

ABBEVILLE COUNTY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
June 30, 2017**

(With Independent Auditors' Report Thereon)

ABBEVILLE COUNTY, SOUTH CAROLINA
Comprehensive Annual Financial Report
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June 30, 2017

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INTRODUCTORY SECTION

ABBEVILLE COUNTY, SOUTH CAROLINA
List of Principal Officials
June 30, 2017

Members of County Council:

Robert B. McClain	Chairman - District Seven
Charlie Stone	Vice Chairman - District One
John T. Calhoun	Councilman - District Two
Charles Goodwin	Councilman - District Three
Harold Prince	Councilman - District Four
Kristi Grigsby	Councilman - District Five
Rick Campbell	Councilman - District Six

Other Officials:

Emily McMahan	Clerk of Court
David Garner	County Director
Betty Cowan	County Treasurer
Sue Simpson	County Auditor
Barry Devore	Finance Director
Lee Roper	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, 2017, 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, 2017, 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.

The Honorable Members of County Council
Abbeville, South Carolina
Page Two

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 27, 2017, 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 & Company CPAs PA

December 27, 2017

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2017

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, 2017. 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 \$2,713,090, and net position of governmental activities is \$7,697,061.
- The current year's expense total is \$13,807,892 as compared to the \$14,532,792 generated in fees and charges, grants, general revenues, and taxes for governmental programs. In the previous year, expenses were \$14,185,445 as compared to the \$15,020,857 generated in tax and other revenues for governmental programs.
- For business-type activities, revenues were \$1,422,871 and expenses were \$981,178.
- The annual cost of all County programs was \$14,789,070. The previous year's cost was \$15,254,616.
- The County implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, last fiscal 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.

After analyzing the expenses compared to revenues, it can be determined that the County's governmental activities generated \$724,900 more than it spent. The \$724,900 net assets increase was a decline from last year's increase in net assets of \$835,412.

The business-type activities realized an increase in net position of \$441,693, as expenses of \$981,178 were less than revenues of \$1,422,871.

When all funds are combined, the total primary government showed an increase in net position of \$1,166,593. The prior year combined net position decreased by \$873,698.

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2017

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, 2017

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 the Debt Service 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, 2017

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's combined net position from the previous year was \$9,243,558 as compared to \$10,410,151 this year. However, net position and expenses from governmental and business-type activities must be reviewed separately. Table 1 focuses on the net position, 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 \$7,697,061 this year as compared to \$6,972,161 last year. Unrestricted net assets (deficit) were (\$7,830,270) last year as compared to \$(7,466,588) this year. Unrestricted net assets are those funds that can be used to finance every-day operations without restrictions set by legislation, debt covenants, or other legal regulations.

The net position of the County's business-type activities was \$2,713,090 this year as compared to \$2,271,397 last year:

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$ 8,382,926	8,031,399	4,590,506	4,407,535	12,973,432	12,438,934
Capital Assets	16,583,201	16,703,593	1,239,670	847,153	17,822,871	17,550,746
Total Assets	24,966,127	24,734,992	5,830,176	5,254,688	30,796,303	29,989,680
Deferred outflows of resources	2,035,213	1,024,389	-	-	2,035,213	1,024,389
Liabilities						
Long-term Liabilities	16,849,714	16,211,031	305,250	-	17,154,964	16,211,031
Other Liabilities	2,100,272	2,542,062	2,811,836	2,983,291	4,912,108	5,525,353
Total Liabilities	18,949,986	18,753,093	3,117,086	2,983,291	22,067,072	21,736,384
Deferred inflows of resources	354,293	34,127	-	-	354,293	34,127
Net Position						
Investment in Capital						
Assets, Net of Debt	11,844,706	11,575,817	934,420	847,153	12,779,126	12,422,970
Restricted	3,318,943	3,226,614	-	-	3,318,943	3,226,614
Unrestricted	(7,466,588)	(7,830,270)	1,778,670	1,424,244	(5,687,918)	(6,406,026)
Total Net Position	\$ 7,697,061	6,972,161	2,713,090	2,271,397	10,410,151	9,243,558

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2017

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 3,163,671	3,034,384	1,057,978	984,913	4,221,649	4,019,297
Restricted:						
Operating grants	435,863	414,824	-	-	435,863	414,824
Capital grants	234,009	794,116	-	-	234,009	794,116
General revenue:						
Property taxes	7,710,642	7,629,700	-	-	7,710,642	7,629,700
Other taxes	524,425	548,835	-	-	524,425	548,835
Investment income	672	1,177	122	59,272	794	60,449
Other general revenue	2,463,510	2,625,669	364,771	63,272	2,828,281	2,688,941
Total Revenues	14,532,792	15,048,705	1,422,871	1,107,457	15,955,663	16,156,162
Program Expenses						
General government	2,884,842	2,926,273	-	-	2,884,842	2,926,273
Public safety	4,200,505	3,927,462	-	-	4,200,505	3,927,462
Roads and bridges	465,315	745,890	981,178	1,069,171	1,446,493	1,815,061
Solid waste	431,141	395,364	-	-	431,141	395,364
Health and welfare	1,718,400	1,604,307	-	-	1,718,400	1,604,307
Culture and recreation	214,245	199,611	-	-	214,245	199,611
Nondepartmental	3,301,863	3,778,964	-	-	3,301,863	3,778,964
Interest on long-term debt	358,187	352,589	-	-	358,187	352,589
Other expenses	233,394	254,985	-	-	233,394	254,985
Total Expenses	13,807,892	14,185,445	981,178	1,069,171	14,789,070	15,254,616
Excess (Deficiency)						
Before Transfers	724,900	863,260	441,693	38,286	1,166,593	901,546
Transfers	-	(27,848)	-	-	-	(27,848)
Increase (Decrease) in Net Position	\$ 724,900	835,412	441,693	38,286	1,166,593	873,698

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2017

GOVERNMENTAL ACTIVITIES

This year's governmental activities revenues are \$14,532,792 as compared to \$15,048,705 last year. The year's governmental activities cost was \$13,807,892 as compared to \$14,185,445 in the previous year.

In the current year, the County's total net assets for all funds increased by \$1,166,593. The business-type activities realized a total increase in net position of \$441,693. Governmental activities resulted in an increase in net position of \$724,900.

In the prior year, the business-type activities generated \$38,286 more in revenues than expenses and the governmental activities realized a net position increase by generating \$441,693 more in expenses than revenues.

Governmental activities revenues decreased by \$515,913 from last year, while expenses decreased by \$377,553. Comparing these numbers gives the governmental activities a net decrease of revenue over expenses from prior year to current by \$138,360.

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	
	2017	2016	2017	2016
General government	\$ 2,884,842	2,926,273	1,672,113	1,848,398
Public safety	4,200,505	3,927,462	1,992,813	1,649,849
Roads and bridges	465,315	749,890	157,410	(83,867)
Solid waste	431,141	395,364	414,929	387,517
Health and welfare	1,718,400	1,604,307	1,629,395	1,554,075
Culture and recreation	214,245	199,611	214,245	199,611
Nondepartmental	3,301,863	3,778,964	3,301,863	3,778,964
Interest on long-term debt	358,187	352,589	358,187	352,589
Other expenses	233,394	254,985	233,394	254,985
Totals	\$ <u>13,807,892</u>	<u>14,189,445</u>	<u>9,974,349</u>	<u>9,942,121</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2017

BUSINESS-TYPE ACTIVITIES

This year's business-type activities revenues (see Table 2) are \$1,422,871 as compared to \$1,107,457 in the prior year. This year's expenses are \$981,178 as compared to \$1,069,171 in the previous year. Business-type activities expenditures showed a decrease from prior year to current year.

GENERAL FUND BUDGETARY STATEMENTS

The County Council revisits the budget several times during the year. The current year's budget focuses on the General Fund, 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 \$6,112,275 as compared to \$5,497,392 in the previous year.

CAPITAL ASSETS

At the close of the year, the County had invested \$33,518,758 in capital assets such as land, buildings and improvements, equipment or infrastructure (see Table 4). \$33,683,388 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 2,340,368	2,340,368	-	-	2,340,368	2,340,368
Land improvements	1,325,185	1,325,185	-	-	1,325,185	1,325,185
Buildings and improvements	13,778,957	13,469,427	-	-	13,778,957	13,469,427
Equipment	6,320,279	6,076,189	-	-	6,320,279	6,076,189
Infrastructure	4,892,297	6,105,797	-	-	4,892,297	6,105,797
Landfill	-	-	4,861,672	4,366,422	4,861,672	4,366,422
Construction in progress	-	-	-	-	-	-
Cost of capital assets	28,657,086	29,316,966	4,861,672	4,366,422	33,518,758	33,683,388
Less accumulated depreciation	(12,073,885)	(12,613,373)	(3,622,002)	(3,519,269)	(15,695,887)	(16,132,642)
Cost of capital assets	\$ <u>16,583,201</u>	<u>16,703,593</u>	<u>1,239,670</u>	<u>847,153</u>	<u>17,822,871</u>	<u>17,550,746</u>

The current year's significant capital asset additions included:

- \$ 226,403 – Vehicles
- \$ 111,531 – CAD system and software
- \$ 323,370 – Building improvement
- \$ 150,595 – Ambulance

ABBEVILLE COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2017

DEBT MANAGEMENT

Table 5
 Outstanding Debt at Year-End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds (Backed by the County)	\$ 849,344	1,119,104	-	-	849,344	1,119,104
Facilities Corporation bonds	3,502,600	3,823,200	-	-	3,502,600	3,823,200
Capital leases	150,595	-	305,520	-	456,115	-
Other bonds or outstanding obligations	<u>235,956</u>	<u>185,472</u>	<u>-</u>	<u>-</u>	<u>235,956</u>	<u>185,472</u>
Totals	<u>\$ 4,738,495</u>	<u>5,127,776</u>	<u>305,520</u>	<u>-</u>	<u>5,044,015</u>	<u>5,127,776</u>

At the close of the year, the County had \$4,738,495 in outstanding bonds, notes, and other obligations as compared to \$5,127,776 in the previous year (see Table 5). The County's total outstanding debt decreased by \$389,281.

ECONOMIC ISSUES/UPCOMING YEARLY BUDGET

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

A slowing economy means the County's budget 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.

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:

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 Abbeville, South Carolina 29620
 Phone: (864) 366-6690
 Fax: (864) 366-4595
 E-mail: bdevore@abbevillecountysc.com

ABBEVILLE COUNTY, SOUTH CAROLINA
Statement of Net Position
June 30, 2017

	Primary Government			Component Unit
	Governmental Activites	Business-Type Activites	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 7,343,040	3,495,299	10,838,339	44,611
Investments	-	-	-	-
Receivables:				
Taxes, net	259,066	37,814	296,880	6,525
Accounts, net	-	50,989	50,989	-
Intergovernmental	708,124	3,072	711,196	6,328
Due from other funds	22,647	1,003,332	1,025,979	-
Prepaid expenses	16,315	-	16,315	10,814
Inventories	33,734	-	33,734	-
Capital assets	28,657,086	4,861,672	33,518,758	885,691
Less accumulated depreciation	<u>(12,073,885)</u>	<u>(3,622,002)</u>	<u>(15,695,887)</u>	<u>(22,022)</u>
Total capital assets, net of depreciation	<u>16,583,201</u>	<u>1,239,670</u>	<u>17,822,871</u>	<u>863,669</u>
TOTAL ASSETS	<u>24,966,127</u>	<u>5,830,176</u>	<u>30,796,303</u>	<u>931,947</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	<u>2,035,213</u>	<u>-</u>	<u>2,035,213</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,035,213</u>	<u>-</u>	<u>2,035,213</u>	<u>-</u>
<u>LIABILITIES</u>				
Accounts payable	338,041	4,957	342,998	1,311
Accrued expenses	743,455	11,699	755,154	7,372
Deferred revenue	-	-	-	4,622
Due to other funds	1,018,776	5,895	1,024,671	1,308
Landfill closure and post-closure costs	-	2,789,285	2,789,285	-
Long-term liabilities:				
Due within one year	871,552	305,250	1,176,802	-
Due in more than one year	<u>15,978,162</u>	<u>-</u>	<u>15,978,162</u>	<u>-</u>
TOTAL LIABILITIES	<u>18,949,986</u>	<u>3,117,086</u>	<u>22,067,072</u>	<u>14,613</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	<u>354,293</u>	<u>-</u>	<u>354,293</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>354,293</u>	<u>-</u>	<u>354,293</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in capital assets	11,844,706	934,420	12,779,126	-
Restricted for:				
Debt service	236,492	-	236,492	-
Infrastructure	46,200	-	46,200	-
Various purposes	3,036,251	-	3,036,251	-
Unrestricted (deficit)	<u>(7,466,588)</u>	<u>1,778,670</u>	<u>(5,687,918)</u>	<u>917,334</u>
TOTAL NET POSITION	<u>\$ 7,697,061</u>	<u>2,713,090</u>	<u>10,410,151</u>	<u>917,334</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, 2017

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	\$ 2,884,842	1,212,729	-	-	(1,672,113)	-	(1,672,113)	-
Public safety	4,200,505	1,950,942	256,750	-	(1,992,813)	-	(1,992,813)	-
Roads and bridges	465,315	-	73,896	234,009	(157,410)	-	(157,410)	-
Solid waste	431,141	-	16,212	-	(414,929)	-	(414,929)	-
Health and welfare	1,718,400	-	89,005	-	(1,629,395)	-	(1,629,395)	-
Culture and recreation	214,245	-	-	-	(214,245)	-	(214,245)	-
Nondepartmental	3,301,863	-	-	-	(3,301,863)	-	(3,301,863)	-
Lump sum appropriation	358,187	-	-	-	(358,187)	-	(358,187)	-
Interest and fiscal charges	233,394	-	-	-	(233,394)	-	(233,394)	-
Total governmental activities	<u>13,807,892</u>	<u>3,163,671</u>	<u>435,863</u>	<u>234,009</u>	<u>(9,974,349)</u>	<u>-</u>	<u>(9,974,349)</u>	<u>-</u>
Business-type activity:								
Landfill	981,178	1,057,978	-	-	-	76,800	76,800	-
Total business-type activity	<u>981,178</u>	<u>1,057,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,800</u>	<u>76,800</u>	<u>-</u>
Total primary government	\$ <u>14,789,070</u>	<u>4,221,649</u>	<u>435,863</u>	<u>234,009</u>	<u>(9,974,349)</u>	<u>76,800</u>	<u>(9,897,549)</u>	<u>-</u>
COMPONENT UNIT	\$ <u>306,131</u>	<u>-</u>	<u>-</u>	<u>-</u>				<u>(306,131)</u>
General revenues:								
Property taxes					\$ 7,710,642	-	7,710,642	234,389
Accommodation taxes					166,435	-	166,435	-
Local option sales taxes					357,990	-	357,990	-
Intergovernmental, not restricted to specific programs					1,958,145	7,989	1,966,134	78,281
Investment income					672	122	794	4
Donations					427,262	37,011	464,273	36,957
Other					78,103	319,771	397,874	13,829
Total general revenues, special, and extraordinary items					<u>10,699,249</u>	<u>364,893</u>	<u>11,064,142</u>	<u>363,460</u>
Change in net position					724,900	441,693	1,166,593	57,329
Net position, beginning of year					<u>6,972,161</u>	<u>2,271,397</u>	<u>9,243,558</u>	<u>860,005</u>
Net position, end of year					\$ <u>7,697,061</u>	<u>2,713,090</u>	<u>10,410,151</u>	<u>917,334</u>

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2017

	General Fund	Abbeville County Debt Service	Total Nonmajor Special Revenue Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,338,445	216,302	2,788,293	7,343,040
Investments	-	-	-	-
Receivables:				
Taxes, net	136,044	37,161	85,861	259,066
Accounts, net	-	-	-	-
Intergovernmental	545,166	-	162,958	708,124
Due from other funds	20,207	-	2,440	22,647
Prepaid expenses	14,172	-	2,143	16,315
Inventories	33,734	-	-	33,734
TOTAL ASSETS	5,087,768	253,463	3,041,695	8,382,926
<u>LIABILITIES</u>				
Accounts payable	326,128	-	11,913	338,041
Accrued expenses	699,263	-	44,192	743,455
Deferred revenue	98,201	16,971	55,207	170,379
Due to other funds	1,000,465	-	18,311	1,018,776
Landfill closure and post-closure costs	-	-	-	-
TOTAL LIABILITIES	2,124,057	16,971	129,623	2,270,651
<u>FUND BALANCE</u>				
Nonspendable	47,906	236,492	-	284,398
Restricted	-	-	2,672,940	2,672,940
Assigned	-	-	239,132	239,132
Unassigned	2,915,805	-	-	2,915,805
TOTAL FUND BALANCE	2,963,711	236,492	2,912,072	6,112,275
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,087,768	253,463	3,041,695	8,382,926

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, 2017

Total fund balances - Governmental Funds	\$	6,112,275
<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 \$28,657,086 and the accumulated depreciation is \$12,073,885.</p>		16,583,201
<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>		170,379
<p>Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		2,035,213
<p>Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		(354,293)
<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>		(12,111,219)
<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>(4,738,495)</u>
Net position of governmental activities	\$	<u><u>7,697,061</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, 2017

	General Fund	Abbeville County Debt Service	Total Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 6,337,219	797,445	1,089,154	8,223,818
Intergovernmental	1,735,069	-	753,828	2,488,897
Grants and donations	64,731	89,005	412,646	566,382
Charges for services	1,147,084	-	949,561	2,096,645
Rent	42,344	-	23,300	65,644
Fees and fines	410,422	-	342,806	753,228
Licenses and permits	255,055	-	-	255,055
Miscellaneous	2,294	(6,191)	75,099	71,202
Investment income	370	43	259	672
TOTAL REVENUES	9,994,588	880,302	3,646,653	14,521,543
EXPENDITURES				
Current:				
General government	2,278,356	1,612	188,854	2,468,822
Public safety	2,584,553	-	1,513,952	4,098,505
Roads and bridges	-	-	286,068	286,068
Solid waste	-	-	391,107	391,107
Health and welfare	1,653,673	-	27	1,653,700
Culture and recreation	214,245	-	-	214,245
Nondepartmental	2,532,288	-	320,967	2,853,255
Lump sum appropriation	-	-	358,187	358,187
Capital outlay	-	-	904,265	904,265
Debt service:				
Principal retirement	-	590,360	5,347	595,707
Cost of issuance	-	-	-	-
Interest and fiscal charges	-	233,394	-	233,394
TOTAL EXPENDITURES	9,263,115	825,366	3,968,774	14,057,255
Excess (Deficiency) of revenues over (under) expenditures	731,473	54,936	(322,121)	464,288
OTHER FINANCING SOURCES (USES)				
Proceeds from installment purchase debt	-	-	-	-
Proceeds from capital lease	-	-	150,595	150,595
Transfers	(30,383)	-	30,383	-
TOTAL OTHER FINANCING SOURCES (USES)	(30,383)	-	180,978	150,595
Net change in fund balance	701,090	54,936	(141,143)	614,883
Fund balance, beginning of year	2,262,621	181,556	3,053,215	5,497,392
Fund balance, end of year	\$ 2,963,711	236,492	2,912,072	6,112,275

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, 2017

Total net change in fund balance - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	614,883
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 depreciation expense (\$994,345) exceeded capital outlays (\$904,265) in the period.		(90,080)
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.		41,808
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.		39,433
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 (\$1,060,867) exceeds employer contributions (\$723,560).		(337,307)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		-
Capital lease proceeds provide current financial resources to governmental funds, but issuing capital leases increases long-term liabilities in the statement of net position.		(150,595)
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>595,707</u>
Change in net position of governmental activities on the Statement of Activities	\$	<u><u>724,900</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, 2017

	<u>Landfill</u>
ASSETS	
Cash and cash equivalents	\$ 3,495,299
Accounts receivable, net	54,061
Property taxes receivable	37,814
Due from other funds	1,003,332
Capital assets, net	<u>1,239,670</u>
Total Assets	<u><u>\$ 5,830,176</u></u>
LIABILITIES AND NET POSITION	
Liabilities	
Accounts payable	\$ 4,957
Accrued expenses	11,699
Due to other funds	5,895
Capital lease payable	305,250
Landfill closure and post closure costs	<u>2,789,285</u>
Total liabilities	<u><u>\$ 3,117,086</u></u>
Net position	
Net investment in capital assets	\$ 934,420
Unrestricted net position	<u>1,778,670</u>
Total net position	<u><u>\$ 2,713,090</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, 2017

	<u>Landfill</u>
OPERATING REVENUES	
Landfill fee assessments	\$ 588,901
Landfill tickets and tip fees	403,219
Intergovernmental	44,999
Recycle fees	65,859
Other revenue	<u>319,771</u>
Total operating revenues	<u>1,422,749</u>
OPERATING EXPENSES	
Salaries personnel costs	317,948
Cost of services	696,437
Bad debt expense	235
Depreciation	102,733
Landfill closure cost	<u>(162,759)</u>
Total operating expenses	<u>954,594</u>
Operating income (loss)	<u>468,155</u>
NONOPERATING INCOME (EXPENSE)	
Net investment income (loss)	(26,462)
Interest expense	<u>-</u>
Total nonoperating income (expense)	<u>(26,462)</u>
Net income (loss)	441,693
Operating transfer out	<u>-</u>
Net change in fund net position	441,693
Net position, beginning of year	<u>2,271,397</u>
Net position, end of year	<u><u>\$ 2,713,090</u></u>

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

ABBEVILLE COUNTY, SOUTH CAROLINA
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2017

	<u>Landfill</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers	\$ 1,389,023
Cash payments to suppliers for goods and services	(706,965)
Cash payments to employees for services	(316,766)
	<hr/>
Net Cash Provided by Operating Activities	365,292
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Transfers from other funds	586
	<hr/>
Net Cash Used For Capital and Related Financing Activities	586
<u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</u>	
Principal Paid on Capital Lease	305,250
Interest Paid	-
	<hr/>
Net Cash Used For Capital and Related Financing Activities	305,250
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Net investment income (loss)	(26,462)
Net decrease in investments	-
Purchase of capital assets	(495,250)
Proceeds from sale of capital assets	-
	<hr/>
Net Cash Provided by Investing Activities	(521,712)
Net increase (decrease) in cash and cash equivalents	149,416
Cash and cash equivalents - July 1, 2016	3,345,883
	<hr/>
Cash and cash equivalents - June 30, 2017	\$ 3,495,299
	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash received from (used by) operating activities:	
Operating income (loss) - Exhibit H	\$ 468,155
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Depreciation	102,733
Change in assets and liabilities:	
(Increase) decrease in other receivables	(33,491)
Increase (decrease) in accounts payable	(4,070)
Increase (decrease) in accrued expenses	1,182
Increase (decrease) in landfill closure and post-closure payable	(169,217)
	<hr/>
Net Cash received from (used by) Operating Activities	\$ 365,292
	<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, 2017

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, 2017. 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, 2017

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, 2017

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, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, 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, 2017

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, 2017, but which were levied to finance financial year 2016-2017 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, 2017

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 ("FDIC").
- (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 dollar 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, 2017

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, 2017 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, 2017

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 the lives of assets 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, 2017

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, accrue 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

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The County recognizes a net pension liability ("NPL"), which represents the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the County's fiscal year-end. Changes in the NPL during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in NPL that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

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. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational way to pension expense in future periods in accordance with GAAP.

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 is included as deferred inflows of resources. These deferred pension credits are amortized in a systematic and rational way as a reduction to pension expense in future periods in accordance with GAAP.

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.

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include: Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair Value, Continued

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The County believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

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 Board.

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.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

The budget calendar is as follows:

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

Annual appropriations lapse at fiscal year-end.

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

The appropriated budget is prepared by fund, function, and activity. The County Director is authorized to transfer funds or any portion thereof from any department, activity, or purpose to another department, activity, or purpose as may be needed to facilitate the spending plan of the County in the best interest of the County. The County Director is also authorized to amend the budget to reflect grants received during the year and to carry over balances of grants or one-time state appropriations for special projects, provided that matching local funds as required have been appropriated. At any time in which the total appropriations will be exceeded, the County Council must take a vote. Therefore, total appropriations are the legal level of control. There is no supplemental appropriation for the fiscal year ended June 30, 2017.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

Budgetary Information, Continued

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, 2017, 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, 2017, the carrying amount of the County’s deposits was \$22,990,746 and the bank balance was \$21,443,757. All the County’s deposits except \$55,707 at year-end were covered by FDIC or by collateral held in the pledging financial institutions’ trust department in the County’s name.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The County places no limit on the amount it may invest in any one issuer. As of June 30, 2017, 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	\$	22,990,746
Cash on hand		1,600
Total	\$	22,992,346
Cash and cash equivalents		
Primary government	\$	7,444,981
Fiduciary/Agency		15,547,365
Total	\$	22,992,346

The deposits for the Component Unit at June 30, 2017, were \$44,611, all of which were insured by FDIC.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

4) RECEIVABLES

Receivables as of June 30, 2017, 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	\$ 259,066	\$ 37,814	\$ 296,880
Intergovernmental	708,124	3,072	711,196
Accounts and other	-	63,721	63,721
Gross receivables	967,190	104,607	1,071,797
Less allowance	-	(12,732)	(12,732)
Net receivables	\$ 967,190	\$ 91,875	\$ 1,059,065

5) INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017, consist of the following individual fund receivables and payables:

Fund	Receivable	Payable
General Fund	\$ 20,207	\$ 1,000,465
Special Revenue Funds	2,440	18,311
Enterprise Fund	1,003,332	5,895
Agency Fund	-	-
Library (Component Unit)	-	1,308
	\$ 1,025,979	\$ 1,025,979

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

6) CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,340,368	-	-	-	2,340,368
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated:	<u>2,340,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,340,368</u>
Capital assets, being depreciated					
Buildings and improvements	13,469,427	323,370	(13,840)	-	13,778,957
Improvements other than buildings	1,325,185	-	-	-	1,325,185
Machinery and equipment	6,076,189	430,300	(336,805)	-	6,169,684
Equipment under capital lease	-	150,595	-	-	150,595
Infrastructure	6,105,797	-	(1,213,500)	-	4,892,297
Total capital assets being depreciated	<u>26,976,598</u>	<u>904,265</u>	<u>(1,564,145)</u>	<u>-</u>	<u>26,316,718</u>
Less accumulated depreciation	<u>(12,613,373)</u>	<u>(994,345)</u>	<u>1,533,833</u>	<u>-</u>	<u>(12,073,885)</u>
Total capital assets being depreciated, net	<u>14,363,225</u>				<u>14,242,833</u>
Governmental activities capital assets, net	<u>\$ 16,703,593</u>				<u>16,583,201</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 166,215	-	-	-	166,215
Capital assets, being depreciated:					
Land improvements	154,630	-	-	-	154,630
Subtitle D Landfill	2,018,209	-	-	-	2,018,209
C&D Landfill	178,117	-	-	-	178,117
Buildings	87,454	-	-	-	87,454
Machinery and equipment	1,761,797	-	-	-	1,761,797
Equipment under capital lease	-	495,250	-	-	495,250
Total capital assets being depreciated	<u>4,200,207</u>	<u>495,250</u>	<u>-</u>	<u>-</u>	<u>4,695,457</u>
Less accumulated depreciation	<u>(3,519,269)</u>	<u>(102,733)</u>	<u>-</u>	<u>-</u>	<u>(3,622,002)</u>
Total capital assets being depreciated, net	<u>680,938</u>				<u>1,073,455</u>
Business-type activities capital assets, net	<u>\$ 847,153</u>				<u>1,239,670</u>

Depreciation was charged to functions/programs as follows:

Governmental activities:	
County government administration	\$ 148,705
Public safety	102,000
Roads and bridges	179,247
Solid waste	40,034
Health and welfare	64,700
Nondepartmental	<u>459,659</u>
Total depreciation expense - governmental activities	<u>\$ 994,345</u>
Business-type activities:	
Landfill	<u>\$ 102,733</u>
Total depreciation expense - business-type activities	<u>\$ 102,733</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

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, 2017:

General Obligation Refunding Bonds Series 2015, due in annual installments of principal through June 2020, interest payable semi-annually at 1.51%	\$ 770,000
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>79,344</u>
	<u>\$ 849,344</u>

Annual debt service requirements for General Obligation Bonds outstanding as of June 30, 2017 are as follows:

Year Ending	June 30	Principal	Interest	Totals
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>\$ 849,344</u>	<u>32,293</u>	<u>881,637</u>

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

Individual Issuances

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.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM DEBT, CONTINUED

Installment Purchase Revenue Bond (“IPR”), continued

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.

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, 2017 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, 2017:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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>\$ 3,502,600</u>	<u>959,894</u>	<u>4,462,494</u>

Capital Leases

The government has entered into a lease agreement as lessee for financing the acquisition of an ambulance. The government also has financed the acquisition of a compactor 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.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

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, 2017:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds Series 1980	\$ 103,104	-	(23,760)	79,344	25,056
General Obligation Bonds Refunding Series 2015	1,016,000	-	(246,000)	770,000	248,000
Facilities Corp Installment Purchase Bond	3,823,200	-	(320,600)	3,502,600	334,900
Capital leases	-	150,595	-	150,595	75,688
Compensated absences	295,985	215,002	(175,569)	335,418	198,959
Issuance costs	(110,513)	-	11,051	(99,462)	(11,051)
	<u>\$ 5,127,776</u>	<u>365,597</u>	<u>(754,878)</u>	<u>4,738,495</u>	<u>871,552</u>

The general fund liquidates the compensated absences liability.

Business-Type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital leases	\$ -	305,520	-	305,520
Municipal solid waste landfill closure cost	1,776,577	31,689	(19,000)	1,789,266
Post-closure cost	1,181,925	-	(181,906)	1,000,019
	<u>\$ 2,958,502</u>	<u>337,209</u>	<u>(200,906)</u>	<u>3,094,805</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, 2017, the liability increased by \$31,689 for landfill capacity used, decreased by \$181,906 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, 2017

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 completed on June 30, 2005. The estimated liability for post-closure care costs amounted to \$285,000 at June 30, 2017. 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, 2017, the County had incurred an estimated liability of \$2,504,285, which represents the amount of costs reported to date based on an estimated eighty-seven percent of landfill capacity used to date, and consulting engineer's analysis and estimates. The total liability under GASB 18 was \$2,789,285 as of June 30, 2017.

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, 2017, the County has \$1,972,873 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, 2017, is approximately 3.0 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, 2017

10) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS

The South Carolina Public Employee Benefit Authority (“PEBA”), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (“Systems”) and serves as a co-trustee of the Systems in conducting that review.

PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description – The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (“State ORP”) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Plan Membership – Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below:

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems’ trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member’s account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

10) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Plan Membership, continued

PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits – Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below:

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

10) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Funding Policy - Contributions are prescribed in Title 9 of the South Carolina code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

As noted above, both employees and the County are required to contribute to the plans at rates established and as amended by the PEBA.

Contribution Summary – The County’s eligible wages, contribution rates, and required contributions for the past three years were as follows:

	SCRS			PORS		
	2017	2016	2015	2017	2016	2015
Eligible Wages	\$ 3,711,119	\$ 3,693,056	\$ 3,736,433	\$ 2,068,496	\$ 1,973,562	\$ 1,985,527
Employer Rate:						
Retirement	11.41%	10.91%	10.75%	13.84%	13.34%	13.01%
Retirement Surcharge	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Program	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
Total Employer Rate	11.56%	11.06%	10.90%	14.24%	13.74%	13.41%
Employee Rate	8.66%	8.16%	8.00%	9.24%	8.74%	8.41%
Employer Contributions:						
Retirement	\$ 423,439	\$ 402,912	\$ 401,667	\$ 286,280	\$ 263,273	\$ 258,317
Retirement Surcharge	-	-	-	-	-	-
Incidental Death Benefit	5,567	5,540	5,605	4,137	3,947	3,971
Accidental Death Benefit	-	-	-	4,137	3,947	3,971
Total Employer Contributions	\$ 429,005	\$ 408,452	\$ 407,271	\$ 294,554	\$ 271,167	\$ 266,259

The payroll for County employees covered by the plans for the year ended June 30, 2017 was \$5,779,615; the County’s total payroll was \$6,216,285.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

10) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The net pension liability (“NPL”) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2016, for SCRS and PORS are presented below:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	52.9%
PORS	\$ 6,412,510,458	\$ 3,876,035,732	\$ 2,536,474,726	60.4%

The total pension liability is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The net pension liability is disclosed in accordance with the requirement of GASB No. 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

At June 30, 2017, the County reported a liability of \$8,167,153 and \$3,944,066 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, 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, 2016. 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PEBA’s participating employers. At June 30, 2016, the County’s proportion was .038236% and .155490% for SCRS and PORS, respectively.

For the year ended June 30, 2017, the County recognized pension expense of \$662,939 and \$398,988 for its proportionate share of the PEBA’s pension expense for SCRS and PORS, respectively. At June 30, 2017, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 84,662	\$ 8,870
Net difference between projected and actual earnings on pension plan investments	687,120	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	35,333	250,952
County contributions subsequent to the measurement date	429,006	-
	<u>\$ 1,236,121</u>	<u>\$ 259,822</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

10) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

\$429,006 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, 2018. 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>
2018	\$ 135,948
2019	104,205
2020	196,587
2021	<u>110,553</u>
	<u>\$ 547,293</u>

At June 30, 2017, 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	\$ 58,522	\$ -
Net difference between projected and actual earnings on pension plan investments	447,222	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	94,471
County contributions subsequent to the measurement date	<u>294,554</u>	<u>-</u>
	<u>\$ 800,298</u>	<u>\$ 94,471</u>

\$294,554 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, 2018. 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>
2018	\$ 92,660
2019	90,233
2020	145,591
2021	<u>82,789</u>
	<u>\$ 411,273</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

10) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Actuarial Assumptions – Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the systems was most recently issued as of July 1, 2015. The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by the systems’ consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on the July 1, 2015, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the systems’ fiscal year ended June 30, 2016, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for SCRS and PORS:

	<u>SCRS</u>	<u>PORS</u>
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

*Includes inflation at 2.75%

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2015, valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30-year capital markets outlook at the end of the third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investments fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

10) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
Hedge Funds (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, the system’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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>
County's proportionate share of the net pension liability:			
SCRS	\$ 10,188,300	8,167,153	6,484,625
PORS	5,168,903	3,944,066	2,843,127

Pension Plan Fiduciary Net Position – Detailed information regarding the fiduciary net position of the plan administered by PEBA is available in the system’s audited financial statements for the fiscal year ended June 30, 2016 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2016.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

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, 2017, the County paid a total of \$44,572 on behalf of 14 retirees.

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 is 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.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

13) COMMITMENTS AND CONTINGENCIES, CONTINUED

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, 2017.

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.

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. 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, 2017 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, 2017, 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, 2017.

ABBEVILLE COUNTY, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2017

15) COMPONENT UNIT INFORMATION, CONTINUED

Capital Assets

Component unit capital asset activity for the year ended June 30, 2017 is as follows:

Abbeville County Library				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Books	\$ 805,387	9,207	(12,860)	801,734
Collections	61,935	-	-	61,935
Total capital assets not being depreciated	<u>867,322</u>	<u>9,207</u>	<u>(12,860)</u>	<u>863,669</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>(22,022)</u>	<u>-</u>	<u>-</u>	<u>(22,022)</u>
Total capital assets being depreciated, net	<u>-</u>			<u>-</u>
Governmental activities capital assets, net	<u>\$ 867,322</u>			<u>863,669</u>

16) TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that forgo revenue in connection with tax abatements to disclose certain information relating to that fact. For purposes of this statement, a tax abatement is defined as a reduction in tax revenue that results from an agreement between one or more governments and an individual or entity in which one or more governments promise to forgo tax revenues to which they are otherwise entitled in exchange for the individual or entity’s promise to take a specific action that contributes to economic development or otherwise benefits the governments or citizens of the governments.

The County offers two incentive programs designed to attract new capital investments in the County. There is a program providing a statutory property tax abatement of five years of the County’s operating portion of property tax. There is also a program offering a negotiated fee in lieu of property taxes agreement. This program rewards substantial investment by reducing the millage rate of up to 42 percent annually for up to 30 years.

The County’s property tax revenues were reduced under two fees in lieu of tax agreements, under which the millage rate was reduced from 10.5% to 6%. For the year ended June 30, 2017, the County’s property tax revenues were reduced by \$30,578 and \$400,303 for a specified company and a large manufacturer, respectively.

17) SUBSEQUENT EVENTS

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through December 27, 2017, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2017

	SCRS			PORS		
	2017	2016	2015	2017	2016	2015
County's proportion of the net pension liability	0.038236%	0.040021%	0.039646%	0.155490%	0.160270%	0.161490%
County's proportionate share of the net pension liability	\$ 8,167,153	\$ 7,590,176	\$ 6,825,727	\$ 3,944,066	\$ 3,493,079	\$ 3,091,628
County's covered-employee payroll	\$ 3,693,056	\$ 3,736,433	\$ 3,599,341	\$ 1,973,562	\$ 1,985,527	\$ 1,942,322
County's proportionate share of the net pension liability as a percentage of the covered-employee payroll	221.15%	203.14%	189.64%	199.85%	175.93%	159.17%
Plan fiduciary net position as a percentage of the total pension liability	52.90%	57.00%	59.90%	60.40%	64.60%	67.50%

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of County Pension Contributions
June 30, 2017

	SCRS			PORS		
	2017	2016	2015	2017	2016	2015
Contractually required contributions	\$ 429,006	\$ 408,452	\$ 407,271	\$ 294,554	\$ 271,167	\$ 266,259
Contributions in relation to the contractually required contributions	429,006	408,452	407,271	294,554	271,167	266,259
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
County's covered-employee payroll	\$ 3,711,119	\$ 3,693,056	\$ 3,736,433	\$ 2,068,496	\$ 1,973,562	\$ 1,985,527
Contributions as percentage of covered-employee payroll	11.56%	11.06%	10.90%	14.24%	13.74%	13.41%

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Balance Sheet
June 30, 2017

ASSETS	
Cash and cash equivalents	\$ 4,338,445
Investments	-
Receivables:	
Taxes, net	136,044
Accounts, net	-
Intergovernmental	545,166
Due from other funds	20,207
Prepaid expenses	14,172
Inventories	<u>33,734</u>
TOTAL ASSETS	\$ <u><u>5,087,768</u></u>
LIABILITIES	
Accounts payable	\$ 326,128
Accrued expenses	699,263
Deferred revenue	98,201
Due to other funds	<u>1,000,465</u>
TOTAL LIABILITIES	<u>2,124,057</u>
FUND BALANCE	
Nonspendable	47,906
Restricted	-
Assigned	-
Unassigned	<u>2,915,805</u>
TOTAL FUND BALANCE	<u>2,963,711</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u><u>5,087,768</u></u>

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
TAXES				
Current real estate	\$ 3,047,031	3,047,031	3,185,427	138,396
Homestead	441,305	441,305	472,299	30,994
Real property - delinquent	209,500	209,500	196,819	(12,681)
Multi-county industrial park fee	749,007	749,007	-	(749,007)
Vehicle	569,200	569,200	577,226	8,026
LOST property tax rollback	850,000	850,000	952,924	102,924
FILOT real estate	31,200	31,200	877,394	846,194
Manufacturing exempt	74,103	74,103	75,130	1,027
Total taxes	<u>5,971,346</u>	<u>5,971,346</u>	<u>6,337,219</u>	<u>365,873</u>
INTERGOVERNMENTAL				
Aid to subdivisions	1,008,797	1,008,797	986,028	(22,769)
City of Abbeville detention revenue	10,000	10,000	6,025	(3,975)
Ware Shoals detention revenue	400	400	910	510
Calhoun Falls detention revenue	4,000	4,000	1,375	(2,625)
Due West detention revenue	500	500	700	200
DSS reimbursement	25,000	25,000	32,188	7,188
Local options sales tax	370,000	370,000	357,990	(12,010)
Miscellaneous state income	-	-	1,330	1,330
Motor carrier tax	50,581	50,581	78,159	27,578
Poll managers and registration board	25,000	25,000	9,128	(15,872)
Accommodations tax	29,500	29,500	30,094	594
Veterans' service officer	4,500	4,500	4,704	204
State salary supplement	6,700	6,700	6,300	(400)
Inmate labor	65,000	65,000	68,792	3,792
State inventory tax	12,556	12,556	12,557	1
Anderson County industrial park	60,000	60,000	67,748	7,748
Family court reimbursement	65,000	65,000	44,058	(20,942)
State treasurer	-	-	775	775
Landfill - reimbursement	30,000	30,000	26,208	(3,792)
Total intergovernmental	<u>1,767,534</u>	<u>1,767,534</u>	<u>1,735,069</u>	<u>(32,465)</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
GRANTS AND DONATIONS				
State treasury grant	33,708	33,708	15,454	(18,254)
Emergency management performance grant	56,695	56,695	24,277	(32,418)
Federal grants	277,145	277,145	-	(277,145)
Duke Community Paramedic grant	-	-	25,000	25,000
Total grants and donations	367,548	367,548	64,731	(302,817)
CHARGES FOR SERVICES				
Bill and collect municipalities	17,500	17,500	15,966	(1,534)
Tax collector costs	-	-	69,615	69,615
EMS service billing	675,000	675,000	650,581	(24,419)
Nonemergency services billing	320,000	320,000	283,999	(36,001)
Treasurer decal	17,000	17,000	17,903	903
Sheriff fees	2,500	2,500	2,560	60
School district - SRO	77,189	77,189	106,460	29,271
Total charges for services	1,109,189	1,109,189	1,147,084	37,895
RENT				
County building	40,740	40,740	42,344	1,604
Total rent	40,740	40,740	42,344	1,604
FINES AND FEES				
Natural resources fines	-	-	10	10
Clerk of court fees	185,000	185,000	202,013	17,013
Health department	4,000	4,000	-	(4,000)
Magistrate civil fee	-	-	12,530	12,530
Magistrate criminal fees	140,000	140,000	138,182	(1,818)
Worthless check program fees	-	-	1,232	1,232
Master in equity fees	25,000	25,000	16,352	(8,648)
Ordinances map zone	750	750	500	(250)
Returned check fee	-	-	406	406
Probate judge fees	40,000	40,000	39,197	(803)
Total fines and fees	394,750	394,750	410,422	15,672

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
LICENSES AND PERMITS				
Building permits	80,000	80,000	117,058	37,058
Cable television	125,000	125,000	136,897	11,897
Mobile home licenses	700	700	1,100	400
Total licenses and permits	<u>205,700</u>	<u>205,700</u>	<u>255,055</u>	<u>49,355</u>
MISCELLANEOUS				
City election reimbursement	2,000	2,000	-	(2,000)
Phone reimbursement-sheriff	3,500	3,500	1,723	(1,777)
GIS data fees	-	-	250	250
Purchasing card revenue share	-	-	25	25
FOIA fees	-	-	30	30
Auditor temporary tags	1,275	1,275	185	(1,090)
Asset disposition	2,000	2,000	-	(2,000)
Copying and vending	500	500	81	(419)
Miscellaneous revenue	-	-	-	-
Total miscellaneous	<u>9,275</u>	<u>9,275</u>	<u>2,294</u>	<u>(6,981)</u>
INTEREST REVENUES				
Interest earned	200	200	232	32
Interest from holding fund	-	-	138	138
Total interest revenues	<u>200</u>	<u>200</u>	<u>370</u>	<u>170</u>
Total revenues	<u>9,866,282</u>	<u>9,866,282</u>	<u>9,994,588</u>	<u>128,306</u>
EXPENDITURES				
GENERAL GOVERNMENT				
County council	65,940	65,940	64,528	1,412
Administration	84,350	84,350	101,526	(17,176)
Tax notice processing fees	121,364	121,364	99,013	22,351
Development services	132,957	132,957	99,593	33,364
Finance department	144,990	144,990	144,629	361
Risk management	5,250	5,250	5,044	206
Clerk of court	280,161	280,161	270,749	9,412
Probate judge	136,776	136,776	123,302	13,474

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
GENERAL GOVERNMENT, continued				
Magistrate	855	855	855	-
Master in equity	15,331	15,331	15,235	96
Auditor	90,699	90,699	89,280	1,419
Treasurer	155,204	155,204	146,083	9,121
Tax collector	101,073	101,073	102,471	(1,398)
Assessor	197,964	197,964	183,173	14,791
Registration and election	116,785	116,785	111,607	5,178
County attorney	37,200	37,200	38,000	(800)
Building and grounds	316,762	316,762	356,264	(39,502)
Veterans' affairs	56,182	56,182	54,106	2,076
Sheriff	600	600	352	248
External auditor	53,000	53,000	52,000	1,000
Grant tracking	310,853	310,853	11,215	299,638
Building codes and planning	126,626	126,626	117,461	9,165
Clerk to council & HR	51,541	51,541	49,697	1,844
County Mechanic	42,733	42,733	42,173	560
Total general government	2,645,196	2,645,196	2,278,356	366,840
PUBLIC SAFETY				
Solicitor	41,200	41,200	41,200	-
Sheriff	1,455,308	1,455,308	1,390,412	64,896
Magistrate	226,945	226,945	219,319	7,626
Public defender	26,790	26,790	26,790	-
Coroner	54,219	54,219	53,687	532
Detention center	942,945	942,945	853,145	89,800
Total public safety	2,747,407	2,747,407	2,584,553	162,854
HEALTH AND WELFARE				
Emergency management	1,536,973	1,536,973	1,571,657	(34,684)
Nonemergency transport	104,440	104,440	82,016	22,424
Total health and welfare	1,641,413	1,641,413	1,653,673	(12,260)
CULTURE AND RECREATION				
Recreation	35,250	35,250	36,190	(940)
Intergovernmental	149,087	149,087	178,055	(28,968)
Total culture and recreation	184,337	184,337	214,245	(29,908)

ABBEVILLE COUNTY, SOUTH CAROLINA
General Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
NONDEPARTMENTAL				
Health insurance	850,000	850,000	839,311	10,689
Payroll taxes	417,514	417,514	389,928	27,586
Retirement expense	572,542	572,542	635,770	(63,228)
Retiree defined contribution	10,596	10,596	22,243	(11,647)
Unemployment expense	14,000	14,000	6,592	7,408
Workman's compensation	154,464	154,464	133,498	20,966
IT management fees	75,728	75,728	88,316	(12,588)
IT computer hardware	18,000	18,000	18,068	(68)
Membership & dues	8,390	8,390	8,390	-
Bank fees and supplies	150	150	54	96
Building insurance	160,667	160,667	158,626	2,041
Telephone	52,000	52,000	46,088	5,912
Internet	22,000	22,000	23,948	(1,948)
Data processing supplies	500	500	283	217
Postage meter expense	8,500	8,500	6,765	1,735
Interest expense	5,000	5,000	4,465	535
Professional services	15,000	15,000	13,085	1,915
Miscellaneous expense	175,800	175,800	73,291	102,509
Disbursements - federal grants	56,695	56,695	63,567	(6,872)
Total nondepartmental	<u>2,617,546</u>	<u>2,617,546</u>	<u>2,532,288</u>	<u>85,258</u>
Total expenditures	<u>9,835,899</u>	<u>9,835,899</u>	<u>9,263,115</u>	<u>572,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,383</u>	<u>30,383</u>	<u>731,473</u>	<u>(444,478)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(30,383)</u>	<u>(30,383)</u>	<u>(30,383)</u>	<u>-</u>
Total other financing sources (uses)	<u>(30,383)</u>	<u>(30,383)</u>	<u>(30,383)</u>	<u>-</u>
Net change in fund balance	-	-	701,090	(444,478)
Fund balance, beginning of year	<u>2,262,621</u>	<u>2,262,621</u>	<u>2,262,621</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,262,621</u>	<u>2,262,621</u>	<u>2,963,711</u>	<u>(444,478)</u>

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, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Taxes	\$ 724,103	724,103	797,445	73,342
Intergovernmental	8,283	8,283	-	(8,283)
Grants and donations	80,725	80,725	89,005	8,280
Charges for services	-	-	-	-
Rent	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Miscellaneous	-	-	(6,191)	(6,191)
Investment income	12	12	43	31
Total revenues	<u>813,123</u>	<u>813,123</u>	<u>880,302</u>	<u>67,179</u>
EXPENDITURES				
General government	-	-	1,612	(1,612)
Public safety	300,000	300,000	-	300,000
Roads and bridges	-	-	-	-
Solid waste	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Nondepartmental	-	-	-	-
Lump sum appropriation	116,950	116,950	-	116,950
Capital outlay	-	-	-	-
Debt service	804,828	804,828	823,754	(18,926)
Total intergovernmental	<u>1,221,778</u>	<u>1,221,778</u>	<u>825,366</u>	<u>396,412</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	-	-
Transfers	12,365	12,365	-	(12,365)
Total other financing sources (uses)	<u>12,365</u>	<u>12,365</u>	<u>-</u>	<u>(12,365)</u>

SUPPLEMENTARY INFORMATION

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Rural Fire Spec Rev Fund	Road Maintenance Sp Rev Fund	Abbeville County C Funds	Accomodations Tax Sp Rev Fund
ASSETS				
Cash and cash equivalents	\$ 370,339	395,477	54,798	5,407
Investments	-	-	-	-
Receivables:				
Taxes, net	9,883	-	-	-
Accounts, net	-	-	-	-
Intergovernmental	-	-	-	130,937
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Inventories	-	-	-	-
Capital assets	-	-	-	-
Less accumulated depreciation	-	-	-	-
Total capital assets net of depreciation	-	-	-	-
TOTAL ASSETS	\$ 380,222	395,477	54,798	136,344
LIABILITIES				
Accounts payable	\$ 765	1,622	-	-
Accrued expenses	4,662	5,499	-	-
Deferred revenue	6,858	-	-	-
Due to others	856	6,806	-	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
TOTAL LIABILITIES	13,141	13,927	-	-
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	367,081	381,550	54,798	136,344
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	367,081	381,550	54,798	136,344
TOTAL LIABILITIES AND FUND BALANCE	\$ 380,222	395,477	54,798	136,344

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Victims' Services Sp Rev Fund	Clerk Family Court	DSS Child Support	Family Court Sheriff
ASSETS				
Cash and cash equivalents	\$ 312	181,963	77,987	21,985
Investments	-	-	-	-
Receivables:				
Taxes, net	2,824	-	-	-
Accounts, net	-	-	-	-
Intergovernmental	-	487	9,903	776
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Inventories	-	-	-	-
Capital assets	-	-	-	-
Less accumulated depreciation	-	-	-	-
Total capital assets net of depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>3,136</u>	<u>182,450</u>	<u>87,890</u>	<u>22,761</u>
LIABILITIES				
Accounts payable	\$ -	-	-	-
Accrued expenses	1,469	-	-	-
Deferred revenue	-	-	-	-
Due to others	447	-	-	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
TOTAL LIABILITIES	<u>1,916</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	1,220	182,450	87,890	22,761
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	<u>1,220</u>	<u>182,450</u>	<u>87,890</u>	<u>22,761</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>3,136</u>	<u>182,450</u>	<u>87,890</u>	<u>22,761</u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Solid Waste Sp Rev Fund	Economic Dev Infrastructure	Incubator Bldg Special Revenue	Infrastructure Millage
ASSETS				
Cash and cash equivalents	\$ 336,672	239,132	44,744	667,451
Investments	-	-	-	-
Receivables:				
Taxes, net	13,276	-	2,007	3,081
Accounts, net	-	-	-	-
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Inventories	-	-	-	-
Capital assets	-	-	-	-
Less accumulated depreciation	-	-	-	-
Total capital assets net of depreciation	-	-	-	-
TOTAL ASSETS	\$ 349,948	239,132	46,751	670,532
LIABILITIES				
Accounts payable	\$ 2,117	-	286	-
Accrued expenses	8,990	-	-	-
Deferred revenue	9,400	-	-	2,184
Due to others	2,610	-	265	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
TOTAL LIABILITIES	23,117	-	551	2,184
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	326,831	-	46,200	668,348
Assigned	-	239,132	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	326,831	239,132	46,200	668,348
TOTAL LIABILITIES AND FUND BALANCE	\$ 349,948	239,132	46,751	670,532

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	E-911 Sub Tariffs Sp Rev Fund	Emer Mgmt Donations	Rural Fire Donations	E911 Donations
ASSETS				
Cash and cash equivalents	\$ 65,598	15,869	4,133	5,733
Investments	-	-	-	-
Receivables:				
Taxes, net	-	-	-	-
Accounts, net	-	-	-	-
Intergovernmental	19,116	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Inventories	-	-	-	-
Capital assets	-	-	-	-
Less accumulated depreciation	-	-	-	-
Total capital assets net of depreciation	-	-	-	-
TOTAL ASSETS	\$ 84,714	15,869	4,133	5,733
LIABILITIES				
Accounts payable	\$ 5,435	1	-	-
Accrued expenses	-	-	-	-
Deferred revenue	-	-	-	-
Due to others	3,312	52	-	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
TOTAL LIABILITIES	8,747	53	-	-
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	75,967	15,816	4,133	5,733
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	75,967	15,816	4,133	5,733
TOTAL LIABILITIES AND FUND BALANCE	\$ 84,714	15,869	4,133	5,733

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Sheriff Dept Donation Fund	Sheriff Bja Grant	Competitive Grant	Abb Cnty Strategic Plan Fund	Public Safety Sp Rev Fund
ASSETS					
Cash and cash equivalents	\$ 1,120	3,569	15,459	2,710	111,993
Investments	-	-	-	-	-
Receivables:					
Taxes, net	-	-	-	-	-
Accounts, net	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Capital assets	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets net of depreciation	-	-	-	-	-
TOTAL ASSETS	\$ 1,120	3,569	15,459	2,710	111,993
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	1,120	3,569	15,459	2,710	111,993
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	1,120	3,569	15,459	2,710	111,993
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,120	3,569	15,459	2,710	111,993

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Public Safety Sp Rev Fund	Piedmont Tech College	Sheriff Dept Seizure Forfeited	Calhoun Falls Debt Service	Total Nonmajor Special
ASSETS					
Cash and cash equivalents	\$ 53,433	82,673	27,224	2,512	2,788,293
Investments	-	-	-	-	-
Receivables:					
Taxes, net	49,715	5,075	-	-	85,861
Accounts, net	-	-	-	-	-
Intergovernmental	-	-	-	1,739	162,958
Due from other funds	2,440	-	-	-	2,440
Prepaid expenses	2,143	-	-	-	2,143
Inventories	-	-	-	-	-
Capital assets	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets net of depreciation	-	-	-	-	-
TOTAL ASSETS	\$ 107,731	87,748	27,224	4,251	3,041,695
LIABILITIES					
Accounts payable	\$ 1,687	-	-	-	11,913
Accrued expenses	23,572	-	-	-	44,192
Deferred revenue	33,170	3,595	-	-	55,207
Due to others	3,963	-	-	-	18,311
Long-term liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
TOTAL LIABILITIES	62,392	3,595	-	-	129,623
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	45,339	84,153	27,224	4,251	2,672,940
Assigned	-	-	-	-	239,132
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	45,339	84,153	27,224	4,251	2,912,072
TOTAL LIABILITIES AND FUND BALANCE	\$ 107,731	87,748	27,224	4,251	3,041,695

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	Rural Fire Spec Rev Fund	Road Maintenance Sp Rev Fund	Abbeville County C Funds	Accomodations Tax Sp Rev Fund
REVENUES				
Taxes	\$ 388,357	-	-	-
Intergovernmental	10,672	22,347	234,009	136,341
Grants and donations	-	-	-	-
Charges for services	-	-	-	-
Rent	-	-	-	-
Fees and fines	-	317,892	-	-
Licenses and permits	-	-	-	-
Miscellaneous	-	5,000	-	-
Investment income	32	34	6	2
TOTAL REVENUES	399,061	345,273	234,015	136,343
EXPENDITURES				
Current:				
General government	-	173	-	-
Public safety	297,107	-	-	-
Roads and bridges	-	286,068	-	-
Solid waste	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Nondepartmental	-	-	234,009	30,094
Lump sum appropriation	106,073	-	-	96,789
Capital outlay	-	39,605	-	-
Debt service:				
Principal retirement	-	-	-	-
Cost of issuance	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	403,180	325,846	234,009	126,883
Excess (deficiency) of revenues over (under) expenditures	(4,119)	19,427	6	9,460
OTHER FINANCING SOURCES (USES)				
Proceeds from installment purchase debt	-	-	-	-
Proceeds from capital lease	-	-	-	-
Transfers	12,365	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	12,365	-	-	-
Net change in fund balance	8,246	19,427	6	9,460
Fund balance, beginning of year	358,835	362,123	54,792	126,884
Fund balance, end of year	\$ 367,081	381,550	54,798	136,344

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	Victims' Services Sp Rev Fund	Clerk Family Court	DSS Child Support	Family Court Sheriff
REVENUES				
Taxes	\$ -	-	-	-
Intergovernmental	-	24,770	57,480	-
Grants and donations	825	-	-	5,643
Charges for services	6,901	-	-	-
Rent	-	-	-	-
Fees and fines	24,914	-	-	-
Licenses and permits	-	-	-	-
Miscellaneous	-	-	-	-
Investment income	2	14	7	2
TOTAL REVENUES	32,642	24,784	57,487	5,645
EXPENDITURES				
Current:				
General government	385	-	-	3,058
Public safety	45,625	-	-	-
Roads and bridges	-	-	-	-
Solid waste	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Nondepartmental	-	-	56,864	-
Lump sum appropriation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Cost of issuance	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	46,010	-	56,864	3,058
Excess (deficiency) of revenues over (under) expenditures	<u>(13,368)</u>	<u>24,784</u>	<u>623</u>	<u>2,587</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from installment purchase debt	-	-	-	-
Proceeds from capital lease	-	-	-	-
Transfers	18,018	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	18,018	-	-	-
Net change in fund balance	4,650	24,784	623	2,587
Fund balance, beginning of year	<u>(3,430)</u>	<u>157,666</u>	<u>87,267</u>	<u>20,174</u>
Fund balance, end of year	<u>\$ 1,220</u>	<u>182,450</u>	<u>87,890</u>	<u>22,761</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, 2017

	Solid Waste Sp Rev Fund	Economic Dev Infrastructure	Incubator Bldg Special Revenue	Infrastructure Millage
REVENUES				
Taxes	\$ 434,863	-	-	101,729
Intergovernmental	16,212	-	-	1,549
Grants and donations	-	164,300	-	50,000
Charges for services	-	-	-	-
Rent	-	-	23,300	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Miscellaneous	-	2	46,400	-
Investment income	29	20	-	66
TOTAL REVENUES	451,104	164,322	69,700	153,344
EXPENDITURES				
Current:				
General government	173	71,884	23,500	12,119
Public safety	-	-	-	-
Roads and bridges	-	-	-	-
Solid waste	391,107	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Nondepartmental	-	-	-	-
Lump sum appropriation	-	-	-	-
Capital outlay	136,989	-	-	323,271
Debt service:				
Principal retirement	-	-	-	-
Cost of issuance	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	528,269	71,884	23,500	335,390
Excess (deficiency) of revenues over (under) expenditures	(77,165)	92,438	46,200	(182,046)
OTHER FINANCING SOURCES (USES)				
Proceeds from installment purchase debt	-	-	-	-
Proceeds from capital lease	-	-	-	-
Transfers	-	(172)	-	172
TOTAL OTHER FINANCING SOURCES (USES)	-	(172)	-	172
Net change in fund balance	(77,165)	92,266	46,200	(181,874)
Fund balance, beginning of year	403,996	146,866	-	850,222
Fund balance, end of year	\$ 326,831	239,132	46,200	668,348

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	E-911 Sub Tariffs Sp Rev Fund	Emer Mgmt Donations	Rural Fire Donations	E911 Donations
REVENUES				
Taxes	\$ -	-	-	-
Intergovernmental	245,963	-	-	-
Grants and donations	-	-	115	-
Charges for services	171,880	-	-	-
Rent	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Miscellaneous	76	13,297	-	4,185
Investment income	12	2	1	-
TOTAL REVENUES	417,931	13,299	116	4,185
EXPENDITURES				
Current:				
General government	510	-	-	-
Public safety	390,490	14,722	-	-
Roads and bridges	-	-	-	-
Solid waste	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Nondepartmental	-	-	-	-
Lump sum appropriation	-	-	-	-
Capital outlay	111,531	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Cost of issuance	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	502,531	14,722	-	-
Excess (deficiency) of revenues over (under) expenditures	(84,600)	(1,423)	116	4,185
OTHER FINANCING SOURCES (USES)				
Proceeds from installment purchase debt	-	-	-	-
Proceeds from capital lease	-	-	-	-
Transfers	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net change in fund balance	(84,600)	(1,423)	116	4,185
Fund balance, beginning of year	160,567	17,239	4,017	1,548
Fund balance, end of year	\$ 75,967	15,816	4,133	5,733

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	Sheriff Dept Donation Fund	Sheriff Bja Grant	Competitive Grant	Abb Cnty Strategic Plan Fund	FEMA Flood Grant DR4241
REVENUES					
Taxes	\$ -	-	-	-	-
Intergovernmental	-	617	-	-	-
Grants and donations	3,240	-	-	(3,650)	192,173
Charges for services	-	-	-	-	-
Rent	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Miscellaneous	-	-	-	-	(6,291)
Investment income	-	-	2	-	7
TOTAL REVENUES	3,240	617	2	(3,650)	185,889
EXPENDITURES					
Current:					
General government	3,156	-	-	-	73,896
Public safety	-	1,129	-	-	-
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	-	-	-	-	-
TOTAL EXPENDITURES	3,156	1,129	-	-	73,896
Excess (deficiency) of revenues over (under) expenditures	84	(512)	2	(3,650)	111,993
OTHER FINANCING SOURCES (USES)					
Proceeds from installment purchase debt	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Transfers	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net change in fund balance	84	(512)	2	(3,650)	111,993
Fund balance, beginning of year	1,036	4,081	15,457	6,360	-
Fund balance, end of year	\$ 1,120	3,569	15,459	2,710	111,993

ABBEVILLE COUNTY, SOUTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	Public Safety Sp Rev Fund	Piedmont Tech College	Sheriff Dept Seizure Forfeited	Calhoun Falls Debt Service	Total Nonmajor Special Revenue Funds
REVENUES					
Taxes	\$ -	154,580	-	9,625	1,089,154
Intergovernmental	-	3,868	-	-	753,828
Grants and donations	-	-	-	-	412,646
Charges for services	770,780	-	-	-	949,561
Rent	-	-	-	-	23,300
Fees and fines	-	-	-	-	342,806
Licenses and permits	-	-	-	-	-
Miscellaneous	12,430	-	-	-	75,099
Investment income	11	10	-	-	259
TOTAL REVENUES	783,221	158,458	-	9,625	3,646,653
EXPENDITURES					
Current:					
General government	-	-	-	-	188,854
Public safety	754,136	-	10,743	-	1,513,952
Roads and bridges	-	-	-	-	286,068
Solid waste	-	-	-	-	391,107
Health and welfare	-	-	-	27	27
Culture and recreation	-	-	-	-	-
Nondepartmental	-	-	-	-	320,967
Lump sum appropriation	-	155,325	-	-	358,187
Capital outlay	292,869	-	-	-	904,265
Debt service:					
Principal retirement	-	-	-	5,347	5,347
Cost of issuance	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
TOTAL EXPENDITURES	1,047,005	155,325	10,743	5,374	3,968,774
Excess (deficiency) of revenues over (under) expenditures	(263,784)	3,133	(10,743)	4,251	(322,121)
OTHER FINANCING SOURCES (USES)					
Proceeds from installment purchase debt	-	-	-	-	-
Proceeds from capital lease	150,595	-	-	-	150,595
Transfers	-	-	-	-	30,383
TOTAL OTHER FINANCING SOURCES (USES)	150,595	-	-	-	180,978
Net change in fund balance	(113,189)	3,133	(10,743)	4,251	(141,143)
Fund balance, beginning of year	158,528	81,020	37,967	-	3,053,215
Fund balance, end of year	\$ 45,339	84,153	27,224	4,251	2,912,072

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Clerk of Court Fees and Fines
For the Fiscal Year Ended June 30, 2017

<u>Amounts retained by County Treasurer</u>	
Fines	\$ -
Assessments	-
Surcharges	-
Total retained by County Treasurer	\$ -
 <u>Amounts remitted to State Treasurer</u>	
Fines	\$ -
Assessments	105,409
Surcharges	11,461
Total remitted to State Treasurer	\$ 116,870
 <u>Amounts allocated to Victims' Services</u>	
Fines	\$ -
Assessments	982
Surcharges	8,556
Total allocated to Victims' Services	\$ 9,538

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Magistrate Fees and Fines
For the Fiscal Year Ended June 30, 2017

<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	95,119
Surcharges	<u>50,756</u>
Total remitted to State Treasurer	<u><u>\$ 145,875</u></u>
<u>Amounts allocated to Victims' Services</u>	
Fines	\$ -
Assessments	10,608
Surcharges	<u>5,114</u>
Total allocated to Victims' Services	<u><u>\$ 15,722</u></u>
<u>Victims' Services</u>	
Beginning fund balance (deficit)	\$ (3,429)
Revenues	32,641
Less expenditures	(46,010)
Net transfers in (out)	<u>18,018</u>
Ending fund balance (deficit)	<u><u>\$ 1,220</u></u>

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Revenues and Expenditures
Abbeville County Library
For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 2017</u>
SOURCES OF FUNDS				
Local sources:				
County tax appropriations	\$ (40,394)	234,531	196,075	(1,938)
Fees and fines	12,844	11,588	11,588	12,844
Gifts and donations	4,000	-	-	4,000
Other local sources	44,959	2,330	2,330	44,959
Total local sources	<u>21,409</u>	<u>248,449</u>	<u>209,993</u>	<u>59,865</u>
State sources:				
State aid	-	75,000	75,000	-
Education lottery	6,397	30,629	15,054	21,972
Other state (including Capital Improvement Funds)	8,743	-	-	8,743
State grant - travel	22	-	-	22
Motor carrier	2,019	3,281	3,281	2,019
Total state sources	<u>17,181</u>	<u>108,910</u>	<u>93,335</u>	<u>32,756</u>
Federal sources:				
Library services and technology act	(1,263)	1,000	150	(413)
Other federal	-	-	-	-
Total federal sources	<u>(1,263)</u>	<u>1,000</u>	<u>150</u>	<u>(413)</u>
Total all sources of funds	<u>\$ 37,327</u>	<u>358,359</u>	<u>303,478</u>	<u>92,208</u>

REQUIRED GOVERNMENTAL INFORMATION

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Findings
For Fiscal Year Ended June 30, 2017

Financial Statement Findings – Material Weaknesses

2017-001

Bank Statement Reconciliations

- Condition:** Bank statements for certain cash accounts were not fully reconciled and the general ledger was not adjusted on a timely basis.
- Criteria:** Internal accounting control requirements
- Cause:** Personnel in the Treasurer’s office performed reconciliations of the bank statements regularly, but did not complete the reconciliations. The general ledger was not adjusted, based upon the results of the reconciliation process. A strong system of internal accounting controls requires the timely and complete reconciliation of bank statements so that errors or irregularities, if any, are detected and addressed, and general ledger adjustments are made on a timely basis.
- Effect:** At year-end, the Finance office made significant adjustments to agree certain cash account reconciliations to the general ledger. During the audit process, significant audit adjusting entries were also required so as to properly state cash balances.
- Recommendation:** Timely preparation of reconciliations of all bank statements should be performed, with such reconciliations reviewed by financial management on a timely basis. The general ledger should be adjusted, as necessary, so that cash account balances are properly stated.

2017-002

Holding Fund Accounts

- Condition:** The holding fund accounts were designed to record the receipt of tax revenues by the Treasurer’s office before disbursement to the proper government entity. Entries into and out of the holding fund accounts were not consistently recorded, leaving significant balances in these accounts. Further, the holding fund accounts were not reconciled and the general ledger was not adjusted on a timely basis.
- Criteria:** Internal accounting control requirements
- Cause:** Personnel in the Treasurer’s office posted entries to the holding accounts to record the receipt of tax revenues. They also posted entries to these accounts to record the disbursement of these taxes. The recording of these disbursements was not performed consistently and accurately. No regular analysis of the activity in these accounts was performed. A strong system of internal accounting controls requires the timely and complete analysis of holding fund accounts so that general ledger adjustments are made on a timely basis.
- Effect:** During the audit process, material audit adjusting entries were required so as to properly state holding fund accounts.
- Recommendation:** Tax receipts and disbursements should be carefully recorded in the holding fund accounts. These accounts should be regularly analyzed and appropriately adjusted. Ending balances in the holding fund accounts should be reconciled monthly.

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Findings
For Fiscal Year Ended June 30, 2017

Prior Year Financial Statement Findings – Material Weaknesses

2016-001

Bank Statement Reconciliations

Condition: Bank statements for certain cash accounts were not fully reconciled and the general ledger was not adjusted on a timely basis.

Cause: Personnel in the Treasurer’s office performed reconciliations of the bank statements regularly, but did not complete the reconciliations. The general ledger was not adjusted, based upon the results of the reconciliation process. A strong system of internal accounting controls requires the timely and complete reconciliation of bank statements so that errors or irregularities, if any, are detected and addressed, and general ledger adjustments are made on a timely basis.

Effect: At year-end, the Finance office made significant adjustments to agree certain cash account reconciliations to the general ledger. During the audit process, significant audit adjusting entries were also required so as to properly state cash balances.

Recommendation: Timely preparation of reconciliations of all bank statements should be performed, with such reconciliations reviewed by financial management on a timely basis. The general ledger should be adjusted, as necessary, so that cash account balances are properly stated.

Status: This finding is repeated in the current year.

2016-002

Holding Fund Accounts

Condition: The holding fund accounts were designed to record the receipt of tax revenues by the Treasurer’s office before disbursement to the proper government entity. Entries into and out of the holding fund accounts were not consistently recorded, leaving significant balances in these accounts. Further, the holding fund accounts were not reconciled and the general ledger was not adjusted on a timely basis.

Cause: Personnel in the Treasurer’s office posted entries to the holding accounts to record the receipt of tax revenues. They also posted entries to these accounts to record the disbursement of these taxes. The recording of these disbursements was not performed consistently and accurately. No regular analysis of the activity in these accounts was performed. A strong system of internal accounting controls requires the timely and complete analysis of holding fund accounts so that general ledger adjustments are made on a timely basis.

Effect: During the audit process, material audit adjusting entries were required so as to properly state holding fund accounts.

Recommendation: Tax receipts and disbursements should be carefully recorded in the holding fund accounts. These accounts should be regularly analyzed and appropriately adjusted. Ending balances in the holding fund accounts should be reconciled monthly.

Status: This finding is repeated in the current year.

ABBEVILLE COUNTY, SOUTH CAROLINA
Schedule of Findings
For Fiscal Year Ended June 30, 2017

Prior Year Financial Statement Findings – Material Weaknesses

2016-003

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.

Prior Year Federal Award Findings

None.



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, 2017, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 27, 2017. 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 2017-001 and 2017-002 in the Schedule of Findings.

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The Honorable Members of County Council
Abbeville, South Carolina
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Internal Control over Financial Reporting, Continued

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

Purpose of this Report

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

Martin Smith and Company CPAs PA

Greenville, South Carolina
December 27, 2017