

BAMBERG COUNTY, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

BAMBERG COUNTY, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

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BAMBERG COUNTY, SOUTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of County Council
Bamberg County, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bamberg County, South Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

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INDEPENDENT AUDITOR'S REPORT
(continued)

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bamberg County, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in 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 management's discussion and analysis, schedules of funding progress for the retiree health plan, schedules of the County's proportionate share of the net pension liability – SCRS and PORS, and schedules of County contributions – SCRS and PORS on pages 4–20 and 78–80 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 Bamberg County, South Carolina's basic financial statements. The combining and individual fund schedules and the supplemental section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules and the supplemental section 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 fund schedules and the supplemental section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
(continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2018, on our consideration of Bamberg 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 effectiveness of Bamberg County, South Carolina's 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 Bamberg County, South Carolina's internal control over financial reporting and compliance.

McGregor + Company LLP

Orangeburg, South Carolina
July 26, 2018

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Bamberg County management's discussion and analysis offers readers of the County's financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and notes to the basic financial statements.

The government-wide financial statements include Bamberg County (known as the primary government). The Bamberg Facilities Corporation, a non-profit corporation, was formed in June, 2013 and meets the criteria to be included in these financial statements as a blended component unit of the County. Information included in this discussion and analysis focuses on the activities of the primary government.

Financial Highlights:

- Bamberg County's assets and deferred outflows exceeded its liabilities and deferred inflows at June 30, 2017 by \$4,611,821 (net position). The County's unrestricted net position portion of this amount is a deficit \$(1,981,137).
- The County's total net position increased \$1,258,464 over the previous year.
- At June 30, 2017, the County's governmental fund balance sheet reported a combined ending fund balance of \$8,065,835, an increase of \$486,279 from the previous fiscal year. Of this amount, \$1,875,455 remains in the various funds of the County as unassigned.
- The General Fund reported a fund balance of \$3,308,323, an increase from last fiscal year of \$100,159. The unassigned fund balance is \$2,157,915.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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 the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

The statement of activities presents information showing how the County'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 result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of Bamberg County that are principally supported by taxes and intergovernmental revenues (governmental activities) and fees (business-type activities). The County's governmental activities include general government, public safety, physical environment, economic environment, human services, and cultural/recreation. The County's business-type activities include landfill and solid waste related services.

The government-wide financial statements can be found on pages 21 and 22 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bamberg 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Bamberg County maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Sales Tax and Other Capital Projects Fund, and the Capital Needs Equipment Replacement Fund which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining schedules elsewhere in this report.

Bamberg County adopts an annual appropriation budget for its General Fund and most of its other governmental funds. Required budgetary comparison schedules have been provided for the General Fund to demonstrate compliance with the budget.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

The basic governmental funds financial statements can be found on pages 23 through 32 of this report.

Proprietary fund: Bamberg County utilizes one proprietary fund for its landfill and solid waste related activities. This fund accounts for the assessed solid waste fees and the landfill usage fees. These statements are found on pages 28 through 31.

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The basic fiduciary fund financial statement can be found on page 32 of this report.

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 through 77 of this report.

Other information: In addition to the basic financial statements and accompanying notes, the Governmental Accounting Standards Board requires information pertaining to other post-employment benefits and the pension plan be presented to supplement the basic financial statements. This required supplemental information (RSI) is presented immediately following the notes to the financial statements. Combining and individual fund schedules referred to earlier are presented following the RSI. The RSI can be found on pages 78 through 80 and the combining and individual fund schedules can be found on pages 81 through 98 of this report.

Government-wide Financial Analysis

The government-wide financial statements are provided as part of the new approach mandated by the GASB. GASB sets the uniform standards for presenting government financial reports.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Bamberg County, assets and deferred outflows exceeded liabilities and deferred inflow by \$4,611,821 at the close of the most recent fiscal year. The County's increase in net position for this fiscal year amounts to \$1,258,464.

One portion of the County's net position (\$744,393) reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that are 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.

An additional portion of the County's net position (\$5,848,565) represents resources that are subject to restrictions on how they may be used. The remaining balance is a deficit of (\$1,981,137) unrestricted net position.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

**Bamberg County's Net Position
(Dollars in Thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 9,736	\$ 9,382	\$ 103	\$ 139	\$9,839	\$ 9,520
Capital assets	<u>13,013</u>	<u>12,038</u>	<u>694</u>	<u>744</u>	<u>13,707</u>	<u>12,783</u>
Total assets	<u>22,749</u>	<u>21,420</u>	<u>797</u>	<u>883</u>	<u>23,546</u>	<u>22,303</u>
Total deferred outflows of resources	<u>2,724</u>	<u>2,461</u>	<u>63</u>	<u>33</u>	<u>2,787</u>	<u>2,494</u>
Long-term liabilities						
Outstanding	18,286	17,974	1,078	1,092	19,364	19,066
Other liabilities	<u>2,147</u>	<u>2,146</u>	<u>179</u>	<u>227</u>	<u>2,326</u>	<u>2,373</u>
Total liabilities	<u>20,433</u>	<u>20,120</u>	<u>1,257</u>	<u>1,319</u>	<u>21,690</u>	<u>21,439</u>
Total deferred inflows of resources	<u>30</u>	<u>5</u>	<u>2</u>	<u>-</u>	<u>32</u>	<u>5</u>
Net Position						
Invested in capital assets, net of related debt	466	2,401	278	252	744	2,653
Restricted	5,848	5,384	-	-	5,848	5,384
Unrestricted	<u>(1,304)</u>	<u>(4,029)</u>	<u>(677)</u>	<u>(655)</u>	<u>(1,981)</u>	<u>(4,684)</u>
Total net position	<u>\$ 5,010</u>	<u>\$ 3,756</u>	<u>\$(399)</u>	<u>\$(403)</u>	<u>\$4,611</u>	<u>\$ 3,353</u>

The changes in net position displayed below shows the governmental and business-type activities during the fiscal year.

**Bamberg County's Changes in Net Position
(Dollars in Thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program revenue:						
Charges for services	\$ 788	\$ 783	\$1,023	\$ 994	\$ 1,811	\$ 1,777
Operating grants	552	474	46	32	598	506
Capital grants and contributions	779	683	-	-	779	683

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

**Bamberg County's Change in Net Position
(Dollars in Thousands)**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General revenue:						
Taxes:						
Property taxes	6,610	6,285	-	-	6,610	6,285
Sales tax	955	806	-	-	955	806
State shared revenue	621	593	-	-	621	593
Gain on sale of assets	48	86	-	27	48	113
Interest earnings	7	4	-	-	7	4
Miscellaneous	101	96	-	-	101	96
Contributions	<u>37</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>53</u>
Total revenues	<u>10,498</u>	<u>9,863</u>	<u>1,069</u>	<u>1,053</u>	<u>11,567</u>	<u>10,916</u>
Expenses:						
General government	2,991	2,723	-	-	2,991	2,723
Judicial	724	700	-	-	724	700
Public safety	2,686	2,556	-	-	2,686	2,556
Public works	543	556	-	-	543	556
Economic development	251	413	-	-	251	413
Culture and recreation	206	175	-	-	206	175
Miscellaneous	182	166	-	-	182	166
Health and welfare	915	932	-	-	915	932
Interest and charges	670	1,316	-	-	670	1,316
Landfill and solid waste	-	-	<u>1,141</u>	<u>1,003</u>	<u>1,141</u>	<u>1,003</u>
Total expenses	<u>9,168</u>	<u>9,537</u>	<u>1,141</u>	<u>1,003</u>	<u>10,309</u>	<u>10,540</u>
Transfers	<u>(76)</u>	<u>27</u>	<u>76</u>	<u>(27)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 1,254</u>	<u>\$ 353</u>	<u>\$ 4</u>	<u>\$ 23</u>	<u>\$ 1,258</u>	<u>\$ 376</u>

Primary Government Activities: Revenues for the County's governmental activities were \$10,497,338 for fiscal year 2017. Taxes constitute the largest source of County revenues, amounting to approximately \$7,565,402 for the fiscal year 2017. Real, personal property, and vehicle taxes of \$6,610,203 represent over 87% of total taxes and 63% of all revenue combined. The business-type activities had an increase in net position for the year of \$4,518.

Financial Analysis of Bamberg County's Funds

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

Governmental funds: The focus of Bamberg County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Bamberg 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. As of

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

June 30, 2017, Bamberg County governmental funds reported combined fund balances of \$8,065,835, an increase of \$486,279 over the prior year balances.

The General Fund is the chief operating fund of the County. At June 30, 2017, total fund balance in the General Fund was \$3,308,323, of which \$2,157,915 was unassigned. As a measure of the General Fund's liquidity, the total unassigned fund balances compared to total fund expenditures was 31%. The fund balance of the General Fund increased by \$100,159 during the current fiscal year.

The major Sales Tax and Other Capital Projects Fund is used to account for specific revenues and debt proceeds slated to fund the approved capital projects under the sales tax referendum. The fund balance for this fund increased by \$449,435 during the fiscal year resulting in an ending fund balance of \$3,963,488 at June 30, 2017.

The major Capital Needs Equipment Replacement Fund is used to account for tax revenue levied for capital equipment needs. The fund balance for this fund increased by \$25,111 to arrive at an ending fund balance of \$558,426 at June 30, 2017.

Other governmental funds are used to account for specific revenues and expenditures. Total fund balances of all other governmental funds decreased by \$88,426 from the prior year.

General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund on page 27. The expenditures incurred during the year were \$119,404 over the budgeted amounts and revenues received were \$372,244 over the budgeted amounts.

Capital Asset and Debt Administration

Capital assets: Bamberg County's investment in capital assets for its governmental activities and business-type activities as of June 30, 2017 is stated below.

	<u>Governmental Activities</u> (Dollars in Thousands)	<u>Business-Type Activities</u>
Land	\$ 388	\$ 36
Construction in process	268	-
Buildings and improvements	7,934	154
Vehicles	1,062	-
Machinery and equipment	1,986	504
Infrastructure	<u>1,375</u>	<u>-</u>
Total capital assets, net	<u>\$13,013</u>	<u>\$ 694</u>

Additional information on the County's capital assets can be found in Note 7 on pages 47 through 49 of this report.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Long-term debt: At the end of the current fiscal year, Bamberg County had a total bonded debt outstanding of \$1,639,146, all of which is backed by the full faith and credit of the County. During the 16-17 fiscal year, the County issued \$176,000 general obligation bond 2016B to provide funding for capital sales tax projects and payment of existing debt service on debt related to these projects. During the fiscal year, the County also executed an installment purchase contract of \$269,936 for heavy equipment, three notes payable for vehicles totaling \$156,838, and one note payable for \$156,150 for capital projects

**Bamberg County's Outstanding Debt
(Dollars in Thousands)**

	<u>Governmental Activities</u>		<u>Business- Type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 1,639	\$ 1,623	\$ -	\$ -
Installment purchase revenue bonds	10,390	10,795	-	-
Notes payable	316	6	-	-
Capital lease obligations	<u>1,288</u>	<u>1,283</u>	<u>416</u>	<u>492</u>
	<u>\$13,633</u>	<u>\$13,707</u>	<u>\$416</u>	<u>\$ 492</u>

Additional information on Bamberg County's long-term debt can be found in Note 11 on pages 50 through 57 of this report.

Economic Factors and Next Year's Budgets and Rates

Physical Characteristics



New Bamberg County Entrance Sign on US Highway 301

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**



County Profile

Date Formed: 1897	Land Area (Square Miles): 393
County Seat: Bamberg	Other Cities & Towns: Denmark, Ehrhardt, Govan, Olar
Form of Government: Council-Administrator	Council Members: 7
Method of Election: Single Member	Term Length: 4 years
Council of Government: Lower Savannah	

County History

Bamberg County and its county seat were named for local resident William Seaborn Bamberg (1820-1858) and other members of the Bamberg family. The area was a part of Barnwell County until 1897 when the new county was established. Although the area has been primarily agricultural, several towns developed along the route of the South Carolina Railroad in the mid-nineteenth century. In February of 1865, Confederate soldiers fought an unsuccessful skirmish against General Sherman's troops at Rivers Bridge, now the site of a state park. The plantation of author William Gilmore Simms (1806-1870) was in what is now Bamberg County, and artist Jim Harrison was also a native of the county.

Bamberg County was established in 1897 and consists of 395.2 square miles. The population (2014) is 15,182. The County operates under the Council-Administrator form of government and employs approximately 113. The county intersects four U.S. Highways – U.S. 301, 601, 78 and 321.

Rail Service:

A north - south bound branch of CSX rail bisects Bamberg County and travels through the towns of Denmark, Govan and Olar. This rail offers easy access to both the ports of Savannah and Charleston.

Air Service:

Bamberg is served by a community airport consisting of an approximately 3600 foot runway capable of accommodating single and multi-engine air craft.

Utility Providers:

The Bamberg Board of Public Works serves the northeastern portion of the county and provides electric, water, wastewater and gas service to the Town of Bamberg and immediate surrounding areas. Electric service is provided within the unincorporated areas by Edisto Electric Cooperative.

A municipal system provides water and waste water to The City of Denmark. Power and gas within the City of Denmark is provided by South Carolina Electric and Gas.

In addition, a municipal water and sewer system serves the town Ehrhardt. The Towns of Olar and Govan are served by a joint municipal water system.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

School Districts:

Bamberg County is composed of two school districts: Denmark-Olar and Bamberg Ehrhardt.

Higher Education:

Bamberg County is home to Voorhees College, Denmark Technical College and the Bamberg Job Corps Center.

Healthcare:

The Regional Medical Center operates an urgent care center within the Town of Bamberg. Acute and specialized care providers are located approximately 20 miles north in Orangeburg, SC.

Quality of Life:

The Edisto River borders the county to the north and offers ample canoeing and angling opportunities. Bamberg is home to a large population of wildlife and draws visitors from across the nation for game hunting and wing shooting. The municipalities or local clubs offer a full range of organized youth sporting activities on a year round basis. Further afield, the county is within roughly 90 minutes of historic Charleston, SC and Savannah, GA and an easy drive to world-class beach and resort destinations such as Hilton Head Island, SC.

Unique:

Bamberg is the childhood home of Nikki Haley, the first female to serve as governor of South Carolina. She was nominated as the U.S. Ambassador to the United Nations in January of 2017.

Largest Employers:

Bamberg County boasts a robust mix of private employers with one of the largest sectors encompassing production and manufacturing. Some of Bamberg's most notable companies are summarized below.

Masonite

Masonite is located just outside the City of Denmark. They are one of the world's largest producers of residential doors, having the capacity to produce up to 7,000 doors a day. Presently, they employ around 200 people. Masonite is one of Bamberg's newest industries. Recognizing a tremendous opportunity to take advantage of Bamberg's proximity to markets and local workforce, the company has invested over 14 million in the community since 2011.

UTC Aerospace/Delavan

The Bamberg facility employs approximately 132 people and has been located in the community since 1970. As the maker of highly refined nozzles, UTC controls approximately 70 percent of this market. Future product development includes entry and growth in South Carolina's ever-advancing automotive and aerospace clusters.

Rockland Industries

Rockland Industries has been located at the current Bamberg County facility for over 40 years. As a maker of high performance specialty "black-out" fabric, Rockland is one the only textile companies in the nation that continues to export fabric to Asia and the Far East. They consistently employ approximately 130 individuals.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Freudenberg Sealing Technologies

German based FST is the newest addition to Bamberg County's family of companies. Last year, Freudenberg purchased the existing assets of Tobul Accumulator. Tobul had been a world leader in the Hydraulic Accumulator market and operating in Bamberg County since 1987. Capitalizing on this high level of foundational experience, Freudenberg continues to grow the company at the Bamberg location. The plant currently employs around 130.

Phoenix Specialty

In business for over 100 years, today Phoenix produces high quality washers and shims for a variety of applications. Phoenix has the ability to create highly refined components. As a result, many of the parts made are used in aerospace propulsion systems. The aerospace division of General Electric is one of their larger customers. The company historically employs around 90 people and has been operating successfully in Bamberg since 1969.

Black Water Barrels

Black Water Barrels began operations in January of 2016, retrofitting and expanding upon existing commercial space in Bamberg. This welcome economic announcement entails adding 57 new jobs and an investment of \$3.6 million. Their product is used in the distilling of bourbon, wine, spirits and beers. Below is a before and after picture of the facility.



**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**



Southern Carolina Alliance:

Bamberg County is a charter member of the Southern Carolina Regional Development Alliance. The Alliance began as three rural counties including Bamberg, Allendale and Barnwell in 1996. Since that time, the Alliance has grown to serve a total of six counties in the South Carolina Lowcountry. In an effort to advance the quality of life of the region through job creation and capital investment, the Alliance provides a full range of economic development services to Bamberg. These include product development, existing industry support, community development, and national and international marketing and industrial recruitment.

Unemployment

The growth of Bamberg County's existing companies along with new announcements, have resulted in the County's unemployment rate decreasing the past year. According to the S.C. Department of Employment and Workforce (DEW), Bamberg County's unemployment rate was 5.1%, as of May 2018, representing an 25% decrease from the May of 2017 rate of 6.8%. The state of South Carolina unemployment rate was 4.0% in May of 2018 and 4.2% in May of 2017.

FY18 Budget

In order to plan not only for the upcoming FY18 budget, but also for future years, Bamberg County Council held a planning retreat in March of 2017. This retreat is held annually and affords County Council the opportunity to consider the County's overall vision and mission. As part of this goal-setting session, the Council prepares objectives for each main area of service.

Following is the County vision and mission as approved by County Council during their March retreat.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**



Vision

Bamberg County will be a community where citizens can feel safe, raise their families, obtain a quality education and employment, and thrive in a community with an exceptional quality of life.

Mission

Bamberg County's mission is to be a financially-stable and fiscally responsible government that will utilize technology, communication and ingenuity to provide the opportunity for a high quality of life by ensuring that excellent infrastructure is available to its citizens; where Citizens and Public Safety agencies have the resources to work together to provide a safe community to live and do business in; where quality housing and the best available healthcare options are found; where first-class recreation facilities provide a physical outlet for individuals and families; and where there is a favorable business climate that provides job opportunities to present and future generations.



The FY18 budget was developed to align resources (revenues) to Council's goals and overall mission for the county. The County continued to address deferred equipment needs by following its capital replacement plan. It was established that the State continues to not fully fund local governments properly per State law, thus this fact made it very difficult to fully fund all the County's needs with the local tax base. The County experienced increased operating costs such as health insurance, retirement costs, and general inflationary pressures to goods and services.

Many departments requested additional personnel but the Council only approved one part-time position in the Voter's Registration department.

The value of one mil increased slightly from \$26,003 in FY17 to \$26,520 for FY18, thus there was very little increase in revenues due to the lack of significant growth of the tax base.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

The County added several personnel related initiatives in the budget. One of these is an employee assistance contract with Tri-County Commission on Alcohol and Drug Abuse, which will provide confidential counseling for addiction, depression, financial, marital, grief, stress, anxiety and other mental health issues. The County also chose to cover the increases to employee health insurance premiums, as opposed to passing those costs to the employees. The FY18 budget does not contain any across-the-board pay increases.

Below are some additional budget initiatives, presented on a per fund basis.

General Fund

- In the Auditor's Office we are proposing funds to purchase what is called "First-Time Issue" software for vehicles. This software helps ensure we are getting all the information on new vehicles purchased from dealers who get new tags in the County. Currently information is coming to us from affidavits turned in to the DMV from the car dealerships and also affidavits mailed to us from other counties. Recently we have not been getting all of this information and we are experiencing a high # of taxpayers who come in to inquire about a tax bill for their newly purchased vehicle. Other counties report that the software is working very well for them. We feel that this will be a good investment of our limited funds as it will help to providing more timely revenue to the county. The cost of the software is \$6,480 plus tax, and then \$2,070 for annual maintenance. Total proposed in the budget is \$8,550.
- In the Assessor's Office we are proposing to replace an aged plotter. The existing plotter is at least 15 years old, maybe older. It is used to print aerial photo copies, which the County charges a fee to do. The photo copies are not good quality and it is impossible to find parts to repair the old machine. We have a quote for the new machine which is \$5,400. Each year the Assessor's Office, using the machine, produces around \$2,000 in revenue for the County. We feel that given the quick payback on the machine, and combined with the age/quality issues of the existing machine, this will be a good investment of County funds. We are proposing to replace the machine.
- In Voter's Registration we are proposing to replace the ballot printer. The existing machine was supplied to the County along with voting machines 13 years ago. The printer has not been working for a short time now. This printer allows us to print ballots on demand. This is necessary at times due to human error and natural disasters. The State Election Commission had the SC Military Dept. Defensive Cyber Operations Element to come in and conduct a rapid vulnerability assessment on our election processes, procedures and equipment. This machine was noted as not being in working order. The County must be able to conduct an election, to provide voters with what they need to cast their ballots should voting machines not be available. The cost of a new machine will be in the range of \$5,100.
- Mosquito Control Grant-S.C. DHEC in amount of \$14,644. To be used for controlling mosquitoes and mosquito-borne diseases. Grant is in form of a check which will be delivered shortly after beginning of new fiscal year. To be used as follows: 1) Equipment \$9,094, 2) Insecticides \$5,420, and 3) Training \$130.
- Ensure all equipment is fully operational and is kept in good working order – ex.: identify and budget for all Jail Service contracts such as locks/doors, fire sprinklers, generator, radios, etc
- Will apply for JAG grant to purchase new finger-print machine- estimated cost \$16,000
- Continue to work towards addressing the State required Minimum Standards
- Continue with contracted services for Inmate Medical needs, this will be the first full year of the contract which began in March.

BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017

Special Revenue Funds

- Two new grants:
 - 1) S.C. Department of Commerce Grant – for the CrossRhodes Spec Building. Awarded in January of 2017 but will be spent during FY18. The project entails: Paving the parking area, landscaping, irrigation and parking lot lighting, 10 acre parcel will also be cleared within the Park and a marketing sign installed. Total Amount: \$215,000
 - 2) S.C. Department of Natural Resources: Water Recreational grant. To upgrade and improve Bobcat Landing; Amount \$87,758.
- Road Maintenance – Requesting two work trucks \$43,000
- Rural Fire – Will begin process of applying for USDA/Loan & Grant to purchase three pumper trucks. Cost estimated at \$840,000. Will request grant of \$150,000 and then apply for low interest loan for remaining \$690,000. Payments will not begin until existing loan for truck is paid which will be March 2018.
- Emergency Services/E911 Building: Will review and consider carpet replacement, potentially go with carpet squares. Estimated cost \$6,000.

Enterprise Fund (Landfill & Solid Waste)

- County expects the following grants in the Enterprise Fund for FY18:

1) Waste Tire Grant	\$ 254,250
2) Used Oil Grant	\$ 16,150
3) Solid Waste Grant	\$ 60,000
4) Community Pride	\$ 8,000
5) Litter Enforcement	\$ 5,000
6) KAB Grants	\$ 20,000
Total Grant for FY18	\$ 371,400
- Proposing to replace one work truck at a cost of \$20,000
- Also proposing to purchase CAT Backhoe Loader: Cost of \$131,277, will trade in existing backhoe for cash of \$15,000.
- Proposing to purchase utility truck and trailer for Community Group clean-ups
Est. cost of \$27,000.

Debt Service Funds

- Hospital General Obligation Bond: Payments of \$97,105
- USDA Rural Development Community Facilities Loan – this is the loan/grant we received to purchase Sheriff's vehicles; payments for FY18 of \$41,715
- General Obligation Bonds – issued in support of the Installment Purchase Revenue Bonds; payments of \$195,860 in FY18
- Total Debt Service Fund is \$334,680

Capital Projects Funds

- Includes our Capital Reserve Fund which is the fund we use to pay for most capital purchases such as heavy equipment and vehicles. Used to pay back lease/purchase loans to USDA and to the local banks.
- The “old” Hospital Capital Projects fund – once used to provide funds to the Hospital, this fund had a deficit balance and is now paying back the General Fund over the course of 3 years.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

- Capital Project Sales Tax Fund – used to account for the projects approved under the referendum, and also to account for the debt payments on the installment purchase revenue bond
- Total of Capital Projects Funds are \$2,201,445



FY18 Budget Totals

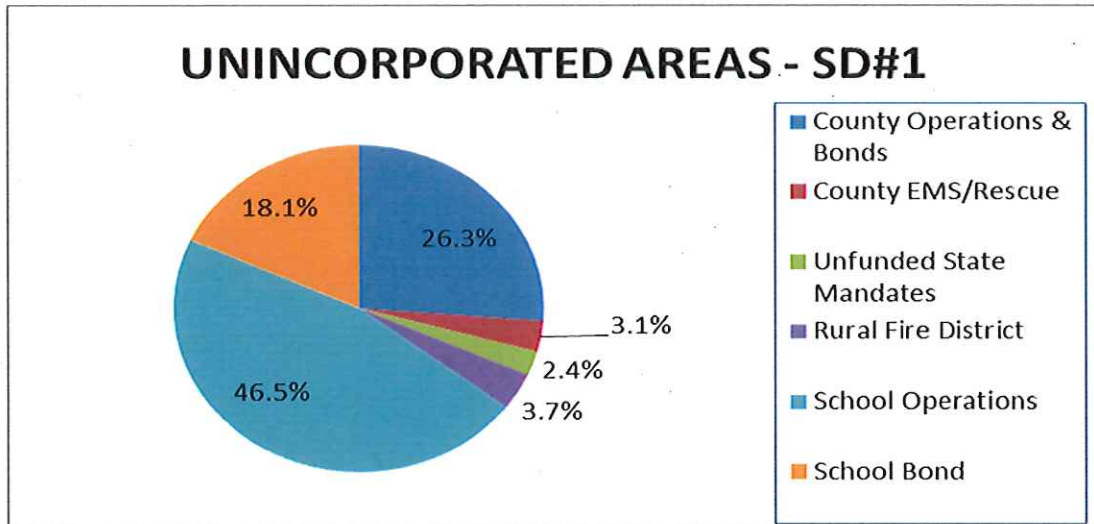
	FY17	FY18	FY17 TO FY18 VARIANCE
GENERAL FUND	6,912,450	7,227,010	314,560
SPECIAL REVENUE	4,272,410	2,976,850	(1,295,560)
ENTERPRISE FUND	1,128,935	1,538,790	409,855
DEBT SERVICE FUND	268,390	334,680	66,290
CAPITAL PROJECTS FUND	1,924,805	2,201,445	276,640
GRAND TOTAL COUNTY BUDGET	14,506,990	14,278,775	(228,215)

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Tax Levies for the FY18 Budget

Below are the tax levies for the County and each school district in the County.

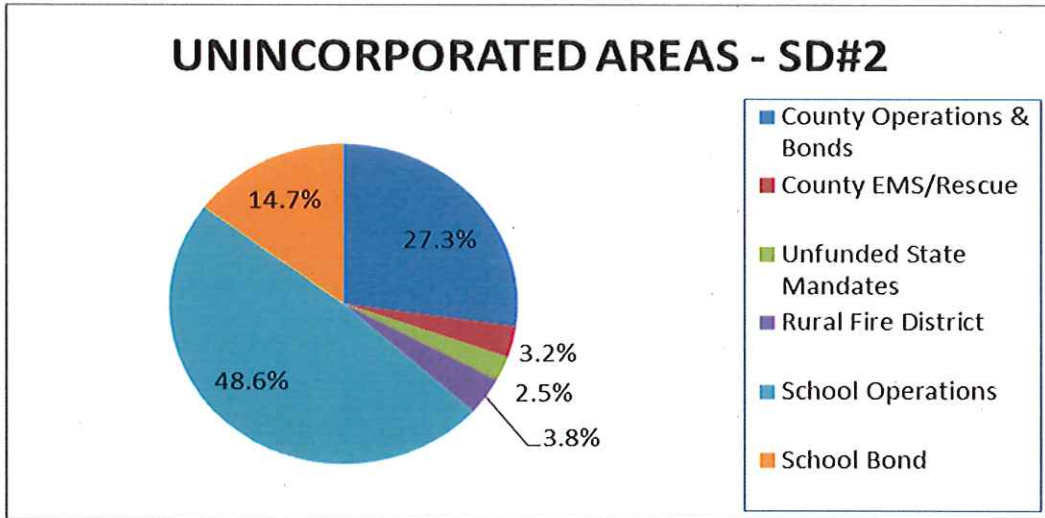
UNINCORPORATED AREAS - SCHOOL DISTRICT ONE		
		LEVY
County Operations & Bonds	26.3%	157.9
County EMS/ Rescue	3.1%	18.5
Unfunded State Mandates	2.4%	14.3
Rural Fire District	3.7%	22.0
School Operations	46.5%	279.8
School Bond	18.1%	109.0
Total Millage	100.0%	601.5



**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

UNINCORPORATED AREAS - SCHOOL DISTRICT TWO

		LEVY
County Operations & Bonds	27.3%	157.9
County EMS/ Rescue	3.2%	18.5
Unfunded State Mandates	2.5%	14.3
Rural Fire District	3.8%	22.0
School Operations	48.6%	281.59
School Bond	14.7%	85.0
Total Millage	100.0%	579.29



Requests for Information

This financial report is designed to provide a general overview of Bamberg County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to County Administrator, Bamberg County Annex, 1234 North Street, Bamberg, South Carolina 29003.

BAMBERG COUNTY, SOUTH CAROLINA
GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,171,627	\$ 275,226	\$ 1,446,853
Restricted cash and cash equivalents	6,521,258	-	6,521,258
Receivables			
Property taxes	768,770	-	768,770
Other receivables	1,842	184,818	186,660
Due from other governments	907,573	1,932	909,505
Due from Agency Funds	5,919	-	5,919
Internal balances	359,141	(359,141)	-
Non-current assets:			
Capital assets -			
Non-depreciable - Note 7	655,483	36,000	691,483
Depreciable - net - Note 7	12,357,896	658,130	13,016,026
TOTAL ASSETS	22,749,509	796,965	23,546,474
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on bond refunding	1,687,982	-	1,687,982
Related to pensions	1,036,115	62,988	1,099,103
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,724,097	62,988	2,787,085
LIABILITIES			
Current liabilities:			
Accounts payable	535,486	63,355	598,841
Accrued expenses	101,585	14,618	116,203
Accrued interest payable	138,804	-	138,804
Due to other governments	39,135	-	39,135
Due to Agency Funds	178	-	178
Bond deposits and prepayments	16,472	-	16,472
Unearned grant revenue	5,000	4,019	9,019
Current portion of accrued claims	171,181	-	171,181
Current portion of accrued compensated absences	46,925	4,312	51,237
Current portion of long-term liabilities	1,091,621	92,488	1,184,109
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	140,187	17,907	158,094
Long-term liabilities, net of current portion	12,748,694	736,684	13,485,378
Net pension liability	5,283,613	321,204	5,604,817
Net OPEB obligation	58,890	2,054	60,944
Accrued claims, net of current portion	55,000	-	55,000
TOTAL LIABILITIES	20,432,771	1,256,641	21,689,412
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	30,473	1,853	32,326
TOTAL DEFERRED INFLOWS OF RESOURCES	30,473	1,853	32,326
NET POSITION			
Invested in capital assets, net of related debt	466,203	278,190	744,393
Restricted	5,848,565	-	5,848,565
Unrestricted (deficit)	(1,304,406)	(676,731)	(1,981,137)
TOTAL NET POSITION	\$ 5,010,362	\$ (398,541)	\$ 4,611,821

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS AND PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	OPERATING		CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT	
		CHARGES FOR SERVICES	CONTRIBUTIONS		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
GOVERNMENTAL ACTIVITIES						
General government	\$ 2,991,062	\$ 131,479	\$ 87,757	\$ -	\$ (2,771,826)	\$ (2,771,826)
Judicial	723,719	243,278	53,586	-	(426,855)	(426,855)
Public safety	2,685,911	84,312	108,078	221,488	(2,272,033)	(2,272,033)
Public works	542,727	328,290	299,889	357,149	442,601	442,601
Economic development	250,581	-	-	200,000	(50,581)	(50,581)
Culture and recreation	206,035	-	2,860	-	(203,175)	(203,175)
Miscellaneous	182,307	-	-	-	(182,307)	(182,307)
Health and welfare	915,069	-	-	-	(915,069)	(915,069)
Interest	670,311	-	-	-	(670,311)	(670,311)
TOTAL GOVERNMENTAL ACTIVITIES	9,167,722	787,359	552,170	778,637	(7,049,556)	(7,049,556)
BUSINESS-TYPE ACTIVITY						
Landfill and solid waste and litter control	1,140,499	1,023,296	46,051	-	-	-(71,152)
TOTAL BUSINESS-TYPE ACTIVITY	1,140,499	1,023,296	46,051	-	-	-(71,152)
TOTAL PRIMARY GOVERNMENT	\$ 10,308,221	\$ 1,810,655	\$ 598,221	\$ 778,637	(7,049,556)	(7,120,708)
GENERAL REVENUES:						
Property taxes					6,610,203	6,610,203
Sales tax					955,199	955,199
State shared revenues					620,190	620,190
Interest earnings					7,680	7,680
Miscellaneous					101,358	101,358
Gain on disposal of assets					48,005	48,005
CAPITAL CONTRIBUTIONS					36,537	36,537
TRANSFERS					(75,670)	-
TOTAL GENERAL REVENUES, CAPITAL CONTRIBUTIONS, AND TRANSFERS					8,303,502	8,379,172
CHANGE IN NET POSITION					1,253,946	1,258,464
NET POSITION, JULY 1, 2016					3,756,416	3,353,357
NET POSITION, JUNE 30, 2017					\$ 5,010,362	\$ 4,611,821

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL FUND	SALES TAX AND OTHER CAPITAL PROJECTS FUND	CAPITAL NEEDS EQUIPMENT REPLACEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents:					
Unrestricted	\$ 1,171,627	\$ -	\$ -	\$ -	\$ 1,171,627
Restricted	1,718,061	3,362,922	822,122	618,153	6,521,258
Receivables					
Property taxes	640,032	-	44,199	84,539	768,770
Other receivables	1,842	-	-	-	1,842
Due from other governments	594,649	209,113	-	103,811	907,573
Due from other funds	1,093,430	441,223	6,148	118,075	1,658,876
Due from Agency Funds	5,919	-	-	-	5,919
TOTAL ASSETS	\$ 5,225,560	\$ 4,013,258	\$ 872,469	\$ 924,578	\$ 11,035,865
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 391,886	\$ 34,386	\$ 11,824	\$ 97,390	\$ 535,486
Accrued expenses	85,672	-	-	15,913	101,585
Bond deposits and prepayments	16,472	-	-	-	16,472
Due to other governments	39,135	-	-	-	39,135
Due to other funds	535,251	15,384	259,709	489,391	1,299,735
Due to Agency Funds	178	-	-	-	178
Unearned revenue - grants	-	-	-	5,000	5,000
Accrued claims	226,181	-	-	-	226,181
Total Liabilities	1,294,775	49,770	271,533	607,694	2,223,772
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue					
Property Taxes	622,462	-	42,510	81,286	746,258
Total Deferred Inflows of Resources	622,462	-	42,510	81,286	746,258
FUND BALANCES					
Restricted	808,593	3,963,488	558,426	418,528	5,749,035
Assigned	341,815	-	-	99,530	441,345
Unassigned (deficit)	2,157,915	-	-	(282,460)	1,875,455
Total Fund Balances	3,308,323	3,963,488	558,426	235,598	8,065,835
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 5,225,560	\$ 4,013,258	\$ 872,469	\$ 924,578	\$ 11,035,865

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balance - total governmental funds		\$ 8,065,835
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Some receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and deferred outflows in the funds.		
Delinquent taxes receivable		746,258
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
		13,013,379
Long-term liabilities, related deferred charges on bond refunding, and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferred charges on bond refunding	\$ 1,687,982	
Interest payable	(138,804)	
Accrued compensated absences	(187,112)	
Due within a year	(1,091,621)	
Due in more than one year	<u>(12,748,694)</u>	(12,478,249)
Other Post Employment Benefits (OPEB) liability represents the future unfunded costs associated with current benefits.		
		(58,890)
Pension liability, net of related deferred inflows and outflows, represents the proportionate share of the future unfunded costs associated with the County's participation in the South Carolina Retirement System.		
		<u>(4,277,971)</u>
Total net position - total governmental activities		<u>\$ 5,010,362</u>

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND	SALES TAX AND OTHER CAPITAL PROJECTS FUND	CAPITAL NEEDS EQUIPMENT REPLACEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE					
Property taxes	\$ 4,770,677	\$ 722,465	\$ 346,157	\$ 688,856	\$ 6,528,155
Sales tax	-	849,047	-	-	849,047
Intergovernmental revenue	1,471,500	-	-	585,649	2,057,149
Licenses and permits	77,987	-	-	-	77,987
Charges for services	115,004	-	-	369,706	484,710
Fines, fees and forfeitures	224,662	-	-	-	224,662
Investment income	2,591	4,613	312	164	7,680
Other	101,358	-	-	-	101,358
TOTAL REVENUES	6,763,779	1,576,125	346,469	1,644,375	10,330,748
EXPENDITURES					
Current					
General government	2,718,693	-	-	2,860	2,721,553
Judicial	695,656	-	-	-	695,656
Public safety	2,064,344	-	-	282,535	2,346,879
Public works	-	-	-	403,523	403,523
Economic development	250,000	-	-	-	250,000
Culture and recreation	150,798	-	-	-	150,798
Miscellaneous	182,307	-	-	-	182,307
Health and welfare	556,552	-	-	316,309	872,861
Capital outlay	262,484	479,319	239,709	730,340	1,711,852
Debt service:					
Principal	-	405,000	179,351	201,033	785,384
Interest and fiscal charges	-	418,371	30,556	70,663	519,590
TOTAL EXPENDITURES	6,880,834	1,302,690	449,616	2,007,263	10,640,403
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(117,055)	273,435	(103,147)	(362,888)	(309,655)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	31,165	-	16,840	-	48,005
Proceeds from issuance of debt	-	176,000	187,088	395,536	758,624
Insurance recoveries	64,975	-	-	-	64,975
Transfers in (out)	121,074	-	(75,670)	(121,074)	(75,670)
TOTAL OTHER FINANCING SOURCES (USES)	217,214	176,000	128,258	274,462	795,934
NET CHANGE IN FUND BALANCES	100,159	449,435	25,111	(88,426)	486,279
FUND BALANCE, JULY 1, 2016	3,208,164	3,514,053	533,315	324,024	7,579,556
FUND BALANCE, JUNE 30, 2017	\$ 3,308,323	\$ 3,963,488	\$ 558,426	\$ 235,598	\$ 8,065,835

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net changes in fund balances - total governmental funds \$ 486,279

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlay as expenditures.

However, in the statement of activities, the cost of those assets
is allocated over the estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 1,557,065	
Contribution of capital assets	36,537	
Less, current year depreciation	<u>(618,406)</u>	975,196

Gains or losses on the disposal of capital assets are not presented in
this financial statement because they do not provide or use current
financial resources but they are presented in the statement of activities.

Proceeds from disposal	(48,005)	
Gain on disposal	<u>48,005</u>	-

The issuance of long-term debt (e.g., bonds, leases, notes) provides current
financial resources to governmental funds, while the repayment of principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however has any effect on net position. Also,
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.

Debt proceeds	(758,624)	
Capital lease obligation principal payments	264,601	
Note payable principal payments	3,032	
Bond principal payment	564,919	
Deferred charges on bond refunding	(173,868)	
Bond premium/discount	<u>21,369</u>	(78,571)

Some expenses reported in the statement of activities do
not require the use of current financial resources, therefore,
are not reported as expenditures in governmental funds.

Change in accrued interest on debt	1,769	
Change in compensated absences	19,609	
Change in OPEB liability	(6,187)	
Change in Pension liability and related deferred inflows/outflows	<u>(226,197)</u>	(211,006)

Some receivables will not be collected for several months after the
County's fiscal year-end; they are not considered "available"
revenues in the governmental funds. Change in -

Property taxes		<u>82,048</u>
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Change in net position of governmental activities		<u>\$ 1,253,946</u>
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See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 4,857,520	\$ 4,857,520	\$ 4,770,677	\$ (86,843)
Intergovernmental revenue	891,115	891,115	1,471,500	580,385
Licenses and permits	51,100	51,100	77,987	26,887
Charges for services	114,300	114,300	115,004	704
Fines, fees and forfeitures	336,700	336,700	224,662	(112,038)
Investment income	2,800	2,800	2,591	(209)
Other	138,000	138,000	101,358	(36,642)
Total revenues	<u>6,391,535</u>	<u>6,391,535</u>	<u>6,763,779</u>	<u>372,244</u>
EXPENDITURES				
Current:				
General government	2,916,675	2,875,317	2,738,573	136,744
Judicial	711,005	725,744	695,656	30,088
Public safety	2,247,395	2,266,884	2,306,948	(40,064)
Economic development	50,000	50,000	250,000	(200,000)
Culture and recreation	150,800	150,800	150,798	2
Miscellaneous	210,550	217,685	182,307	35,378
Health and welfare	475,000	475,000	556,552	(81,552)
Total expenditures	<u>6,761,425</u>	<u>6,761,430</u>	<u>6,880,834</u>	<u>(119,404)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(369,890)</u>	<u>(369,895)</u>	<u>(117,055)</u>	<u>252,840</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	25,000	25,000	31,165	6,165
Insurance recoveries	-	-	64,975	64,975
Transfers in(out)	(53,025)	(53,025)	121,074	174,099
Total other financing sources (uses)	<u>(28,025)</u>	<u>(28,025)</u>	<u>217,214</u>	<u>245,239</u>
Net change in fund balance	<u>\$ (397,915)</u>	<u>\$ (397,920)</u>	<u>100,159</u>	<u>\$ 498,079</u>
Fund balances, beginning of year			<u>3,208,164</u>	
Fund balances, end of year			<u>\$ 3,308,323</u>	

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

	Enterprise Fund Landfill and Solid Waste
ASSETS	
Current Assets	
Cash	\$ 275,226
Accounts receivable, net of allowance for doubtful accounts	184,818
Due from other funds	7,948
Due from other governments	1,932
Total Current Assets	469,924
Noncurrent Assets	
Non-depreciable - Note 7	36,000
Depreciable - net - Note 7	658,130
Total Noncurrent Assets	694,130
TOTAL ASSETS	1,164,054
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	62,988
TOTAL DEFERRED OUTFLOWS OF RESOURCES	62,988
LIABILITIES	
Current Liabilities	
Accounts payable	63,355
Accrued expenses	14,618
Due to other funds	367,089
Unearned revenue	4,019
Current portion of capital lease payable	81,345
Current portion of accrued compensated absences	4,312
Current portion of landfill closure and postclosure costs	11,143
Total Current Liabilities	545,881
Noncurrent Liabilities	
Capital lease payable, net of current portion	334,595
Net pension liability	321,204
Net OPEB obligation	2,054
Accrued compensated absences, net of current portion	17,907
Landfill closure/postclosure costs, net of current portion	402,089
Total Noncurrent Liabilities	1,077,849
TOTAL LIABILITIES	1,623,730
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	1,853
TOTAL DEFERRED INFLOWS OF RESOURCES	1,853
NET POSITION	
Invested in capital assets, net of related debt	278,190
Unrestricted	(676,731)
TOTAL NET POSITION	\$ (398,541)

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Enterprise Fund Landfill and Solid Waste</u>
Operating Revenues	
Landfill and solid waste fees	\$ 1,023,296
Operating grants - landfill and solid waste	7,707
Operating grants and revenues - litter control	4,047
Operating grants and revenues - Keep America Beautiful	34,297
Total Operating Revenues	<u>1,069,347</u>
Operating Expenses	
Landfill and Solid Waste	
Salaries and benefits	306,280
Workers compensation insurance	6,586
Operations and supplies	2,185
Landfill	59,041
Gas and fuel	3,466
Solid waste contracts	383,239
LADS operation and contracts	118,733
Landfill engineer services	25,790
Contractual services	13,102
Used oil grant expenses	430
Consulting services	764
Depreciation expense	49,566
Landfill and Solid Waste	<u>969,182</u>
Litter Control	
Salaries and benefits	50,189
Training	570
Travel	753
Grant expenses	4,068
Operations and supplies	605
Gas and fuel	3,412
Uniforms	1,159
Radio communication and maintenance	832
Auto maintenance	932
Telephone	1,100
Litter Control	<u>63,620</u>

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Enterprise Fund Landfill and Solid Waste</u>
Operating Expenses (continued)	
Keep America Beautiful	
Salaries and benefits	39,298
Meals	597
Training	1,719
Travel	1,316
Registration fees	300
Grant expenses	35,961
Operations and supplies	8,843
Green business programs	387
Gas and fuel	69
Uniforms	213
Consulting services	1,169
Professional services	775
Advertising and legal notices	949
Telephone	647
Keep America Beautiful	92,243
 Total Operating Expenses	 1,125,045
 Operating Income (Loss)	 (55,698)
 Non-Operating Revenues (Expenses)	
Interest expense	(15,454)
Net Non-Operating Revenues (Expenses)	(15,454)
 Net Income before Transfers	 (71,152)
Transfers in(out)	75,670
 Change in net position	 4,518
 Net Position - Beginning of Year	 (403,059)
 Net Position - End of Year	 \$ (398,541)

See accompanying notes to financial statements.

**BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Enterprise Fund - Landfill and Solid Waste</u>
OPERATING ACTIVITIES	
Receipts from customers	\$ 1,022,540
Payments to suppliers	(717,265)
Payments to employees	(357,149)
Receipts from operating grants and revenues	30,413
Internal activity-payments to other funds	<u>(317,019)</u>
Net cash provided by (used for) operations	<u>(338,480)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on debt	(15,454)
Principal payments on capital leases	<u>(75,743)</u>
Net cash provided by (used for) capital and related financing activities	<u>(91,197)</u>
Net increase (decrease) in cash and cash equivalents	(429,677)
Cash and cash equivalents - beginning of year	<u>704,903</u>
Cash and cash equivalents - end of year	<u><u>\$ 275,226</u></u>
Reconciliation of operating income (loss) to cash flows from operating activities:	
Operating Income (loss)	\$ (55,698)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:	
Depreciation and amortization	49,566
Changes in certain assets and liabilities:	
(Increase) decrease in accounts receivable	(2,736)
Increase (decrease) in accounts payable	(36,047)
Increase (decrease) in due to other funds	(317,019)
Increase (decrease) in unearned revenue	(13,658)
Increase (decrease) in landfill closure/postclosure costs	(1,506)
Increase (decrease) in accrued compensated absences	4,072
Increase (decrease) in OPEB liability	216
Increase (decrease) in net pension liability	<u>34,330</u>
Net cash provided by (used for) operations	<u><u>\$ (338,480)</u></u>

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 3,087,575
Delinquent property taxes	1,624,120
Unknown funds (overage) deficit - Note 4	44,464
Due from General Fund	<u>178</u>
 Total assets	 <u><u>\$ 4,756,337</u></u>

LIABILITIES

Amounts due to others	\$ 4,750,418
Due to General Fund	<u>5,919</u>
 Total liabilities	 <u><u>\$ 4,756,337</u></u>

See accompanying notes to financial statements.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Bamberg County, South Carolina (the County) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). The more significant of these accounting policies are discussed below.

A. Financial Reporting Entity

Bamberg County was founded in 1897, under the laws of the State of South Carolina for the incorporation of municipal governments and as amended by Act 283 of the 1975 Code (Home Rule County Act). The governing body of the County is the County Council (the "Council"), which makes policies for the administration of the County. The Council is comprised of seven members elected from single member districts for terms of four years. Annually the Council elects a chairman from among its members to conduct the public meetings of the Council. The County operates under the "Council Form of Government" and provides the following services as authorized by its charter: public welfare, general government, public safety (Sheriff and fire), and streets and maintenance.

Using the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61, the basic financial statements of the County present the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the County's financial statements to be misleading or incomplete.

Financial accountability is defined as appointment of a voting majority of the separate organization's board and either a) the ability to impose will by the primary government, or b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government. "Blended" component units are separate entities that are, substantially, part of the primary government's operations and are combined with financial data of the primary government. "Discretely presented" component units, on the other hand, are reported in separate columns in the Government-wide financial statements to emphasize that they are legally separate from the operations of the primary government.

Certain other political subdivisions, including the various school boards, commissions, city governments and other entities, are excluded from the County's reporting entity because County Council does not exert significant influence or control over the usual operations of the separate entities and, accordingly, each entity has sufficient discretion in the management of its own affairs. However, the County Treasurer is responsible for collection of property taxes, intergovernmental and other revenues for the other political subdivisions, and the balances of this fiduciary responsibility have been included herein as Fiduciary (Agency) funds.

Additionally, Bamberg County Council appoints members to various "commissions" and "advisory boards" which are not legally independent from the County. The Bamberg County Library is part of a regional library system known as the Aiken, Bamberg, Barnwell and Edgefield Library System, a separate special-purpose district.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Blended Component Unit: The Bamberg Facilities Corporation (the Corporation) was formed primarily to construct capital projects under the first penny sales tax referendum. The Corporation is governed by a board appointed by County Council. The Corporation financed its projects by issuing revenue bonds which are being retired exclusively by the County's rental payments for property owned by the Corporation. The County conveyed property consisting of the land and all buildings and improvements on the Bamberg County Courthouse property to the Corporation to hold as collateral for debt issues and will be "leased back" over a lease term ending September 1, 2042.

Discretely Presented Component Unit: In the prior years, using the aforementioned criteria, the County determined that the Bamberg County Memorial Hospital (the "Hospital") was a component unit of the County which required discrete presentation in these financial statements. The Hospital is closed and ceased operations and is currently in bankruptcy proceedings. A legal determination has noted the County is not a party to this bankruptcy filing. Therefore, the Hospital is no longer considered a component unit of the County. The land and building which housed the Hospital operations is owned by the County. This capital asset is not in use and is noted as idle property in the County's capital assets.

B. Measurement Focus and Basis of Accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

Government-wide financial statements, consisting of a Statement of Net Position and a Statement of Activities, display information about the primary government except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The Statement of Net Position presents the financial condition of the Governmental Activities and Business-type Activities 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 and are offset by program revenues to reflect "net (expenses) revenue" of the County's individual functions before applying "general" revenue.

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 requirement 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 and all taxes are presented as general revenues of the County, with certain limited exceptions.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. 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 a more detailed level. The focus of governmental funds financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column with “combining” schedules presented as supplemental information. The County reports the following major governmental funds: General Fund and Sales Tax and Other Capital Projects Fund.

Governmental Major Funds:

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund.

Sales Tax and Other Capital Projects Fund – The Sales Tax and Other Capital Projects Fund is used to account for sales tax revenues and Fees in Lieu that are restricted to improve, repair, and construct capital assets within the County along with the related debt proceeds and activity incurred to finance the projects.

Capital Needs Equipment Replacement Fund – The Capital Needs Equipment Replacement Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities and equipment acquisitions to serve the County’s operations and services it provides to citizens.

Other Non-major Governmental Funds

Special Revenue Funds – Special Revenue Funds are established to account for the proceeds of specific revenue sources and certain special assessments that are restricted to expenditures for specified purposes by external resource providers, constitutionally, or through enabling legislation. The County accounts for “C” funds received from the State for road maintenance and improvements and various grants, E-911, Road Maintenance, and Fire Services in these funds. The County currently accounts for restricted funds of accommodations tax (A-tax), Title IV D (Child Support Enforcement), Victim Services, and certain property tax rollback accounts in the General Fund.

Debt Service Fund – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Project Hospital Fund – The Hospital Capital Project Fund was used in the past to account for all financial resources to be used for the construction and renovation of the County hospital. The fund has no current activity.

Proprietary Fund Types

Enterprise Fund – The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Proprietary Fund Types (continued)

control, accountability, or other purposes. Council has established one enterprise fund for the landfill and solid waste and litter control operations funded through fees.

Fiduciary Fund Types

Agency Fund – Agency Funds are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, in a trustee capacity or as agent.

The accounting and financial reporting treatment of the County's financial transactions is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurement made.

The Government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, in accordance with GASB Statement Number 34. 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 grantor have been met. Additionally, the effect of interfund activity (i.e. advanced or short-term loans) has been eliminated from the Government-wide financial statements.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues susceptible to accrual (e.g. property taxes, franchise taxes, state shared and intergovernmental revenues) are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. "Measurable" means the amount of the transaction can be identified and "available" means collectible within the current period or soon enough thereafter (generally not to exceed 60 days) to be used to pay liabilities of the current period. Those revenues susceptible to accrual are property taxes, charges for services, and hospitality fees. Revenues from state and federal grants are recorded when expenditures are incurred. Entitlements and shared revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria is met. Interest revenue is considered available when earned. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include fees and fines, licenses and permits.

Governmental funds are used to account for general governmental activities focusing on the sources, uses, and balances of current financial resources. The difference between Governmental Fund assets and liabilities is reported as fund balance.

Because of their spending measurement focus, expenditure recognition for Governmental Fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current available financial resources, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The proceeds of long term debt are recorded as an other financing source rather than a fund liability. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Fiduciary fund reporting focuses on net position and changes in net position. This fund accounts for assets held by the entity as an agent on behalf of others. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The County's only fiduciary funds are Agency Funds.

C. Assets, Liabilities, Deferred Inflows/Outflows, and Equity

1. **Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts, actuarial amounts for OPEB and net pension liability and expense, and certain claims and judgment liabilities among other accounts. Actual results could differ from those estimates.

Cash and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. All short-term highly liquid investments, including restricted assets, with original maturities of three months or less from the date of acquisition are considered to be cash equivalents. The County invests in money market funds and certificates of deposit which are considered Level 1 investments, as discussed below.

Investments with a readily determinable fair value are stated at fair value in accordance with GASB Statements 31 and 72. All other investments are stated at cost. The County's current policy does not utilize amortized cost for any applicable investments. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 — inputs are quoted prices (unadjusted) in active markets for assets or liabilities identical to the ones being measured. Level 1 inputs receive the highest priority.
- Level 2 — inputs are observable for similar assets or liabilities, either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information).
- Level 3 — inputs are unobservable (for example: management's assumption of the default rate among underlying mortgages of a mortgage-backed security). Level 3 inputs receive the lowest priority.

The County has not formally adopted deposit and investment policies that limit the County's allowable deposits or investments and address the specific types of risk to which the County is exposed, but instead, adhere to state statutes regarding allowable investments. State statutes authorize the County to invest in (a) obligations of the United States and agencies thereof, (b) general obligations of the State of South Carolina or any of its political units, (c) Savings and Loan Associations to the extent that the same are insured by an agency of the Federal Government, (d) Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured of the type described in (a) and (b) above held by a third party as escrow agent, (e) Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the governmental entity or a

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities, Deferred Inflows/Outflows, and Equity (continued)

third party as escrow agent or custodian, and (f) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in (a), (b), and (c) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

2. **Short-Term Interfund Receivables/Payables** – During the course of operations, numerous transactions result in loans and advances between individual funds. The lending fund reports amounts “due from other funds,” while the borrowing fund reports amounts “due to other funds.”
3. **Receivables and Allowance for Doubtful Accounts** – Receivable balances have been disaggregated by type and are presented separately in the financial statements. Other receivables in the proprietary fund include amounts due from landfill and solid waste fees and are stated net of an allowance for uncollectibles based on management’s judgment and historical collection ratios and trends.
4. **Restricted Assets** – Restricted accounts include money or other resources, the use of which is restricted by legal or contractual requirements.
5. **Prepaid Expenses** – Certain payments to vendors reflect costs applicable to future accounting periods and are recognized as prepaid items.
7. **Revenues Received in Advance/Unearned Revenue** – The County reports unearned revenue on its statement of net position and governmental funds balance sheet. In both government-wide and fund financial statements, unearned revenue consists of revenue received for which purpose restrictions have not yet been met.
8. **Deferred Outflows/Inflows of Resources** – In addition to assets, the Statement of Net Position and/or the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position and/or the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time.

The County reports the following items as deferred outflows:

Deferred Charges on Bond Refunding: A loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt and reported in the County’s government-wide statement of net position.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension Items: Deferred pension charges arise in connection with the County's participation in the State Retirement Plan. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

The County reports the following items as deferred inflows:

Unavailable Revenue: This item 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, and these amounts are deferred and will be recognized as inflows of resources in the period in which the amounts become available.

Pension Items: Deferred pension credits arise in connection with the County's participation in the State Retirement Plan. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

9. Capital Assets

Capital assets include property, building, equipment, and infrastructure assets (e.g., roads, bridges, right-of-ways, storm water drainage systems, and similar items). Such items are required to be reported in the applicable Governmental or Business-type Activities column in the County's Government-wide financial statements.

The County capitalizes assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life is not capitalized. Assets are recorded at historical cost or estimated historical cost of older capital assets for which detailed records of purchase prices were not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets except land are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
Building and improvements	15 – 50 years
Machinery and equipment	5 – 15 years
Vehicles	5 – 15 years
Infrastructure	30 years

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Payments on existing debt are recorded as debt service expenditures in the period in which the payment is made.

11. Pensions

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 entitled *Accounting and Financial Reporting for Pension Plans* in June 2012 and issued GASB Statement No. 71 (an amendment of GASB No. 68), entitled *Pension Transition for Contributions Made Subsequent to the Measurement Date* in November, 2013. The disclosure requirements applicable to employers participating in the South Carolina Retirement System or the Police Officers Retirement System are prescribed in paragraphs 48 through 82 of GASB 68. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System and additions to/deductions from the South Carolina Retirement System's fiduciary net position have been determined on the same basis as they are reported by the South Carolina Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Other Post Employment Benefits

Governmental Accounting Standards Board's (GASB) Statement No. 45 addresses how local governments should account for and report other post-employment benefits (OPEB) offered to retirees such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you-go basis but GASB 45 requires that the County accrue the cost of the retiree health subsidy and other post-employment benefits during the period of employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

13. Accrued Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The County accrues accumulated unpaid vacation leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentations. Accrued sick leave is not payable upon termination. Therefore, no provision for accrued sick leave has been made in these financial statements.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Fund Equity

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the County Council of Bamberg County. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned – includes amounts that contain self-imposed constraints of the government to be used for a particular purpose such as a subsequent year projected budget deficit expected to be covered through fund balance reserves.

Unassigned – includes amounts that are not constrained for any particular purpose. They appear only in the general fund or in another fund as negative fund balances.

Net Position/Fund Equity

Net position in government-wide financial statements is classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. The County first utilizes restricted resources to finance qualifying activities. The government-wide statement of net position reports \$4,611,821 of which \$5,848,565 is restricted. Restricted resources are used first to fund appropriations.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

15. Property Taxes

The County assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the County, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process.

Real property and all personal property other than vehicles are assessed for property tax purposes as of December 31 of each year. The basis for value of taxable property within the County is taken from the records of the County Assessor. Taxes are levied on July 1 with the passage of the fiscal year budget and millage ordinance, billed in October, and are due by January 15 in the year following their levy. A penalty of 3% is added to the tax bill on January 16; with an additional 7% added on February 2; and an additional 5% to the tax bill on March 17.

New vehicles property taxes are assessed and levied within 120 days of the registration date of the vehicles and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Department of Transportation and payment is due before the end of the month of the scheduled renewal.

Property taxes at the fund level are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. The County considers all levied taxes to be ultimately fully collectible, since collection can be enforced upon the death of the owner through the estate or upon the sale of the property to a new owner. Therefore, no allowance for doubtful accounts is provided.

16. Program and General Revenue

The County charges public fees for building permits and inspections, and other assorted activities. These fees as well as fines for traffic violations and grant revenues are recoded as program revenue in the Statement of Activities. General Revenues reported by the County include property taxes, state-shared taxes and other government imposed non-exchange fees (e.g. franchise fees, which are general revenue fees in lieu of business licenses).

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

17. Budgets and Budgetary Accounting

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

1. Each year, the County Administrator submits to the County Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Three public readings are conducted by County Council and one public hearing to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. The County Administrator is authorized to transfer budgeted amounts between departments within any fund. Transfers in excess of \$5,000 are reported to County Council; however, any revisions that alter the total expenditures of any fund must be approved by the County Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, some Special Revenue Funds (Special Revenue, E911, Road Maintenance, and Fire Service), and Debt Service Fund. The County also budgets the Landfill and Solid Waste Fund which is a Proprietary Fund.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except when encumbrances are recorded. Since there were no encumbrances for the current or prior years, there is no difference in the budgetary and GAAP basis. Therefore, the budgetary comparisons presented for the General Fund in this report are on the GAAP basis.
7. Budgeted amounts are as originally adopted, or as amended by the County Council as close to June 30 as possible. Individual amendments were not material in relation to the original appropriations which were adopted.

Budget to Actual Deficits

For the year ended June 30, 2017, expenditures in the following general fund divisions exceeded appropriations:

Public Safety	\$ 40,064
Economic development	200,000
Health and welfare	81,552

If budgeted expenditures exceeded estimated revenues, these deficits were funded (if necessary) by unreserved and applicable reserved fund balances, and additional unbudgeted revenue and transfers.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

18. Adoption of Accounting Principle

The County implemented GASB Statement No. 77, Tax Abatement Disclosures for the year ended June 30, 2017. The primary objective of GASB 77 was to provide tax abatement information to financial statement users so that they could more readily evaluate a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. GASB 77 requires disclosures of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The adoption of GASB 77 had no impact on the County's financial statements but did result in new note disclosures. See Note 20 for more information regarding tax abatements that affect the County.

NOTE 2 – DEPOSITS AND INVESTMENTS

As of June 30, 2017, the County's cash and cash equivalents consisted of demand deposits. The amount of the County's cash deposits was \$6,777,644 and the bank balance was \$8,003,442.

Custodial Credit Risk for Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be recovered. The County does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. State law requires that all of the County's deposits be covered by FDIC insurance or by collateral held in the pledging financial institutions' trust departments in the County's name. At June 30, 2017, the carrying amount of the County's deposits was \$4,031,659 for the primary government and \$2,745,985 for Agency Funds. The bank balances for these funds total \$8,003,442. Of the bank balance of \$8,003,442, \$778,957 is secured by FDIC insurance and \$7,224,485 is secured by collateral pledged in the County's name.

Investments

As of June 30, 2017, the County had the following investments:

Investment Type	Fair Value	Credit	Fair Value	Investment Maturity (in Years)			
	Level	Rating*		Less than 1	1 - 3	3 - 5	Over 5
Money Market Funds	Level 1	AAAm/Aaa-mf	\$ 3,360,341	\$ 3,360,341	\$ -	\$ -	\$ -
Certificate of Deposit	Level 1	-	495,000	495,000	-	-	-
Total			\$ 3,855,341	\$ 3,855,341	\$ -	\$ -	\$ -
* Credit ratings for Standard & Poor and Moody's, respectively.							

Investment Policy, Risk, and Concentration Information

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. Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have an investment policy for custodial credit risk but follows the investment policy statutes of

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

the State of South Carolina. As of June 30, 2017, none of the County's investments were exposed to custodial credit risk. The County has no investment policy that would further limit its investment choices other than state law. The County invests in money market mutual funds that invest in U.S. Treasury Obligations and certificates of deposits which are secured by FDIC. The County places no limit on the amount the County may invest in any one issuer. As of June 30, 2017, the County had \$3,360,341 invested in securities backed by the U.S. government.

To reconcile this information to the financial statements, we include the following:

Carrying amount of deposits	\$ 6,777,644
Cash on hand	422,701
Fair value of investments	<u>3,855,341</u>
	<u>\$ 11,055,686</u>

These amounts are reported in the Statement of Net Position as follows:

Statement of Net Position:	
Cash and investments	\$ 1,446,853
Cash and investments – restricted	6,521,258
Statement of Fiduciary Assets and Liabilities:	
Cash	<u>3,087,575</u>
	<u>\$ 11,055,686</u>

NOTE 3 – RECEIVABLES

Other receivables at June 30, 2017, are shown below less an estimated allowance for uncollectible accounts, as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Other receivables	\$ 1,842	\$ 29
Landfill fees	-	55,572
Solid waste fees	-	<u>161,521</u>
Total receivables	<u>1,842</u>	217,122
Less, allowance for uncollectible accounts		
Solid waste fees	<u>-</u>	<u>(32,304)</u>
Receivables, net	<u>\$ 1,842</u>	<u>\$ 184,818</u>

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 4 – BONDS HELD AND UNIDENTIFIABLE OVERAGES AND DEFICITS

As of June 30, 2017, excess funds were on deposit in the checking accounts of several court-related funds and deficits occurred in three of these accounts. The overages represent the amount of cash on deposit that exceeds identifiable liabilities. (These monies will remain within the funds until proper identification can be made of the court or individual to whom they belong.) These funds are reflected in the financials as follows:

	General Fund
Included in bond deposits and prepayments:	
Bonds held:	
Magistrate	\$ 2,796
Clerk of Court	<u>12,077</u>
Bonds held	<u>14,873</u>
Overage (deficit) of funds held:	
Magistrate (Criminal)	2,095
Clerk of Court (Fines and General)	(520)
Sheriff (execution and fees)	<u>24</u>
Overage (deficit) of funds held	<u>1,599</u>
	<u>\$ 16,472</u>

The Clerk of Court Agency Fund had a net deficit of \$44,464 at June 30, 2017. This is comprised of an unidentified overage in the Special Referee account of \$556 and an unidentified deficit of \$23,893 in the Family Court account involving cash on deposit not reconciling to the identifiable liabilities held for these accounts. Also included in this total are collections for child support of \$21,127 which were not deposited into the Family Court account. The Family Court account is currently under an on-going investigation by the South Carolina Department of Social Services and the South Carolina Law Enforcement Division involving discrepancies in the child support collections.

NOTE 5 – DUE TO/FROM OTHER FUNDS – INTERNAL BALANCES

The Governmental Funds short-term interfund receivables and payables at June 30, 2017, were as follows:

	Interfund Receivable	Interfund Payable
Governmental Funds		
General Fund	\$1,099,349	\$ 535,429
Sales Tax and Other Capital Projects Fund	441,223	15,384
Capital Needs Equipment Replacement Fund	6,148	259,709
Other Governmental Funds:		
Special Revenue Funds	8,015	6,148
E-911 Fund	8,489	179,899
Fire Service Fund	-	31,771
Road Maintenance	7,706	246,305
Hospital Capital Projects Fund	-	25,268
Debt Service Fund	93,865	-
Enterprise Funds	7,948	367,089
Agency Funds	<u>178</u>	<u>5,919</u>
Total	<u>\$1,672,921</u>	<u>\$ 1,672,921</u>

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 5 – DUE TO/FROM OTHER FUNDS – INTERNAL BALANCES (continued)

The above balances resulted 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.

NOTE 6 – TRANSFERS TO/FROM OTHER FUNDS

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 121,074	\$ -
Capital Needs Equipment Replacement Fund	-	75,670
Other Governmental Funds:		
Special Revenue Fund	-	20,109
E-911	24,935	-
Debt Service Fund	-	125,900
Enterprise Fund	<u>75,670</u>	<u>-</u>
	<u>\$ 221,679</u>	<u>\$ 221,679</u>

Transfers between the funds were to repay payments made by the General Fund to support the operations of the other funds, lease payments paid by Capital Needs Fund for Enterprise Fund, and lease proceeds in Debt Service Fund to purchase General Fund assets.

NOTE 7 – CAPITAL ASSETS

A summary of changes in capital assets for the governmental funds follows:

	<u>July 1, 2016</u>		<u>Transfers/</u>		<u>June 30, 2017</u>
	<u>Balance</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u>
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 793,282	\$ 35,000	\$ (440,362)	\$ -	\$ 387,920
Construction in progress	<u>3,915,511</u>	<u>933,955</u>	<u>(4,581,903)</u>	-	<u>267,563</u>
Total capital assets, not being depreciated	<u>4,708,793</u>	<u>968,955</u>	<u>(5,022,265)</u>	-	<u>655,483</u>
Capital assets, being depreciated					
Building & improvements	9,304,858	27,251	3,158,796	-	12,490,905
Vehicles	2,193,623	254,827	-	(175,442)	2,273,008
Machinery & equipment	1,738,777	341,032	742,022	(14,345)	2,807,486
Infrastructure	<u>2,958,952</u>	<u>1,537</u>	<u>1,121,447</u>	-	<u>4,081,936</u>
Total capital assets, being depreciated	<u>16,196,210</u>	<u>624,647</u>	<u>5,022,265</u>	<u>(189,787)</u>	<u>21,653,335</u>

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 7 – CAPITAL ASSETS (continued)

	July 1, 2016		Transfers/ Adjustments		June 30, 2017
	<u>Balance</u>	<u>Additions</u>		<u>Deletions</u>	<u>Balance</u>
Governmental Activities (continued)					
Less accumulated depreciation					
Building & improvements	4,324,093	231,818	-	-	4,555,911
Vehicles	1,218,403	168,073	-	(175,442)	1,211,034
Machinery & equipment	646,631	189,239	-	(14,345)	821,525
Infrastructure	<u>2,677,693</u>	<u>29,276</u>	-	-	<u>2,706,969</u>
Total accumulated depreciation	<u>8,866,820</u>	<u>618,406</u>	-	<u>(189,787)</u>	<u>9,295,439</u>
Total capital assets being depreciated, net	<u>7,329,390</u>	<u>6,241</u>	<u>5,022,265</u>	-	<u>12,357,896</u>
Governmental activities capital assets, net	<u>\$ 12,038,183</u>	<u>\$ 975,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,013,379</u>

During the fiscal year, the County accepted a donation of property. This includes \$35,000 in land and \$1,537 in infrastructure included in the additions above. This was also recorded as a contribution of \$36,537 in the statement of activities for the governmental activities.

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

Governmental Activities:	
General government	\$ 189,310
Judicial	1,350
Public safety	197,753
Public works	124,769
Economic development	581
Culture and recreation	23,374
Health and welfare	<u>81,269</u>
Total depreciation expense – governmental activities	<u>\$ 618,406</u>

Certain real property and vehicles owned by the County are not in use. The cost is included on the depreciation schedule since the property is still owned but no depreciation has been taken since the time the property was taken out of service. The land and building housing the former hospital are owned by the County, but the hospital is no longer in operation. The building is vacant. The net cost basis of the hospital idle property is \$23,850 (original cost of \$1,273,850 less accumulated depreciation of \$1,250,000).

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 7 – CAPITAL ASSETS (continued)

A summary of changes in capital assets for the proprietary fund type follows:

	July 1, 2016		Transfers/ Adjustments	Deletions	June 30, 2017
	<u>Balance</u>	<u>Additions</u>			<u>Balance</u>
Business-type Activities					
Capital assets, not being depreciated					
Land	\$ 36,000	\$ -	\$ -	\$ -	\$ 36,000
Total capital assets, not being depreciated	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,000</u>
Capital assets, being depreciated					
Building & improvements	233,663	-	-	-	233,663
Machinery & equipment	<u>682,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682,868</u>
Total capital assets, being depreciated	<u>916,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>916,531</u>
Less accumulated depreciation					
Building & improvements	72,664	7,293	-	-	79,957
Machinery & equipment	<u>136,171</u>	<u>42,273</u>	<u>-</u>	<u>-</u>	<u>178,444</u>
Total accumulated depreciation	<u>208,835</u>	<u>49,566</u>	<u>-</u>	<u>-</u>	<u>258,401</u>
Total capital assets being depreciated, net	<u>707,696</u>	<u>(49,566)</u>	<u>-</u>	<u>-</u>	<u>658,130</u>
Business-type activities capital assets, net	<u>\$ 743,696</u>	<u>\$ (49,566)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 694,130</u>

NOTE 8 – MASONITE LEASE

During 2011 and 2012, the County acquired land and a building and made renovations to up fit the building for use by Masonite Corporation through \$1,500,000 of State Rural Infrastructure funds and \$50,000 of local funding. On October 28, 2011, the County leased this property to Masonite Corporation. The lease terms included \$100 advance rent being paid at commencement and \$100 due each October 28 of the lease term with a bargain purchase price of \$100. Since this lease, with the County as lessor, qualifies as a capitalized lease, the land and building with a total cost of \$1,550,000 are not included in the capital assets of the County. On June 2, 2016 the Corporation was determined by the South Carolina Coordinating Council for Economic Development to have met the job and investment requirements as a stipulation to receiving these funds which closed the grant period and commenced the maintenance period. The “maintenance period” runs for a period of four years (to June 2, 2020) at which time the Corporation will have 60 days to notify the County of their intent to exercise the bargain purchase.

NOTE 9 – OPERATING LEASES

The County entered into an operating lease for copier equipment for use at the County courthouse. The 60 month lease term began July 19, 2013 and ends July 19, 2018. Monthly lease payments are \$98.

The County entered into an operating lease for a telephone system for the E911 operations upgrade. The County prepaid one quarterly payment of \$15,839 in the fiscal year ended June 30, 2014 at the contract execution. The balance of the 60 month lease term is due in quarterly payments of \$15,839.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 9 – OPERATING LEASES (continued)

The County entered into an operating lease for copier equipment at the Detention Center. The 60-month lease term began May 24, 2016 and ends May 24, 2021. Monthly lease payments are \$115.

The future minimum rental payments are as follows:

2018		\$ 65,913
2019		64,835
2020		1,380
2021		<u>1,265</u>
		<u>\$ 133,393</u>

NOTE 10 – CONSTRUCTION COMMITMENTS

The County was committed under construction contracts at June 30, 2017 as follows:

	<u>Contracted Price</u>	<u>Costs Incurred Through June 30, 2017</u>	<u>Balance to Complete</u>
Paving and road projects	\$ <u>698,430</u>	\$ <u>180,500</u>	\$ <u>517,930</u>

NOTE 11 – LONG-TERM DEBT

Governmental Activities

The following is a summary of the changes in long-term liability transactions of the governmental activities of Bamberg County for the fiscal year:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2017</u>	<u>Due within One Year</u>
General Obligation Bonds	\$ 1,623,066	\$ 176,000	\$ 159,920	\$ 1,639,146	\$ 197,052
Revenue Bonds	10,795,000	-	405,000	10,390,000	520,000
Notes Payable	6,064	312,988	3,032	316,020	51,706
Capitalized Leases	<u>1,282,651</u>	<u>269,636</u>	<u>264,600</u>	<u>1,287,687</u>	<u>302,038</u>
	13,706,781	758,624	832,552	13,632,853	1,070,796
Unamortized Premium (Discount) for Bonds	<u>228,831</u>	-	<u>21,369</u>	<u>207,462</u>	<u>20,825</u>
Total Bonds, Notes Payable, and Capitalized Leases	13,935,612	758,624	853,921	13,840,315	1,091,621
Accrued Compensated Absences	<u>206,721</u>	<u>187,112</u>	<u>206,721</u>	<u>187,112</u>	<u>46,925</u>
	<u>\$ 14,142,333</u>	<u>\$ 945,736</u>	<u>\$ 1,060,642</u>	<u>\$ 14,027,427</u>	<u>\$ 1,138,546</u>

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 11 – LONG-TERM DEBT (continued)

Governmental Activities (continued)

General Obligation Bonds:

Bamberg County General Obligation Bonds, \$1,500,000 Series 2008 (for hospital revitalization) due in annual installments of \$20,000 to \$145,000 through April 1, 2028, interest at 4%	\$ 1,135,000
Bamberg County General Obligation Bond, \$90,000 Taxable Series 2014A (for capital projects of the County) due in annual principal installments ranging from \$16,288 to \$19,798 through March 1, 2019, interest at 3.9% due semiannually	38,653
Bamberg County General Obligation Bond, \$125,000 Taxable Series 2014B (for capital projects of the County) due in annual principal installments ranging from \$10,924 to \$30,432 through March 1, 2019, interest at 4.5% due semiannually	48,146
Bamberg County General Obligation Bond, \$70,500 Taxable Series 2015A (for capital projects of the County) due in annual principal installments ranging from \$12,759 to \$15,508 through March 1, 2020, interest at 4.25% due semiannually	44,344
Bamberg County General Obligation Bond, \$145,000 Taxable Series 2015B (for capital projects of the County) due in annual principal installments ranging from \$16,233 to \$34,226 through March 1, 2020, interest at 4.25% due semiannually	98,555
Bamberg County General Obligation Bond, \$120,000 Taxable Series 2016 (for capital projects of the County) due in annual principal installments ranging from \$21,552 to \$26,443 through March 1, 2021, interest at 2.85% due semiannually	98,448
Bamberg County General Obligation Bond, \$176,000 Taxable Series 2016B (for capital projects of the County) due in annual principal installments ranging from \$30,670 to \$39,037 through March 1, 2021, interest at 3.74% due semiannually.	<u>176,000</u>
	<u>\$ 1,639,146</u>

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 11 – LONG-TERM DEBT (continued)

Governmental Activities (continued)

The following schedule lists the principal and interest outstanding for general obligation bonds at June 30, 2017:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2018	\$ 67,926	\$ 197,051
2019	58,926	199,133
2020	50,546	200,304
2021	42,625	158,621
2022	36,527	139,037
2023 – 2027	104,580	615,000
2028	5,395	130,000
Total	\$ 366,525	\$1,639,146

Revenue Bonds:

On November 17, 2015, the Bamberg Facilities Corporation issued \$6,280,000 Series 2015A (premium of \$266,533), and \$4,515,000 taxable Series 2015B (discount of \$37,702) installment purchase refunding revenue bonds with variable interest rates which range from 2 percent to 4 percent for series 2015A and 2 percent to 4.85 percent for taxable series 2015B. The net proceeds along with \$293,331 of remaining 2013A debt reserve monies were used to discharge the series 2013A installment purchase revenue bonds, pay costs associated with the issuance of Series 2015A and 2015B Bonds, and deposit \$600,000 into an account for the County's capital projects. The 2013A bonds held an interest rate of 8.875 percent.

The Bamberg Facilities Corporation, entered into this refunding to take advantage of lower interest rates, resulting in a reduction of total debt service payments of \$1,181,640 and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$950,755. Bonds are due in combined annual installments beginning September 1, 2016 through September 1, 2032, ranging from \$405,000 to \$845,000. Interest payments are payable semi-annually on March 1 and September 1 beginning March 1, 2016 through March 1, 2032.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,861,850; this amount is being amortized over the life of the new debt. Bond premium, discount, and deferred loss on refunding are amortized using the effective interest method over the life of the debt. The deferred loss on refunding at June 30, 2017 was \$1,687,982.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 11 – LONG-TERM DEBT (continued)

Governmental Activities (continued)

The following schedule lists the principal and interest outstanding for revenue bonds at June 30, 2017:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2018	\$ 353,746	\$ 520,000
2019	343,139	530,000
2020	331,528	550,000
2021	318,650	555,000
2022	304,806	570,000
2023 – 2027	1,258,835	3,090,000
2028 – 2032	594,982	3,730,000
2033	<u>18,430</u>	<u>845,000</u>
Total	<u>\$ 3,524,116</u>	<u>\$ 10,390,000</u>

Notes Payable:

Non-interest bearing \$16,300 note payable to finance E911 equipment dated October 2013, initial payment of \$4,232 and four annual installments of \$3,032.	\$ 3,032
\$30,938 note payable to finance a vehicle for Coroner's office dated June 28, 2017, due in six annual installments of \$6,059.92 through June 28, 2023, including interest at 4.75%.	30,938
\$170,650 note payable to finance various capital projects in the County dated June 2017, due in sixteen quarterly installments of \$8,440.68 through April 2021, including interest at 6%, and one additional payment of \$50,650 due July 10, 2018. At June 30, 2017, \$156,150 of the projects were completed; therefore, only \$156,150 of the proceeds have been drawn. The \$14,500 balance was drawn in the subsequent year with completion of the project.	156,150
\$63,000 USDA Rural Community Facilities direct loan for the purchase of three new Sheriff's Department vehicles, dated June 28, 2017, due in seven annual installments of \$9,876 through June 28, 2024, including interest at 2.375%.	63,000
\$62,900 USDA Rural Community Facilities direct loan for the purchase of three new Sheriff's Department vehicles, dated June 28, 2017, due in seven annual installments of \$9,860 through June 28, 2024, including interest at 2.375%.	<u>62,900</u>
	<u>\$ 316,020</u>

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 11 – LONG-TERM DEBT (continued)

Governmental Activities (continued)

The following schedule lists the principal and interest outstanding for the notes payable at June 30, 2017:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2018	\$ 10,885	\$ 51,706
2019	8,576	87,132
2020	6,146	53,413
2021	3,579	55,980
2022	1,886	23,910
2023-2024	1,653	43,879
	\$ 32,725	\$ 316,020

Capital Leases:

The County has entered into lease agreements as lessee in order to finance acquisition of various equipment. The lease agreements include a bargain purchase option and qualify as capital leases for accounting purposes.

The following is an analysis of equipment leased under capital leases as of June 30, 2017:

Furniture, fixtures and equipment	\$ 2,381,211
Less: accumulated depreciation	(500,133)
Carrying value	\$ 1,881,078

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2017 were as follows:

2018	\$ 340,382
2019	292,794
2020	241,126
2021	377,287
2022	143,119
Total minimum lease payments	1,394,708
Less, amount representing interest	(107,021)
Present value of minimum lease payments	\$ 1,287,687

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 11 – LONG-TERM DEBT (continued)

Governmental Activities (continued)

Capital leases payable at June 30, 2017 are comprised of the following individual leases:

Installment purchase contract (two fire pumper trucks), dated November 10, 2008, interest at 3.90% payable in annual installments of \$44,118, due on or before March 7, 2018	\$ 42,462
Installment purchase contract (E911 radio console), dated December 5, 2013, interest at 3.45% payable in annual installments of \$37,631, due on or before November 1, 2018	71,539
Installment purchase contract (Sheriff's Office copier), dated September 6, 2013, interest at 3.83% payable in monthly installments of \$166.15, due on or before October 6, 2018	2,588
Installment purchase contract (radio communication equipment), dated September 1, 2014, interest at 5.641%, payable in annual installments of \$11,085.23, due on or before September 1, 2018	20,427
Installment purchase contract (13 vehicles for departments including Sheriff, Detention Center, and general County use), dated May 8, 2015, interest at 2.48%, payable in annual principal payments of \$85,140.40, with semi-annual interest payments due each October 1 and April 1, due on or before April 1, 2020	255,421
Installment purchase contract (E911 copier), dated April 29, 2015, interest at 7.617%, payable in monthly installments of \$152.00, due on or before May 1, 2020	4,757
Installment purchase contracts (five pieces of heavy equipment), dated April 29, 2016, interest on each contract at 2.95%; each payable in annual installments totaling \$112,968; final payment due on or before April 29, 2021.	620,857
Installment purchase contract (heavy equipment), dated September 9, 2016, interest at 2.95%, payable in annual installments of \$39,198.85 and a final payment of \$143,118.85 due on or before September 9, 2021.	<u>269,636</u>
Total	<u>\$ 1,287,687</u>

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. The County and Bamberg Facilities Corporation (a blended component unit) have issued revenue bonds to fund the construction of various infrastructure and large-scale building and improvement projects.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 11 – LONG-TERM DEBT (continued)

Governmental Activities (continued)

Additions to the County’s governmental activities long-term debt during the fiscal year 2017 were as follows:

- On December 28, 2016, the County issued \$176,000 general obligation bond, taxable series 2016B to provide funding for capital projects of the County.
- On September 9, 2016, the County executed an installment purchase contract for \$269,636 for heavy equipment.
- On June 28, 2017, the County financed the purchase of a van for the Coroner’s office with a note payable of \$30,938.
- In June 2017, the County financed various capital projects of the County with a note payable of \$156,150.
- On June 28, 2017, the County obtained two USDA Rural Community Facilities loans along with related grant portions to acquire six Sheriff’s Department vehicles. The two loans were \$63,000 and \$62,900 with each loan used to acquire three vehicles.

Business-type Activities

Long-term liability transactions of the business-type activities of Bamberg County were as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due</u> <u>within</u> <u>One Year</u>
Accrued Compensated Absences	\$ 19,053	\$ 3,166	\$ -	\$ 22,219	\$ 4,312
Closure and Post-closure Cost	414,738	-	1,506	413,232	11,413
Capital leases	<u>491,683</u>	<u>-</u>	<u>75,743</u>	<u>415,940</u>	<u>81,075</u>
	<u>\$ 925,474</u>	<u>\$ 3,166</u>	<u>\$ 77,249</u>	<u>\$ 851,391</u>	<u>\$ 96,800</u>

Capital Lease:

The County has entered into lease agreements as lessee in order to finance acquisition of equipment and an office building. The lease agreements include a bargain purchase option and qualify as capital leases for accounting purposes.

The following is an analysis of equipment leased under capital leases as of June 30, 2017:

Furniture, fixtures and equipment	\$ 550,047
Less: accumulated depreciation	<u>(67,689)</u>
Carrying value	<u>\$ 482,358</u>

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 11 – LONG-TERM DEBT (continued)

Business-type Activities (continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2017 were as follows:

2018		\$ 94,505
2019		91,895
2020		120,795
2021		<u>141,796</u>
Total minimum lease payments		448,991
Less, amount representing interest		<u>(33,051)</u>
Present value of minimum lease payments		<u>\$ 415,940</u>

Capital lease payables at June 30, 2017 are comprised of the following individual leases:

Installment purchase contract (excavator), dated August 6, 2014, interest at 3.2% payable in annual monthly installments of \$2,583.76, due on or before August 14, 2019		\$ 123,385
Installment purchase contract (modular office building), dated September 9, 2014, interest at 8.647% payable in monthly installments of \$697.83, due on or before October 14, 2019		17,637
Installment purchase contract (heavy equipment), dated April 29, 2016, interest at 2.95%; payable in annual installments of \$52,516; final payment due on or before April 29, 2021.		<u>274,918</u>
Total		<u>\$ 415,940</u>

NOTE 12 – FUND BALANCE REPORTING AND NET POSITION

Net position of the Government-wide financial statements represents the difference between assets and liabilities. Reported amounts for invested in capital assets and restricted net position were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Invested in Capital Assets, Net of Related Debt		
Net capital assets	\$13,013,379	\$ 694,130
Less, general obligation bonds, TAN's and revenue bonds	(11,101,608)	-
Less, installment purchase contracts and notes payable	(1,603,707)	(415,940)
Unspent bond funds	<u>158,139</u>	<u>-</u>
Total invested in capital assets, net of related debt	<u>\$ 466,203</u>	<u>\$ 278,190</u>

BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 12 – FUND BALANCE REPORTING AND NET POSITION (continued)

	<u>Governmental Activities</u>
Restricted	
Debt service	\$ 150,885
Sales Tax and Other Capital Projects Fund	3,963,488
Capital projects Capital Needs Equipment Replacement Fund	558,426
E-911 services	113,687
Fire services	253,486
Tourism and community development	115,236
Property tax rollback program	589,487
Child support enforcement	103,870
 Total restricted net position	 <u>\$ 5,848,565</u>

The County has classified their fund balances with the following hierarchy: Nonspendable, Restricted, Assigned and Unassigned according to GASB Statement 54.

The County's fund balances as of June 30, 2017 were classified as follows:

Description	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Capital Needs Equipment Replacement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted:					
Capital Projects					
Sales Tax Fund	\$ -	\$ 3,963,488	\$ -	\$ -	\$ 3,963,488
Capital Needs Equipment					
Replacement Fund	-	-	558,426	-	558,426
Debt Service	-	-	-	150,885	150,885
E-911 Funds	-	-	-	65,617	65,617
Fire Services	-	-	-	202,026	202,026
Tourism and Community Development	115,236	-	-	-	115,236
Property Tax Rollbacks	589,487	-	-	-	589,487
Child Support Funds	103,870	-	-	-	103,870
Assigned:					
2017-2018 fiscal year stabilization	341,815	-	-	99,530	441,345
Unassigned	<u>2,157,915</u>	<u>-</u>	<u>-</u>	<u>(282,460)</u>	<u>1,875,455</u>
Total Fund Balances	<u>\$ 3,308,323</u>	<u>\$ 3,963,488</u>	<u>\$ 558,426</u>	<u>\$ 235,598</u>	<u>\$ 8,065,835</u>

The Road Maintenance Special Revenue Fund had a deficit fund balance at June 30, 2017 of \$257,192. The Hospital Capital Projects Fund had a deficit fund balance at June 30, 2017 of \$25,268. Both funds are nonmajor funds of the County.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 13 – LANDFILL CLOSURE AND POSTCLOSURE OBLIGATION

State and federal laws and regulations require the County to place a final cover on its landfill site when they stop accepting waste, and to perform certain maintenance and monitoring functions for 30 years after closure. While Bamberg County’s original landfill was closed and capped in 1994, the County’s vertical expansion allowed the stacking of municipal waste above the ground in trenches until September 1998, at which time the County began using a regional landfill.

GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, applies to all governmental solid waste landfills with the basic objective to recognize all landfill costs by the time a landfill is closed. The costs to be identified for closure and postclosure care include (1) capital assets, (2) final cover and (3) monitoring and maintenance activities.

Because the original landfill is closed, 100% of the liability for the above costs has been recognized as a long-term liability. The estimated liability for postclosure care costs is \$11,143 annually, or approximately \$78,001 as of June 30, 2017, for the remaining monitoring period of 7 years. This includes an adjustment of annual costs from \$11,000 to \$11,143.

The County also operated a Construction Demolition and Land Clearing Debris (C & D) landfill which was converted and expanded to a Class II Landfill. This site is estimated to remain open for approximately 33 more years based on the County’s engineering firm’s assessment. The Class II landfill was 13.5 acres with an original capacity of 41,000 tons and the conversion and expansion resulted in an approximate capacity of 275,000 tons. At June 30, 2017, it is estimated that 20 years of post-closure monitoring will cost \$9,620 per year during the monitoring period.

Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The County estimates the total costs for closure and post closure monitoring for the Class II landfill to be \$422,312. At June 30, 2017, the costs to be recognized as a liability based on engineering estimates of filled capacity of the Class II landfill is \$335,231.

Estimated total closure and post-closure care costs as of June 30, 2017, for the County’s landfill follows:

	<u>Closed Landfill</u>	<u>C & D Class II Landfill</u>	<u>Total</u>
Balance, June 30, 2016	\$ 88,000	\$ 326,738	\$ 414,738
Recognized current year costs	<u>(9,999)</u>	<u>8,493</u>	<u>(1,500)</u>
Balance, June 30, 2017	<u>\$ 78,001</u>	<u>\$ 335,231</u>	<u>\$ 413,232</u>

The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2017. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Bamberg County has not accumulated or segregated funds to meet this additional liability.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 14 – RETIREMENT PLAN

General Information about the Pension Plans

The County participates in the South Carolina Retirement System (SCRS), and the South Carolina Police Officers Retirement System (PORS). The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Plan Descriptions

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

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

Membership

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

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

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 14 – RETIREMENT PLAN (continued)

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 legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

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

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

- PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or 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.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 14 – RETIREMENT PLAN (continued)

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee or 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.

Required employee contribution rates¹ for fiscal year 2016-2017 are as follows:

<u>SCRS</u>	
Employee Class Two	8.66%
Employee Class Three	8.66%
<u>PORS</u>	
Employee Class Two	9.24%
Employee Class Three	9.24%

Required employer contribution rates¹ are as follows:

<u>SCRS</u>	
Employer Class Two	11.41%
Employer Class Three	11.41%
Employer Incidental Death Benefit	0.15%
<u>PORS</u>	
Employer Class Two	13.84%
Employer Class Three	13.84%
Employer Incidental Death Benefit	0.20%
Employer Accidental Death Program	0.20%

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 14 – RETIREMENT PLAN (continued)

Contributions (continued)

The County's contributions to the SCRS and PORS for the last three fiscal years were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
SCRS			
Employee Contributions	\$ 141,412	\$ 127,958	\$ 125,048
Employer Contributions	186,318	170,883	168,032
Employer Group Life Contributions	<u>2,449</u>	<u>2,354</u>	<u>2,345</u>
Total	<u>\$ 330,179</u>	<u>\$ 301,195</u>	<u>\$ 295,425</u>
PORS			
Employee Contributions	\$ 92,721	\$ 92,122	\$ 85,160
Employer Contributions	138,881	140,607	131,740
Employer Group Life Contributions	<u>4,114</u>	<u>4,216</u>	<u>4,050</u>
Total	<u>\$ 235,716</u>	<u>\$ 236,945</u>	<u>\$ 220,950</u>

The County contributed 100% of the required contributions for the current year and each of the two preceding years.

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

At June 30, 2017, the County reported a liability of \$3,495,967 for its proportionate share of the net pension liability for the SCRS and a liability of \$2,108,850 for its proportionate share of the net pension liability for the PORS. The net pension liability of each defined benefit plan was determined based on the most recent actuarial valuation as of July 1, 2015, using membership as of that date projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2016. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined.

At the retirement plan's year end of June 30, 2016, the County's proportions were .016367 percent and .083140 percent for SCRS and PORS, respectively. For the year ended June 30, 2017, the County recognized pension expense of \$592,289, including \$337,003 for SCRS and \$255,286 for PORS, respectively.

At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 14 – RETIREMENT PLAN (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>SCRS</u>		
Differences between expected and actual experience	\$ 36,240	\$ 3,797
Net difference between projected and actual earnings on pension plan investments	294,123	-
Deferred amounts from changes in proportionate share and differences between County contributions and proportionate share of total contributions	98,506	28,529
Direct contributions subsequent to the measurement date	<u>188,767</u>	<u>-</u>
Total	<u>\$ 617,636</u>	<u>\$ 32,326</u>
<u>PORS</u>		
Differences between expected and actual experience	\$ 31,291	\$ -
Net difference between projected and actual earnings on pension plan investments	239,125	-
Deferred amounts from changes in proportionate share and differences between County contributions and proportionate share of total contributions	68,056	-
Direct contributions subsequent to the measurement date	<u>142,995</u>	<u>-</u>
Total	<u>\$ 481,467</u>	<u>\$ -</u>

The amounts of \$188,767 for SCRS and \$142,995 for PORS reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

As discussed in GASB 68, collective deferred outflows/inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow or inflow of resources related to pensions. The following schedules reflect the District's proportionate share of amortization of collective deferred outflows/(inflows) of resources related to pensions outstanding at June 30, 2016.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 14 – RETIREMENT PLAN (continued)

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

<u>Difference between expected and actual experience¹</u>		
	<u>SCRS</u>	<u>PORS</u>
	June 30, 2016	June 30, 2016
Initial Balance	\$ 104,884	\$ 68,748
Amortized ² period ending June 30,		
2014	\$ (24,697)	\$ (11,015)
2015	(22,944)	(12,189)
2016	(24,800)	(14,253)
2017	(24,800)	(14,253)
2018	(5,858)	(12,667)
2019	(1,570)	(2,998)
2020	(215)	(1,373)

<u>Difference between projected and actual investment earnings³</u>		
	<u>SCRS</u>	<u>PORS</u>
	June 30, 2016	June 30, 2016
Initial Balance	\$ 281,348	\$ 233,159
Amortized ² period ending June 30,		
2014	\$ 59,391	\$ 46,042
2015	9,654	6,556
2016	(56,270)	(46,632)
2017	(56,270)	(46,632)
2018	(56,270)	(46,632)
2019	(115,661)	(92,673)
2020	(65,922)	(53,188)

¹ In accordance with GASB 68, the difference between each year's expected and actual experience is required to be amortized over the average remaining service lives of all employees provided with pensions through the plan at June 30. The service periods used for amortization periods are 4.233 years for 6/30/14; 4.164 years for 6/30/15; and 4.116 years for 6/30/16 for SCRS and are 4.856 for 6/30/14; 4.796 for 6/30/15; and 4.665 for 6/30/16 for PORS.

² Amount amortized and included in pension expense during measurement period listed.

³ In accordance with GASB 68, the difference between each year's projected and actual investment earnings is required to be amortized over a closed 5 year period.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 14 – RETIREMENT PLAN (continued)

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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

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

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

¹ Includes inflation at 2.75%

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

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

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 14 – RETIREMENT PLAN (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2016, for SCRS and PORS are presented below.

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

The total pension liability is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 67 & 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

Long-term Expected Rate of Return

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

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

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 14 – RETIREMENT PLAN (continued)

Long-term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. 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.

Sensitivity Analysis

The following table presents the County's proportionate share of the collective net pension liability calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate:

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 14 – RETIREMENT PLAN (continued)

Sensitivity Analysis (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

<u>System</u>	<u>1.00% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1.00% Increase (8.50%)</u>
SCRS	\$4,361,123	\$3,495,967	\$2,775,757
PORS	\$2,763,796	\$2,108,850	\$1,520,211

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' separately issued Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for SCRS and PORS. Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2016.

Payables to the Pension Plan

As of June 30, 2017, the County had \$45,717 in payables outstanding to the pension plans for its legally required contributions.

NOTE 15 – POST EMPLOYMENT BENEFITS

Background

Beginning in fiscal year ended June 30, 2015, Bamberg County implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you-go basis but GASB 45 requires that the County accrue the cost of the retiree health subsidy and other post-employment benefits during the period of employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to account accurately for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

Plan Description

Other post employment benefits provided by the County include a retiree health insurance premium contribution plan that covers retirees.

The County provides continued post-retirement health coverage for full-time employees who meet eligibility requirements upon retirement. The County pays a percentage of the premium for one former employee based on a retirement agreement. The County will pay none of the other current or future retirees' premiums.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 15 – POST EMPLOYMENT BENEFITS (continued)

Eligibility – Employees must retire under the State of South Carolina Retirement System which includes the Police Officers Retirement System and the last five years of employment must have been served consecutively in a full-time permanent position with an employer that participates in the state insurance program.

Other Plan Provisions

- Employees who retire through the SCRS or PORS disability retirement provisions are eligible to maintain their health care coverage by paying 100% of their premiums.
- Spouse and dependent coverage is available at the retiree’s expense. Surviving spouses and dependents of deceased retired members may continue retiree coverage at their own expense.

Funding Policy

The County has elected not to pre-fund OPEB liabilities and to fund healthcare benefits on a pay as you go basis.

Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The County’s annual OPEB cost for the fiscal year ended June 30, 2017 is as follows:

Annual required contribution	\$ 11,893
Interest on OPEB obligation	2,454
Adjustment to annual required contribution	<u>(2,274)</u>
Annual OPEB cost (expense) end of year	12,073
Net estimated employer contributions	<u>(5,670)</u>
Increase (decrease) in net OPEB obligation	6,403
Net OPEB obligation, beginning of year	<u>54,541</u>
Net OPEB obligation, end of year	<u>\$ 60,944</u>

The County’s annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017 and the preceding two fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 11,338	\$ 2,840	25.0%	\$ 47,080
June 30, 2016	\$ 11,703	\$ 4,242	36.2%	\$ 54,541
June 30, 2017	\$ 12,073	\$ 5,670	47.0%	\$ 60,944

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 15 – POST EMPLOYMENT BENEFITS (continued)

Funded Status

The funded status of the County’s retiree health care plan, under GASB Statement No. 45 as of June 30, 2014 is as follows:

Actuarial Valuation Date as of	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
6/30/2014	\$ -	\$ 104,376	\$ 104,376	0.0%	\$2,352,895	4.44%

Under the reporting parameters, the County’s retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by \$104,376 at June 30, 2014. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 4.44%.

Actuarial Methods and Assumptions

The Individual Entry Age Normal Cost Method is used to calculate the GASB ARC for the County’s retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the County’s employees to that point. Actuarial calculations reflect a short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation Rate	3.00 % per annum
Investment rate of return	4.50% per annum, net of expenses
Actuarial cost of method	Individual Entry Age Normal Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization Period	30-year open amortization
Payroll Growth	3.00% per annum
Medical Trend	Initial rate of 6.00%, declining to an ultimate rate of 4.50% after 9 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County’s retiree health care plan are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 16 – RISK MANAGEMENT

The County is exposed to various risks of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage for worker's compensation, property and casualty, and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The County also pays insurance premiums to certain other commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits.

Several state funds accumulate assets and the State itself assumes substantially all risks for the following:

- 1) Claims of covered public employees for health and dental insurance benefits (SC Budget & Control Board) and
- 2) Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement System).

The County assumes the risk for unemployment compensation benefits by paying directly to the Employment Security Commission actual claims filed against the County.

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All other coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums which are remitted to commercial carriers.

The County is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the South Carolina Insurance Reserve Fund. Through the Fund, the County maintains property insurance at replacement value and contents coverage at actual value. The County also maintains tort coverage at a rate of \$600,000 per occurrence.

The County has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claim losses and estimable premium adjustments.

The County has not reported a supplemental premium assessment expenditure, and the related liability at June 30, 2017, because the requirements of GASB Statement No. 10, which states that a liability for supplemental assessments must be reported if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2017, and that the amount of the premiums is reasonably estimable, have not been satisfied.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the County.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 17 – CONTINGENCIES

Accrued Claims

Bamberg County was the defendant in a lawsuit regarding contracts the County signed for services to be rendered in prior years to the Bamberg County Hospital. In February, 2015, a settlement was reached whereby the County agreed to pay \$200,000 over six fiscal years. The balance at June 30, 2017 of \$55,000 is payable under this agreement as follows:

For Year Ended <u>June 30,</u>	<u>Amount</u>
2018	\$ -
2019	30,000
2020	<u>25,000</u>
	<u>\$ 55,000</u>

Federal and State Assisted Programs

In the normal course of operations, the County receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds.

Such audits could result in the refund of grant monies to the grantor agencies. South Carolina Emergency Management Division has determined the County was overpaid \$171,181 for the prior years' FEMA project related to winter storm assistance. This amount to be repaid is included in accrued claims.

NOTE 18 – MULTI-COUNTY AGREEMENTS

Solid Waste Disposal

The County is a member of the Three Rivers Solid Waste Authority (the Authority), a public body and body corporate agency of the State of South Carolina. Pursuant to the Agreement between the County and the Authority, the County is obligated to pay its annual fee and member fee each year for the remainder of a 30 year term expiring in the year 2027. In addition to its annual obligation, the County has agreed to pay its share of closure and postclosure costs assessed. The County has also committed to proportionally fund the operations of the Authority in the event another member defaults on its obligations.

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 19 – SALES TAX AND OTHER CAPITAL PROJECTS FUND

On November 6, 2012, the Bamberg County voters passed a referendum to impose a one percent sales tax for not more than eight years to raise the revenues to be applied directly to pay the costs of or to pay the debt service on bonds issued to defray the cost of certain capital projects listed below. The following table reflects the costs incurred from inception for each sales tax project. In 2013, the County issued revenue bonds to commence the projects in anticipation of receiving the sales tax and fees in lieu revenue. These revenue bonds were refunded in November, 2015 with the issuance of Series 2015A and 2015B revenue bonds which included funding for additional capital projects. (See Note 11). These costs are included in the Sales Tax and Other Capital Projects Fund and reflected in the following table.

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<u>One Percent Sales Tax Projects:</u>				
General Government				
Bamberg County Courthouse renovation and expansion	\$ 3,541,423	\$ 3,532,959	\$ 8,464	\$ 3,541,423
Culture and Recreation				
Olar: Park shed	6,200	6,000	-	6,000
Olar: Community building renovations	37,000	19,980	11,497	31,477
City of Bamberg: Civic Center renovations	589,000	589,000	-	589,000
Denmark: Dane Theatre renovations	60,000	60,000	-	60,000
Ehrhardt: Downtown beautification and former town hall restoration	60,000	17,300	20,366	37,666
Govan: Park shed and park improvements	15,000	-	-	-
Bamberg EDC: Veterans memorial construction	82,500	-	-	-
	<u>849,700</u>	<u>692,280</u>	<u>31,863</u>	<u>724,143</u>
Health and Welfare				
Olar/Govan: Regional water system back-up pump and chlorination	14,604	13,455	1,149	14,604
Total One Percent Sales Tax Projects	<u>\$ 4,405,727</u>	<u>\$ 4,238,694</u>	<u>41,476</u>	<u>\$ 4,280,170</u>
<u>Refunding Bond Funding Projects:</u>				
General Government				
Bamberg County Courthouse renovation and expansion			437,843	
Total Sales Tax and Other Capital Projects			<u>\$ 479,319</u>	

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 20 – TAX ABATEMENTS

The County has two tax abatement programs pursuant to which the County reduces certain taxpayers' property tax liability.

FEE-IN-LIEU OF *AD VALOREM* PROPERTY TAX PROGRAM

One of the County's tax abatement programs is the "Fee-in-Lieu of *Ad Valorem* Property Tax" ("FILOT") program. The FILOT program is authorized by South Carolina state law, specifically, Chapter 44, Title 12 of the Code of Laws of South Carolina, 1976, as amended. The purpose of the FILOT program is to reduce the disparately higher property tax rates applied to manufacturing and certain commercial properties in South Carolina, which have previously impeded new and expanding business from locating in South Carolina.¹

A taxpayer is eligible to receive a property tax reduction under the FILOT program if the taxpayer agrees to make a minimum investment of \$2,500,000 in a project located in the County within a 5-year period.² Additionally, before a taxpayer's project is eligible for benefits under the FILOT program, the County Council, the governing body of the County, must find that (i) the project is anticipated to benefit the general public welfare by providing services, employment, recreation, or other public benefits not otherwise adequately provided locally; (ii) the project gives rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iii) the purposes to be accomplished by the project are proper governmental and public purposes; and (iv) the benefits of the project are greater than the costs.³

Property taxes are abated under the FILOT program through an agreement, executed by the County and the taxpayer, pursuant to which a fee-in-lieu of *ad valorem* property tax payment for the economic development property associated with the project is calculated using (i) a reduced assessment ratio, which may be reduced from 10.5% to a floor of 6% (or 4% in the case of certain enhanced investments as defined by state law), and (ii) a locked millage rate (or a millage rate that is allowed to increase or decrease every fifth year),⁴ for a term of not more than 30 years (or 40 years in the case of certain enhanced investments as defined by state law).⁵

If the taxpayer does not make the minimum investment in a project within the 5-year period as described above, then the agreement is automatically terminated and the taxpayer is no longer entitled to any benefit under the FILOT program. On termination of an agreement, the taxpayer is obligated to pay to the County the difference between (i) the total amount of *ad valorem* property taxes that would have been paid by the taxpayer had the economic development property not been subject to the agreement, taking into account exemptions from property taxes that would have been available to the taxpayer, and (ii) the total amount of fee-in-lieu of *ad valorem* property tax payment made by the taxpayer with respect to the economic development property.⁶

In addition to the minimum eligibility requirements to receive a property tax reduction under the FILOT program as described above, the taxpayer and the County may also negotiate certain other commitments by the taxpayer. For example, the taxpayer may make certain commitments to (i) invest certain amounts in taxable real and personal property at a project in an amount greater than minimum investment, and (ii) create a certain number of new, full-time jobs at a project.

¹ S.C. Code Ann. § 12-44-20

² S.C. Code Ann. §§ 12-44-30(13); 12-44-30(14)

³ S.C. Code Ann. § 12-44-40(l)(i)

⁴ S.C. Code Ann. § 12-44-40(A)

⁵ S.C. Code Ann. § 12-44-30(21)

⁶ S.C. Code Ann. § 12-44-140;

**BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS**

For tax year 2016, County property taxes abated as a result of the FILOT program totaled \$12,351.^{7,8}

SPECIAL SOURCE REVENUE CREDIT PROGRAM

The County also abates property taxes through the “Special Source Revenue Credit” (“SSRC”) program. The SSRC program is authorized by South Carolina state law, specifically, Section 4-1-175 of the Code of Laws of South Carolina 1976, as amended. The purpose of the SSRC program is to enhance the economic development of the County.⁹

A taxpayer is eligible to receive an SSRC, thereby reducing its property taxes, if (i) the taxpayer’s property is located in a multicounty industrial or business park,¹⁰ and (ii) the taxpayer uses the SSRC to pay the cost of designing, acquiring, constructing, improving, or expanding (a) infrastructure serving the County or the taxpayer’s property, or (b) improved or unimproved real estate and personal property, including machinery and equipment used in the operation of a manufacturing or commercial enterprise.¹¹

Property taxes are abated under the SSRC program through the County providing a credit (in the form of a percentage or certain dollar amount) against a taxpayer’s property tax liability.¹²

The County uses the SSRC program in connection with the FILOT program. Following the calculation of a taxpayer’s fee-in-lieu of *ad valorem* tax payment under the FILOT program, the County applies an SSRC to further abate the taxpayer’s property tax liability. To receive property tax abatements under the SSRC program and the FILOT program, the taxpayer must meet the eligibility criteria for both programs.

For tax year 2016, County property taxes abated as a result of the SSRC program totaled \$6,146.

For tax year 2016, the County received \$287,787 from taxpayers subject to the County’s tax abatement programs.

NONFINANCIAL COMMITMENTS

The County also made certain commitments other than to reduce property taxes as a part of an agreement the County entered into under the above-referenced tax abatement programs. In consideration of the commitments certain taxpayers made to the County in certain tax abatement agreements, the County is leasing certain real property the County owns to a taxpayer for below-market rent.

⁷ Due to absence of actual appraisal, standard *ad valorem* taxes estimated for taxpayers subject to the FILOT program assumes the appraised value of their real property would have equaled the gross cost value; however, taxpayers’ real property and their real property improvements are generally not appraised at cost.

⁸ Estimated standard *ad valorem* taxes are net of local option sales tax credits and the five-year exemption provided by Section 12-37-220 of the Code of Laws of South Carolina, 1976, as amended, if it were otherwise applicable.

⁹ S.C. Code Ann. § 4-29-68(A)(2)(i)

¹⁰ To locate a taxpayer’s property in a multicounty industrial or business park, the County must develop, with one or more contiguous counties (S.C. Code Ann. § 4-1-172), a multicounty industrial or business park by entering into an agreement with the contiguous counties which sets forth how the counties will share the expenses and revenues from the multicounty industrial or business park (S.C. Const. Art. VIII, Sec. 13). The agreement must further specify how the revenues from the multicounty industrial or business park will be distributed to each taxing entity in the participating counties (S.C. Code Ann. § 4-1-170).

¹¹ S.C. Code Ann. §§ 4-29-68(A)(2)(i)

¹² S.C. Code Ann. § 4-1-175

BAMBERG COUNTY, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 21 – SUBSEQUENT EVENTS

In July, 2018, the County approved posing a referendum to the voters in November, 2018 to impose a one percent sales tax for to raise the revenues for an approved list of \$4,844,000 of capital projects within the County. This will be the second round on the Capital Project Sales and Use Tax. The County also approved issuing bonds up to \$5,600,000 for construction of these one percent sales tax projects.

The County has issued the following debt subsequent to June 30, 2017 fiscal year end:

- On October 31, 2017, the County obtained a bank promissory note of \$115,779 to purchase four vehicles, two for the Enterprise Fund and two for the public works of the Governmental Funds. The debt will be repaid in five annual installments of \$26,458.56 including interest of 4.55% beginning October 31, 2018 with the final payment due on October 31, 2022.
- On November 28, 2017, the County entered into a lease-purchase agreement for a backhoe loader and mower in the amount of \$145,476. The debt will be repaid in five annual installments of \$27,335.67 including interest of 3.99% beginning September 28, 2018 with a balloon payment of \$28,880 due along with the final payment on September 28, 2022.
- On February 13, 2018, the County issued \$162,500 General Obligation Bond taxable series 2018 with the proceeds used for the debt service payments due for capital sales tax project related outstanding debt. The debt will be repaid in five annual principal installments ranging from \$21,455 to \$37,956 through March 1, 2023, interest at 4.40% due semiannually
- The County was awarded three loan/grant financing agreements from USDA Rural Development each for the purchase of a fire pumper tanker truck for use in three specific zones of the County. The following summarizes the terms of each:
 - In May, 2018 the County obtained \$280,000 funding consisting of \$230,100 loan and \$49,900 grant to be repaid in annual installment of interest and principal of \$16,745.00 over twenty years
 - In March, 2018 the County obtained \$280,000 funding consisting of \$230,000 loan and \$50,000 grant to be repaid in annual installment of interest and principal of \$16,186.00 over twenty years
 - In March, 2018 the County obtained \$280,000 funding consisting of \$230,200 loan and \$49,800 grant to be repaid in annual installment of interest and principal of \$16,200.00 over twenty years

Subsequent to the June 30, 2017 fiscal year-end, the County has submitted applications or approved seeking funding for the following projects:

- \$150,000 USDA Rural Development Facilities Program loan for the construction of new fire service substation with the loan term expected to be 40 years.
- \$3,000,000 Community Connect Grant from the USDA Rural Utility Service for a broadband system. This grant requires a \$450,000 County match which will be funded by issuing revenue bond should the County be approved to receive the grant.
- An installment plan of finance to renovate or expand certain facilities, including the courthouse and to refurbish the historic caboose. The loan amount for the project is \$6 million with a 3.875 percent interest rate for a 40 year term. Annual payments will be approximately \$298,000 under the proposed financing plan.

REQUIRED SUPPLEMENTARY INFORMATION

**BAMBERG COUNTY, SOUTH CAROLINA
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
FOR THE YEAR ENDED JUNE 30, 2017**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll ((2)-(1))/(5)
Bamberg County 6/30/2014	\$ -	\$ 104,376	\$ 104,376	0.00%	\$ 2,352,895	4.44%

The County implemented GASB 45 in Fiscal Year 2015; therefore, six years of data are not available, but will be accumulated over time. The valuation has been calculated using the Individual Entry Age Normal Cost Method, discount rates of 4.5%, and the initial unfunded actuarial liability is amortized over 30 years based on a level percent of payroll method. It should be noted that an actuarial cost method determines a contribution or expense by assigning portions of the present value of projected benefits to various years with the general goal of accruing the cost of benefits over the working lifetime of the employees.

BAMBERG COUNTY, SOUTH CAROLINA
 SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (SCRS AND PORS)
 LAST 10 FISCAL YEARS*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
County's proportion of the net pension liability (asset)	0.016367%	0.016576%	0.015533%	0.015533%	NA*	NA*	NA*	NA*	NA*	NA*
County's proportionate share of the net pension liability (asset)	\$ 3,495,967	\$ 3,143,718	\$ 2,674,268	\$ 2,786,066	NA*	NA*	NA*	NA*	NA*	NA*
County's covered-employee payroll	1,569,046	1,563,111	1,378,866	1,478,057	NA*	NA*	NA*	NA*	NA*	NA*
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	222.81%	201.12%	193.95%	188.50%	NA*	NA*	NA*	NA*	NA*	NA*
Plan fiduciary net position as a percentage of the total pension liability	52.9%	57.0%	59.9%	56.4%	NA*	NA*	NA*	NA*	NA*	NA*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
County's proportion of the net pension liability (asset)	0.083140%	0.080800%	0.078380%	0.078380%	NA*	NA*	NA*	NA*	NA*	NA*
County's proportionate share of the net pension liability (asset)	\$ 2,108,850	\$ 1,761,077	\$ 1,500,528	\$ 1,624,817	NA*	NA*	NA*	NA*	NA*	NA*
County's covered-employee payroll	1,054,028	1,012,604	974,029	977,213	NA*	NA*	NA*	NA*	NA*	NA*
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	200.08%	173.92%	154.05%	166.27%	NA*	NA*	NA*	NA*	NA*	NA*
Plan fiduciary net position as a percentage of the total pension liability	60.40%	64.60%	67.50%	63.00%	NA*	NA*	NA*	NA*	NA*	NA*

NA* - Not Available

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Source: Audit reports on the schedules of employer allocations, schedules of pension amounts per employer, and related notes of the South Carolina and Police Officers Retirement Systems, as administered by the SC Public Employee Benefits Authority for the applicable year presented. The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

BAMBERG COUNTY, SOUTH CAROLINA
 SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF COUNTY CONTRIBUTIONS (SRS AND PORS)
 LAST 10 FISCAL YEARS*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)										
Contractually required contribution	\$ 188,768	\$ 173,236	\$ 170,377	\$ 146,160	\$ 156,674	\$ 149,493	NA*	NA*	NA*	NA*
Contributions in relation to the contractually required contribution	(188,768)	(173,236)	(170,377)	(146,160)	(156,674)	(149,493)	NA*	NA*	NA*	NA*
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 1,632,937	\$ 1,569,046	\$ 1,563,111	\$ 1,378,866	\$ 1,478,057	\$ 1,567,932	NA*	NA*	NA*	NA*
Contributions as a percentage of covered-employee payroll	11.56%	11.04%	10.90%	10.60%	10.60%	9.53%	NA*	NA*	NA*	NA*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
POLICE OFFICERS RETIREMENT SYSTEM (PORS)										
Contractually required contribution	\$ 142,995	\$ 144,823	\$ 135,790	\$ 125,065	\$ 120,197	\$ 114,705	NA*	NA*	NA*	NA*
Contributions in relation to the contractually required contribution	(142,995)	(144,823)	(135,790)	(125,065)	(120,197)	(114,705)	NA*	NA*	NA*	NA*
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 1,003,475	\$ 1,054,028	\$ 1,012,604	\$ 974,029	\$ 977,213	\$ 975,136	NA*	NA*	NA*	NA*
Contributions as a percentage of covered-employee payroll	14.25%	13.74%	13.41%	12.84%	12.30%	11.76%	NA*	NA*	NA*	NA*

NA* - Not Available

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Source: County's quarterly retirement contribution reports for each fiscal year ended June 30.

**COMBINING AND INDIVIDUAL
FUND SCHEDULES**

BAMBERG COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue Funds						Total
	Special Revenue Fund	E-911 Fund	Road Maintenance Fund	Fire Service Fund	Capital Project Hospital Fund	Debt Service Fund	
ASSETS							
Cash and cash equivalents	\$ -	\$ 270,970	\$ -	\$ 291,642	\$ -	\$ 55,541	\$ 618,153
Due from other governments	83,504	20,307	-	-	-	-	103,811
Due from other funds	8,015	8,489	7,706	-	-	93,865	118,075
Delinquent taxes receivable	-	-	-	47,917	-	36,622	84,539
TOTAL ASSETS	\$ 91,519	\$ 299,766	\$ 7,706	\$ 339,559	\$ -	\$ 186,028	\$ 924,578
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 80,371	\$ 2,516	\$ 6,344	\$ 8,159	\$ -	\$ -	\$ 97,390
Accrued expenses	-	3,664	12,249	-	-	-	15,913
Due to other funds	6,148	179,899	246,305	31,771	25,268	-	489,391
Unearned revenue - grants	5,000	-	-	-	-	-	5,000
Total Liabilities	91,519	186,079	264,898	39,930	25,268	-	607,694
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	46,143	-	35,143	81,286
Total Deferred Inflows of Resources	-	-	-	46,143	-	35,143	81,286
FUND BALANCES							
Restricted	-	65,617	-	202,026	-	150,885	418,528
Assigned	-	48,070	-	51,460	-	-	99,530
Unassigned	-	-	(257,192)	-	(25,268)	-	(282,460)
Total Fund Balances	-	113,687	(257,192)	253,486	(25,268)	150,885	235,598
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 91,519	\$ 299,766	\$ 7,706	\$ 339,559	\$ -	\$ 186,028	\$ 924,578

BAMBERG COUNTY, SOUTH CAROLINA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds						Total
	Special Revenue Fund	E-911 Fund	Road Maintenance Fund	Fire Service Fund	Capital Project Hospital Fund	Debt Service Fund	
Revenue							
Property taxes	\$ -	\$ -	\$ -	\$ 403,813	\$ -	\$ 285,043	\$ 688,856
Charges for services	-	41,416	328,290	-	-	-	369,706
Intergovernmental - State	360,009	162,856	-	-	-	-	522,865
Intergovernmental - Federal	62,784	-	-	-	-	-	62,784
Interest income	-	-	-	130	-	34	164
Total revenue	422,793	204,272	328,290	403,943	-	285,077	1,644,375
Expenditures							
Current:							
General government	2,860	-	-	-	-	-	2,860
Public safety	13,630	268,905	-	-	-	-	282,535
Public works	-	-	403,523	-	-	-	403,523
Health and welfare	-	-	-	316,309	-	-	316,309
Capital Outlay	386,194	74,510	269,636	-	-	-	730,340
Debt service:							
Principal	-	33,981	-	7,133	-	159,919	201,033
Interest	-	3,650	-	717	-	66,296	70,663
Total expenditures	402,684	381,046	673,159	324,159	-	226,215	2,007,263
Excess (deficiency) of revenue over expenditures	20,109	(176,774)	(344,869)	79,784	-	58,862	(362,888)
Other Financing Sources (Uses)							
Proceeds from issuance of debt	-	-	269,636	-	-	125,900	395,536
Transfer in (out)	(20,109)	24,935	-	-	-	(125,900)	(121,074)
Total other financing sources (uses)	(20,109)	24,935	269,636	-	-	-	274,462
Net change in fund balance	-	(151,839)	(75,233)	79,784	-	58,862	(88,426)
Fund balance, beginning of year	-	265,526	(181,959)	173,702	(25,268)	92,023	324,024
Fund balance, end of year	\$ -	\$ 113,687	\$ (257,192)	\$ 253,486	\$ (25,268)	\$ 150,885	\$ 235,598

BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local Sources				
Taxes				
Real estate taxes	\$ 3,124,945	\$ 3,124,945	\$ 3,324,302	\$ 199,357
Local option sales tax credit	220,000	220,000	189,158	(30,842)
Vehicle taxes	586,000	586,000	456,886	(129,114)
Vehicle decal income	9,800	9,800	9,073	(727)
Delinquent taxes	325,000	325,000	213,541	(111,459)
Delinquent tax execution cost reimbursement	89,000	89,000	109,614	20,614
Payment in lieu of taxes	24,300	24,300	1,980	(22,320)
Municipal tax collection fees	31,000	31,000	28,503	(2,497)
State motor carrier	52,000	52,000	63,484	11,484
Manufacturer exemption reimbursement	29,000	29,000	35,766	6,766
Merchant's inventory tax	26,475	26,475	26,475	-
Homestead exemption reimbursement	340,000	340,000	311,895	(28,105)
Total taxes	<u>4,857,520</u>	<u>4,857,520</u>	<u>4,770,677</u>	<u>(86,843)</u>
Intergovernmental				
State				
Accommodations tax	94,500	94,500	106,152	11,652
Local Government Fund	634,525	634,525	620,190	(14,335)
Salary Assistance	6,300	6,300	6,300	-
State Election Board stipened reimbursement	10,500	10,500	10,500	-
Reimbursement for election costs	30,000	30,000	28,042	(1,958)
Service Officer Supplement	4,600	4,600	4,704	104
Reimburse dispatcher training	1,400	1,400	-	(1,400)
Grants	42,290	42,290	-	(42,290)
Rural infrastructure grant	-	-	200,000	200,000
Federal				
FEMA grant	-	-	299,889	299,889
USDA Rural Development grants	-	-	99,900	99,900
DSS filing fees	-	-	6,300	6,300
DSS - Clerk of Court	-	-	17,538	17,538
DSS - Sheriff	10,000	10,000	4,026	(5,974)
DSS - IV-D Incentives	-	-	29,748	29,748
DSS - Rent/Utilities reimbursement	57,000	57,000	38,211	(18,789)
Total intergovernmental	<u>891,115</u>	<u>891,115</u>	<u>1,471,500</u>	<u>580,385</u>
Licenses and permits				
Moving and other permits	7,400	7,400	11,297	3,897
Franchise fees	3,700	3,700	4,152	452
Building permits	40,000	40,000	62,538	22,538
Total licenses and permits	<u>51,100</u>	<u>51,100</u>	<u>77,987</u>	<u>26,887</u>
Charges for services				
Probate fees	24,500	24,500	38,826	14,326
Municipal inmate housing	50,200	50,200	22,686	(27,514)
Tower rent	39,600	39,600	53,492	13,892
Total charges for services	<u>114,300</u>	<u>114,300</u>	<u>115,004</u>	<u>704</u>

BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Fines and forfeitures				
Clerk of court fines and fees	155,000	155,000	88,398	(66,602)
Magistrate fines and fees	158,000	158,000	116,054	(41,946)
Sex offender registration fees	-	-	1,855	1,855
Victim's Advocate funds	21,500	21,500	16,519	(4,981)
Service fees	2,200	2,200	1,836	(364)
Total fines and forfeitures	<u>336,700</u>	<u>336,700</u>	<u>224,662</u>	<u>(112,038)</u>
Investment income	<u>2,800</u>	<u>2,800</u>	<u>2,591</u>	<u>(209)</u>
Miscellaneous				
Miscellaneous revenue	78,000	78,000	32,556	(45,444)
Forfeited Land Commission sales & interest	30,000	30,000	32,051	2,051
GIS mapping	-	-	2,550	2,550
Reimbursement From Mun. Judge	25,000	25,000	21,684	(3,316)
Detention Center phone	5,000	5,000	6,569	1,569
Detention Center concessions commissions	-	-	5,948	5,948
Total miscellaneous	<u>138,000</u>	<u>138,000</u>	<u>101,358</u>	<u>(36,642)</u>
TOTAL REVENUES	<u>6,391,535</u>	<u>6,391,535</u>	<u>6,763,779</u>	<u>372,244</u>
EXPENDITURES				
Current:				
General government	2,916,675	2,875,317	2,738,573	136,744
Judicial	711,005	725,744	695,656	30,088
Public safety	2,247,395	2,266,884	2,306,948	(40,064)
Economic development	50,000	50,000	250,000	(200,000)
Culture and recreation	150,800	150,800	150,798	2
Miscellaneous	210,550	217,685	182,307	35,378
Health and welfare	475,000	475,000	556,552	(81,552)
TOTAL EXPENDITURES	<u>6,761,425</u>	<u>6,761,430</u>	<u>6,880,834</u>	<u>(119,404)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(369,890)</u>	<u>(369,895)</u>	<u>(117,055)</u>	<u>252,840</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	25,000	25,000	31,165	6,165
Insurance recoveries	-	-	64,975	64,975
Transfers in(out)	(53,025)	(53,025)	121,074	174,099
TOTAL OTHER FINANCING SOURCES (USES)	<u>(28,025)</u>	<u>(28,025)</u>	<u>217,214</u>	<u>245,239</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (397,915)</u>	<u>\$ (397,920)</u>	<u>100,159</u>	<u>\$ 498,079</u>
Fund Balance at Beginning of Year			<u>3,208,164</u>	
Fund Balance at End of Year			<u>\$ 3,308,323</u>	

BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
GENERAL GOVERNMENT				
Administration:				
Salaries	\$ 36,087	\$ 39,933	\$ 38,684	\$ 1,249
State retirement	4,171	5,111	4,299	812
FICA and Medicare	2,761	3,002	3,002	-
Health insurance	9,169	7,368	7,362	6
Unemployment comp insurance	169	169	103	66
Workers comp insurance	817	817	687	130
Training	2,000	900	834	66
Supplies	2,500	2,500	2,598	(98)
Capital Improvement	500	500	-	500
Administrator operations	3,000	4,865	4,945	(80)
Personnel operations	1,000	1,000	1,041	(41)
Gas and fuel	900	755	725	30
Administrator contract	108,150	118,919	118,919	-
	<u>171,224</u>	<u>185,839</u>	<u>183,199</u>	<u>2,640</u>
County Auditor:				
Salaries	65,561	61,074	57,848	3,226
State retirement	7,579	7,579	5,991	1,588
FICA and Medicare	5,015	5,015	4,222	793
Health insurance	16,182	16,182	12,993	3,189
Unemployment comp insurance	508	508	309	199
Workers comp insurance	1,190	1,190	1,001	189
Meals	100	100	8	92
Training	400	400	300	100
Travel	450	450	-	450
Photocopy maintenance	745	745	-	745
Lodging	1,000	1,000	780	220
Registration	840	840	465	375
Dues and Publications	400	400	389	11
Supplies	2,500	2,500	1,035	1,465
	<u>102,470</u>	<u>97,983</u>	<u>85,341</u>	<u>12,642</u>
County Treasurer:				
Salaries	83,386	105,615	102,824	2,791
State retirement	9,639	10,375	9,621	754
FICA and Medicare	6,379	7,683	7,683	-
Health insurance	24,584	22,544	20,394	2,150
Unemployment comp insurance	508	508	309	199
Workers comp insurance	1,889	1,889	1,589	300
Meals	400	400	97	303
Travel	1,000	1,000	824	176
Photocopy maintenance	575	575	-	575
Lodging	1,500	1,500	1,409	91
Registration	1,250	1,250	825	425
Dues and publications	200	200	147	53
Supplies	2,500	2,500	2,686	(186)
Capital improvements	-	-	5	(5)
Photocopy Lease	1,400	1,400	1,873	(473)
	<u>135,210</u>	<u>157,439</u>	<u>150,287</u>	<u>7,152</u>

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
County Tax Assessor/GIS/Risk Manager:				
Salaries	129,803	136,284	131,791	4,493
Overtime	-	205	205	-
State retirement	15,005	15,838.00	14,687	1,151
FICA and Medicare	9,930	10,194	10,193	1
Health insurance	25,650	24,540	20,596	3,944
Unemployment comp insurance	678	473	413	60
Workers comp insurance	2,939	2,939	2,473	466
Meals	300	300	55	245
Training	1,100	1,390	1,386	4
Travel	2,500	2,275	611	1,664
Photocopy maintenance	575	575	-	575
Lodging	1,050	786	539	247
Registration	300	300	230	70
Dues and publications	975	975	923	52
Supplies	4,500	3,558	3,028	530
Service contracts	10,575	10,050	8,500	1,550
Capital improvements	-	875	809	66
Auto Maintenance	1,000	1,750	1,789	(39)
Contract appraisers	40,000	40,000	37,323	2,677
Aerial Photography Flight	14,000	5,479	-	5,479
Equipment maintenance	750	1,625	-	1,625
Postage	2,500	2,500	-	2,500
	264,130	262,911	235,551	27,360
Building/Zoning/Code Enforcement:.				
Salaries	44,923	58,199	56,645	1,554
State retirement	5,193	6,760	6,269	491
FICA and Medicare	3,437	4,381	4,381	-
Health insurance	5,750	4,617	4,617	-
Unemployment comp insurance	169	169	103	66
Workers comp insurance	1,018	1,018	856	162
Meals	300	300	482	(182)
Training	1,000	566	285	281
Travel	800	576	-	576
Lodging	300	300	493	(193)
Registration	200	200	275	(75)
Dues and publications	1,000	1,000	710	290
Supplies	1,000	1,000	563	437
Capital Improvements	1,000	1,000	518	482
Gas and fuel	2,000	3,110	3,063	47
Auto maintenance	1,000	1,000	360	640
Software maintenance	2,900	2,900	2,894	6
Telephone	720	-	-	-
	72,710	87,096	82,514	4,582
Mosquito Control	6,300	6,300	5,134	1,166

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Voter Registration:				
Salaries	52,904	56,064	54,751	1,313
State retirement	4,514	6,500	6,027	473
FICA and Medicare	4,048	4,208	4,206	2
Health insurance	5,751	5,751	4,618	1,133
Unemployment comp insurance	169	169	132	37
Workers comp insurance	859	859	722	137
Training	500	500	316	184
Travel	1,000	1,000	447	553
Operations	2,000	75	49	26
Supplies	4,500	4,500	4,044	456
Capital improvements	1,500	1,500	115	1,385
Board travel	7,000	6,300	4,890	1,410
Election commission	10,500	13,069	8,250	4,819
Voting machine maintenance	11,120	11,120	11,120	-
Equipment maintenance	5,000	5,000	2,817	2,183
Poll worker stipend	4,500	4,500	4,500	-
Reimbursed Election Expenses	30,000	24,750	22,731	2,019
	<u>145,865</u>	<u>145,865</u>	<u>129,735</u>	<u>16,130</u>
Delinquent Tax Collector:				
Salaries	56,975	61,266	59,294	1,972
State retirement	6,586	7,118	6,600	518
FICA and Medicare	4,359	4,359	4,351	8
Health insurance	21,082	16,932	16,928	4
Unemployment comp insurance	339	339	206	133
Workers comp insurance	1,289	1,148	1,085	63
Meals	50	50	-	50
Travel	500	437	299	138
Lodging	800	800	780	20
Operations	500	500	204	296
Registration Fee	500	500	350	150
Dues & Publications	50	50	30	20
Supplies	1,000	1,198	1,198	-
Capital improvements	500	500	-	500
Postage	9,100	9,100	3,225	5,875
Service Contracts-Title Search for Del Tax Sale	36,150	36,150	27,800	8,350
Service Contracts-Del Tax Prop Posting	4,250	3,583	-	3,583
	<u>144,030</u>	<u>144,030</u>	<u>122,350</u>	<u>21,680</u>
Central Services & Utilities:				
Development and IT	1,200	1,200	1,470	(270)
Miscellaneous	-	-	5,340	(5,340)
Supplies	2,500	6,900	7,231	(331)
Equipment maintenance contracts	21,200	1,089	-	1,089
Telephone lease	-	-	172	(172)
Telephone	140,000	158,311	163,293	(4,982)
Electricity	185,000	181,465	183,721	(2,256)
Postage	25,000	20,600	23,094	(2,494)
Photocopy Lease/Maintenance	5,800	9,600	9,396	204
Bonding	4,500	4,500	4,572	(72)
Computer - taxes	121,440	109,315	109,314	1
Computer - payroll	6,500	6,500	5,030	1,470
Computer - Family Court	4,300	4,300	2,030	2,270

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Central Services & Utilities: (continued)				
Copy machine	12,000	10,000	12,037	(2,037)
Insurance	110,000	110,000	108,135	1,865
Meeting Exp	14,000	26,125	27,793	(1,668)
Risk Management	1,000	1,110	1,260	(150)
	654,440	651,015	663,888	(12,873)
Contingency & Grant Matches:				
Monument expenditures	5,000	5,000	-	5,000
COLA, merit, and upgrades	107,975	25,916	-	25,916
	112,975	30,916	-	30,916
Unallocated Benefits:				
Retiree Health Insurance	4,560	4,560	4,252	308
Finance:				
Salaries	172,800	149,764	144,569	5,195
State retirement	19,977	17,735	16,064	1,671
FICA and Medicare	13,219	11,219	11,185	34
Health insurance	26,829	21,867	28,290	(6,423)
Unemployment comp insurance	508	508	309	199
Workers comp insurance	3,913	3,913	3,292	621
Meals	500	500	459	41
Training	1,000	-	-	-
Travel	500	500	299	201
Lodging	2,000	2,000	1,316	684
Registration Fee	2,500	2,500	2,064	436
Dues & Publications	1,250	1,250	838	412
Supplies	4,000	2,700	2,106	594
Capital improvements	1,000	4,500	4,487	13
Gas and fuel	250	250	24	226
Supplies	2,500	1,600	1,383	217
Audits	53,000	51,000	50,705	295
Management Consulting	65,500	100,100	122,706	(22,606)
	371,246	371,906	390,096	(18,190)
Buildings and Grounds:				
Salaries	37,224	39,260	37,970	1,290
State Retirement	4,303	4,545	4,214	331
FICA & Medicare	2,848	3,021	2,725	296
Health Insurance	11,499	13,746	13,745	1
Unemployment Comp Insurance	338	165	165	-
Workers Comp Insurance	843	843	936	(93)
Uniforms	1,500	-	-	-
Maintenance Contracts - Eqpt	2,000	516	516	-
Building Grounds & Supplies	45,000	45,000	92,423	(47,423)
Maintenance - County Buildings	75,000	75,000	98,265	(23,265)
Custodial Contract	10,000	10,000	16,575	(6,575)
	190,555	192,096	267,534	(75,438)
County Attorney:				
Salaries	41,200	43,197	41,770	1,427
State Retirement	4,763	5,026	4,661	365

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
County Attorney: (continued)				
FICA & Medicare	3,152	3,305	3,305	-
Health Insurance	9,418	7,005	-	7,005
Unemployment Comp	169	169	144	25
Workers Comp	933	933	558	375
Legal Settlement	85,000	85,000	-	85,000
Legal Service Fee	75,000	71,400	48,920	22,480
	219,635	216,035	99,358	116,677
County Council:				
Salaries	94,307	95,381	92,694	2,687
State Retirement	10,902	7,183	6,032	1,151
FICA & Medicare	7,214	6,714	6,657	57
Health Insurance	57,853	54,723	46,453	8,270
Unemployment Comp	884	884	540	344
Workers Comp	2,135	2,135	1,796	339
Supplies	-	871	871	-
Council Operations	1,000	1,000	1,037	(37)
Clerk to Council Operation	1,500	1,500	1,639	(139)
Capital improvements	500	500	-	500
Service Contracts	8,500	11,630	3,130	8,500
Advertising & Legal	6,000	6,000	6,692	(692)
Council Special Projects - District 1	11,035	11,035	4,965	6,070
District 1	2,500	2,500	2,416	84
District 2	2,500	2,500	758	1,742
District 3	2,500	3,465	3,465	-
District 4	2,500	2,500	1,213	1,287
District 5	2,500	3,310	3,396	(86)
District 6	2,500	3,000	3,196	(196)
District 7	2,500	2,500	-	2,500
	219,330	219,331	186,950	32,381
Veterans Affairs				
Salaries	22,289	23,422	22,650	772
State Retirement	2,577	2,719	2,522	197
FICA & Medicare	1,705	1,792	1,792	-
Unemployment Comp Insurance	169	169	103	66
Workers Comp Insurance	505	505	425	80
Photocopy Maintenance	2,000	725	454	271
Supplies	750	663	-	663
	29,995	29,995	27,946	2,049
Information Technology				
Supplies	1,200	1,200	78	1,122
Software Exp.	7,800	7,800	1,049	6,751
Equipt. Maintenance	5,000	5,000	2,777	2,223
IT Consulting Services	58,000	58,000	100,534	(42,534)
	72,000	72,000	104,438	(32,438)
Total General Government	2,916,675	2,875,317	2,738,573	136,744

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
JUDICIAL				
Clerk of Court:				
Salaries	135,477	143,881	139,190	4,691
State retirement	15,661	16,687	15,474	1,213
FICA and Medicare	10,364	10,654	10,653	1
Health insurance	31,398	28,894	25,211	3,683
Unemployment comp insurance	847	847	515	332
Workers comp insurance	3,068	2,778	2,581	197
Operations	1,000	1,000	1,717	(717)
Supplies	6,500	6,500	7,260	(760)
Court expenses	18,000	15,600	14,475	1,125
Service Contract - Index	20,000	15,474	16,848	(1,374)
IV-D expenditures	-	-	2,943	(2,943)
Case Management System Expense	18,000	18,000	18,000	-
Equipment Maintenance	400	400	-	400
	260,715	260,715	254,867	5,848
Probate Judge:				
Salaries	71,849	75,527	73,039	2,488
State retirement	9,639	10,163	9,424	739
FICA and Medicare	5,496	5,496	5,402	94
Health insurance	18,425	15,425	21,773	(6,348)
Unemployment comp insurance	339	339	206	133
Workers comp insurance	1,627	1,627	1,369	258
Meals	450	450	103	347
Travel	500	500	5	495
Lodging	1,100	1,100	716	384
Dues & Publications	650	650	540	110
Registration	775	775	545	230
Supplies	3,500	3,500	412	3,088
Capital Improvements	2,850	2,172	-	2,172
Advertising & Legal Notices	2,000	2,000	-	2,000
Maintenance Contract - Cms	2,400	2,400	2,400	-
Court Expenses	1,360	836	12	824
Postage	140	140	24	116
Equipment maintenance contracts	3,405	3,405	384	3,021
Photocopy Lease	1,400	1,400	1,269	131
	127,905	127,905	117,623	10,282
Magistrate:				
Salaries	128,428	143,167	138,527	4,640
State retirement	16,571	16,571	14,391	2,180
FICA and Medicare	9,825	10,886	10,886	-
Health insurance	17,246	16,185	13,848	2,337
Unemployment comp insurance	678	678	413	265
Workers comp insurance	2,907	2,907	2,447	460
Training	2,500	2,500	1,520	980
Lodging	2,000	2,000	1,594	406
Operations	2,000	2,000	309	1,691
Registration	600	805	905	(100)
Supplies	2,000	2,000	1,870	130
Case management system	18,000	18,000	18,000	-

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Magistrate:(continued)				
Capital improvements	2,000	1,795	1,758	37
Court expense	2,500	2,500	1,572	928
	<u>207,255</u>	<u>221,994</u>	<u>208,040</u>	<u>13,954</u>
Contract Agencies - Judicial:				
Public Defender	32,500	32,500	32,500	-
Solicitor	81,730	81,730	81,726	4
Court Library	900	900	900	-
	<u>115,130</u>	<u>115,130</u>	<u>115,126</u>	<u>4</u>
Total Judicial	<u>711,005</u>	<u>725,744</u>	<u>695,656</u>	<u>30,088</u>
PUBLIC SAFETY				
County Sheriff:				
Salaries	547,721	542,814	516,854	25,960
Overtime	36,000	39,726	39,726	-
State retirement	82,727	83,908	77,810	6,098
FICA and Medicare	44,655	44,655	44,527	128
Health insurance	106,232	106,232	96,279	9,953
Unemployment comp insurance	2,710	2,710	1,649	1,061
Workers comp insurance	12,335	12,335	10,379	1,956
Training	5,000	5,000	1,359	3,641
Operations	6,000	6,000	4,650	1,350
Supplies	6,000	5,175	3,114	2,061
Capital improvements	52,490	52,490	235,765	(183,275)
Investigations	6,500	6,500	(147)	6,647
Victim's services	32,000	32,000	28,725	3,275
Gasoline	65,000	34,681	31,659	3,022
Auto maintenance	20,000	20,000	12,407	7,593
Uniforms	10,000	10,000	7,592	2,408
Radio maintenance	5,000	5,000	3,904	1,096
Radio Communications	10,200	10,200	9,155	1,045
Maintenance Contracts - Eqpt	18,500	18,500	5,911	12,589
Photocopy Lease	3,000	3,825	3,790	35
	<u>1,072,070</u>	<u>1,041,751</u>	<u>1,135,108</u>	<u>(93,357)</u>
Detention Center:				
Salaries	346,530	391,967	380,007	11,960
Overtime	35,000	31,160	29,115	2,045
State retirement	54,330	58,170	53,940	4,230
FICA and Medicare	29,187	31,328	31,328	-
Health insurance	99,489	80,848	79,884	964
Unemployment comp insurance	2,487	2,487	1,516	971
Workers comp insurance	7,847	7,847	6,602	1,245
Training	2,000	2,000	1,387	613
Travel	2,500	2,500	1,738	762
Operations	5,000	5,000	6,052	(1,052)
Supplies	2,500	2,500	1,354	1,146
Capital improvements	5,000	7,170	6,839	331

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Detention Center: (continued)				
Gas and fuel	5,000	2,171	1,578	593
Auto maintenance	3,000	1,955	1,548	407
Uniforms	5,000	5,000	3,386	1,614
Department of Youth Services	1,000	1,000	125	875
Inmate meals	83,000	79,668	62,192	17,476
County physician	4,500	4,500	4,500	-
Jail Service Contract	14,000	12,630	11,342	1,288
Janitorial Supplies	3,500	2,456	181	2,275
Jail Supplies	5,000	10,361	7,492	2,869
Maint - County Buildings	6,000	7,045	7,045	-
Minimum standards expenditures	25,000	26,044	37,484	(11,440)
Inmate medical and drugs	30,000	30,000	29,803	197
	<u>776,870</u>	<u>805,807</u>	<u>766,438</u>	<u>39,369</u>
County Coroner:				
Salaries	15,934	20,421	19,823	598
State retirement	1,842	2,369	2,196	173
FICA and Medicare	1,219	1,490	1,489	1.00
Health insurance	5,750	4,953	4,617	336
Unemployment comp insurance	169	169	103	66
Workers comp insurance	361	361	304	57
Operations	1,000	1,000	1,150	(150)
Autopsy services	-	-	1,170	(1,170)
Supplies	12,000	13,078	13,485	(407)
Gas and fuel	400	170	204	(34)
Equipment maintenance	1,000	152	152	-
	<u>39,675</u>	<u>44,163</u>	<u>44,693</u>	<u>(530)</u>
Dispatching:				
Salaries	209,904	237,787	230,405	7,382
Overtime	22,520	24,744	24,551	193
State retirement	26,869	30,447	28,233	2,214
FICA and Medicare	17,780	19,582	19,581	1
Health insurance	58,929	47,429	47,317	112
Unemployment comp insurance	1,525	1,525	957	568
Workers comp insurance	4,753	4,753	3,999	754
Training	2,000	2,000	1,525	475
Operations	7,000	3,422	2,528	894
Supplies	2,500	698	436	262
Uniforms	2,000	2,000	1,177	823
Equipment maintenance	3,000	776	-	776
	<u>358,780</u>	<u>375,163</u>	<u>360,709</u>	<u>14,454</u>
Total Public Safety	<u>2,247,395</u>	<u>2,266,884</u>	<u>2,306,948</u>	<u>(40,064)</u>
ECONOMIC DEVELOPMENT				
South Carolina Alliance	50,000	50,000	50,000	-
State RIF grant expenditures	-	-	200,000	(200,000)
Total Economic Development	<u>50,000</u>	<u>50,000</u>	<u>250,000</u>	<u>(200,000)</u>

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
CULTURE AND RECREATION				
Local Recreation & Tourism	14,000	14,000	13,998	2
ABBE Regional Library	136,800	136,800	136,800	-
Total Culture and Recreation	150,800	150,800	150,798	2
MISCELLANEOUS				
Contract Agencies:				
Lower Savannah Council of Governments	43,595	43,595	17,991	25,604
SC Association of Counties	6,700	10,300	10,297	3
National Association of Counties	450	450	450	-
Willow Swamp Contract	2,120	2,120	-	2,120
Soil & Water Conservation District	6,000	6,000	6,000	-
Mary Ann Morris Animal Society	29,000	29,000	29,000	-
Non-Contract Agencies:				
Medically Indigent Assistance Fund	30,585	30,585	30,583	2
Health Department	6,000	6,000	995	5,005
Chamber of Commerce	800	800	800	-
Tri-County Comm. Alcohol & Drug Abuse	1,800	1,800	1,800	-
Western Carolina Higher Ed Commission	4,000	4,000	4,000	-
OCAB-Community Action	1,800	1,800	1,800	-
Denmark Technical College	1,800	1,800	-	1,800
Bamberg Co. Disabilities & Special Needs	1,800	1,800	-	1,800
CASA	800	800	-	800
Clemson Extension	1,100	1,100	1,100	-
Bamberg Co. Council on Aging	64,000	64,000	64,000	-
Bamberg Co. DSS - Emergency Relief	6,400	9,935	10,429	(494)
Cheese & Cracker Box	1,800	1,800	1,800	-
Department of Mental Health	-	-	62	(62)
Little Swamp Community Center	-	-	1,200	(1,200)
Total Miscellaneous	210,550	217,685	182,307	35,378
HEALTH AND WELFARE				
EMS/Rescue - contract agency	475,000	475,000	475,000	-
Winter storm cleanup - FEMA grant reimbursement	-	-	81,552	(81,552)
Total Health and Welfare	475,000	475,000	556,552	(81,552)
TOTAL EXPENDITURES	\$ 6,761,425	\$ 6,761,430	\$ 6,880,834	\$ (119,404)

BAMBERG COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2017

	School District 1	School District 2	Town of Bamberg	Town of Denmark	Town of Ehrhardt	Town of Olar	Clerk of Court	Delinquent Tax Sale Escrow	Inmate Trust Escrow	Total
ASSETS										
Cash	\$ 1,372,271	\$ 1,408,682	\$ -	\$ -	\$ -	\$ -	\$ 72,800	\$ 231,834	\$ 1,988	\$ 3,087,575
Delinquent property taxes	1,045,620	578,500	-	-	-	-	-	-	-	1,624,120
Unknown funds	-	-	-	-	-	-	-	-	-	-
(overage) deficit	-	-	-	-	-	-	44,464	-	-	44,464
Due from General Fund	114	64	-	-	-	-	-	-	-	178
TOTAL ASSETS	\$ 2,418,005	\$ 1,987,246	\$ -	\$ -	\$ -	\$ -	\$ 117,264	\$ 231,834	\$ 1,988	\$ 4,756,337
LIABILITIES										
Due to Trust Fund holders	\$ 2,418,005	\$ 1,987,246	\$ -	\$ -	\$ -	\$ -	\$ 111,959	\$ 231,234	\$ 1,974	\$ 4,750,418
Due to General Fund	-	-	-	-	-	-	5,305	600	14	5,919
TOTAL LIABILITIES	\$ 2,418,005	\$ 1,987,246	\$ -	\$ -	\$ -	\$ -	\$ 117,264	\$ 231,834	\$ 1,988	\$ 4,756,337

BAMBERG COUNTY, SOUTH CAROLINA
ALL AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
School District Number 1				
Assets:				
Cash and cash equivalents	\$ 1,493,373	\$ 6,100,561	\$ 6,221,663	\$ 1,372,271
Due from General Fund	114	-	-	114
Delinquent taxes receivable	979,608	66,012	-	1,045,620
Total Assets	<u>\$ 2,473,095</u>	<u>\$ 6,166,573</u>	<u>\$ 6,221,663</u>	<u>\$ 2,418,005</u>
Liabilities:				
Funds held for others	\$ 2,473,095	\$ 6,166,573	\$ 6,221,663	\$ 2,418,005
Total Liabilities	<u>\$ 2,473,095</u>	<u>\$ 6,166,573</u>	<u>\$ 6,221,663</u>	<u>\$ 2,418,005</u>
School District Number 2				
Assets:				
Cash and cash equivalents	\$ 1,186,716	\$ 4,610,563	\$ 4,388,597	\$ 1,408,682
Due from General Fund	64	-	-	64
Delinquent taxes receivable	545,022	33,478	-	578,500
Total Assets	<u>\$ 1,731,802</u>	<u>\$ 4,644,041</u>	<u>\$ 4,388,597</u>	<u>\$ 1,987,246</u>
Liabilities:				
Funds held for others	\$ 1,731,802	\$ 4,644,041	\$ 4,388,597	\$ 1,987,246
Total Liabilities	<u>\$ 1,731,802</u>	<u>\$ 4,644,041</u>	<u>\$ 4,388,597</u>	<u>\$ 1,987,246</u>
Town of Bamberg				
Assets:				
Due from General Fund	\$ -	\$ 507,654	\$ 507,654	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 507,654</u>	<u>\$ 507,654</u>	<u>\$ -</u>
Liabilities:				
Funds held for others	\$ -	\$ 507,654	\$ 507,654	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 507,654</u>	<u>\$ 507,654</u>	<u>\$ -</u>

BAMBERG COUNTY, SOUTH CAROLINA
ALL AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Town of Denmark				
Assets:				
Due from General Fund	\$ -	\$ 221,011	\$ 221,011	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 221,011</u>	<u>\$ 221,011</u>	<u>\$ -</u>
Liabilities:				
Funds held for others	\$ -	\$ 221,011	\$ 221,011	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 221,011</u>	<u>\$ 221,011</u>	<u>\$ -</u>
Town of Ehrhardt				
Assets:				
Due from General Fund	\$ -	\$ 51,840	\$ 51,840	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 51,840</u>	<u>\$ 51,840</u>	<u>\$ -</u>
Liabilities:				
Funds held for others	\$ -	\$ 51,840	\$ 51,840	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 51,840</u>	<u>\$ 51,840</u>	<u>\$ -</u>
Town of Olar				
Assets:				
Due from General Fund	\$ -	\$ 20,622	\$ 20,622	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 20,622</u>	<u>\$ 20,622</u>	<u>\$ -</u>
Liabilities:				
Funds held for others	\$ -	\$ 20,622	\$ 20,622	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 20,622</u>	<u>\$ 20,622</u>	<u>\$ -</u>

BAMBERG COUNTY, SOUTH CAROLINA
ALL AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Clerk of Court				
Assets:				
Cash and cash equivalents	\$ 91,846	\$ 1,438,371	\$ 1,457,417	\$ 72,800
Unknown funds deficit	4,205	40,404	145	44,464
Total Assets	<u>\$ 96,051</u>	<u>\$ 1,478,775</u>	<u>\$ 1,457,562</u>	<u>\$ 117,264</u>
Liabilities:				
Funds held for others	\$ 90,823	\$ 1,411,963	\$ 1,390,827	\$ 111,959
Due to General Fund	5,228	66,812	66,735	5,305
Total Liabilities	<u>\$ 96,051</u>	<u>\$ 1,478,775</u>	<u>\$ 1,457,562</u>	<u>\$ 117,264</u>
Tax Sale Escrow				
Assets:				
Cash and cash equivalents	\$ 150,956	\$ 574,294	\$ 493,416	\$ 231,834
Total Assets	<u>\$ 150,956</u>	<u>\$ 574,294</u>	<u>\$ 493,416</u>	<u>\$ 231,834</u>
Liabilities:				
Funds held for others	\$ 150,702	\$ 573,051	\$ 492,519	\$ 231,234
Due to General Fund	254	1,243	897	600
Total Liabilities	<u>\$ 150,956</u>	<u>\$ 574,294</u>	<u>\$ 493,416</u>	<u>\$ 231,834</u>
Inmate Trust Escrow				
Assets:				
Cash and cash equivalents	\$ 4,146	\$ 51,855	\$ 54,013	\$ 1,988
Due from General Fund	666	267	933	-
Unknown funds (overage) deficit	(1,923)	1,923	-	-
Total Assets	<u>\$ 2,889</u>	<u>\$ 54,045</u>	<u>\$ 54,946</u>	<u>\$ 1,988</u>
Liabilities:				
Funds held for others	\$ 2,889	\$ 53,783	\$ 54,698	\$ 1,974
Due to General Fund	-	262	248	14
Total Liabilities	<u>\$ 2,889</u>	<u>\$ 54,045</u>	<u>\$ 54,946</u>	<u>\$ 1,988</u>

**BAMBERG COUNTY, SOUTH CAROLINA
ALL AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
TOTALS - AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 2,927,037	\$ 12,775,644	\$ 12,615,106	\$ 3,087,575
Due from General Fund	844	801,394	802,060	178
Unknown funds (overage) deficit	2,282	42,327	145	44,464
Delinquent taxes receivable	1,524,630	99,490	-	1,624,120
Total Assets	<u>\$ 4,454,793</u>	<u>\$ 13,718,855</u>	<u>\$ 13,417,311</u>	<u>\$ 4,756,337</u>
Liabilities:				
Funds held for others	\$ 4,449,311	\$ 13,650,538	\$ 13,349,431	\$ 4,750,418
Due to General Fund	5,482	68,317	67,880	5,919
Total Liabilities	<u>\$ 4,454,793</u>	<u>\$ 13,718,855</u>	<u>\$ 13,417,311</u>	<u>\$ 4,756,337</u>

**BAMBERG COUNTY, SOUTH CAROLINA
SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
FOR THE YEAR ENDED JUNE 30, 2017**

	CLERK OF COURT	MAGISTRATES	TOTAL
COUNTY FUNDS COLLECTED			
Court Fines			
Court fines collected	\$ 39,336	\$ 92,580	\$ 131,916
Court fines remitted to State Treasurer	(33,947)	(866)	(34,813)
	5,389	91,714	97,103
Court Assessments			
Court assessments collected	4,344	87,983	92,327
Court assessments remitted to State Treasurer	(3,066)	(78,749)	(81,815)
	1,278	9,234	10,512
Court Surcharges			
Court surcharges collected	3,819	53,027	56,846
Court surcharges remitted to State Treasurer	(1,567)	(49,273)	(50,840)
	2,252	3,754	6,006
VICTIM SERVICE FUNDS COLLECTED			
Carryforward from Previous year - Beginning Balance	\$ -	\$ -	\$ -
Victim Service Assessments retained by County Treasurer	1,278	9,234	10,512
Victim Service Surcharges retained by County Treasurer	2,252	3,754	6,006
	3,530	12,988	16,518
Interest earned			30
Total funds allocated to Victim Service Fund + Beginning Balance			16,548
Expenditures for Victim Service Program:			
Salary - Victim Service Officer			(16,548)
Ending Balance, June 30, 2017			\$ -

SUPPLEMENTAL SECTION

**BAMBERG COUNTY, SOUTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2017**

Real and Other Personal Property Assessed Value	\$ 26,296,890
Vehicles Assessed Value	<u>4,439,530</u>
Total Taxable Assessed Value	<u>30,736,420</u>
Debt Limit - Eight Percent (8%) of Total Taxable Assessed Value	2,458,914
Amount of Debt Applicable to Debt Limit: Total Bonded Debt - Note 11	<u>1,639,146</u>
LEGAL DEBT MARGIN	<u><u>\$ 819,768</u></u>

**BAMBERG COUNTY, SOUTH CAROLINA
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
JUNE 30, 2017**

Tax Year	Delinquent Taxes
2007	\$ 117,763
2008	98,212
2009	105,279
2010	73,576
2011	159,571
2012	179,261
2013	182,549
2014	261,469
2015	323,924
2016	891,286
	891,286
DELINQUENT TAXES RECEIVABLE, JUNE 30, 2017	\$ 2,392,890
	2,392,890
 Delinquent taxes, June 30, 2016	 \$ 2,244,754
Add executions, March 15, 2017	1,262,870
Supplementals	48,154
Less:	
Collections	1,045,294
Errors	117,594
Nulla Bonaes	-
	-
DELINQUENT TAXES RECEIVABLE, JUNE 30, 2017	\$ 2,392,890
	2,392,890
 Distribution	
General Fund	\$ 640,032
Fire Service Special Revenue Fund	47,917
Capital Needs Capital Projects Fund	44,199
Debt Service	36,622
School Districts	1,624,120
	1,624,120
TOTAL	\$ 2,392,890
	2,392,890

COMPLIANCE SECTION

PARTNERS

C.C. McGregor, CPA
1906-1968

G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
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**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**

To the Honorable Members of County Council
Bamberg County, South Carolina

We have audited, in accordance with the 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 business-type activities, each major fund, and the aggregate remaining fund information of Bamberg County, South Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Bamberg County, South Carolina’s basic financial statements and have issued our report thereon dated July 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bamberg 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 Bamberg County, South Carolina’s internal control. Accordingly, we do not express an opinion on the effectiveness of Bamberg 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 in a timely basis. We consider the deficiencies 2017-1, 2017-2, 2017-3, and 2017-4 described in the accompanying schedule of findings and responses to be material weaknesses.

**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***
(continued)

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 2017-5 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bamberg County, South Carolina's financial statements are free from 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*.

Bamberg County, South Carolina's Response to Findings

Bamberg County, South Carolina's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Bamberg County, South Carolina's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

McGregor + Company LLP

Orangeburg, South Carolina
July 26, 2018

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017**

Findings – Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

Material Weaknesses

2017-1 General Ledger Deficiencies and Material Audit Adjustments

Criteria: The general ledger system should be all-inclusive of the County's activities to capture the necessary actual and budgeted financial information in a properly reconciled and classified format to provide a basis for proper reporting and analysis.

Condition and context: The County's general ledger is not being reviewed and balanced monthly. After year end, entries are made to balance the funds and receivables/payables between funds. Accounts payable and payroll withholding accounts are not reconciled to the actual amounts due at month end or year end. Therefore, the County's accounting and financial reporting process could not generate timely annual information in order for it to report the overall financial position and results of operations as of and for the year ended June 30, 2017. Material audit adjustments were necessary in the governmental funds to correct a duplicate accrual of receivables; record grant/loan proceeds along with the related bank account and accounts payable/expenditures; reclass expenditures which were netted against revenues; correct for reversals of prior year accruals to incorrect accounts; reclass expenditure to transfer for lease payments paid for enterprise fund capital assets; record debt proceeds and related capital outlay on new equipment capital lease; adjust payables/expenditures and receivables/revenue for road projects. Material audit adjustments were also necessary in the enterprise fund to adjust receivables to actual and to adjust for capital lease payments paid from governmental funds.

Cause: Oversight at the County in allocating sufficient time and staff of monthly review of the general ledger.

Effect: The overall effect of the deficiencies described above is the County's inability to gather, record, correct and summarize financial information necessary for managing the affairs of the County, measuring the effectiveness of the use of resources as prescribed by Council budget policy, and an increased risk of failure to meet externally imposed financial reporting deadlines.

Recommendation: We recommend implementing policies and procedures that improve the recording of the various departments' financial activities into the general ledger system to include the practice of continual monitoring the transactions to ensure the general ledger for each fund remains in balance and is properly recorded to include all payables and receivables.

County response: During FY17, the County incurred a general ledger failure in one of the service packs. Specifically, cash disbursement entries, known as "CD" entries did not post to the general ledger for the time period from March 24, 2017 all the way through August 17, 2017. This meant that accounts payable accounts, for all funds were not being relieved, or reduced for the payment of invoices. This issue was discovered late 2017 early 2018. County staff reached out to the general ledger service provider in hopes that the data could be recovered and posted. After about a week of back and forth, it was determined that the data was lost and there was not a means of recovering the data and posting it automatically. This meant that County staff had to physically recreate all the cash disbursement entries and then summarize them and prepare massive manual journal entries to post the disbursements to the correct account payable accounts in the various funds.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017**

Findings – Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

Material Weaknesses

2017-1 General Ledger Deficiencies and Material Audit Adjustments (continued)

County response (continued): In addition to this problem, and related to it, we also determined that the cash disbursement entries for payroll were all being debited out of Fund 090, and not being debited from each fund as it should be. This problem occurred from July to December of 2016. Thus these accounts had to be analyzed to determine what should have been posted, and then manual calculations had to be prepared and posted to correct the accounts. Also, County staff discovered that payroll related cash disbursement entries did not post at all from March 24, 2017 through August 17, 2017.

In all, County staff had to spend considerable time analyzing, summarizing and manually correcting these issues. Time spent in this endeavor took away from time that could have been spent on other areas of the general ledger. County staff spent close to six weeks correcting for these issues. We understand the auditors concerns with the general ledger but believe the outcome would have been different had it not been for the unforeseen general ledger failures.

The County would also like to state that significant efforts and improvements have been made over the past years to improve upon this area. Specifically, this was, to our knowledge, the second year in a row that the County was able to hand over a balanced general ledger to the auditor. In years past, the general ledgers of the various funds were not balanced and the auditor had to expend their efforts to first balance the funds before the funds could be audited. In addition, many year-end entries were made by the County in the funds.

The County takes this audit finding with great seriousness and has made improvements toward the recording, analyzing, and correcting of its financial statements. The County will continue to make this a priority over the next fiscal year. The fact is that Bamberg County, a very small county, has the same level of complexity in its accounting of that of a large county, and is trying to deal with these complexities with a scarcity of resources and a very small Finance staff.

The County understands this finding and wishes to express that significant improvements have been made over the course of the past couple years and will continue to be made to bring about permanent improvements to the County's general ledger so that material audit adjustments are reduced and eventually eliminated at year-end. Again, the County experienced unforeseen and unprecedented general ledger failures that resulted in significant staff time to correct manually.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017**

Findings – Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

Material Weaknesses

2017-2 Preparation of Financial Statements

Criteria: Preparation of financial statements would aid in detecting material misstatements.

Condition and context: The County should have internal controls over financial reporting in place that will provide reasonable assurance that the County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). In order for these controls to be effective, County personnel need to receive adequate training and devote ample time to allow them to prepare the County's financial statements in accordance with GAAP.

Cause: Sufficient time and resources are not dedicated to the recording of the underlying activity and final preparation of financial statements.

Effect: Because the County does not exert its knowledge of generally accepted accounting principles, misstatements may not be known until the audit.

Auditor's recommendation: Appropriate County personnel should attend training courses that will enhance their ability to prepare the County's annual financial statements and footnote disclosures in accordance with GAAP.

County response: Bamberg County, like many other small counties, operates with a very small staff. Because of the small staff, Bamberg County does not have enough personnel to devote one person to the preparation of financial statements. The County strives to operate as effectively as possible, given its financial limitations. The County will continue to make improvements in this area as we are able to do so.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017**

Findings – Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

Material Weaknesses

2017-3 Internal Controls over Recording Capital Assets

Criteria: Controls over capital assets should be in place to ensure all capital assets owned by the County meeting the \$5,000 capitalization threshold are recorded in the correct category and properly depreciated in the capital asset system.

Condition and context: The County acquired various capital assets during the fiscal year ended June 30, 2017. Of these additions, \$124,872 were not captured as additions to the capital asset listings. The Courthouse Annex property was completed and placed in service during this fiscal year. This entire capital asset of \$3,988,224 was recorded and depreciated by the County as a building rather than separating the total cost into appropriate categories including land of \$121,190 (non-depreciable), equipment and landscaping of \$742,022, and building of \$3,125,012 which have different depreciable lives. Also, a vehicle purchased for \$31,238 in the subsequent year was included in the capital asset additions of the 2016-2017 fiscal year.

Cause: Oversight by County personnel.

Effect: The capital assets and depreciation of the County were incorrectly stated prior to the above corrections noted during audit procedures.

Auditor's recommendation: All activity of the County should be examined for possible capital asset additions and underlying invoices be reviewed for proper year to include and category to charge in the County's inventory listing.

County response: The County has made great improvements in this area. Just a few years ago the County did not even have a capital asset listing. Thus the County has gone from not having one, to having one and to recording additions and deletions each year. Initially the County used an Excel spreadsheet to maintain its capital asset listing. During FY17 the County began utilizing the fixed asset module of the general ledger system. This meant that each and every asset had to be cataloged and manually entered into the fixed asset system. This has been accomplished and will result in better reporting and less manual calculations. Also, during the past few years the County has had unprecedented additions and deletions from its capital asset listings and County staff have worked diligently to maintain the listing and to keep it current. Specifically, County staff maintains a listing during the year of known additions and deletions. Now that we have the assets entered into the fixed asset module, we can update the records in a timelier manner. All said, the County understands more improvements are needed in this area and is committed to making those improvements.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017**

Findings – Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

Material Weaknesses

2017-4 Internal Controls over Family Court Collections

Criteria: Controls over Family Court collections in the Clerk of Court's office should be in place to ensure all funds received are receipted in the court system, deposited intact into the court bank account, appropriate fee calculated and remitted to the Treasurer, and the remaining funds remitted to the proper individual.

Condition and context: The balance of monies held in the bank account should be reconciled to consist of the known balances of the fee portion to be paid over to the County Treasurer and the payments due to the individuals. At June 30, 2017, the reconciled cash balance is \$(18,653.97) which includes \$15,374.92 of outstanding checks over one year old. The amount of fees due to the Treasurer at June 30, 2017 is \$5,383.43 and the account should be replenished for \$144.67 of check order charges. This amounts to a \$23,892.73 deficit at June 30, 2017 in the family court bank account. There is an on-going investigation by two State agencies regarding child support funds. At June 30, 2017, \$21,126.95 in child support payments were found to have been submitted to the Child Support office but not receipted in their system or deposited into the child support bank account and therefore, were not available to be disbursed properly.

Cause: Lack of internal controls over the collection and receipting of the family court funds.

Effect: Lack of monitoring of family court funds led to deficit in cash and portion of collections not being receipted or deposited.

Auditor's recommendation: The bank account should be reconciled monthly to the receipts collected and the balance held agreed to the funds required to be disbursed with any discrepancies resolved in a timely manner. Outstanding checks over a year old are being added back to the account for reconciliation purposes, but these funds are actually still owed to individuals and this liability should be relieved under the guidelines of the State's Department of Social Services and Unclaimed Property Division.

County response: During FY17, the County Family Court Office suffered embezzlement by a long-term employee. The Department of Social Services conducted an internal audit and subsequently the employee was charged. The case is now awaiting trial. The County has submitted an insurance claim to its bonding agency. This embezzlement occurred mainly due to bank accounts not being reconciled in a timely manner. The Clerk of Court has taken responsibility for this matter and has issued a corrective action plan to help mitigate future problems.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017**

Findings – Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

Significant Deficiency

2017-5 Delinquent Tax Sale Funds

Criteria: Controls over delinquent tax sale funds should be in place to ensure the bank account activity is reconciled to the listing of all funds held. This listing should be detailed to include the sale parcel and all related activity to that parcel. Tax sale bids should be calculated and maintained properly to account for all activity from sale bid to final redemption or execution of title and disbursement of any overage remaining in accordance with the SC Code of Laws.

Condition and context: The delinquent tax sale proceeds, less the property taxes and costs, are held on deposit until the property is redeemed or title transfers. Funds are still held for several past sales which exceeds the five year holding period set by state law. Since these past sales include unresolved balances for many sale parcels, funds cannot be disbursed until the sale bid and its subsequent activity can be investigated to determine the correct resolution.

Cause: There has been an abundance of turnover in the Delinquent Tax Office staff over the past years which has contributed to the current issues.

Effect: The funds held in the bank account from past delinquent tax sales consist of several parcels with unresolved balances held or deficits owed.

Auditor's recommendation: Funds held from past sales, and in some cases deficits from errors in the handling of past sales activity, should be investigated and resolved so only the correct balances required to be held for the five year period from the public auction sale date are on deposit.

County response: The County has implemented a monthly reconciliation process so that the funds held in the bank account are reconciled to actual tax sale transactions. This reconciliation is being done monthly and a report of same is furnished to appropriate management.

In addition, the Delinquent Tax Collector is working to resolve the past years' tax sales transactions. This is a problem that the current Delinquent Tax Collector inherited when she took office. The County would like to stress that this will be a long and arduous process, will take time and significant resources, but that we are making progress. Like many issues that the County is working through, this also is hampered by the fact that we have a very small staff, and the County cannot afford to hire a full-time person to focus on clearing up the past accounts, but must rely upon the existing staff to do a little at a time, in addition to maintaining the office and performing normal job duties.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2017**

2016-1 Material Audit Adjustments

Finding: The County's accounting and financial reporting process could not generate timely annual information in order for it to report the overall financial position and results of operations as of and for the year ended June 30, 2016. Material audit adjustments were necessary to balance the receivables/payables and transfers between funds, correct accounts payable to actual year-end balances, record current year receivables and reverse prior year receivables, record grant activity in proper funds, adjust for unspent grant revenues, record activity from the one County office not summarized and included in the general ledger, and record all elements of the refunding bond issued.

Current Status: See Finding 2017-1

2016-2 Preparation of Financial Statements

Finding: The County should have internal controls over financial reporting in place that will provide reasonable assurance that the County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). In order for these controls to be effective, County personnel need to receive adequate training to allow them to prepare the County's financial statements in accordance with GAAP.

Current Status: See Finding 2017-2

2016-3 Capital Assets

Finding: The County acquired \$4,209,013 in capital assets for governmental activities and \$341,385 in capital assets for business-type activities in the fiscal year ended June 30, 2016. Only \$3,690,268 of governmental activities capital assets and \$333,060 of business-type activities capital assets were recorded by the County leaving \$518,745 and \$8,325 of corrections to the governmental and business type capital assets, respectively, to be recorded.

Current Status: See Finding 2017-3

2016-4 Delinquent Tax Sale Funds

Condition: The County's Delinquent Tax Office holds delinquent tax sales to recoup the unpaid property taxes and costs for property meeting the delinquent tax status. These tax sale proceeds, less the property taxes and costs, are held on deposit until the property is redeemed or title transfers. The County did not maintain a listing of the funds held to reconcile to the actual funds held in the bank accounts.

Current Status: See Finding 2017-5