

**EDGEFIELD COUNTY,
SOUTH CAROLINA**

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

EDGEFIELD COUNTY, SOUTH CAROLINA

PRINCIPAL COUNTY OFFICIALS JUNE 30, 2016

County Council

Dean Campbell – Chairman
Genia Blackwell – Vice Chairman
Albert Talbert
Rodney Ashcraft, Jr.
Betty Butler

Legislative Delegation

State Senator Shane Massey
State Representative William Clyburn
State Representative William M. Hixon
U.S. Senator Lindsey Graham
U.S. Senator Tim Scott
U.S. Representative Jeff Duncan

County Administrator

Tommy Paradise

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EDGEFIELD COUNTY, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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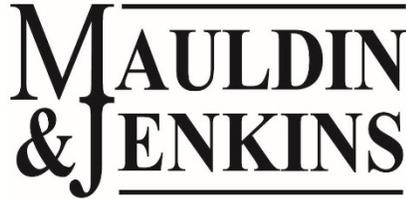
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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**County Council
of Edgefield County
Edgefield, South Carolina**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Edgefield County, South Carolina** (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Edgefield County, South Carolina's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Edgefield County Hospital. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Edgefield County Hospital, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Edgefield County Hospital were not audited in accordance with *Government Auditing Standards*. 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 also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Edgefield County, South Carolina as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund (on page 56), the Schedule of Expenditures – Budget (GAAP Basis) and Actual – General Fund (on pages 57 through 61), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – EMS Fund (on page 62), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – User Fee Fund (on page 63), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Assistant Solicitor Fund (on page 64), the Schedules of Proportionate Share of the Net Pension Liability (on page 65), and the Schedules of Contributions (on page 66) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Edgefield County, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of legal debt margin listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The summary schedule of court fines, assessments and surcharges is presented for purposes of additional analysis as required by the State of South Carolina, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedule of legal debt margin, and the summary schedule of court fines, assessments and surcharges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of legal debt margin, and the summary schedule of court fines, assessments and surcharges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of Edgefield County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edgefield County, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 15, 2016

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EDGEFIELD COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

This section of Edgefield County, South Carolina's ("the County") annual financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016.

Financial Highlights

- The assets of Edgefield County exceeded its liabilities at June 30, 2016, by approximately \$11.1 million (net position).
- At June 30, 2016, the County's General Fund reported a total fund balance of \$5.5 million.
- At the end of the current fiscal year, the County's unassigned fund balance for the General Fund was \$4.4 million or 48% of general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Edgefield County's finances, in a manner similar to a private-sector business. All governmental activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement consolidates the governmental funds' current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The governmental activities of the County include general government, staff and finance agencies, public safety, public works, health and social services, building maintenance, and nondepartmental.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements include not only Edgefield County itself (known as the primary government), but also the County's component unit; the Edgefield County Hospital. This is a legally separate entity from the County, but due to the significance of its operational or financial relationship with the County it is included in the County's financial statements. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

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

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

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

Edgefield County maintains governmental funds to account for the following activities: General, Special Revenue, Capital Projects, and Debt Service.

Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, C Fund, EMS, Debt Service, User Fee, and Assistant Solicitor funds, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Edgefield County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the General Fund, EMS Fund, User Fee Fund, and Assistant Solicitor Fund within the required supplementary information section of these financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary funds. Agency funds are custodial in nature; the only required financial statements are the balance sheet and statement of fiduciary assets and liabilities. Fiduciary funds are not reflected in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information and Other Information. The required supplementary information (RSI) includes the General Fund, EMS Fund, User Fee Fund, and Assistant Solicitor Fund Budgetary schedule and are presented immediately following the notes to the financial statements. The other information includes the combining statements referred to earlier in connection with non-major governmental funds, the schedule of fines and assessments, and the legal debt margin schedule are presented immediately following the RSI.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$11,090,624 at the close of the most recent fiscal year.

A large portion of the County's net position, 98%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

County's Net Position

	Governmental Activities	
	2016	2015
Current and other assets	\$ 12,774,264	\$ 12,555,688
Capital assets	14,211,823	14,534,771
Total assets	<u>26,986,087</u>	<u>27,090,459</u>
Pension - South Carolina Retirement System	610,785	599,091
Pension - South Carolina Police Officers Retirement System	604,210	513,163
Total deferred outflows of resources	<u>1,214,995</u>	<u>1,112,254</u>
Long-term liabilities debt	3,837,400	3,395,884
Other liabilities	514,772	459,462
Net Pension Liability:		
South Carolina Retirement System	7,489,211	6,930,033
South Carolina Police Officers Retirement System	5,150,106	4,463,507
Total liabilities	<u>16,991,489</u>	<u>15,248,886</u>
Pension - South Carolina Retirement System	118,969	584,252
Pension - South Carolina Police Officers Retirement System	-	516,460
Total deferred inflows of resources	<u>118,969</u>	<u>1,100,712</u>
Net position:		
Net investment in capital assets	10,822,895	11,610,926
Restricted	7,192,196	7,469,389
Unrestricted	(6,924,467)	(7,227,200)
Total net position	<u>\$ 11,090,624</u>	<u>\$ 11,853,115</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Edgefield County's Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Charges for services	\$ 2,469,984	\$ 2,301,301
Operating grants and contributions	6,040,601	3,573,417
General revenues:		
Property taxes	6,952,461	7,299,106
Other taxes and licenses	1,044,803	1,057,860
Grants and contributions not restricted to specific programs	1,000,583	1,003,061
Unrestricted investment earnings	90,021	115,114
Miscellaneous	367,472	445,146
Total revenues	17,965,925	15,795,005
Program expenses		
General government	866,036	1,224,157
Staff agencies	1,922,628	1,982,382
Finance agencies	646,201	605,100
Public safety	5,747,340	5,863,036
Public works	5,771,466	2,871,967
Health and social services	2,028,362	1,427,688
Building maintenance	331,447	323,381
Nondepartmental	1,324,115	1,634,946
Interest and fiscal charges	90,821	121,781
Total expenses	18,728,416	16,054,438
Excess (deficiency) before transfers	(762,491)	(259,433)
Transfers	-	-
Increase (decrease) in net position	\$ (762,491)	\$ (259,433)

The changes in net position between fiscal years 2015 and 2016 were affected by the following:

- Governmental revenue increased approximately \$2,171,000 or 13.7% due primarily to increased federal and state grant funding.
- Governmental expenses increased approximately \$2,674,000 or 16.7% as a result of increased public works and health and social services expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

Governmental funds. The focus of Edgefield County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund of Edgefield County. At the end of the current fiscal year, the County had committed \$889,226 for future property tax reductions and \$290,874 for the subsequent year's budget. This resulted in a remaining unassigned fund balance of \$4,366,132, for total fund balance was \$5,546,232.

As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Committed fund balance represents 3.2%, unassigned fund balance represents 48.1%, while total fund balance represents 61.1% of that same amount.

Capital Projects

For the year ended June 30, 2016, Capital Projects expenditures were approximately \$4,050,000, revenues were approximately \$3,396,000, and other financing sources in the form of transfers in in the amount of \$140,000, resulting in a decrease in fund balance of \$514,373 as of year-end.

EMS

For the year ended June 30, 2016, EMS expenditures were approximately \$1,571,000, revenues were approximately \$1,652,000, and other financing uses in the form of transfers out in the amount of \$16,000, resulting in an increase in fund balance of \$65,058 as of year-end.

Debt Service

At the end of the current fiscal year, Debt Service Fund expenditures were approximately \$2,097,000 and revenues were approximately \$448,000. In addition, there were other financing uses in the form of transfers out in the amount of \$144,000 and other financing sources in the form of proceeds from the issuance of GO Hospital Bonds in the amount of \$1.7 million and proceeds from the issuance of a capital lease in the amount of \$750,000, resulting in an increase in fund balance of \$672,213 as of year-end.

User Fee

For the year ended June 30, 2016, User Fee expenditures were approximately \$869,000, revenues were approximately \$929,000, and other financing uses in the form of transfers out in the amount of \$97,000, resulting in a decrease in fund balance of \$37,467 as of year-end.

Assistant Solicitor

For the year ended June 30, 2016, Assistant Solicitor expenditures were approximately \$726,000 and revenues were approximately \$731,000, resulting in an increase in fund balance of \$5,121 as of year-end.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital assets. Edgefield County's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$14,211,823 (net of accumulated depreciation). This investment in capital assets includes land, construction in process, buildings and improvements, furniture, fixtures, and equipment, and infrastructure.

Edgefield County's Capital Assets (net of depreciation)

	Governmental Activities	
	2016	2015
Land	\$ 1,093,643	\$ 1,093,643
Construction in Progress	30,908	-
Buildings and improvements	3,902,588	4,342,144
Infrastructure	8,344,531	8,472,422
Furniture, fixtures and equipment	840,153	626,562
Total	\$ 14,211,823	\$ 14,534,771

Additional information on the County's capital assets can be found in Note 5 of this report.

Long-term Debt. Edgefield County's long-term debt for the year ended June 30, 2016, is summarized below.

	Governmental Activities	
	2016	2015
County GO bonds	\$ 3,388,928	\$ 2,923,845
Due to other governments	111,766	116,560
Annual leave	336,706	355,479
Net pension liability - SCRS	7,489,211	6,930,033
Net pension liability - PORS	5,150,106	4,463,507
Total outstanding debt	\$ 16,476,717	\$ 14,789,424

At year-end, the County had \$16.5 million long-term debt obligations outstanding. This was an increase of 11.41% from the prior year. The state limits the amount of general obligation debt the County can issue to 8% of the assessed value of all taxable property within the County's legal limits. The County's outstanding debt is significantly below this limit as reflected in the Legal Debt Margin Schedule located in the Other Information section of this report.

Additional information regarding the County's long-term debt can be found in Note 6 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets

- Unemployment now stands at 5.7%, compared to 7.1% a year ago. This compares unfavorably with the State of South Carolina's unemployment rate of 5.4% and unfavorably with the national rate of 4.9%.
- Inflationary trends in the region compare favorably to national indices.

These indicators were taken into account when adopting the General Fund budget for 2017. Amounts available for appropriation in the General Fund budget are estimated at approximately \$9.8 million, an increase of 8.9% over the 2016 actual expenditures. If these estimates are realized, the County's budgetary general fund balance is expected to end relatively unchanged at the close of fiscal year 2017.

Requests for Information

This financial report is designed to provide a general overview of Edgefield County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Edgefield County, 124 Courthouse Square, Edgefield, South Carolina 29824, or visit the County website at www.edgefieldcounty.sc.gov.

EDGEFIELD COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2016

	Primary Government	Component Unit
	Governmental Activities	Edgefield County Hospital
ASSETS		
Cash and cash equivalents	\$ 7,731,790	\$ 858,537
Investments	1,112,119	-
Receivables:		
Taxes	268,744	-
Accounts	402,749	2,461,353
Other	3,500	292,650
Due from other governments	3,255,362	-
Due from primary government	-	15,726
Inventory	-	526,065
Restricted cash and investments	-	184,581
Capital assets:		
Nondepreciable	1,124,551	313,099
Depreciable, net	13,087,272	3,002,171
Total assets	26,986,087	7,654,182
DEFERRED OUTFLOWS OF RESOURCES		
Pension - South Carolina Retirement System	610,785	-
Pension - South Carolina Police Officers Retirement System	604,210	-
Total deferred outflows of resources	1,214,995	-
LIABILITIES		
Accounts payable	506,770	2,813,159
Accrued liabilities	8,002	498,332
Unearned revenues	-	49,999
Due to other governments	-	1,704,134
Noncurrent liabilities:		
Due within one year	435,510	88,704
Due in more than one year	3,401,890	373,970
Net pension liability:		
South Carolina Retirement System	7,489,211	-
South Carolina Police Officers Retirement System	5,150,106	-
Total liabilities	16,991,489	5,528,298
DEFERRED INFLOWS OF RESOURCES		
Pension - South Carolina Retirement System	118,969	-
Total deferred inflows of resources	118,969	-
NET POSITION		
Net investment in capital assets	10,822,895	1,148,462
Restricted for debt service	3,401,347	184,581
Restricted for capital projects	59,756	-
Restricted for other purposes	3,731,093	-
Unrestricted	(6,924,467)	792,841
Total net position	\$ 11,090,624	\$ 2,125,884

The accompanying notes are an integral part of these financial statements.

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EDGEFIELD COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	Program Revenues				Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Edgefield County Hospital
Primary government:						
Governmental activities:						
General government	\$ 866,036	\$ -	\$ -	\$ -	\$ (866,036)	\$ -
Staff agencies	1,922,628	68,024	1,159,341	-	(695,263)	-
Finance agencies	646,201	-	-	-	(646,201)	-
Public safety	5,747,340	614,476	1,451,103	-	(3,681,761)	-
Public works	5,771,466	983,800	3,430,157	-	(1,357,509)	-
Health and social services	2,028,362	803,684	-	-	(1,224,678)	-
Building maintenance	331,447	-	-	-	(331,447)	-
Nondepartmental	1,324,115	-	-	-	(1,324,115)	-
Interest on long-term debt	90,821	-	-	-	(90,821)	-
Total governmental activities	18,728,416	2,469,984	6,040,601	-	(10,217,831)	-
Component unit:						
Edgefield County Hospital	13,981,715	12,292,196	200,421	-	-	(1,489,098)
Total governmental activities	\$ 13,981,715	\$ 12,292,196	\$ 200,421	\$ -	-	(1,489,098)
General revenues:						
Property taxes levied for:						
General purposes					5,058,880	520,012
Debt service					1,230,844	-
Special revenue projects					662,737	-
Other taxes					1,044,803	-
Grants and contributions not restricted for a specific purpose					1,000,583	-
Unrestricted investment earnings					90,021	-
Miscellaneous					367,472	210,959
Total general revenues					9,455,340	730,971
Change in net position					(762,491)	(758,127)
Net position, beginning of year					11,853,115	2,884,011
Net position, end of year					\$ 11,090,624	\$ 2,125,884

The accompanying notes are an integral part of these financial statements.

EDGEFIELD COUNTY, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>General</u>	<u>Capital Projects</u>	<u>EMS</u>	<u>Debt Service</u>	<u>User Fee Fund</u>
ASSETS					
Cash and cash equivalents	\$ 3,794,780	\$ 1,156,830	\$ 403,164	\$ 1,489,697	\$ 208,643
Investments	539,726	168,189	58,615	216,584	30,334
Receivables, net:					
Taxes	207,388	-	37,144	15,890	-
Accounts	-	-	193,928	-	105,069
Other	3,500	-	-	-	-
Due from other governments	1,233,783	81,993	-	1,692,519	-
Due from other funds	325,596	-	-	-	-
Total assets	<u>\$ 6,104,773</u>	<u>\$ 1,407,012</u>	<u>\$ 692,851</u>	<u>\$ 3,414,690</u>	<u>\$ 344,046</u>
LIABILITIES					
Accounts payable	\$ 378,139	\$ -	\$ -	\$ -	\$ 125,922
Due to other funds	-	-	-	-	-
Total liabilities	<u>378,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,922</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	180,402	-	31,827	13,343	-
Unavailable revenue - emergency medical services	-	-	112,147	-	-
Unavailable revenue - user fees	-	-	-	-	92,497
Unavailable revenue - 911 surcharge	-	-	-	-	-
Total deferred inflows of resources	<u>180,402</u>	<u>-</u>	<u>143,974</u>	<u>13,343</u>	<u>92,497</u>
FUND BALANCES (DEFICITS)					
Restricted for:					
Future property tax reductions	889,226	-	-	-	-
Public works	-	1,346,989	-	-	125,627
Health and social services	-	-	548,877	-	-
Public safety	-	-	-	-	-
Industrial development	-	-	-	-	-
Capital projects	-	59,756	-	-	-
Debt service	-	-	-	3,401,347	-
Committed:					
Capital projects	-	267	-	-	-
Subsequent year's budget	290,874	-	-	-	-
Unassigned	4,366,132	-	-	-	-
Total fund balances (deficits)	<u>5,546,232</u>	<u>1,407,012</u>	<u>548,877</u>	<u>3,401,347</u>	<u>125,627</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,104,773</u>	<u>\$ 1,407,012</u>	<u>\$ 692,851</u>	<u>\$ 3,414,690</u>	<u>\$ 344,046</u>

The accompanying notes are an integral part of these financial statements.

Assistant Solicitor	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 678,676	\$ 7,731,790
-	98,671	1,112,119
-	8,322	268,744
-	103,752	402,749
-	-	3,500
196,791	50,276	3,255,362
-	-	325,596
<u>\$ 196,791</u>	<u>\$ 939,697</u>	<u>\$ 13,099,860</u>
\$ -	\$ 2,709	\$ 506,770
199,596	126,000	325,596
<u>199,596</u>	<u>128,709</u>	<u>832,366</u>
-	7,131	232,703
-	-	112,147
-	-	92,497
-	28,386	28,386
<u>-</u>	<u>35,517</u>	<u>465,733</u>
-	-	889,226
-	137,579	1,610,195
-	192,615	741,492
-	477,850	477,850
-	12,330	12,330
-	-	59,756
-	-	3,401,347
-	-	267
-	-	290,874
(2,805)	(44,903)	4,318,424
<u>(2,805)</u>	<u>775,471</u>	<u>11,801,761</u>
<u>\$ 196,791</u>	<u>\$ 939,697</u>	<u>\$ 13,099,860</u>

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EDGEFIELD COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balances for governmental funds:	\$	11,801,761
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		14,211,823
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		465,733
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. All liabilities, both current and long-term, are reported in the Statement of Net Position net of issuance premiums, discounts, and refunding deferral amounts.		
General obligation bonds	\$ (3,388,928)	
Compensated absences payable	(336,706)	
Net pension liability	(11,543,291)	
Due to other governments	(111,766)	
Total long-term liabilities	(15,380,691)	(15,380,691)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(8,002)
Net position of governmental activities	\$	11,090,624

The accompanying notes are an integral part of these financial statements.

EDGEFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Capital Projects	EMS	Debt Service	User Fee Fund
REVENUES					
Taxes	\$ 5,147,706	\$ -	\$ 846,233	\$ 349,174	\$ -
Sales taxes	1,044,803	-	-	-	-
Licenses, permits and fees	604,551	-	-	-	-
Intergovernmental	1,491,043	3,388,867	-	-	-
Charges for services	265,443	-	795,243	-	928,011
Fines and forfeitures	370,524	-	-	-	-
Local funds	-	-	-	-	-
Interest revenue	31,214	7,386	2,266	45,164	1,026
Other revenues	314,191	-	8,441	53,281	-
Total revenues	<u>9,269,475</u>	<u>3,396,253</u>	<u>1,652,183</u>	<u>447,619</u>	<u>929,037</u>
EXPENDITURES					
Current:					
General government	519,111	108,258	-	-	-
Staff agencies	1,927,399	-	-	-	-
Finance agencies	646,201	-	-	-	-
Public safety	4,109,831	-	-	-	-
Public works	110,644	3,910,626	-	-	869,284
Health and social services	111,462	-	1,571,145	-	-
Building maintenance	331,447	-	-	-	-
Nondepartmental	1,232,578	-	-	-	-
Capital outlay	92,631	31,574	-	-	-
Debt service:					
Principal retirement	-	-	-	2,000,517	-
Interest and fiscal charges	-	-	-	96,357	-
Total expenditures	<u>9,081,304</u>	<u>4,050,458</u>	<u>1,571,145</u>	<u>2,096,874</u>	<u>869,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>188,171</u>	<u>(654,205)</u>	<u>81,038</u>	<u>(1,649,255)</u>	<u>59,753</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	176,352	139,832	-	-	-
Transfers out	(226,623)	-	(15,980)	(144,132)	(97,220)
Proceeds from sale of capital assets	-	-	-	-	-
Proceeds from 2016 general obligation hospital refunding bonds	-	-	-	1,715,600	-
Proceeds from issuance of capital lease	-	-	-	750,000	-
Total other financing sources (uses)	<u>(50,271)</u>	<u>139,832</u>	<u>(15,980)</u>	<u>2,321,468</u>	<u>(97,220)</u>
Net change in fund balances	137,900	(514,373)	65,058	672,213	(37,467)
Fund balances (deficits), beginning of year	<u>5,408,332</u>	<u>1,921,385</u>	<u>483,819</u>	<u>2,729,134</u>	<u>163,094</u>
Fund balances (deficits), end of year	<u>\$ 5,546,232</u>	<u>\$ 1,407,012</u>	<u>\$ 548,877</u>	<u>\$ 3,401,347</u>	<u>\$ 125,627</u>

The accompanying notes are an integral part of these financial statements.

Assistant Solicitor	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 664,014	\$ 7,007,127
-	-	1,044,803
-	-	604,551
-	393,628	5,273,538
-	251,939	2,240,636
-	-	370,524
731,252	276,015	1,007,267
-	2,965	90,021
-	6,211	382,124
<u>731,252</u>	<u>1,594,772</u>	<u>18,020,591</u>
-	-	627,369
-	-	1,927,399
-	-	646,201
726,131	920,887	5,756,849
-	710,469	5,601,023
-	225,379	1,907,986
-	-	331,447
-	91,537	1,324,115
-	327	124,532
-	-	2,000,517
-	-	96,357
<u>726,131</u>	<u>1,948,599</u>	<u>20,343,795</u>
<u>5,121</u>	<u>(353,827)</u>	<u>(2,323,204)</u>
	226,623	542,807
	(58,852)	(542,807)
	70,000	70,000
-	-	1,715,600
-	-	750,000
-	237,771	2,535,600
5,121	(116,056)	212,396
<u>(7,926)</u>	<u>891,527</u>	<u>11,589,365</u>
<u>\$ (2,805)</u>	<u>\$ 775,471</u>	<u>\$ 11,801,761</u>

EDGEFIELD COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds	\$	212,396
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	1,040,119	
Depreciation expense		<u>(1,363,067)</u>	(322,948)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(54,666)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Also, the refunding deferral amount, which is the difference in the amount that is sent to the paying agent to be escrowed for payment of refunded debt and the principal amount of debt refunded, is amortized as an adjustment of interest expense in the statement of activities. The effects of these items are as follows:

Repayment of the principal of long-term debt	\$	2,005,311	
Issuance of general obligation bonds		<u>(2,465,600)</u>	(460,289)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following amounts represent the net liability changes using the full accrual method of accounting:

Compensated absences	\$	18,773	
Pension liability		(161,293)	
Accrued interest on long-term debt		<u>5,536</u>	<u>(136,984)</u>

Change in net position of governmental activities	\$	<u>(762,491)</u>
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The accompanying notes are an integral part of these financial statements.

EDGEFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 2,943,360
Investments	381,935
Taxes receivable	746,607
Due from other governments	383,368
Total assets	<u>\$ 4,455,270</u>
LIABILITIES	
Uncollected taxes	\$ 746,607
Due to others	3,708,663
Total liabilities	<u>\$ 4,455,270</u>

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

EDGEFIELD COUNTY, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Edgefield County, South Carolina (the "County") operates under a council-administrator form of government and provides the following services as authorized by its charter: public safety (police and fire), road maintenance, health and social services, and general administrative services.

The primary government financial statements of Edgefield County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

Edgefield County, South Carolina - the primary government - is a political subdivision of the State of South Carolina. A five-member council elected from single-member districts governs the County. These financial statements present all the fund types of the County. Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Edgefield County Hospital

The Edgefield County Hospital (the "Hospital") is a discretely presented component unit established in 1972 by the County to operate, control and manage all matters concerning the County's health care functions. The Hospital is governed by a Board of Trustees, which is appointed by the County. The Board of Trustees selects management staff, establishes budgets, and controls all aspects of the operation of the Hospital. The County can impose its will on the Hospital. The Hospital has a September 30th year-end. Separate financial statements for the Hospital can be obtained by contacting the administrative office at P.O. Box 590, Edgefield, South Carolina 29824.

The County has no blended component units.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-wide Financial Statements

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

The statement of net position and the statement of activities display information about the County as a primary government. These statements include the financial activities of the primary government, except for fiduciary funds and component units that are fiduciary in nature. For the most part, the effect of interfund activity has been removed from the statements.

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

The **Capital Projects Fund** is used to account for the resources received that are restricted for the acquisition of capital assets or construction of major capital facilities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The **EMS Fund** is used to account for the activities of the County's emergency medical services.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, governmental activities long-term debt principal and interest.

The **User Fee Fund** is used to account for revenues received from the solid waste fee to be used to fund waste disposal operations in the County.

The **Assistant Solicitor Fund** is used to account for revenues received from the 11th Circuit for personnel expenditures.

Additionally, the County reports the following fund types:

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. Resources restricted to expenditures for purposes normally financed from the general fund may be accounted for through the general fund provided that applicable legal requirements can be appropriately satisfied and use of special revenue funds is not required unless they are legally mandated.

The **Agency Funds** are used to account for monies held on behalf of school districts, special districts and other agencies that use the County as a depository or property taxes collected on behalf of other governments.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements (Continued)

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.

Fund Financial Statements

All governmental funds are accounted for using a *flow of current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when 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 when payment is due.

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 a reconciliation with brief explanations to better identify funds.

Agency funds have no measurement focus, but rather are custodial in nature (assets equal liabilities).

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Revenue - 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 field 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, entitlement 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.

Unavailable Revenue

Unavailable 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 year-end, but which were levied to finance fiscal year 2016 operations, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unavailable revenue.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as commitments of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Assets, Liabilities and Net Position or Fund Balance

Cash and Investments

Cash includes demand deposits as well as cash equivalents and short-term investments with a maturity date within three months of the date acquired by the County.

Investments with a readily determined fair value are stated at fair value which approximates cost. State statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is an investment mechanism authorized by the South Carolina State Legislature and is not registered with the SEC as an investment company. There is no regulatory oversight of the pool. The pool's primary objective is to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1. Investments in the pool are stated at fair value which approximates cost.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Cash and Investments (Continued)

The County Treasurer co-mingles cash and time deposits of some of the funds, but separate fund balance accounts are maintained for accounting purposes so that the equity of each fund is properly reflected in the overall cash. Interest earned on co-mingled cash is distributed to funds based on their average monthly 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 school bond fund.

Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectibles. Trade accounts receivable consist primarily of emergency medical services receivable, for which amounts in excess of 90 days are included in the allowance for uncollectibles. The property tax receivable allowance is equal to two percent of outstanding property taxes at June 30, 2016.

Intergovernmental 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.

Inventory

The County has no significant inventories. The cost of inventory is recorded as an expenditure at the time individual inventory items are purchased.

Capital Assets

Capital assets, which include buildings and improvements, furniture, fixtures, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of three years.

Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Capital Assets (Continued)

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

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

All reported capital assets except land and site preparation are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the modified accelerated cost recovery method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	35
Buildings and improvements	15 - 30
Furniture, fixtures, and equipment	3 – 10

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Inflows/Outflows 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has four (4) items that qualify for reporting in this category. These items relate to the County's Retirement Plan and are reported in the government-wide statement of net position. (1) Experience gains or losses result from periodic studies by the County's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Deferred Inflows/Outflows of Resources (Continued)

(2) The differences between projected investment return on pension investments and actual return on those investments are deferred and amortized against pension expense over a five year period. (3) The changes in the County's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of the total plan employer contributions are specific to cost-sharing multiple employer defined benefit pension plans and represent the current period amortized portions of these deferred outflows. (4) Any contributions made by the County to the pension plan before year end but subsequent to the measurement date of the County's net pension liability are reported as deferred outflows of resources.

In addition to liabilities, the statement of net position and the governmental funds balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of items that qualify for reporting in this category, one of which arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, emergency medical services, user fees, and 911 surcharges. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The other two items relate to the County's Retirement Plan and are reported in the government-wide statement of net position. (1) Certain experience gains or losses (discussed in the previous paragraph) are deferred and amortized against pension expense over a five year period, resulting in recognition as deferred inflows of resources. (2) Changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions are reported as deferred inflows of resources and will be recognized as an increase of the net pension liability.

Interfund Transactions

Transactions among County funds that would be treated as revenues and expenditures or expenses if they involved organizations external to County government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Interfund Transactions (Continued)

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported in the respective fund's operating statements.

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Bond issuance costs are expensed when incurred. 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.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either a) not in spendable form, or, b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources by being either a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Fund Balance (Continued)

Committed - This classification includes amounts that can only be used for specific purposes pursuant to constraints determined by a formal action of the government's highest level of decision making authority, the County Council, through passage of an ordinance. These amounts cannot be used for any other purpose unless the County Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. Through resolution, the County Council has authorized the County Administrator to assign fund balances to a specific purpose. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

The County would typically use restricted fund balances first, followed by committed resources and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed, but Council reserves the right to selectively spend unrestricted resources first and to defer the use of the restricted funds.

Use of Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

County Council adopts an annual budget for General Fund revenue and expenditures prior to the beginning of each fiscal year. The adopted budget specifies expenditure limits appropriated to each County department. Departmental expenditures may not exceed amounts appropriated without the approval of County Council and unexpended appropriations lapse at fiscal year-end. Budget amounts reflected in the accompanying financial statements represent the adopted budget and any revisions approved by Council during the fiscal year. Line item transfers within operating departments are approved by the County Administrator. County Council must approve transfers between departments or funds and any additional appropriations. The budget is prepared on a consistent basis of accounting with actual financial statement results, including significant accruals, to provide meaningful comparisons

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Excess of Expenditures Over Appropriations

For the year ended June 30, 2016, expenditures exceeded appropriations as follows:

	<u>Excess</u>
General Fund:	
General government - county administrator's office	\$ 11,424
Staff agencies - clerk of court	1,090
Staff agencies - veterans' affairs	2,891
Staff agencies - probate judge	1,034
Staff agencies - board of registration	35,508
Staff agencies - tri-county public defender	7
Staff agencies - GIS/grant writing	2,672
Public safety - school resource officer	3,710
Public works - maintenance garage	1,911
Public works - fuel site	386
Public works - delegation secretary	64
Building maintenance - health building	17,646
Building maintenance - neighborhood center	285
Building maintenance - county jail building	11,222
Nondepartmental - probation office	237
User Fee Fund:	
Public works	472,033
Assistant Solicitor:	
Public safety	4,408

Deficit Fund Balances

For the year ended June 30, 2016, funds with deficit fund balances are as follows:

Assistant Solicitor	2,805
County Tire Fund	10,840
Recreation	19,089
SRO Grant Program	14,760
Pre-Trial Intervention	214

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

Total deposits and investments at June 30, 2016, are summarized below:

As reported in the Statement of Net Position:

Primary government		
Cash and cash equivalents	\$	7,731,790
Investments		1,112,119

As reported in the Statement of Fiduciary

Assets and Liabilities:

Agency Fund - cash and cash equivalents		2,943,360
Agency Fund - investments		381,935
	\$	<u>12,169,204</u>

Cash deposited with financial institutions	\$	1,141,804
SC State Investment Pool		9,533,346
Certificates of deposit		1,494,054
	\$	<u>12,169,204</u>

Custodial credit risk

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding cash custodial credit risk is to require the banks with which the County maintains deposits to collateralize or insure the County's funds. As of June 30, 2016, the carrying amount of the County's deposits was \$12,169,204 and the bank balance was \$12,670,735. All of the County's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name.

The Edgefield County Hospital, a discretely presented component unit, does not have a deposit policy for custodial credit risk. The total cash balances were covered by federal depository insurance coverage.

As of June 30, 2016, the County has the following investments:

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1-5
SC State Investment Pool	\$ 9,533,346	\$ 9,533,346	\$ -
Certificates of deposit	1,494,054	994,624	499,430
	<u>\$ 11,027,400</u>	<u>\$ 10,527,970</u>	<u>\$ 499,430</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The South Carolina Local Government Investment Pool (LGIP) is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose investment in the LGIP within the fair value hierarchy.

Credit risk

This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The County has no investment policy that would further limit its investment choices other than state law. The County is invested in certificates of deposit with varying maturity dates and the South Carolina Local Government Investment Pool. The County's certificates of deposit are properly collateralized for those deposits that are in excess of federal depository insurance. The South Carolina Local Government Investment Pool is not rated, but generally, investments in this pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities.

Interest rate risk

This is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. 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.

Concentration of credit risk

This is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County places no limit on the amount the County may invest in any one issuer.

Custodial credit risk

This is the risk that, in the event of a failure of the counterparty, the County may not be able to recover the value of investments, or collateral securities that are in possession of an outside party. The County has no investment policy that would further limit its investment choices other than state law.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES AND PROPERTY TAXES

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

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

Property tax revenues are recognized when due or past due and collectible within the current period or soon enough thereafter (defined as 60 days) to pay liabilities of the current period. The County bills and collects its own property taxes, and also collects taxes for the Rural Fire Districts and the School District. Collections of the County taxes and remittance of them to the Districts are accounted for in the agency funds. Also, the County collects taxes for surrounding municipalities. Unavailable property tax revenue represents that portion of property taxes which is deemed not available to pay current expenditures.

Receivables as of June 30, 2016, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	EMS	User Fee
Taxes receivable	\$ 211,621	\$ -	\$ 37,902	\$ -
Accounts receivable	-	-	193,928	105,069
Other receivables	3,500	-	-	-
Due from other governments	1,233,783	81,993	-	-
Less: Allowance	(4,233)	-	(758)	-
Net receivables	<u>\$ 1,444,671</u>	<u>\$ 81,993</u>	<u>\$ 231,072</u>	<u>\$ 105,069</u>
	Assistant Solicitor	Debt Service	Nonmajor Governmental	Total
Taxes receivable	\$ -	\$ 15,890	\$ 8,493	\$ 273,906
Accounts receivable	-	-	103,752	402,749
Other receivables	-	-	-	3,500
Due from other governments	196,791	1,692,519	50,276	3,255,362
Less: Allowance	-	-	(171)	(5,162)
Net receivables	<u>\$ 196,791</u>	<u>\$ 1,708,409</u>	<u>\$ 162,350</u>	<u>\$ 3,930,355</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the County's governmental activities for the year ended June 30, 2016, was as follows:

Governmental Activities	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Capital assets not being depreciated:					
Land	\$ 1,093,643	\$ -	\$ -	\$ -	\$ 1,093,643
Construction in progress	-	30,908	-	-	30,908
Total capital assets not being depreciated	<u>1,093,643</u>	<u>30,908</u>	<u>-</u>	<u>-</u>	<u>1,124,551</u>
Capital assets being depreciated:					
Buildings and improvements	8,344,824	361,008	-	-	8,705,832
Infrastructure	17,944,928	92,901	-	-	18,037,829
Furniture, fixtures and equipment	6,883,960	555,302	(180,310)	-	7,258,952
Total capital assets being depreciated	<u>33,173,712</u>	<u>1,009,211</u>	<u>(180,310)</u>	<u>-</u>	<u>34,002,613</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,002,680)	(800,564)	-	-	(4,803,244)
Infrastructure	(9,472,506)	(220,792)	-	-	(9,693,298)
Furniture, fixtures and equipment	(6,257,398)	(341,711)	180,310	-	(6,418,799)
Total accumulated depreciation	<u>(19,732,584)</u>	<u>(1,363,067)</u>	<u>180,310</u>	<u>-</u>	<u>(20,915,341)</u>
Total capital assets being depreciated, net	<u>13,441,128</u>	<u>(353,856)</u>	<u>-</u>	<u>-</u>	<u>13,087,272</u>
Governmental activities capital assets, net	<u>\$ 14,534,771</u>	<u>\$ (322,948)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,211,823</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Depreciation expense was charged to functions as follows:

General government	\$ 135,821
Public safety	257,047
Public works	853,917
Health and social services	116,282
	<u>1,363,067</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,363,067</u>

B. Component Unit

Capital asset activity for the Edgefield County Hospital for the year ended September 30, 2015, was as follows:

	Balance September 30, 2014	Additions	Deletions & Reclasses	Balance September 30, 2015
Capital assets not being depreciated:				
Land	\$ 126,243	\$ -	\$ -	\$ 126,243
Construction in progress	-	186,856	-	186,856
Total capital assets not being depreciated	<u>126,243</u>	<u>186,856</u>	<u>-</u>	<u>313,099</u>
Capital assets being depreciated:				
Land improvements	187,002	-	-	187,002
Buildings	3,391,226	8,434	509,055	3,908,715
Equipment	8,530,859	245,032	(509,055)	8,266,836
Total capital assets being depreciated	<u>12,109,087</u>	<u>253,466</u>	<u>-</u>	<u>12,362,553</u>
Less accumulated depreciation for:				
Land improvements	(153,621)	(15,374)	-	(168,995)
Buildings	(2,129,362)	(99,740)	-	(2,229,102)
Equipment	(6,599,407)	(362,878)	-	(6,962,285)
Total accumulated depreciation	<u>(8,882,390)</u>	<u>(477,992)</u>	<u>-</u>	<u>(9,360,382)</u>
Total capital assets being depreciated, net	<u>3,226,697</u>	<u>(224,526)</u>	<u>-</u>	<u>3,002,171</u>
Capital assets, net	<u>\$ 3,352,940</u>	<u>\$ (37,670)</u>	<u>\$ -</u>	<u>\$ 3,315,270</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

A. Primary Government

Governmental Activities	Balance	Additions	Reductions	Balance	Due Within
	June 30, 2015			June 30, 2016	One Year
General obligation bonds	\$ 2,923,845	\$ 2,465,600	\$ (2,000,517)	\$ 3,388,928	\$ 333,663
Due to other governments	116,560	-	(4,794)	111,766	4,890
Annual Leave	355,479	78,184	(96,957)	336,706	96,957
Net pension liability - SCRS	6,930,033	1,144,181	(585,003)	7,489,211	-
Net pension liability - PORS	4,463,507	1,097,686	(411,087)	5,150,106	-
	<u>\$ 14,789,424</u>	<u>\$ 4,785,651</u>	<u>\$ (3,098,358)</u>	<u>\$ 16,476,717</u>	<u>\$ 435,510</u>

The General Fund has typically been used in prior years to liquidate the liability for compensated absences.

General Obligation Bonds: Bonds payable due at June 30, 2016, are comprised of the following issues:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2013 GO Bond	2.60%	11 years	2025	1,200,000	\$ 923,328
2015 GO Bond	1.50%	5 years	2021	750,000	750,000
2016 GO Hospital Refunding Bond	2.49%	15 years	2031	1,715,600	1,715,600
					<u>\$ 3,388,928</u>

The annual requirements to amortize all general obligation bonds as of June 30, 2016, including interest payments, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2017	\$ 333,663	\$ 78,006	\$ 411,669
2018	340,663	71,006	411,669
2019	347,787	63,882	411,669
2020	355,070	56,600	411,670
2021	362,514	49,153	411,667
2022 - 2026	1,005,779	152,066	1,157,845
2027 - 2031	643,452	48,854	692,306
	<u>\$ 3,388,928</u>	<u>\$ 519,567</u>	<u>\$ 3,908,495</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds (Continued)

Debt service funds of \$3,401,347 are available to service the general obligation bonds.

The general obligation bonds are secured by a pledge of the full faith, credit and taxing power of the County.

There are a number of limitations and restrictions contained in the various debt instruments. The County is in compliance with all significant limitations and restrictions including the legal debt limit imposed by Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended. The County is allowed to incur general obligation (general purpose) bonded indebtedness in an amount not exceeding eight percent of the assessed value of all taxable property of the County. Based on the taxable assessed property valuation net of exemptions of \$76,957,570, the legal debt limit is \$6,156,606, and the legal debt margin is \$6,156,606 as of June 30, 2016.

B. Component Unit

Edgefield County Hospital

Long-term liabilities for the Edgefield County Hospital at September 30, 2015, were as follows:

Edgefield County Hospital	Balance September 30, 2014	Additions	Reductions	Balance September 30, 2015	Due Within One Year
Note payable	\$ 119,840	\$ -	\$ (24,804)	\$ 95,036	25,706
Revolving loan	287,426	-	(38,674)	248,752	40,149
Equipment loan	-	101,586	(9,540)	92,046	18,958
Capital lease	-	26,840	-	26,840	3,891
	<u>\$ 407,266</u>	<u>\$ 128,426</u>	<u>\$ (73,018)</u>	<u>\$ 462,674</u>	<u>\$ 88,704</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

B. Component Unit (Continued)

Edgefield County Hospital (Continued)

The note payable includes an amount due under an equipment financing agreement, collateralized by the related equipment with original maturity in January 2015 at an interest rate of 3.25%. The note payable was modified and now matures in December 2016.

The revolving loan is payable in monthly installments at an interest rate of 3.75% with a maturity in June 2021. The loan is collateralized by EMR equipment.

Scheduled principal and interest payments on long-term debt and for years subsequent to September 30, 2015, are as follows:

Year Ending September 30,	Principal	Interest	Total
2016	\$ 88,704	\$ 13,176	\$ 101,880
2017	137,397	10,533	147,930
2018	70,749	7,851	78,600
2019	73,538	5,062	78,600
2020	60,167	2,313	62,480
2021	32,119	453	32,572
	<u>\$ 462,674</u>	<u>\$ 39,388</u>	<u>\$ 502,062</u>

NOTE 7. OPERATING LEASES

The County leases land under operating leases. Lease expenditures for the year ended June 30, 2016, for governmental funds amounted to \$8,000. Future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30,	Total Minimum Lease Payments
2017	8,000
2018	8,000
2019	8,000
2020	8,000
2021	8,000
2022-2026	40,000
2027-2031	40,000
2032	8,000
	<u>\$ 128,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS

A. Primary Government

Retirement Plan

Overview:

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 Budget and Control Board (State Fiscal Accountability Authority effective July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the 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 South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on 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, PO Box 11960, Columbia, SC 29211-1960. 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 County contributes to the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan. The 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. In addition to the SCRS pension plan, the County also contributes to the South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan. The 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.

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 described below.

South Carolina Retirement System. Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (Continued)

Membership (Continued):

South Carolina Retirement System (Continued). This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the SCRS with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the SCRS with an effective date of membership on or after July 1, 2012, is a Class Three member.

South Carolina Police Officers Retirement System. 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.

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.

South Carolina Retirement System. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (Continued)

Benefits (Continued):

South Carolina Retirement System (Continued). 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.

South Carolina Police Officers Retirement System. 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.

Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and 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 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 board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (Continued)

Contributions (Continued):

Required employee contribution rates for the year ended June 30, 2016, are as follows:

South Carolina Retirement System

Employee class two	8.16% of earnable compensation
Employee class three	8.16% of earnable compensation

South Carolina Police Officers Retirement System

Employee class two	8.74% of earnable compensation
Employee class three	8.74% of earnable compensation

Required employer contribution rates for the year ended June 30, 2016 are as follows:

South Carolina Retirement System

Employer class two	10.91% of earnable compensation
Employer class three	10.91% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employer class two	13.34% of earnable compensation
Employer class three	13.34% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability:

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2014. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2014 actuarial valuations, using membership data as of July 1, 2014, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by the systems' consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As a result of implementation of GASB 68 as of July 1, 2014, it was determined during the June 30, 2015 audit that Edgefield County and its former component unit, Tri-County Solid Waste Authority, were both reported by PEBA using the same employer ID number.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (Continued)

Net Pension Liability (Continued):

In the current year, it was noted that the County's relationship with Tri-County Solid Waste Authority changed as a result of certain TCSWA Board and County Council ordinances separating TCSWA from Edgefield County. As was the case in the prior year, approximately 4% of the total employer contributions to PEBA were made on behalf of TCSWA employees to PEBA for participation in the SCRS plan (PORS membership is not available to TCSWA employees). As such, the County has allocated 96% of the net pension liability and related deferred outflows and inflows for the SCRS plan to Edgefield County.

As of June 30, 2015, the County's net pension liability amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
SCRS	\$ 17,413,428	\$ 9,924,217	\$ 7,489,211	57.0%
PORS	\$ 14,535,572	\$ 9,385,466	\$ 5,150,106	64.6%

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (Continued)

Net Pension Liability (Continued):

As of June 30, 2015, the change in the County's net pension liability for the SCRS Plan is calculated as follows:

Total pension liability	
Service cost	\$ 293,874
Interest	1,243,138
Difference between actual and expected experience	(17,626)
Benefit payments	(1,068,384)
Net change in total pension liability	451,002
Total pension liability - beginning June 30, 2014	16,962,427
Total pension liability - ending June 30, 2015	17,413,428
Plan fiduciary net position	
Contributions - employer	403,763
Contributions - member	282,781
Refunds of contributions to members	(37,555)
Retirement benefits	(1,022,874)
Death benefits	(7,955)
Net investment income	147,747
Administrative expense	(4,957)
Net transfers to affiliated systems	(525)
Net change in Plan fiduciary net position	(239,575)
Plan fiduciary net position - beginning June 30, 2014	10,163,792
Plan fiduciary net position - ending June 30, 2015	9,924,217
Net pension liability	\$ 7,489,211

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (Continued)

Net Pension Liability (Continued):

As of June 30, 2015, the change in the County's net pension liability for the PORS Plan is calculated as follows:

Total pension liability	
Service cost	\$ 364,143
Interest	1,028,680
Difference between actual and expected experience	16,000
Benefit payments	(813,840)
Net change in total pension liability	<u>594,984</u>
Total pension liability - beginning June 30, 2014	<u>13,940,588</u>
Total pension liability - ending June 30, 2015	<u>14,535,572</u>
Plan fiduciary net position	
Contributions - employer	393,327
Contributions - member	252,496
Refunds of contributions to members	(41,242)
Retirement benefits	(763,845)
Death benefits	(8,753)
Net investment income	138,721
Administrative expense	(4,580)
Net transfers to affiliated systems	2,545
Net change in Plan fiduciary net position	<u>(31,330)</u>
Plan fiduciary net position - beginning June 30, 2014	<u>9,416,796</u>
Plan fiduciary net position - ending June 30, 2015	<u>9,385,466</u>
Net pension liability	<u><u>\$ 5,150,106</u></u>

Actuarial Assumptions and Methods:

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. Amounts determined during the valuation process are subject to continual revision as actual results 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. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014 valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

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.

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the fourth quarter 2013. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

Discount Rate:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Short-Term	5.0%		
Cash	2.0%	1.9	0.04
Short duration	3.0%	2.0	0.06
Domestic Fixed Income	13.0%		
Core fixed income	7.0%	2.7	0.19
Mixed Credit	6.0%	3.8	0.23
Global Fixed Income	9.0%		
Global fixed income	3.0%	2.8	0.08
Emerging markets debt	6.0%	5.1	0.31
Global Public Equity	31.0%	7.1	2.20
Global Tactical Asset Allocation	10.0%	4.9	0.49
Alternatives	32.0%		
Hedge funds (low beta)	8.0%	4.3	0.34
Private debt	7.0%	9.9	0.69
Private equity	9.0%	9.9	0.89
Real estate (broad market)	5.0%	6.0	0.30
Commodities	3.0%	5.9	0.18
Total expected real return	<u>100.0%</u>		6.00
Inflation for actuarial purposes			<u>2.75</u>
Total expected nominal return			<u>8.75</u>

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (Continued)

Discount Rate (Continued):

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate				
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)	
County's portion - SCRS	\$ 9,835,161	\$ 7,489,211	\$ 6,096,595	
County's portion - PORS	\$ 7,015,706	\$ 5,150,106	\$ 3,482,443	

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended June 30, 2016, the County recognized pension expense of \$509,799 for the SCRS plan and \$473,543 for the PORS plan.

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 133,058	\$ 13,394
Net difference between projected and actual earnings on pension plan investments	50,128	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	105,575
Employer contributions subsequent to the measurement date	427,598	-
Total	\$ 610,785	\$ 118,969

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

PORS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 102,076	\$ -
Net difference between projected and actual earnings on pension plan investments	56,350	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	51,333	-
Employer contributions subsequent to the measurement date	<u>394,451</u>	<u>-</u>
Total	<u>\$ 604,210</u>	<u>\$ -</u>

County contributions subsequent to the measurement date of \$427,598 and \$394,451 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>SCRS</u>	<u>PORS</u>
2017	\$ (73,513)	\$ 67,348
2018	32,063	16,016
2019	(13,641)	11,508
2020	119,308	114,887

Pension Plan Fiduciary Net Position:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which is administered and controlled by the State of South Carolina. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Great-West Retirement Services, P.O. Box 173764, Denver CO 80217-3764, (under state contract) is the program administrator of the 457 plan as well as the 401(k) plan and 401(k) Roth plan which are also available to County employees at their option.

The County also provides its employees a Money Plus Spending Account through the state health plan. The plan, available to all government employees, provides for child care, health issues and dental plans.

B. Component Unit

Edgefield County Hospital

Retirement Plan

The Hospital has a defined contribution pension plan (the "Plan") covering substantially all of its employees who are regularly employed by the Hospital for at least 32 hours each week, have completed at least one year of continuous service, and have reached the age of 21. Annually, the Hospital contributes an amount equal to 2.2% of each participant's compensation to the Plan. Participants may make additional contributions (subject to Internal Revenue Service limitations) and such additional contributions will be matched by the Hospital up to 4.5% of their compensation. For the years ended September 30, 2015 and 2014, the Hospital contributed approximately \$79,000 and \$69,000, respectively, to the Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND ASSETS AND LIABILITIES

Interfund receivable and payable balances as of June 30, 2016, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 126,000
General Fund	Assistant Solicitor	199,596
		\$ 325,596

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances normally clear within one to two months.

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2016, consisted of the following individual amounts:

Transfer in Fund	Transfer Out Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 58,852
General Fund	Debt Service Fund	4,300
General Fund	User Fee Fund	97,220
Capital Projects Fund	Debt Service Fund	139,832
General Fund	EMS Fund	15,980
Nonmajor Governmental Funds	General Fund	226,623
		\$ 542,807

Transfers are used to (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. 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; and natural disasters for which the County carries insurance through the State Budget and Control Board Office of Insurance Reserve Fund. The County pays premiums to the Fund for its general insurance coverage. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event. Additionally, the County participates in a self-funded program to provide workers' compensation insurance through the South Carolina Association of Counties, which works in a similar way as the Insurance Reserve Fund. The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

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

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

NOTE 11. CONTINGENT LIABILITIES

The County participates in a number of federal and state assisted grant programs. These programs are subject to audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2016, have not yet been conducted. Therefore, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

NOTE 12. LITIGATION

The County is party to a number of lawsuits arising in the course of operations. It is the opinion of management, in consultation with legal counsel, that it cannot be determined whether resolution of the other pending cases will have a material adverse effect on the financial condition of the County.

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REQUIRED SUPPLEMENTARY INFORMATION

EDGEFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 5,014,213	\$ 5,014,213	\$ 5,147,706	\$ 133,493
Sales taxes	-	-	1,044,803	1,044,803
Licenses, permits and fees	606,150	606,150	604,551	(1,599)
Intergovernmental	1,312,858	1,312,858	1,491,043	178,185
Charges for services	240,634	240,634	265,443	24,809
Fines and forfeitures	403,800	403,800	370,524	(33,276)
Interest revenue	15,000	15,000	31,214	16,214
Other revenues	181,700	181,700	314,191	132,491
Total revenues	<u>7,774,355</u>	<u>7,774,355</u>	<u>9,269,475</u>	<u>1,495,120</u>
EXPENDITURES:				
Current:				
General government	519,931	519,931	519,111	820
Staff agencies	2,005,392	2,005,392	1,927,399	77,993
Finance agencies	683,040	683,040	646,201	36,839
Public safety	4,261,624	4,261,624	4,109,831	151,793
Public works	105,283	105,283	110,644	(5,361)
Health and social services	117,468	117,468	111,462	6,006
Building maintenance	332,265	332,265	331,447	818
Nondepartmental	1,551,596	1,551,596	1,232,578	319,018
Capital outlay	41,100	41,100	92,631	(51,531)
Total expenditures	<u>9,617,699</u>	<u>9,617,699</u>	<u>9,081,304</u>	<u>536,395</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,843,344)</u>	<u>(1,843,344)</u>	<u>188,171</u>	<u>2,031,515</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,580,000	1,580,000	176,352	(1,403,648)
Transfers out	(185,786)	(185,786)	(226,623)	(40,837)
Total other financing sources (uses)	<u>1,394,214</u>	<u>1,394,214</u>	<u>(50,271)</u>	<u>(1,444,485)</u>
Net change in fund balances	(449,130)	(449,130)	137,900	587,030
Fund balances, beginning of year	<u>5,408,332</u>	<u>5,408,332</u>	<u>5,408,332</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,959,202</u>	<u>\$ 4,959,202</u>	<u>\$ 5,546,232</u>	<u>\$ 587,030</u>

EDGEFIELD COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government:				
County council				
Personnel services	\$ 56,200	\$ 56,200	\$ 55,788	\$ 412
Operating expenses	60,100	60,100	53,136	6,964
Total county council	<u>116,300</u>	<u>116,300</u>	<u>108,924</u>	<u>7,376</u>
County administrator's office				
Personnel services	361,211	361,211	377,871	(16,660)
Operating expenses	42,420	42,420	32,316	10,104
Capital outlay	4,000	4,000	8,868	(4,868)
Total county administrator's office	<u>407,631</u>	<u>407,631</u>	<u>419,055</u>	<u>(11,424)</u>
Total current expenditures	519,931	519,931	519,111	820
Total capital outlay	4,000	4,000	8,868	(4,868)
Total general government	<u>523,931</u>	<u>523,931</u>	<u>527,979</u>	<u>(4,048)</u>
Staff agencies:				
Clerk of court				
Personnel services	255,815	255,815	264,623	(8,808)
Operating expenses	241,761	241,761	234,288	7,473
Capital outlay	4,000	4,000	3,755	245
Total clerk of court	<u>501,576</u>	<u>501,576</u>	<u>502,666</u>	<u>(1,090)</u>
Circuit court				
Personnel services	11,871	11,871	8,601	3,270
Operating expenses	52,650	52,650	10,651	41,999
Total circuit court	<u>64,521</u>	<u>64,521</u>	<u>19,252</u>	<u>45,269</u>
County archives				
Personnel services	33,934	33,934	13,468	20,466
Operating expenses	2,900	2,900	7,697	(4,797)
Total county archives	<u>36,834</u>	<u>36,834</u>	<u>21,165</u>	<u>15,669</u>
Coroner				
Personnel services	66,160	66,160	67,611	(1,451)
Operating expenses	38,500	38,500	36,023	2,477
Total coroner	<u>104,660</u>	<u>104,660</u>	<u>103,634</u>	<u>1,026</u>
Veterans' affairs				
Personnel services	70,421	70,421	73,285	(2,864)
Operating expenses	8,620	8,620	8,647	(27)
Total veterans' affairs	<u>79,041</u>	<u>79,041</u>	<u>81,932</u>	<u>(2,891)</u>
Magistrate				
Personnel services	293,402	293,402	300,062	(6,660)
Operating expenses	35,300	35,300	31,914	3,386
Capital outlay	4,000	4,000	119	3,881
Total magistrate	<u>332,702</u>	<u>332,702</u>	<u>332,095</u>	<u>607</u>
Probate judge				
Personnel services	176,250	176,250	185,576	(9,326)
Operating expenses	24,775	24,775	18,259	6,516
Capital outlay	3,000	3,000	1,224	1,776
Total probate judge	<u>204,025</u>	<u>204,025</u>	<u>205,059</u>	<u>(1,034)</u>

(Continued)

EDGEFIELD COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Staff agencies (continued):				
Board of registration				
Personnel services	\$ 79,403	\$ 79,403	\$ 95,389	\$ (15,986)
Operating expenses	232,050	232,050	251,572	(19,522)
Total board of registration	<u>311,453</u>	<u>311,453</u>	<u>346,961</u>	<u>(35,508)</u>
Tri-county public defender				
Operating expenses	25,025	25,025	25,032	(7)
Total tri-county public defender	<u>25,025</u>	<u>25,025</u>	<u>25,032</u>	<u>(7)</u>
Planning commission				
Personnel services	250,909	250,909	191,635	59,274
Operating expenses	26,529	26,529	21,328	5,201
Total planning commission	<u>277,438</u>	<u>277,438</u>	<u>212,963</u>	<u>64,475</u>
Circuit judge				
Operating expenses	430	430	379	51
Total circuit judge	<u>430</u>	<u>430</u>	<u>379</u>	<u>51</u>
GIS/Grant writing				
Personnel services	67,137	67,137	68,519	(1,382)
Operating expenses	11,550	11,550	12,840	(1,290)
Total GIS/Grant writing	<u>78,687</u>	<u>78,687</u>	<u>81,359</u>	<u>(2,672)</u>
Total current expenditures	2,005,392	2,005,392	1,927,399	77,993
Total capital outlay	11,000	11,000	5,098	5,902
Total staff agencies	<u>2,016,392</u>	<u>2,016,392</u>	<u>1,932,497</u>	<u>83,895</u>
Finance agencies:				
Tax assessor				
Personnel services	204,631	204,631	208,182	(3,551)
Operating expenses	52,100	52,100	28,437	23,663
Capital outlay	200	200	-	200
Total tax assessor	<u>256,931</u>	<u>256,931</u>	<u>236,619</u>	<u>20,312</u>
Auditor				
Personnel services	100,845	100,845	98,629	2,216
Operating expenses	7,220	7,220	6,637	583
Total auditor	<u>108,065</u>	<u>108,065</u>	<u>105,266</u>	<u>2,799</u>
Treasurer				
Personnel services	121,340	121,340	123,951	(2,611)
Operating expenses	42,725	42,725	39,153	3,572
Total treasurer	<u>164,065</u>	<u>164,065</u>	<u>163,104</u>	<u>961</u>
Tax collector				
Personnel services	61,649	61,649	62,933	(1,284)
Operating expenses	92,530	92,530	78,279	14,251
Total tax collector	<u>154,179</u>	<u>154,179</u>	<u>141,212</u>	<u>12,967</u>
Total current expenditures	683,040	683,040	646,201	36,839
Total capital outlay	200	200	-	200
Total finance agencies	<u>683,240</u>	<u>683,240</u>	<u>646,201</u>	<u>37,039</u>

(Continued)

EDGEFIELD COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public safety:				
Sheriff's office				
Personnel services	\$ 1,982,700	\$ 1,982,700	\$ 1,848,145	\$ 134,555
Operating expenses	299,585	299,585	344,053	(44,468)
Capital outlay	9,000	9,000	73,246	(64,246)
Total sheriff's office	<u>2,291,285</u>	<u>2,291,285</u>	<u>2,265,444</u>	<u>25,841</u>
School resource officer				
School resource I	74,632	74,632	66,503	8,129
School resource II	61,781	61,781	76,855	(15,074)
School resource III	38,109	38,109	38,132	(23)
Event security	53,412	53,412	50,154	3,258
Total school resource officer	<u>227,934</u>	<u>227,934</u>	<u>231,644</u>	<u>(3,710)</u>
E911 dispatch operator				
Personnel services	436,304	436,304	428,346	7,958
Operating expenses	34,350	34,350	30,064	4,286
Total E911 dispatch operator	<u>470,654</u>	<u>470,654</u>	<u>458,410</u>	<u>12,244</u>
County jail				
Personnel services	680,520	680,520	632,807	47,713
Operating expenses	302,950	302,950	344,508	(41,558)
Capital outlay	500	500	550	(50)
Total county jail	<u>983,970</u>	<u>983,970</u>	<u>977,865</u>	<u>6,105</u>
Animal control				
Personnel services	42,072	42,072	36,742	5,330
Operating expenses	80,100	80,100	36,327	43,773
Capital outlay	1,000	1,000	-	1,000
Total animal control	<u>123,172</u>	<u>123,172</u>	<u>73,069</u>	<u>50,103</u>
Emergency preparedness				
Personnel services	58,036	58,036	55,023	3,013
Operating expenses	117,073	117,073	122,172	(5,099)
Capital outlay	12,400	12,400	4,869	7,531
Total emergency preparedness	<u>187,509</u>	<u>187,509</u>	<u>182,064</u>	<u>5,445</u>
Total current expenditures	4,261,624	4,261,624	4,109,831	151,793
Total capital outlay	22,900	22,900	78,665	(55,765)
Total public safety	<u>4,284,524</u>	<u>4,284,524</u>	<u>4,188,496</u>	<u>96,028</u>
Public works:				
Maintenance garage				
Personnel services	88,962	88,962	90,741	(1,779)
Operating expenses	8,100	8,100	11,232	(3,132)
Capital outlay	3,000	3,000	-	3,000
Total maintenance garage	<u>100,062</u>	<u>100,062</u>	<u>101,973</u>	<u>(1,911)</u>
Fuel site				
Operating expenses	2,190	2,190	2,576	(386)
Total fuel site	<u>2,190</u>	<u>2,190</u>	<u>2,576</u>	<u>(386)</u>
Delegation secretary				
Personnel services	6,031	6,031	6,095	(64)
Total delegation secretary	<u>6,031</u>	<u>6,031</u>	<u>6,095</u>	<u>(64)</u>

(Continued)

EDGEFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works (continued):				
Total current expenditures	\$ 105,283	\$ 105,283	\$ 110,644	\$ (5,361)
Total capital outlay	3,000	3,000	-	3,000
Total public works	108,283	108,283	110,644	(2,361)
Health and social services:				
Department of social services				
Operating expenses	575	575	-	575
Total department of social services	575	575	-	575
Edgefield County senior citizens council				
Operating expenses	3,000	3,000	3,000	-
Total Edgefield County senior citizens council	3,000	3,000	3,000	-
Medical indigent				
Operating expenses	56,593	56,593	56,593	-
Total medical indigent	56,593	56,593	56,593	-
Alcohol and drug abuse				
Operating expenses	51,000	51,000	45,569	5,431
Total alcohol and drug abuse	51,000	51,000	45,569	5,431
County health department				
Operating expenses	6,300	6,300	6,300	-
Total county health department	6,300	6,300	6,300	-
Total current expenditures	117,468	117,468	111,462	6,006
Total health and social services	117,468	117,468	111,462	6,006
Building maintenance:				
Courthouse building				
Operating expenses	81,260	81,260	74,151	7,109
Total courthouse building	81,260	81,260	74,151	7,109
County council chambers				
Operating expenses	15,950	15,950	15,105	845
Total county council chambers	15,950	15,950	15,105	845
County auditor's building				
Operating expenses	7,000	7,000	2,666	4,334
Total county auditor's building	7,000	7,000	2,666	4,334
Department of social services building				
Operating expenses	32,840	32,840	30,007	2,833
Total department of social services building	32,840	32,840	30,007	2,833
County administrative building				
Operating expenses	12,360	12,360	10,112	2,248
Total county administrative building	12,360	12,360	10,112	2,248
Agriculture building				
Operating expenses	15,710	15,710	13,481	2,229
Total agriculture building	15,710	15,710	13,481	2,229
Health building				
Operating expenses	31,830	31,830	49,476	(17,646)
Total health building	31,830	31,830	49,476	(17,646)

(Continued)

EDGEFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Building maintenance (continued):				
Magistrate building				
Operating expenses	\$ 8,010	\$ 8,010	\$ 5,796	\$ 2,214
Total magistrate building	8,010	8,010	5,796	2,214
Neighborhood center - salary and utilities				
Operating expenses	19,300	19,300	19,585	(285)
Total neighborhood center - salary and utilities	19,300	19,300	19,585	(285)
Sheriff's building				
Operating expenses	35,730	35,730	33,331	2,399
Total sheriff's building	35,730	35,730	33,331	2,399
County jail building				
Operating expenses	56,780	56,780	68,002	(11,222)
Total county jail building	56,780	56,780	68,002	(11,222)
Maintenance garage				
Operating expenses	7,030	7,030	3,260	3,770
Total maintenance garage	7,030	7,030	3,260	3,770
Kneece building				
Operating expenses	8,465	8,465	6,475	1,990
Total Kneece building	8,465	8,465	6,475	1,990
Total current expenditures	332,265	332,265	331,447	818
Total building maintenance	332,265	332,265	331,447	818
Nondepartmental:				
Miscellaneous	3,456	3,456	(29,193)	32,649
County agent	1,000	1,000	1,000	-
Employment and social security office	350	350	327	23
Soil and water conservation office	2,000	2,000	2,000	-
Probation office	1,200	1,200	1,437	(237)
Upper Savannah Council of Governments	18,505	18,505	18,505	-
Piedmont Technical Education Center	47,000	47,000	47,000	-
Professional services	1,292,700	1,292,700	1,015,300	277,400
ABBE Regional Library	185,385	185,385	176,202	9,183
Total current expenditures	1,551,596	1,551,596	1,232,578	319,018
Total nondepartmental	1,551,596	1,551,596	1,232,578	319,018
Total expenditures	\$ 9,617,699	\$ 9,617,699	\$ 9,081,304	\$ 536,395

EDGEFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
EMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 825,200	\$ 825,200	\$ 846,233	\$ 21,033
Charges for services	702,400	702,400	795,243	92,843
Interest revenue	400	400	2,266	1,866
Other revenues	110,659	110,659	8,441	(102,218)
Total revenues	<u>1,638,659</u>	<u>1,638,659</u>	<u>1,652,183</u>	<u>13,524</u>
EXPENDITURES:				
Current:				
Health and social services	<u>1,622,679</u>	<u>1,622,679</u>	<u>1,571,145</u>	<u>51,534</u>
Total expenditures	<u>1,622,679</u>	<u>1,622,679</u>	<u>1,571,145</u>	<u>51,534</u>
Excess of revenues over expenditures	<u>15,980</u>	<u>15,980</u>	<u>81,038</u>	<u>65,058</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(15,980)</u>	<u>(15,980)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(15,980)</u>	<u>(15,980)</u>
Net change in fund balances	15,980	15,980	65,058	49,078
Fund balances, beginning of year	<u>483,819</u>	<u>483,819</u>	<u>483,819</u>	<u>-</u>
Fund balances, end of year	<u>\$ 499,799</u>	<u>\$ 499,799</u>	<u>\$ 548,877</u>	<u>\$ 49,078</u>

EDGEFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
USER FEE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 922,506	\$ 922,506	\$ 928,011	\$ 5,505
Interest revenue	300	300	1,026	726
Total revenues	<u>922,806</u>	<u>922,806</u>	<u>929,037</u>	<u>6,231</u>
EXPENDITURES:				
Current:				
Public works	<u>397,251</u>	<u>397,251</u>	<u>869,284</u>	<u>(472,033)</u>
Total expenditures	<u>397,251</u>	<u>397,251</u>	<u>869,284</u>	<u>(472,033)</u>
Excess of revenues over expenditures	<u>525,555</u>	<u>525,555</u>	<u>59,753</u>	<u>(465,802)</u>
OTHER FINANCING USES				
Transfers out	<u>(598,610)</u>	<u>(598,610)</u>	<u>(97,220)</u>	<u>501,390</u>
Total other financing uses	<u>(598,610)</u>	<u>(598,610)</u>	<u>(97,220)</u>	<u>501,390</u>
Net change in fund balances	(73,055)	(73,055)	(37,467)	35,588
Fund balances, beginning of year	<u>163,094</u>	<u>163,094</u>	<u>163,094</u>	<u>-</u>
Fund balances, end of year	<u>\$ 90,039</u>	<u>\$ 90,039</u>	<u>\$ 125,627</u>	<u>\$ 35,588</u>

EDGEFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
ASSISTANT SOLICITOR FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Local funds	\$ 721,723	\$ 721,723	\$ 731,252	\$ 9,529
Total revenues	<u>721,723</u>	<u>721,723</u>	<u>731,252</u>	<u>9,529</u>
EXPENDITURES:				
Current:				
Public safety	<u>721,723</u>	<u>721,723</u>	<u>726,131</u>	<u>(4,408)</u>
Total expenditures	<u>721,723</u>	<u>721,723</u>	<u>726,131</u>	<u>(4,408)</u>
Net change in fund balances	-	-	5,121	5,121
Fund balances, beginning of year	<u>(7,926)</u>	<u>(7,926)</u>	<u>(7,926)</u>	<u>-</u>
Fund balances, end of year	<u>\$ (7,926)</u>	<u>\$ (7,926)</u>	<u>\$ (2,805)</u>	<u>\$ 5,121</u>

EDGEFIELD COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30

South Carolina Retirement System	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.041134%	0.041929%
County's proportionate share of the net pension liability	\$ 7,489,211	\$ 7,218,785
County's covered-employee payroll	\$ 4,082,631	\$ 3,443,927
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	183.4%	209.6%
Plan fiduciary net position as a percentage of the total pension liability	57.0%	59.9%
South Carolina Police Officers Retirement System	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.23630%	0.23315%
County's proportionate share of the net pension liability	\$ 5,150,106	\$ 4,463,507
County's covered-employee payroll	\$ 2,956,907	\$ 2,553,794
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.2%	174.8%
Plan fiduciary net position as a percentage of the total pension liability	64.6%	67.5%

The above schedules will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedules are disclosed in Note 8 to the financial statements.

EDGEFIELD COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30

South Carolina Retirement System	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 419,503	\$ 403,502
Contributions in relation to the actuarially determined contribution	\$ <u>419,503</u>	\$ <u>403,502</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 4,082,631	\$ 3,443,927
Contributions as a percentage of covered-employee payroll	10.28%	11.72%
South Carolina Police Officers Retirement System	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 394,052	\$ 360,061
Contributions in relation to the actuarially determined contribution	\$ <u>394,052</u>	\$ <u>360,061</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 2,956,907	\$ 2,553,794
Contributions as a percentage of covered-employee payroll	13.33%	14.10%

The above schedules will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedules are disclosed in Note 8 to the financial statements.

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**COMBINING STATEMENTS
AND SCHEDULES**

EDGEFIELD COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Industrial Development Fund** is used to account for property taxes levied for the upkeep of the Industrial Park and to promote economic development.

The **Victim's Bill of Rights Fund** is used to account for the revenues received from assessments and surcharges for the Victim's Services Advocate and related expenditures.

The **County Tire Fund** is used to account for revenues received from Saluda and McCormick Counties used for tire disposal fees received from the state.

The **911 Surcharge Fund** is used to account for revenues received from surcharges designated for 911 and state reimbursements used for E911 services.

The **Road Fee Fund** is used to account for revenues received from the \$20 road fee used for road maintenance upkeep and repairs.

The **Solicitor Fund** is used to account for revenues received from Edgefield, McCormick, Saluda, and Lexington Counties for personnel expenditures.

The **Recreation Fund** is used to account for revenues received from taxes for expenditures associated with the operation of the County's recreation programs.

The **SRO Grant Program Fund** is used to account for grant revenues received from the State of South Carolina and matching revenues received from the Edgefield County School District. The purpose of this program is to provide a school resource officer at Merriwether Middle School.

The **Tri-County Juvenile Justice Grant Fund** is used to account for revenues received from the state used for grant expenditures for the Tri-County Juvenile Justice Program. The purpose of this program is to address the issues related to the disproportionate handling of minority youth in the justice system.

The **Pre-Trial Intervention Fund** is used to account for revenues received from the 11th Circuit for personnel expenditures.

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EDGEFIELD COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

The **Sheriff Grants Fund** is used to account for discretionary grant funds received from the state for child support and inmate recreation expenditures.

The **Clerk of Court Grants Fund** is used to account for discretionary grant funds received from the state for child support and family court expenditures.

The **Criminal Domestic Violence Fund** is used to account for revenues received from the 11th Circuit court for personnel expenditures related to criminal domestic violence.

EDGEFIELD COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016**

	Industrial Development	Victim's Bill of Rights	County Tire Fund	911 Surcharge	Road Fee Fund	Solicitor
ASSETS						
Cash and cash equivalents	\$ 10,395	\$ 33,797	\$ -	\$ 242,265	\$ 120,116	\$ 41,264
Investments	1,511	4,914	-	35,222	17,463	5,999
Taxes receivable	2,964	-	-	-	-	-
Accounts receivable, net	-	200	3,343	28,386	-	36,595
Due from other governments	-	-	-	-	-	-
Total assets	<u>\$ 14,870</u>	<u>\$ 38,911</u>	<u>\$ 3,343</u>	<u>\$ 305,873</u>	<u>\$ 137,579</u>	<u>\$ 83,858</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	649	14,183	-	-	-
Total liabilities	<u>-</u>	<u>649</u>	<u>14,183</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	2,540	-	-	-	-	-
Unavailable revenue - 911 surcharge	-	-	-	28,386	-	-
Total deferred inflows of resources	<u>2,540</u>	<u>-</u>	<u>-</u>	<u>28,386</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Restricted for:						
Public works	-	-	-	-	137,579	-
Health and social services	-	-	-	-	-	-
Public safety	-	38,262	-	277,487	-	83,858
Industrial development	12,330	-	-	-	-	-
Unassigned	-	-	(10,840)	-	-	-
Total fund balances (deficits)	<u>12,330</u>	<u>38,262</u>	<u>(10,840)</u>	<u>277,487</u>	<u>137,579</u>	<u>83,858</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,870</u>	<u>\$ 38,911</u>	<u>\$ 3,343</u>	<u>\$ 305,873</u>	<u>\$ 137,579</u>	<u>\$ 83,858</u>

Recreation	SRO Grant Program	Tri-County Juvenile Justice Grant	Pre-Trial Intervention	Sheriff Grants	Clerk of Court Grants	Criminal Domestic Violence	Totals
\$ -	\$ 3,485	\$ 293	\$ -	\$ 65,451	\$ 161,610	\$ -	\$ 678,676
-	507	43	-	9,516	23,496	-	98,671
5,358	-	-	-	-	-	-	8,322
-	-	-	-	2,023	7,509	25,696	103,752
-	-	-	50,276	-	-	-	50,276
<u>\$ 5,358</u>	<u>\$ 3,992</u>	<u>\$ 336</u>	<u>\$ 50,276</u>	<u>\$ 76,990</u>	<u>\$ 192,615</u>	<u>\$ 25,696</u>	<u>\$ 939,697</u>
\$ -	\$ -	\$ -	\$ 2,709	\$ -	\$ -	\$ -	\$ 2,709
19,856	18,752	-	47,781	-	-	24,779	126,000
<u>19,856</u>	<u>18,752</u>	<u>-</u>	<u>50,490</u>	<u>-</u>	<u>-</u>	<u>24,779</u>	<u>128,709</u>
4,591	-	-	-	-	-	-	7,131
-	-	-	-	-	-	-	28,386
<u>4,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,517</u>
-	-	-	-	-	-	-	137,579
-	-	-	-	-	192,615	-	192,615
-	-	336	-	76,990	-	917	477,850
-	-	-	-	-	-	-	12,330
(19,089)	(14,760)	-	(214)	-	-	-	(44,903)
<u>(19,089)</u>	<u>(14,760)</u>	<u>336</u>	<u>(214)</u>	<u>76,990</u>	<u>192,615</u>	<u>917</u>	<u>775,471</u>
<u>\$ 5,358</u>	<u>\$ 3,992</u>	<u>\$ 336</u>	<u>\$ 50,276</u>	<u>\$ 76,990</u>	<u>\$ 192,615</u>	<u>\$ 25,696</u>	<u>\$ 939,697</u>

EDGEFIELD COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Industrial Development	Victim's Bill of Rights	County Tire Fund	911 Surcharge	Road Fee Fund	Solicitor
Revenues:						
Taxes	\$ 66,318	\$ -	\$ -	\$ -	\$ 478,001	\$ -
Intergovernmental	-	-	11,392	135,871	-	-
Local funds	-	28,690	10,117	-	13,570	223,638
Charges for services	-	-	-	-	-	-
Interest revenue	70	219	-	1,248	1,427	-
Other revenues	1,000	-	-	-	1,200	-
Total revenues	<u>67,388</u>	<u>28,909</u>	<u>21,509</u>	<u>137,119</u>	<u>494,198</u>	<u>223,638</u>
Expenditures:						
Current:						
Public safety	-	53,866	-	137,469	-	364,588
Public works	-	-	-	-	710,469	-
Health and social services	-	-	-	-	-	-
Nondepartmental	65,373	-	26,164	-	-	-
Capital outlay	-	-	-	327	-	-
Total expenditures	<u>65,373</u>	<u>53,866</u>	<u>26,164</u>	<u>137,796</u>	<u>710,469</u>	<u>364,588</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,015</u>	<u>(24,957)</u>	<u>(4,655)</u>	<u>(677)</u>	<u>(216,271)</u>	<u>(140,950)</u>
Other financing sources (uses)						
Transfers in	-	2,809	-	-	-	182,977
Transfers out	-	(6,800)	-	-	(15,000)	(15,000)
Proceeds from the sale of capital assets	-	-	-	-	70,000	-
Total other financing sources (uses)	<u>-</u>	<u>(3,991)</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>167,977</u>
Net change in fund balances	2,015	(28,948)	(4,655)	(677)	(161,271)	27,027
Fund balances (deficits), beginning of year	<u>10,315</u>	<u>67,210</u>	<u>(6,185)</u>	<u>278,164</u>	<u>298,850</u>	<u>56,831</u>
Fund balances (deficits), end of year	<u>\$ 12,330</u>	<u>\$ 38,262</u>	<u>\$ (10,840)</u>	<u>\$ 277,487</u>	<u>\$ 137,579</u>	<u>\$ 83,858</u>

Recreation	SRO Grant Program	Tri-County Juvenile Justice Grant	Pre-Trial Intervention	Sheriff Grants	Clerk of Court Grants	Criminal Domestic Violence	Totals
\$ 119,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 664,014
-	62,145	-	-	18,654	64,330	101,236	393,628
-	-	-	-	-	-	-	276,015
55,789	-	-	196,150	-	-	-	251,939
-	-	-	-	1	-	-	2,965
4,011	-	-	-	-	-	-	6,211
<u>179,495</u>	<u>62,145</u>	<u>-</u>	<u>196,150</u>	<u>18,655</u>	<u>64,330</u>	<u>101,236</u>	<u>1,594,772</u>
-	57,498	-	194,919	11,935	-	100,612	920,887
-	-	-	-	-	-	-	710,469
184,074	-	-	-	-	41,305	-	225,379
-	-	-	-	-	-	-	91,537
-	-	-	-	-	-	-	327
<u>184,074</u>	<u>57,498</u>	<u>-</u>	<u>194,919</u>	<u>11,935</u>	<u>41,305</u>	<u>100,612</u>	<u>1,948,599</u>
(4,579)	4,647	-	1,231	6,720	23,025	624	(353,827)
-	-	-	-	-	40,837	-	226,623
-	-	-	-	(6,800)	(15,252)	-	(58,852)
-	-	-	-	-	-	-	70,000
-	-	-	-	(6,800)	25,585	-	237,771
(4,579)	4,647	-	1,231	(80)	48,610	624	(116,056)
<u>(14,510)</u>	<u>(19,407)</u>	<u>336</u>	<u>(1,445)</u>	<u>77,070</u>	<u>144,005</u>	<u>293</u>	<u>891,527</u>
<u>\$ (19,089)</u>	<u>\$ (14,760)</u>	<u>\$ 336</u>	<u>\$ (214)</u>	<u>\$ 76,990</u>	<u>\$ 192,615</u>	<u>\$ 917</u>	<u>\$ 775,471</u>

EDGEFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	June 30, 2015	Increases	Decreases	June 30, 2016
Rural Fire				
ASSETS				
Cash, cash equivalents and investments	\$ 146,725	\$ 982,412	\$ (978,617)	\$ 150,520
Taxes receivable	32,664	44,849	(51,277)	26,236
Due from other governments	54,049	117,552	(109,152)	62,449
Total assets	<u>\$ 233,438</u>	<u>\$ 1,144,813</u>	<u>\$ (1,139,046)</u>	<u>\$ 239,205</u>
LIABILITIES				
Uncollected property taxes	\$ 32,664	\$ 44,849	\$ (51,277)	\$ 26,236
Due to others	200,774	1,099,964	(1,087,769)	212,969
Total liabilities	<u>\$ 233,438</u>	<u>\$ 1,144,813</u>	<u>\$ (1,139,046)</u>	<u>\$ 239,205</u>
Tax Collector Property Sold				
ASSETS				
Cash, cash equivalents and investments	\$ 224,937	\$ 849,583	\$ (876,915)	\$ 197,605
Total assets	<u>\$ 224,937</u>	<u>\$ 849,583</u>	<u>\$ (876,915)</u>	<u>\$ 197,605</u>
LIABILITIES				
Due to others	\$ 224,937	\$ 849,583	(876,915)	\$ 197,605
Total liabilities	<u>\$ 224,937</u>	<u>\$ 849,583</u>	<u>\$ (876,915)</u>	<u>\$ 197,605</u>
Judge of Probate Fund				
ASSETS				
Cash, cash equivalents and investments	\$ 1,698	\$ 5,224	\$ (1,698)	\$ 5,224
Total assets	<u>\$ 1,698</u>	<u>\$ 5,224</u>	<u>\$ (1,698)</u>	<u>\$ 5,224</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 1,698	\$ 5,224	\$ (1,698)	\$ 5,224
Total liabilities	<u>\$ 1,698</u>	<u>\$ 5,224</u>	<u>\$ (1,698)</u>	<u>\$ 5,224</u>
Hospital Operating Fund				
ASSETS				
Cash, cash equivalents and investments	\$ 8,698	\$ 580,364	\$ (580,535)	\$ 8,527
Taxes receivable	27,291	34,702	(38,304)	23,689
Due from other governments	645	-	(645)	-
Total assets	<u>\$ 36,634</u>	<u>\$ 615,066</u>	<u>\$ (619,484)</u>	<u>\$ 32,216</u>
LIABILITIES				
Uncollected property taxes	\$ 27,291	\$ 34,702	\$ (38,304)	\$ 23,689
Due to others	9,343	580,364	(581,180)	8,527
Total liabilities	<u>\$ 36,634</u>	<u>\$ 615,066</u>	<u>\$ (619,484)</u>	<u>\$ 32,216</u>

EDGEFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	June 30, 2015	Increases	Decreases	June 30, 2016
School Operating Fund				
ASSETS				
Cash, cash equivalents and investments	\$ 562,104	\$ 16,244,871	\$ (16,236,568)	\$ 570,407
Taxes receivable	840,781	851,632	(1,139,334)	553,079
Due from other governments	323,804	644,723	(647,608)	320,919
Total assets	<u>\$ 1,726,689</u>	<u>\$ 17,741,226</u>	<u>\$ (18,023,510)</u>	<u>\$ 1,444,405</u>
LIABILITIES				
Uncollected property taxes	\$ 840,781	\$ 851,632	\$ (1,139,334)	\$ 553,079
Due to others	885,908	16,889,594	(16,884,176)	891,326
Total liabilities	<u>\$ 1,726,689</u>	<u>\$ 17,741,226</u>	<u>\$ (18,023,510)</u>	<u>\$ 1,444,405</u>
School Bond Fund				
ASSETS				
Cash, cash equivalents and investments	\$ 708,350	\$ 2,760,388	\$ (2,643,765)	\$ 824,973
Taxes receivable	105,318	128,402	(143,549)	90,171
Due from other governments	1,645	-	(1,645)	-
Total assets	<u>\$ 815,313</u>	<u>\$ 2,888,790</u>	<u>\$ (2,788,959)</u>	<u>\$ 915,144</u>
LIABILITIES				
Uncollected property taxes	\$ 105,318	\$ 128,402	\$ (143,549)	\$ 90,171
Due to others	709,995	2,760,388	(2,645,410)	824,973
Total liabilities	<u>\$ 815,313</u>	<u>\$ 2,888,790</u>	<u>\$ (2,788,959)</u>	<u>\$ 915,144</u>
Municipal Tax Collection Fund				
ASSETS				
Cash, cash equivalents and investments	\$ 7,671	\$ 688,464	\$ (670,118)	\$ 26,017
Taxes receivable	31,435	8,411	13,586	53,432
Total assets	<u>\$ 39,106</u>	<u>\$ 696,875</u>	<u>\$ (656,532)</u>	<u>\$ 79,449</u>
LIABILITIES				
Uncollected property taxes	\$ 31,435	\$ 8,411	\$ 13,586	\$ 53,432
Due to others	7,671	688,464	(670,118)	26,017
Total liabilities	<u>\$ 39,106</u>	<u>\$ 696,875</u>	<u>\$ (656,532)</u>	<u>\$ 79,449</u>
Forfeitures - Justice Fund				
ASSETS				
Cash, cash equivalents and investments	\$ 674	\$ 4	\$ -	\$ 678
Total assets	<u>\$ 674</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 678</u>
LIABILITIES				
Due to others	\$ 674	\$ 4	\$ -	\$ 678
Total liabilities	<u>\$ 674</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 678</u>

EDGEFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	June 30, 2015	Increases	Decreases	June 30, 2016
Mill Creek Subdivision Fund				
ASSETS				
Cash, cash equivalents and investments	\$ 3,026	\$ -	\$ -	\$ 3,026
Total assets	<u>\$ 3,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,026</u>
LIABILITIES				
Due to others	\$ 3,026	\$ -	\$ -	\$ 3,026
Total liabilities	<u>\$ 3,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,026</u>
Clerk of Court Fund				
ASSETS				
Cash, cash equivalents and investments	\$ 277,452	\$ 287,521	\$ (272,057)	\$ 292,916
Total assets	<u>\$ 277,452</u>	<u>\$ 287,521</u>	<u>\$ (272,057)</u>	<u>\$ 292,916</u>
LIABILITIES				
Due to others	\$ 277,452	\$ 287,521	\$ (272,057)	\$ 292,916
Total liabilities	<u>\$ 277,452</u>	<u>\$ 287,521</u>	<u>\$ (272,057)</u>	<u>\$ 292,916</u>
Sheriff & Detention Center				
ASSETS				
Cash, cash equivalents and investments	\$ 3,069	\$ 19,090	\$ (3,939)	\$ 18,220
Total assets	<u>\$ 3,069</u>	<u>\$ 19,090</u>	<u>\$ (3,939)</u>	<u>\$ 18,220</u>
LIABILITIES				
Due to others	\$ 3,069	\$ 19,090	\$ (3,939)	\$ 18,220
Total liabilities	<u>\$ 3,069</u>	<u>\$ 19,090</u>	<u>\$ (3,939)</u>	<u>\$ 18,220</u>

EDGEFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	June 30, 2015	Increases	Decreases	June 30, 2016
Vehicle Registration Fee Fund				
ASSETS				
Cash, cash equivalents and investments	\$ 6,676	\$ 314,655	\$ (310,344)	\$ 10,987
Total assets	<u>\$ 6,676</u>	<u>\$ 314,655</u>	<u>\$ (310,344)</u>	<u>\$ 10,987</u>
LIABILITIES				
Due to others	\$ 6,676	\$ 314,655	\$ (310,344)	\$ 10,987
Total liabilities	<u>\$ 6,676</u>	<u>\$ 314,655</u>	<u>\$ (310,344)</u>	<u>\$ 10,987</u>
Magistrate Court Fund				
ASSETS				
Cash, cash equivalents and investments	\$ -	\$ 56,798	\$ (56,798)	\$ -
Total assets	<u>\$ -</u>	<u>\$ 56,798</u>	<u>\$ (56,798)</u>	<u>\$ -</u>
LIABILITIES				
Due to others	\$ -	\$ 56,798	\$ (56,798)	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 56,798</u>	<u>\$ (56,798)</u>	<u>\$ -</u>
Tri County Solidwaste Authority				
ASSETS				
Cash, cash equivalents and investments	\$ 1,523,924	\$ 3,495,648	\$ (3,803,377)	\$ 1,216,195
Total assets	<u>\$ 1,523,924</u>	<u>\$ 3,495,648</u>	<u>\$ (3,803,377)</u>	<u>\$ 1,216,195</u>
LIABILITIES				
Due to others	\$ 1,523,924	\$ 3,495,648	\$ (3,803,377)	\$ 1,216,195
Total liabilities	<u>\$ 1,523,924</u>	<u>\$ 3,495,648</u>	<u>\$ (3,803,377)</u>	<u>\$ 1,216,195</u>
Totals				
ASSETS				
Cash, cash equivalents and investments	\$ 3,475,004	\$ 26,285,022	\$ (26,434,731)	\$ 3,325,295
Taxes receivable	1,037,489	1,067,996	(1,358,878)	746,607
Due from other governments	380,143	762,275	(759,050)	383,368
Total assets	<u>\$ 4,892,636</u>	<u>\$ 28,115,293</u>	<u>\$ (28,552,659)</u>	<u>\$ 4,455,270</u>
LIABILITIES				
Uncollected taxes	\$ 1,037,489	\$ 1,067,996	\$ (1,358,878)	\$ 746,607
Due to others	3,855,147	27,047,297	(27,193,781)	3,708,663
Total liabilities	<u>\$ 4,892,636</u>	<u>\$ 28,115,293</u>	<u>\$ (28,552,659)</u>	<u>\$ 4,455,270</u>

EDGEFIELD COUNTY, SOUTH CAROLINA

**SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
CLERK OF COURT AND MAGISTRATE COURT
JUNE 30, 2016**

	<u>Collections</u>	<u>Amount Remitted to County Treasurer</u>	<u>Amount Remitted to State Treasurer</u>	<u>Amount Allocated to Victim's Services</u>
Clerk of Court and Magistrate Court				
Fines and Fees	\$ 454,206	\$ 366,886	\$ 87,320	\$ -
Assessments	159,812	624	143,301	15,887
Surcharges	90,665	1,344	76,518	12,803
Totals	<u>\$ 704,683</u>	<u>\$ 368,854</u>	<u>\$ 307,139</u>	<u>\$ 28,690</u>
Victims' Assistance				
Balance for victims' assistance - beginning of year				\$ 67,210
Amounts allocated for victims' assistance - 7/1/15 - 6/30/16				
Assessments and surcharges			28,690	
Miscellaneous			<u>220</u>	28,910
Amounts spent for victims' assistance in fiscal year 2016 from assessments and surcharges				
Salaries and benefits				(60,667)
General fund subsidy				<u>2,809</u>
Balance for victims' assistance - end of year				<u>\$ 38,262</u>

EDGEFIELD COUNTY, SOUTH CAROLINA

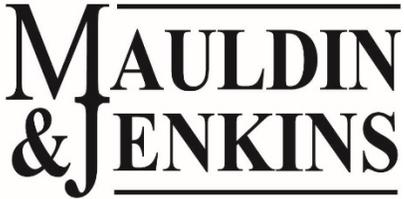
SCHEDULE OF LEGAL DEBT MARGIN

JUNE 30, 2016

Assessed Property Valuation		<u>\$ 76,957,570</u>
Debt Limit (8% of assessed value)		\$ 6,156,606
Debt Applicable to Debt Limit		
Total bonded debt	\$ 3,388,928	
Bonded debt not applicable to County's debt limit	<u>(1,715,600)</u>	
Bonded debt applicable to County's debt limit	1,673,328	
Less debt service fund balance	<u>(3,401,347)</u>	
Excess of fund balance over bonded debt	(1,728,019)	
Total debt applicable to debt limit		<u>-</u>
Legal Debt Margin		<u>\$ 6,156,606</u>

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COMPLIANCE SECTION



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

**County Council
of Edgefield County
Edgefield, South Carolina**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Edgefield County, South Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Edgefield County, South Carolina's basic financial statements and have issued our report thereon dated December 15, 2016. Our report includes a reference to other auditors who audited the financial statements of the Edgefield County Hospital, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Edgefield County Hospital were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Edgefield County, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Edgefield County, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Edgefield County, South Carolina's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2016-001 through 2016-006 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2016-007 to be a significant deficiency.

Compliance and Other Matters

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

Edgefield County, South Carolina's Responses to Findings

Edgefield County, South Carolina's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Edgefield County, South Carolina's responses were not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on them.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macon, Georgia
December 15, 2016



EDGEFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2016 due to the total amount expended being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016-001. Management of Accounts Receivable

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

Condition: The County did not properly record amounts receivable from multiple sources in the General, User Fee, 911, Criminal Domestic Violence, and School Operating funds as of June 30, 2016.

Context: We addressed this matter with County officials, and they were able to determine the amounts receivable that should be recorded in the funds as of June 30, 2016.

Effect: An audit adjustment to increase accounts receivable and increase revenues in an aggregate amount of \$508,522 was required as of June 30, 2016.

Cause: The County did not review and reconcile all revenue transactions after year-end to determine reporting in the proper period.

EDGEFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-001. Management of Accounts Receivable (Continued)

Recommendation: We recommend the County establish procedures to review and reconcile all revenue transactions after year-end to determine reporting in the proper period.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to review and reconcile all revenue transactions after year-end to determine reporting in the proper period.

2016-002. Year-end Closing Procedures

Criteria: Internal controls and effective procedures should be in place to ensure that the audit adjustments are posted to the County's accounting system and that balances are properly rolled forward to the subsequent fiscal year.

Condition: The County did not have sufficient controls and procedures in place to ensure the accuracy of the beginning balances of items requiring accrual which led to inconsistencies in the reported fund balances reported in the General, Assistant Solicitor, Solicitor, Industrial Development, Road Fee, Sheriff's Grants, Clerk of Courts, User Fee, 911, Victim's Bill of Rights, Pre-Trial Prevention, EMS, SRO Grant, Recreation, Criminal Domestic Violence, County Tire, Capital Projects, and Debt Service funds.

Context: We addressed this matter with County officials, and they were able to determine the amounts of prior year accruals not reflected in the accounting records as of June 30, 2016.

Effect: Aggregate audit adjustments of \$1,631,200 in the General, Assistant Solicitor, Solicitor, Industrial Development, Road Fee, Sheriff's Grants, Clerk of Courts, User Fee, 911, Victim's Bill of Rights, Pre-Trial Prevention, EMS, SRO Grant, Recreation, Criminal Domestic Violence, County Tire, Capital Projects, and Debt Service funds to adjust fund balance to reflect beginning balances at July 1, 2015 were required as of June 30, 2016.

Cause: See Condition above.

Recommendation: We recommend the County implement procedures to ensure that all audit adjustments are posted to the County's accounting system and beginning balances are properly reflected

Views of Responsible Officials and Planned Corrective Action: We concur. We will ensure all audit adjustments are properly reflected in the County's accounting system and beginning balances are properly reflected.

EDGEFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-003. Management of Accrued Liabilities

Criteria: Generally accepted accounting principles require the reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of June 30, 2016 as it relates to accrued salaries and wages as well as other payroll accrual items in the General, Assistant Solicitor, Solicitor, Road Fee, Clerk of Courts, User Fee, 911, Victim's Bill of Rights, Pre-Trial Prevention, EMS, SRO Grant, Recreation, and Criminal Domestic Violence funds.

Context: We addressed this matter with County officials, and they were able to determine the amounts of accrued liabilities that should be recorded in these funds as of June 30, 2016.

Effect: An audit adjustment to increase accrued liabilities and increase expenditures in an aggregate amount of \$477,553 was required as of June 30, 2016.

Cause: Reconciliations of accrued liabilities are not being performed on an annual basis.

Recommendation: We recommend the County implement procedures to reconcile all accrued liability accounts to the general ledger on an annual basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to reconcile all accrued liability accounts to the general ledger on an annual basis.

2016-004. Improper Reporting of Expenditures

Criteria: Governmental accounting standards require debt service funds to be used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Condition: The County did not properly address the above criteria as of June 30, 2016 as it relates to the proper reporting of capital outlay expenditures in the County's funds. The County reported capital outlay expenditures in the Debt Service fund.

Context: We addressed this matter with County officials, and they were able to determine the amounts of capital outlay expenditures recorded in the Debt Service fund that should be recorded in the County's Capital Projects fund as of June 30, 2016.

EDGEFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-004. Improper Reporting of Expenditures (Continued)

Effect: An audit adjustment to decrease expenditures and increase interfund transfers to the Capital Projects fund in the Debt Service fund and increase expenditures and increase interfund transfers from the Debt Service fund in the amount of \$279,663 was required as of June 30, 2016.

Cause: The proper determination of the appropriate reporting of capital outlay expenditures in accordance with GASB Statement No. 54 was not performed.

Recommendation: We recommend the County implement procedures to properly determine that expenditures are reported appropriately.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to properly determine that expenditures are reported appropriately.

2016-005. Management of Capital Assets

Criteria: Generally accepted accounting principles require items purchased with a measurable future economic value to be recorded as capital assets and depreciated over their useful life.

Condition: All capital asset activity was not recorded in the County's capital asset accounting system as it relates to governmental activities.

Context: We addressed this matter with County officials, and they were able to determine the amount of gain on disposal that should be recorded in the Road Fee fund as of June 30, 2016.

Effect: An audit adjustment to increase capital outlay and increase revenues in the amount of \$70,000 was required for the Road Fee fund as of June 30, 2016.

Cause: Capital asset activity was not properly reconciled in a timely manner.

EDGEFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-005. Management of Capital Assets (Continued)

Recommendation: We recommend the County implement procedures to ensure a proper reconciliation of capital asset activity is performed on an ongoing basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to reconcile all capital asset activity to ensure all activity is reflected on a timely basis.

2016-006. Management of Transfer and Internal Balances

Criteria: Internal controls and effective procedures should be in place to ensure that interfund receivables, payables, and transfers between funds are reconciled between the funds to ensure that all activity is properly recorded.

Condition: The County did not properly address the above criteria as of June 30, 2016 as it relates to interfund balances and transfers in the General, Assistant Solicitor, Solicitor, and User Fee funds.

Context: We addressed this matter with County officials, and they were able to determine the amount of internal balances and transfers that should be recorded in the General, Assistant Solicitor, Solicitor, and User Fee funds as of June 30, 2016.

Effect: An audit adjustment to increase adjust interfund balances and transfers in an aggregate amount of \$667,393 was required as of June 30, 2016.

Cause: The County did not review and reconcile all interfund balances and transfers on an ongoing basis.

Recommendation: We recommend the County implement procedures to ensure a proper reconciliation of interfund balances and transfers activity is performed in a timely manner.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to reconcile all interfund balances and transfer activity to ensure all activity is properly reflected.

EDGEFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

2016-007. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties among the functions of payroll processing, maintaining personnel files, performing human resources functions and making personnel changes in the payroll system does not exist.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties is due to the lack of a properly developed integrated work plan with appropriate controls and an improper allocation of available resources.

Recommendation: The duties of processing payroll, maintaining personnel files, performing human resources functions and making personnel changes in the payroll system should be segregated among employees.

Views of Responsible Officials and Planned Corrective Action: We concur. The County is in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among processing payroll, maintaining personnel files, performing human resources functions and making personnel changes in the payroll system to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

EDGEFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

2015-001. Management of Accounts Receivable

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

Condition: The County did not properly record amounts receivable from multiple sources in the General, Sheriff Grants, Clerk of Court Grants, 911, SRO Grant, County Tire, and Capital Projects funds as of June 30, 2015.

Status: Unresolved.

2015-002. Year-end Closing Procedures

Criteria: Internal controls and effective procedures should be in place to ensure that the audit adjustments are posted to the County's accounting system and that balances are properly rolled forward to the subsequent fiscal year.

Condition: The County did not have sufficient controls and procedures in place to ensure the accuracy of the beginning balances of items requiring accrual which led to inconsistencies in the reported fund balances reported in the General, Assistant Solicitor, Solicitor, Industrial Development, Road Fee, User Fee, 911, Victim's Bill of Rights, Pre-Trial Prevention, EMS, SRO Grant, and Recreation funds and the Tri-County Solid Waste Authority.

Status: Unresolved.

2015-003. Management of Accrued Liabilities

Criteria: Generally accepted accounting principles require the reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of June 30, 2015 as it relates to accrued salaries and wages as well as other payroll accrual items in the General, Assistant Solicitor, Solicitor, Road Fee, User Fee, 911, Victim's Bill of Rights, Pre-Trial Prevention, EMS, SRO Grant, Recreation, and Criminal Violence funds.

Status: Unresolved.

EDGEFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

2015-004. Improper Reporting of Expenditures

Criteria: Governmental accounting standards require debt service funds to be used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Condition: The County did not properly address the above criteria as of June 30, 2015 as it relates to the proper reporting of capital outlay expenditures in the County's funds. The County reported capital outlay expenditures in the Debt Service fund.

Status: Unresolved.

2015-005. Management of Capital Assets

Criteria: Generally accepted accounting principles require items purchased with a measurable future economic value to be recorded as capital assets and depreciated over their useful life.

Condition: Capital assets were improperly reported as it relates to the Tri-County Solid Waste Authority. Also, all capital asset activity was not recorded in the County's capital asset accounting system as it relates to governmental activities.

Status: Unresolved.

2015-006. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties among the functions of payroll processing, maintaining personnel files, performing human resources functions and making personnel changes in the payroll system does not exist.

Status: Unresolved.

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