>(47,339)</u>
Total expenditures	<u>9,384,911</u>	<u>9,384,911</u>	<u>9,231,090</u>	<u>153,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>272,198</u>	<u>272,198</u>	<u>307,027</u>	<u>(272,813)</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)				
Transfers out	(48,198)	(48,198)	(49,223)	(1,025)
Total other financing sources (uses)	(48,198)	(48,198)	(49,223)	(1,025)
Net change in fund balance	224,000	224,000	257,804	(273,838)
Fund balance, beginning of year	1,082,324	1,082,324	1,082,324	-
Fund balance, end of year	\$ 1,306,324	1,306,324	1,340,128	(273,838)

ABBEVILLE COUNTY, SOUTH CAROLINA
Abbeville County Debt Service
Debt Service Major Fund
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Taxes	\$ 110,625	110,625	481,638	371,013
Intergovernmental	-	-	-	-
Grants and donations	85,057	85,057	100,408	15,351
Charges for services	-	-	-	-
Rent	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Miscellaneous	-	-	-	-
Investment income	-	-	361	361
Total revenues	<u>195,682</u>	<u>195,682</u>	<u>582,407</u>	<u>386,725</u>
EXPENDITURES				
General government	-	-	45,815	(45,815)
Public safety	-	-	-	-
Roads and bridges	-	-	-	-
Solid waste	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Nondepartmental	-	-	-	-
Lump sum appropriation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	<u>803,427</u>	<u>803,427</u>	<u>1,642,871</u>	<u>(839,444)</u>
Total intergovernmental	<u>803,427</u>	<u>803,427</u>	<u>1,688,686</u>	<u>(885,259)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	1,260,000	1,260,000
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,260,000</u>	<u>1,260,000</u>

SUPPLEMENTARY INFORMATION

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	Rural Fire Spec Rev Fund	Road Maintenance Sp Rev Fund	Abbeville County C Funds	Accomodations Tax Sp Rev Fund	Victims' Services Sp Rev Fund
ASSETS					
Cash and cash equivalents	\$ 223,746	347,433	54,785	6,501	7,411
Investments	-	-	-	-	-
Receivables:					
Taxes, net	17,239	-	-	-	511
Accounts, net	-	-	-	-	-
Intergovernmental	-	30,620	14,639	115,830	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Capital assets	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets net of depreciation	-	-	-	-	-
TOTAL ASSETS	\$ 240,985	378,053	69,424	122,331	7,922
LIABILITIES					
Accounts payable	\$ 551	2,159	14,483	-	-
Accrued expenses	3,500	3,794	-	-	1,109
Deferred revenue	7,479	-	-	-	-
Due to others	898	5,662	-	-	15,921
Long-term liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
TOTAL LIABILITIES	12,428	11,615	14,483	-	17,030
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	228,557	366,438	54,941	122,331	(9,108)
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	228,557	366,438	54,941	122,331	(9,108)
TOTAL LIABILITIES AND FUND BALANCE	\$ 240,985	378,053	69,424	122,331	7,922

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	Clerk Family Court	DSS Child Support	Family Court Sheriff	Solid Waste Sp Rev Fund	Infrastructure Dev Sp Rev Fund
ASSETS					
Cash and cash equivalents	\$ 138,913	88,138	25,659	342,307	199,710
Investments	-	-	-	-	-
Receivables:					
Taxes, net	-	-	-	16,490	-
Accounts, net	-	-	-	-	-
Intergovernmental	377	15,125	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Capital assets	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets net of depreciation	-	-	-	-	-
TOTAL ASSETS	\$ 139,290	103,263	25,659	358,797	199,710
LIABILITIES					
Accounts payable	\$ -	-	-	1,878	913
Accrued expenses	-	-	-	7,484	-
Deferred revenue	-	-	-	7,154	-
Due to others	-	-	-	2,196	-
Long-term liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	18,712	913
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	139,290	103,263	25,659	340,085	-
Assigned	-	-	-	-	198,797
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	139,290	103,263	25,659	340,085	198,797
TOTAL LIABILITIES AND FUND BALANCE	\$ 139,290	103,263	25,659	358,797	199,710

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	Infrastructure Millage	E-911 Sub Tariffs Sp Rev Fund	Emer Mgmt Donations	Rural Fire Donations
ASSETS				
Cash and cash equivalents	\$ 920,857	26,526	11,943	3,866
Investments	-	-	-	-
Receivables:				
Taxes, net	2,789	-	-	-
Accounts, net	-	-	-	-
Intergovernmental	1,802	9,773	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Inventories	-	-	-	-
Capital assets	-	-	-	-
Less accumulated depreciation	-	-	-	-
Total capital assets net of depreciation	-	-	-	-
TOTAL ASSETS	\$ 925,448	36,299	11,943	3,866
LIABILITIES				
Accounts payable	-	478	-	-
Accrued expenses	-	-	-	-
Deferred revenue	2,062	-	-	-
Due to others	-	10,097	-	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
TOTAL LIABILITIES	2,062	10,575	-	-
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	923,386	25,724	11,943	3,866
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	923,386	25,724	11,943	3,866
TOTAL LIABILITIES AND FUND BALANCE	\$ 925,448	36,299	11,943	3,866

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	E911 Donations	Sheriff Dept Donations	Sheriff BJA Grant	Competitive Grant	Abb Cnty Strategic Plan Fund
ASSETS					
Cash and cash equivalents	\$ 1,502	3,036	10,192	15,457	10,250
Investments	-	-	-	-	-
Receivables:					
Taxes, net	-	-	-	-	-
Accounts, net	-	-	-	-	-
Intergovernmental	30	-	-	-	3,100
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Capital assets	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets net of depreciation	-	-	-	-	-
TOTAL ASSETS	\$ 1,532	3,036	10,192	15,457	13,350
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	1,532	3,036	10,192	15,457	13,350
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	1,532	3,036	10,192	15,457	13,350
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,532	3,036	10,192	15,457	13,350

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	Public Safety Sp Rev Fund	Piedmont Tech College	Sheriff Dept Seizure Forfeited	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 94,077	63,020	41,250	2,636,579
Investments	-	-	-	-
Receivables:				
Taxes, net	49,450	4,594	-	91,073
Accounts, net	-	-	-	-
Intergovernmental	6,919	2,977	-	201,192
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Inventories	-	-	-	-
Capital assets	-	-	-	-
Less accumulated depreciation	-	-	-	-
Total capital assets net of depreciation	-	-	-	-
TOTAL ASSETS	\$ 150,446	70,591	41,250	2,928,844
LIABILITIES				
Accounts payable	\$ 5,965	-	-	26,427
Accrued expenses	15,903	-	-	31,790
Deferred revenue	35,085	3,387	-	55,167
Due to others	-	-	-	34,774
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
TOTAL LIABILITIES	56,953	3,387	-	148,158
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	93,493	67,204	41,250	2,581,889
Assigned	-	-	-	198,797
Unassigned	-	-	-	-
TOTAL FUND BALANCE	93,493	67,204	41,250	2,780,686
TOTAL LIABILITIES AND FUND BALANCE	\$ 150,446	70,591	41,250	2,928,844

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	Rural Fire Spec Rev Fund	Road Maintenance Sp Rev Fund	Abbeville County C Funds	Accomodations Tax Sp Rev Fund	Victims' Services Sp Rev Fund
REVENUES					
Taxes	\$ 395,043	-	-	-	-
Intergovernmental	8,715	34,248	595,781	121,713	-
Grants and donations	-	-	-	-	-
Charges for services	-	-	-	-	6,074
Rent	-	-	-	-	-
Fees and fines	-	340,524	-	-	31,702
Licenses and permits	-	-	-	-	-
Miscellaneous	-	5,000	-	-	118
Investment income	17	26	6	4	1
TOTAL REVENUES	403,775	379,798	595,787	121,717	37,895
EXPENDITURES					
Current:					
General government	-	1,317	-	-	1,279
Public safety	245,500	-	-	-	46,339
Roads and bridges	-	296,197	-	-	-
Solid waste	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Nondepartmental	-	-	595,624	29,501	54
Lump sum appropriation	57,100	-	-	85,500	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	67,950	-	-	-	-
Cost of issuance	-	-	-	-	-
Interest and fiscal charges	18,582	-	-	-	-
TOTAL EXPENDITURES	389,132	297,514	595,624	115,001	47,672
Excess (Deficiency) of revenues over (under) expenditures	14,643	82,284	163	6,716	(9,777)
OTHER FINANCING SOURCES (USES)					
Proceeds from installment purchase debt	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Transfers	30,464	-	-	-	18,759
TOTAL OTHER FINANCING SOURCES (USES)	30,464	-	-	-	18,759
Net change in fund balance	45,107	82,284	163	6,716	8,982
Fund balance, beginning of year	183,450	284,154	54,778	115,615	(18,090)
Fund balance, end of year	\$ 228,557	366,438	54,941	122,331	(9,108)

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	Clerk Family Court	DSS Child Support	Family Court Sheriff	Solid Waste Sp Rev Fund	Infrastructure Dev Sp Rev Fund
REVENUES					
Taxes	\$ -	-	-	377,865	-
Intergovernmental	12,535	98,653	1	24,477	322,167
Grants and donations	-	-	5,643	-	27,401
Charges for services	-	-	-	-	-
Rent	-	-	-	-	7,056
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Investment income	12	5	1	26	23
TOTAL REVENUES	12,547	98,658	5,645	402,368	356,647
EXPENDITURES					
Current:					
General government	-	-	3,331	213	55,158
Public safety	-	-	-	-	-
Roads and bridges	-	-	-	-	6,295
Solid waste	-	-	-	354,030	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Nondepartmental	-	77,223	-	-	-
Lump sum appropriation	-	-	-	-	-
Capital outlay	-	-	-	-	661,658
Debt service:					
Principal retirement	-	-	-	8,000	-
Cost of issuance	-	-	-	-	-
Interest and fiscal charges	-	-	-	593	-
TOTAL EXPENDITURES	-	77,223	3,331	362,836	723,111
Excess (Deficiency) of revenues over (under) expenditures	12,547	21,435	2,314	39,532	(366,464)
OTHER FINANCING SOURCES (USES)					
Proceeds from installment purchase debt	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Transfers	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net change in fund balance	12,547	21,435	2,314	39,532	(366,464)
Fund balance, beginning of year	126,743	81,828	23,345	300,553	565,261
Fund balance, end of year	\$ 139,290	103,263	25,659	340,085	198,797

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	Infrastructure Millage	E-911 Sub Tariffs Sp Rev Fund	Emer Mgmt Donations	Rural Fire Donations
REVENUES				
Taxes	\$ 96,907	-	-	-
Intergovernmental	1,189	38,038	-	-
Grants and donations	-	-	-	2,888
Charges for services	-	115,224	-	-
Rent	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Miscellaneous	-	-	19,562	-
Investment income	90	8	1	1
TOTAL REVENUES	98,186	153,270	19,563	2,889
EXPENDITURES				
Current:				
General government	106,500	-	-	-
Public safety	-	241,500	22,851	4,498
Roads and bridges	-	-	-	-
Solid waste	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Nondepartmental	-	-	-	-
Lump sum appropriation	-	-	-	-
Capital outlay	60,062	2,268	-	-
Debt service:				
Principal retirement	-	44,082	-	-
Cost of issuance	-	-	-	-
Interest and fiscal charges	-	2,766	-	-
TOTAL EXPENDITURES	166,562	290,616	22,851	4,498
Excess (Deficiency) of revenues over (under) expenditures	(68,376)	(137,346)	(3,288)	(1,609)
OTHER FINANCING SOURCES (USES)				
Proceeds from installment purchase debt	-	-	-	-
Proceeds from capital lease	-	-	-	-
Transfers	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net change in fund balance	(68,376)	(137,346)	(3,288)	(1,609)
Fund balance, beginning of year	991,762	163,070	15,231	5,475
Fund balance, end of year	\$ 923,386	25,724	11,943	3,866

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	<u>E911 Donations</u>	<u>Sheriff Dept Donations</u>	<u>Sheriff BJA Grant</u>	<u>Competitive Grant</u>	<u>Abb Cnty Strategic Plan Fund</u>
REVENUES					
Taxes	\$ -	-	-	-	-
Intergovernmental	-	-	7,705	-	-
Grants and donations	-	676	-	-	13,350
Charges for services	-	-	-	-	-
Rent	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Miscellaneous	1,447	-	-	-	-
Investment income	-	-	2	2	-
	<u>1,447</u>	<u>676</u>	<u>7,707</u>	<u>2</u>	<u>13,350</u>
TOTAL REVENUES	<u>1,447</u>	<u>676</u>	<u>7,707</u>	<u>2</u>	<u>13,350</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	1,105	-	21,534	-	-
Roads and bridges	-	-	-	-	-
Solid waste	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Lump sum appropriation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Cost of issuance	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
	<u>1,105</u>	<u>-</u>	<u>21,534</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,105</u>	<u>-</u>	<u>21,534</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>342</u>	<u>676</u>	<u>(13,827)</u>	<u>2</u>	<u>13,350</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from installment purchase debt	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Transfers	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	342	676	(13,827)	2	13,350
Fund balance, beginning of year	<u>1,190</u>	<u>2,360</u>	<u>24,019</u>	<u>15,455</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,532</u>	<u>3,036</u>	<u>10,192</u>	<u>15,457</u>	<u>13,350</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	Public Safety Sp Rev Fund	Piedmont Tech College	Sheriff Dept Seizure Forfeited	Total Nonmajor Special Revenue Funds
REVENUES				
Taxes	\$ -	158,260	-	1,028,075
Intergovernmental	-	3,322	-	1,268,544
Grants and donations	-	-	-	49,958
Charges for services	765,999	-	-	887,297
Rent	-	-	-	7,056
Fees and fines	-	-	-	372,226
Licenses and permits	-	-	-	-
Miscellaneous	65	-	6,998	33,190
Investment income	16	5	-	246
TOTAL REVENUES	766,080	161,587	6,998	3,646,592
EXPENDITURES				
Current:				
General government	-	-	-	167,798
Public safety	776,386	-	13,720	1,373,433
Roads and bridges	-	-	-	302,492
Solid waste	-	-	-	354,030
Health and welfare	30,148	-	-	30,148
Culture and recreation	-	-	-	-
Nondepartmental	-	-	-	702,402
Lump sum appropriation	-	155,325	-	297,925
Capital outlay	139,424	-	-	863,412
Debt service:				
Principal retirement	51,463	-	-	171,495
Cost of issuance	-	-	-	-
Interest and fiscal charges	41,332	-	-	63,273
TOTAL EXPENDITURES	1,038,753	155,325	13,720	4,326,408
Excess (Deficiency) of revenues over (under) expenditures	(272,673)	6,262	(6,722)	(679,816)
OTHER FINANCING SOURCES (USES)				
Proceeds from installment purchase debt	-	-	-	-
Proceeds from capital lease	219,410	-	-	219,410
Transfers	-	-	-	49,223
TOTAL OTHER FINANCING SOURCES (USES)	219,410	-	-	268,633
Net change in fund balance	(53,263)	6,262	(6,722)	(411,183)
Fund balance, beginning of year	146,756	60,942	47,972	3,191,869
Fund balance, end of year	\$ 93,493	67,204	41,250	2,780,686

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Clerk of Court Fees and Fines
For the Fiscal Year Ended June 30, 2015

<u>Amounts retained by County Treasurer</u>	
Fines	\$ -
Assessments	-
Surcharges	-
	<hr/>
Total retained by County Treasurer	\$ -
	<hr/> <hr/>
<u>Amounts remitted to State Treasurer</u>	
Fines	\$ -
Assessments	133,977
Surcharges	7,747
	<hr/>
Total remitted to State Treasurer	\$ 141,724
	<hr/> <hr/>
<u>Amounts allocated to Victims' Services</u>	
Fines	\$ -
Assessments	3,069
Surcharges	9,369
	<hr/>
Total allocated to Victims' Services	\$ 12,438
	<hr/> <hr/>

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Magistrate Fees and Fines
For the Fiscal Year Ended June 30, 2015

<u>Amounts retained by County Treasurer</u>	
Fines	\$ -
Fees	-
Surcharges	-
	<u>-</u>
Total retained by County Treasurer:	<u><u>\$ -</u></u>
<u>Amounts remitted to State Treasurer</u>	
Fines	\$ -
Assessments	91,178
Surcharges	63,347
	<u>63,347</u>
Total remitted to State Treasurer	<u><u>\$ 154,525</u></u>
<u>Amounts allocated to Victims' Services</u>	
Fines	\$ -
Assessments	11,554
Surcharges	6,538
	<u>6,538</u>
Total allocated to Victims' Services	<u><u>\$ 18,092</u></u>
<u>Victims' Services</u>	
Beginning fund balance (deficit)	\$ (18,090)
Revenues	37,895
Less expenditures	(47,672)
Net transfers in (out)	18,759
	<u>18,759</u>
Ending fund balance (deficit)	<u><u>\$ (9,108)</u></u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Revenues and Expenditures
Abbeville County Library
For the Fiscal Year Ended June 30, 2015

	Balance June 30, 2014	Revenues	Expenditures	Balance June 30, 2015
SOURCES OF FUNDS				
Local sources:				
County tax appropriations	\$ (45,463)	201,858	211,323	(54,928)
Fees and fines	12,844	11,592	11,592	12,844
Gifts and donations	4,000	-	-	4,000
Other local sources	44,959	4,765	4,765	44,959
Total local sources	<u>16,340</u>	<u>218,215</u>	<u>227,680</u>	<u>6,875</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	2,486	2,486	2,019
Total state sources	<u>17,181</u>	<u>77,486</u>	<u>77,486</u>	<u>17,181</u>
Federal sources:				
Library services and technology act	(575)	3,734	3,734	(575)
Other federal	-	-	-	-
Total federal sources	<u>(575)</u>	<u>3,734</u>	<u>3,734</u>	<u>(575)</u>
Total all sources of funds	<u>\$ 32,946</u>	<u>299,435</u>	<u>308,900</u>	<u>23,481</u>

REQUIRED GOVERNMENTAL INFORMATION

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Findings
For Fiscal Year Ended June 30, 2015

Financial Statement Findings – Material Weaknesses

2015-001 (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.

2015-002 (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.

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Findings
For Fiscal Year Ended June 30, 2015

Prior Year Financial Statement Findings – Material Weaknesses

2014-001

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.

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.

Status: The County implemented recommendations and the finding is not repeated.

2014-002

Information Technology, Repeated as 2015-001

2014-003

Clerk of Court, Repeated as 2015-002

Prior Year 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.

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.

Status: The County implemented recommendations and the finding is not repeated

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Findings
For Fiscal Year Ended June 30, 2015

Prior Year 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 form evidencing their approval. These forms, from the EMS and Sheriff's office were not completed in compliance with County processes.
- 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.
- Status:** The County implemented recommendations and the finding is not repeated.

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.
- 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.
- Status:** The County implemented recommendations and the finding is not repeated.



MARTIN · SMITH

& COMPANY CPAs

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

The Honorable Members of County Council
Abbeville, South Carolina

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, 2015, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 8, 2015. 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 no matters involving the internal control over financial reporting and its operation that we consider deficiencies.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no matters involving the internal control over financial reporting and its operation that we consider significant deficiencies.

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 2015-001 and 2015-002 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.

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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 and Company CPAs PA

Greenville, South Carolina
December 8, 2015