

BAMBERG COUNTY, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

BAMBERG COUNTY, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

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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, 2014, 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Qualified
Major Special Revenue Fund	Unmodified
Major Capital Projects Sales Tax Fund	Unmodified
Landfill and Solid Waste Enterprise Fund	Qualified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinion

Management's records could not identify the funds held by the County from two Delinquent Tax sale bank accounts of \$334,669 as to whom the funds are due. The lack of records prohibited determining whether funds are due to bidders at the sale, held in trust until the property is redeemed or deeded, or due to the County. The amount of funds potentially due to individuals and the amount due to the General Fund of the County cannot be readily determinable. Therefore, the amount by which this omission would affect the assets, fund balance, and revenues of the County's general fund and proper reporting of liabilities in the agency funds is not readily determinable.

Management has not adopted Governmental Accounting Standards Board Statement 45, "Other Post Employment Benefits" and accordingly, the government-wide financial statements do not include an expense and related liability for the County's future liability for post employment benefits. The amount by which the departure would affect the liabilities, net position and expenses of the governmental activities and business-type activities of the government-wide financials statements and enterprise fund of the governmental funds has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the General Fund, the proprietary fund and the fiduciary funds of Bamberg County, South Carolina, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund other than the General Fund of Bamberg County, South Carolina as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

INDEPENDENT AUDITOR'S REPORT
(continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 13 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, budget comparison schedules, fiduciary fund schedules, and supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules, budget comparison schedules, fiduciary fund schedules, and supplemental information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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, except for the effects of the matters described in the "Basis for Qualified Opinion" paragraphs, the combining and individual fund schedules, budget comparison schedules, fiduciary fund schedules and supplemental information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, 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 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.

Orangeburg, South Carolina
February 27, 2015

McGuegan + Company LLP

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014. 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 exceeded its liabilities at June 30, 2014 by \$5,988,376 (net position). The County's unrestricted net position portion of this amount is a deficit \$(3,259,759).
- The County's total net position increased \$919,023 over the previous year.
- At June 30, 2014, the County's governmental fund balance sheet reported a combined ending fund balance of \$8,801,528, an increase of \$1,264,760 from the previous fiscal year. Of this amount, \$1,604,353 remains in the various funds of the County as unassigned.
- The General Fund reported a fund balance of \$2,784,163, an increase from last fiscal year of \$674,324. The unassigned fund balance is \$1,848,284.

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, 2014**

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 14 and 15 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 9 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, Special Revenue Fund, and Capital Projects Sales Tax 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. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budget.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

The basic governmental funds financial statements can be found on pages 16 through 22 of this report.

Proprietary fund: Bamberg County utilizes one proprietary fund for its landfill and solid waste related activities. For the 2013-2014 fiscal year, the County implemented a solid waste fee and created a proprietary fund to account for this new fee. The County also began accounting for existing landfill fees and related expenses in this proprietary fund. These statements are found on pages 23 through 25.

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 26 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 27 through 56 of this report.

Other information: In addition to the basic financial statements and accompanying notes, the combining schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund schedules can be found on pages 58 through 79 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 exceeded liabilities by \$5,988,376 at the close of the most recent fiscal year. The County's increase in net position for this fiscal year amounts to \$919,023.

One of the largest portions of the County's net position (\$2,337,116) 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 (\$6,911,019) represents resources that are subject to restrictions on how they may be used. The remaining balance is a deficit of (\$3,259,759) unrestricted net position.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013 Restated	2014	2013 Restated	2014	2013 Restated
Current and other assets	\$ 10,407	\$ 9,368	\$ 157	\$ 61	\$ 10,564	\$ 9,429
Capital assets	<u>7,335</u>	<u>7,305</u>	<u>247</u>	<u>263</u>	<u>7,582</u>	<u>7,568</u>
Total assets	<u>17,742</u>	<u>16,673</u>	<u>404</u>	<u>324</u>	<u>18,146</u>	<u>16,997</u>
Long-term liabilities						
Outstanding	11,039	10,690	33	26	11,072	10,716
Other liabilities	<u>988</u>	<u>1,212</u>	<u>98</u>	<u>-</u>	<u>1,086</u>	<u>1,212</u>
Total liabilities	<u>12,027</u>	<u>11,902</u>	<u>131</u>	<u>26</u>	<u>12,158</u>	<u>11,928</u>
Net Position						
Invested in capital assets, net of related debt	2,090	2,139	247	263	2,337	2,402
Restricted	6,911	6,419	-	-	6,911	6,419
Unrestricted	<u>(3,286)</u>	<u>(3,787)</u>	<u>26</u>	<u>35</u>	<u>(3,260)</u>	<u>(3,752)</u>
Total net position	<u>\$ 5,715</u>	<u>\$ 4,771</u>	<u>\$ 273</u>	<u>\$ 298</u>	<u>\$ 5,988</u>	<u>\$ 5,069</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)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013 Restated	2014	2013 Restated	2014	2013 Restated
Revenues						
Program revenues:						
Charges for services	\$ 734	\$ 785	\$ 880	\$ 302	\$ 1,614	\$ 1,087
Operating grants	485	503	-	-	485	503
Capital grants and contributions	622	762	-	-	622	762
General revenue:						
Taxes:						
Property taxes	5,572	4,958	-	-	5,572	4,958
Sales tax	859	81	-	-	859	81
State shared revenue	591	588	-	-	591	588
Gain on sale of assets	-	62	36	-	36	62
Interest earnings	14	22	-	-	14	22
Miscellaneous	<u>76</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>76</u>	<u>25</u>
Total revenues	<u>8,953</u>	<u>7,786</u>	<u>916</u>	<u>302</u>	<u>9,869</u>	<u>8,088</u>

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013 Restated	2014	2013 Restated	2014	2013 Restated
Expenses:						
General government	2,061	3,564	-	-	2,061	3,564
Judicial	662	547	-	-	662	547
Public safety	2,129	1,926	-	-	2,129	1,926
Public works	1,052	398	-	-	1,052	398
Economic development	51	-	-	-	51	-
Culture and recreation	239	146	-	-	239	146
Miscellaneous	176	-	-	-	176	-
Health and welfare	860	23	-	-	860	23
Interest and charges	779	888	-	-	779	888
Landfill and solid waste	-	-	<u>941</u>	<u>676</u>	<u>941</u>	<u>676</u>
Total expenses	<u>8,009</u>	<u>7,492</u>	<u>941</u>	<u>676</u>	<u>8,950</u>	<u>8,168</u>
Change in net position	944	294	(25)	(374)	919	(80)
Net position, beginning of year	<u>4,771</u>	<u>4,477</u>	<u>298</u>	<u>672</u>	<u>5,069</u>	<u>5,149</u>
Net position, end of year	<u>\$ 5,715</u>	<u>\$ 4,771</u>	<u>\$ 273</u>	<u>\$ 298</u>	<u>\$ 5,988</u>	<u>\$ 5,069</u>

Primary Government Activities: Revenues for the County's governmental activities were \$8,952,412 for fiscal year 2014. Taxes constitute the largest source of County revenues, amounting to approximately \$6,431,031 for the fiscal year 2014. Real, personal property, and vehicle taxes of \$5,571,614 represent over 87% of total taxes and 62% of all revenue combined. The business-type activities had a decrease in net position for the year of \$24,755.

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 June 30, 2014, Bamberg County governmental funds reported combined fund balances of \$8,801,528, an increase of \$1,264,760 over the prior year balances.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

The General Fund is the chief operating fund of the County. At June 30, 2014, total fund balance in the General Fund was \$2,784,163, of which \$1,848,284 was unassigned. As a measure of the General Fund's liquidity, the total unassigned fund balances compared to total fund expenditures was 35%. The fund balance of the General Fund increased by \$674,324 during the current fiscal year.

The major Special Revenue fund accounts for grant and similar designated revenues. For the 2014 fiscal year, all revenues were expended for their specific purpose resulting in a zero fund balance.

The major Capital Projects Sales Tax 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 \$505,620 during the fiscal year resulting in an ending fund balance of \$5,436,735 at June 30, 2014.

Other governmental funds are used to account for specific revenues and expenditures. Total fund balances of all other governmental funds increased by \$84,816 from the prior year.

General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund on page 20. The expenditures incurred during the year were \$101,670 under the budgeted amounts and revenues were \$601,872 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, 2014 is stated below.

	Governmental Activities	Business-Type Activities
	(Dollars in Thousands)	
Land and land improvements	\$ 623	\$ 36
Construction in process	425	-
Buildings and improvements	5,353	130
Vehicles	758	-
Machinery and equipment	176	82
Infrastructure	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ 7,335</u>	<u>\$ 248</u>

Additional information on the County's capital assets can be found in Note 7 on pages 41 through 43 of this report.

Long-term debt: At the end of the current fiscal year, Bamberg County had a total bonded debt outstanding of \$1,360,000, all of which is backed by the full faith and credit of the County. On February 13, 2014, the County issued \$90,000 general obligation bonds 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 entered into a \$170,146 capital lease agreement for an E-911 radio console, a \$9,060 capital lease agreement for a copier, and a \$16,360 note payable financing E-911 equipment.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

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

	Governmental Activities	
	2014	2013 (Restated)
General obligation bonds	\$ 1,360	\$ 1,310
Installment purchase revenue bonds	8,435	8,440
Tax Anticipation Notes	93	125
Capital lease obligations	347	221
	<u>\$ 10,235</u>	<u>\$ 10,096</u>

Additional information on Bamberg County's long-term debt can be found in Note 11 on pages 44 through 47 of this report.

Economic Factors and Next Year's Budgets and Rates

Unemployment

Despite being the home of several international companies, Bamberg suffered greatly during the recent recession. Although gradual improvements are occurring, Bamberg County continues to struggle with high unemployment. According to the S.C. Department of Employment and Workforce (DEW), Bamberg County has the third highest unemployment rate in South Carolina. As of December, 2014, Bamberg County's unemployment rate was 10.7%, a slight increase from December of 2013 at 10.5%. The state of South Carolina unemployment rates were 6.5% in December of 2014 and 6.6% in December of 2013.

FY15 Budget

Current economic factors were taken into consideration in preparing the FY15 budget. Specifically, operating expenses were held constant with the exception of providing for a 3% cost of living increase for county employees. Despite working diligently to control operating expenses, the county did experience increases in health insurance and retirement. The county budgeted for a projected 9.6% increase in health insurance which will cost \$130,000. The employer contributions to the State Retirement System increased for both the regular retirement as well as police retirement. The regular retirement contribution percent increased from 10.6% to 10.9% and the police retirement contribution increased from 12.84% to 13.41%. The effect of these increases on the county budget totaled \$18,000. The county did see a \$5,000 reduction in its workers' compensation insurance due to a low experience modifier rating. As the U.S. economy continues to improve, Bamberg hopes to see recovery locally as well, but plans to continue to be frugal with the resources entrusted to it.

Grants

The county has applied for and been awarded several new grants which will aid in the support of specific functions in the government such as culture and recreation, economic development, and public safety. The county has made grants a priority as it recognizes that grant revenues can help the county increase services yet maintain a reasonable tax burden locally.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

Tax Levies

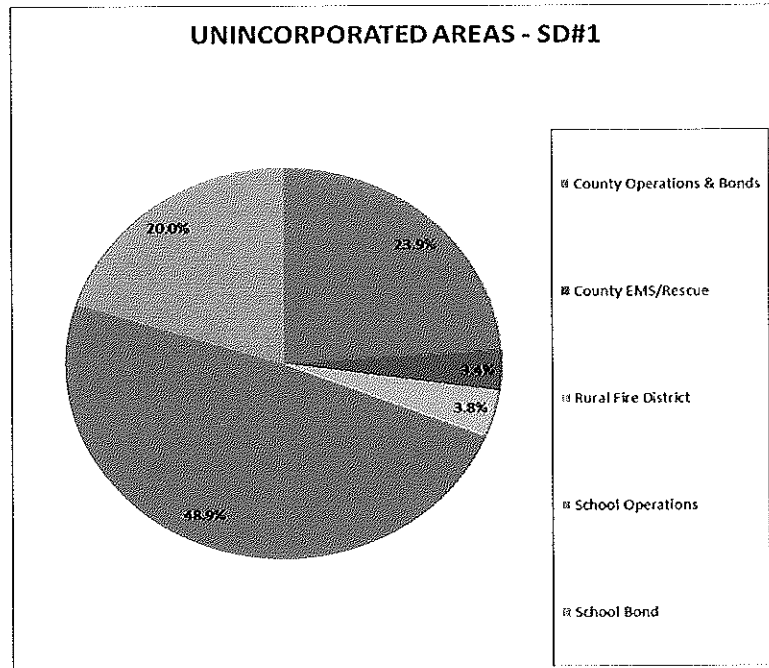
Below is a summary of the tax levies supporting the FY15 Budget, as compared to the FY14 levies. The county adheres to levy limitation laws and strives not to incur significant increases from year to year.

Levy	FY14 Levy	FY15 Levy
County Operations	117.0	122.0
Capital Needs	n/a	1.0
EMS/Rescue	18.5	18.5
Fire Service	21.0	21.0
Fire Service –Prior Year Deficit	6.0	0
Subtotal Operating Levies	162.50	162.50
Bonded Indebtedness	6.5	8.7
Total Levy	169.0	171.2

There are two school districts in Bamberg County. Below are graphs that depict the combined tax levies of both the county and each of the school districts.

**UNINCORPORATED AREAS - SCHOOL DISTRICT ONE
LEVY**

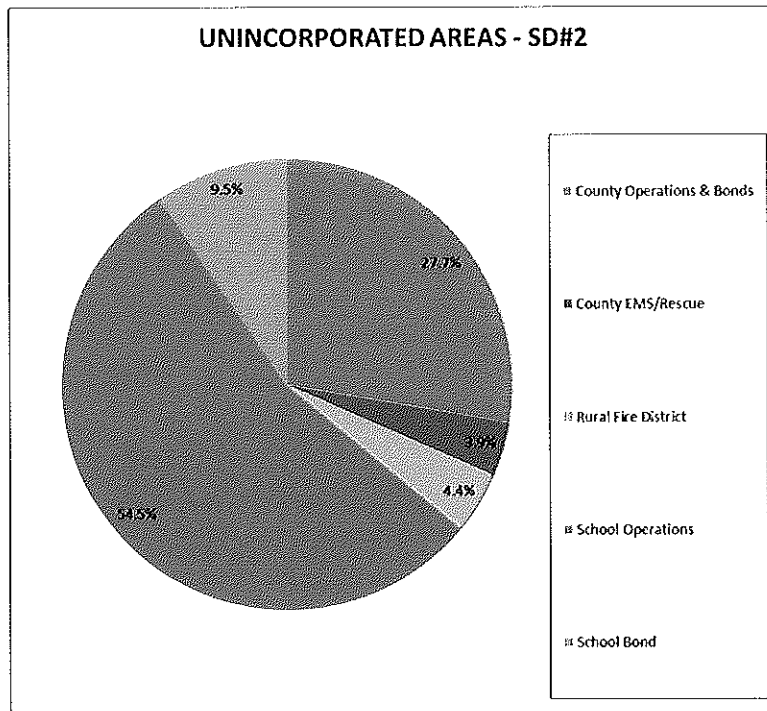
County Operations & Bonds	23.9%	131.70
County EMS/Rescue	3.4%	18.50
Rural Fire District	3.8%	21.00
School Operations	48.9%	268.80
School Bond	20.0%	110.00
Total Millage	100.0%	550.00



**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

UNINCORPORATED AREAS - SCHOOL DISTRICT TWO

		LEVY
County Operations & Bonds	27.7%	131.70
County EMS/Rescue	3.9%	18.50
Rural Fire District	4.4%	21.00
School Operations	54.5%	258.90
School Bond	9.5%	45.00
 Total Millage	 100.0%	 475.10



Other Matters – New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions (Employers)*, which is intended to improve guidance for accounting and reporting on pensions that governments provide to their employees. GASB Statement No. 68, which is effective for fiscal years beginning after June 15, 2014, will require the County to recognize a net pension liability on its statement of net position and an additional pension expense on its statement of activities for the year ending June 30, 2015.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

Once adopted, the County's financial statements for the year ending June 30, 2015, will be significantly impacted as follows:

- The beginning balance of the County's net position will be restated in an amount equal to the County's proportionate share of the retirement plan's collective net pension liability to reflect this liability as of the beginning of the fiscal year (July 1, 2014). Based on preliminary estimates received from the SC Public Employee Benefit Authority (PEBA), the organization that administers the State's retirement plans, including the SC Retirement System of which the County is an active member, the County's portion of collective net pension liability as of June 30, 2014, that will be recognized and used to restate the beginning net position balance of the County as of July 1, 2014, is estimated to be \$4,174,815.
- The County will be required to recognize a pension expense based on actuarial calculations of future retirement benefits (deferred outflows of resources) as of June 30, 2014, in addition to the recognition of the annual required contribution (ARC) obligations to the cost-sharing multiple-employer SC retirement system (SCRS) plan. Based on preliminary estimates received from SC PEBA, the County's balance of deferred outflows of resources (future benefit provision) as of June 30, 2014, totals \$283,265, which is expected to be recognized as pension expense over the next four (4) fiscal years as follows: \$65,948 each year for years ending June 30, 2015, 2016, 2017 and \$85,421 for year ending June 30, 2018.

Actual amounts that will be used by the County to adjust net position beginning balance for its proportionate share of the plan's collective net pension liability and to recognize the additional pension expense related to the balance of deferred outflows of resources over the next four (4) fiscal years will not be available until the retirement plan's stand-alone audited financial statements are complete.

Funding requirements of the pension plan obligations will be governed by the County's funding policy. GASB Statement No. 68 reporting requirements do not impact the funding of the pension plans, only the financial accounting and reporting for the plans.

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 Courthouse, 2959 Main Highway, Bamberg, South Carolina 29003.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 964,662	\$ 226,723	\$ 1,191,385
Restricted cash and cash equivalents	7,307,277	-	7,307,277
Receivables			
Property taxes	652,007	-	652,007
Other receivables	333	138,775	139,108
Due from other governments	1,252,618	-	1,252,618
Due from Agency Funds	5,951	-	5,951
Internal balances	208,353	(208,353)	-
Prepaid expenses	15,839	-	15,839
Capital lease receivable - Note 8	100	-	100
Non-current assets:			
Capital lease receivable - Note 8	100	-	100
Capital assets -			
Non-depreciable - Note 7	1,048,148	36,000	1,084,148
Depreciable - net - Note 7	6,286,470	211,522	6,497,992
TOTAL ASSETS	<u>17,741,858</u>	<u>404,667</u>	<u>18,146,525</u>
LIABILITIES			
Current liabilities:			
Accounts payable	415,782	93,762	509,544
Accrued expenses	82,144	4,443	86,587
Accrued interest payable	201,964	-	201,964
Due to other governments	58,771	-	58,771
Due to Agency Funds	100,200	-	100,200
Bond deposits and prepayments	128,463	-	128,463
Current portion of long-term debt	373,018	7,550	380,568
Noncurrent liabilities:			
Long-term debt, net of current portion	10,466,438	25,614	10,492,052
Accrued claims	200,000	-	200,000
TOTAL LIABILITIES	<u>12,026,780</u>	<u>131,369</u>	<u>12,158,149</u>
NET POSITION			
Invested in capital assets, net of related debt	2,089,594	247,522	2,337,116
Restricted for:			
Debt service	65,194	-	65,194
Capital projects	5,855,101	-	5,855,101
Emergency services	276,615	-	276,615
Fire services	64,386	-	64,386
Tourism and community development	98,197	-	98,197
Property tax rollback program	543,114	-	543,114
Child support enforcement	8,412	-	8,412
Unrestricted (deficit)	(3,285,535)	25,776	(3,259,759)
TOTAL NET POSITION	<u>\$ 5,715,078</u>	<u>\$ 273,298</u>	<u>\$ 5,988,376</u>

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS AND PROGRAMS	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	OPERATING		CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES		TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS			GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
GOVERNMENTAL ACTIVITIES								
General government	\$ 2,061,416	\$ 46,888	\$ 56,532	\$ 6,193	\$ (1,951,803)	\$ (1,951,803)	\$ (1,951,803)	\$ (1,951,803)
Judicial	662,463	245,753	83,736	-	(332,974)	(332,974)	(332,974)	(332,974)
Public safety	2,128,406	103,905	150,779	-	(1,873,722)	(1,873,722)	(1,873,722)	(1,873,722)
Public works	1,052,183	337,290	194,474	612,856	92,437	92,437	92,437	92,437
Economic development	50,581	-	-	-	(50,581)	(50,581)	(50,581)	(50,581)
Culture and recreation	238,599	-	-	2,500	(236,099)	(236,099)	(236,099)	(236,099)
Miscellaneous	176,335	-	-	-	(176,335)	(176,335)	(176,335)	(176,335)
Health and welfare	859,436	-	-	-	(859,436)	(859,436)	(859,436)	(859,436)
Interest	779,215	-	-	-	(779,215)	(779,215)	(779,215)	(779,215)
TOTAL GOVERNMENTAL ACTIVITIES	8,008,634	733,836	485,521	621,549	(6,167,728)	(6,167,728)	(6,167,728)	(6,167,728)
BUSINESS-TYPE ACTIVITY								
Landfill and solid waste	940,751	879,557	-	-	-	-	-\$ (61,194)	-\$ (61,194)
TOTAL BUSINESS-TYPE ACTIVITY	940,751	879,557	-	-	-	-	(61,194)	(61,194)
TOTAL PRIMARY GOVERNMENT	\$ 8,949,385	\$ 1,613,393	\$ 485,521	\$ 621,549	(6,167,728)	(6,167,728)	(61,194)	(6,228,922)
GENERAL REVENUES:								
Property taxes					5,571,614	5,571,614	-	5,571,614
Sales tax					839,417	839,417	-	839,417
State shared revenues					590,542	590,542	-	590,542
Gain on sale of assets					-	-	36,260	36,260
Interest earnings					14,168	14,168	179	14,347
Miscellaneous					75,765	75,765	-	75,765
TOTAL GENERAL REVENUES AND TRANSFERS					7,111,506	7,111,506	36,439	7,147,945
CHANGE IN NET POSITION							(24,755)	919,023
NET POSITION - JUNE 30, 2013, RESTATED - NOTE 18								5,069,353
NET POSITION - JUNE 30, 2014								\$ 5,988,376

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS SALES TAX FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents:					
Unrestricted	\$ 964,662	\$ -	\$ -	\$ -	\$ 964,662
Restricted	1,157,518	-	5,250,950	898,809	7,307,277
Receivables					
Property taxes	556,909	-	-	95,098	652,007
Other receivables	333	-	-	-	333
Prepaid expenses	-	-	-	15,839	15,839
Capital lease receivable	200	-	-	-	200
Due from other governments	760,318	262,943	210,652	18,705	1,252,618
Due from other funds	554,916	-	-	17,731	572,647
Due from Agency Funds	5,951	-	-	-	5,951
TOTAL ASSETS	\$ 4,000,807	\$ 262,943	\$ 5,461,602	\$ 1,046,182	\$ 10,771,534
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 104,443	\$ 256,750	\$ 23,024	\$ 31,565	\$ 415,782
Accrued expenses	77,714	-	-	4,430	82,144
Bond deposits and prepayments	128,463	-	-	-	128,463
Due to other governments	58,771	-	-	-	58,771
Due to other funds	17,730	6,193	1,843	338,528	364,294
Due to Agency Funds	100,200	-	-	-	100,200
Accrued claims	200,000	-	-	-	200,000
Total Liabilities	687,321	262,943	24,867	374,523	1,349,654
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue					
Lease payments	200	-	-	-	200
Property Taxes	529,123	-	-	91,029	620,152
Total Deferred Inflows of Resources	529,323	-	-	91,029	620,352
FUND BALANCES					
Nonspendable	-	-	-	15,839	15,839
Restricted	649,723	-	5,436,735	720,792	6,807,250
Assigned	286,156	-	-	87,930	374,086
Unassigned (deficit)	1,848,284	-	-	(243,931)	1,604,353
Total Fund Balances	2,784,163	-	5,436,735	580,630	8,801,528
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 4,000,807	\$ 262,943	\$ 5,461,602	\$ 1,046,182	\$ 10,771,534

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, 2014**

Total fund balance - total governmental funds \$ 8,801,528

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, therefore, are reported as
deferred outflows in the funds.

Delinquent taxes receivable	\$ 620,152	
Lease receivable	200	620,352

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. 7,334,618

Long-term liabilities and related accrued interest payable are not due and
payable in the current period and, therefore, are not reported in the funds:

Interest payable	(201,964)
Due within a year	(373,018)
Due in more than one year	(10,466,438)

Total net position - total governmental activities \$ 5,715,078

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, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS SALES TAX FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE					
Property taxes	\$ 4,505,189	\$ -	\$ 435,581	\$ 649,185	\$ 5,589,955
Sales tax	-	-	770,326	-	770,326
Intergovernmental revenue	979,152	656,549	-	150,779	1,786,480
Licenses and permits	46,688	-	-	-	46,688
Charges for services	62,713	-	-	373,590	436,303
Fines, fees and forfeitures	250,645	-	-	-	250,645
Investment income	11,533	-	1,811	824	14,168
Other	75,988	-	-	-	75,988
TOTAL REVENUES	5,931,908	656,549	1,207,718	1,174,378	8,970,553
EXPENDITURES					
Current					
General government	1,966,300	35,000	175,166	-	2,176,466
Judicial	660,002	-	-	-	660,002
Public safety	1,879,533	-	-	422,441	2,301,974
Public works	-	612,856	-	322,870	935,726
Economic development	50,000	-	-	-	50,000
Culture and recreation	147,854	8,693	66,000	-	222,547
Miscellaneous	176,335	-	-	-	176,335
Health and welfare	475,000	-	10,115	298,012	783,127
Debt service:					
Principal	-	-	5,000	84,200	89,200
Interest and fiscal charges	-	-	535,817	60,165	595,982
TOTAL EXPENDITURES	5,355,024	656,549	792,098	1,187,688	7,991,359
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	576,884	-	415,620	(13,310)	979,194
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of debt	9,060	-	90,000	186,506	285,566
Transfers in (out)	88,380	-	-	(88,380)	-
TOTAL OTHER FINANCING SOURCES (USES)	97,440	-	90,000	98,126	285,566
NET CHANGE IN FUND BALANCES	674,324	-	505,620	84,816	1,264,760
FUND BALANCE, JULY 1, 2013 - RESTATE - NOTE 18	2,109,839	-	4,931,115	495,814	7,536,768
FUND BALANCE, JUNE 30, 2014	\$ 2,784,163	\$ -	\$ 5,436,735	\$ 580,630	\$ 8,801,528

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, 2014**

Net changes in fund balances - total governmental funds \$ 1,264,760

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	439,795	
Less, current year depreciation	<u>(410,790)</u>	29,005

Debt proceeds provide current financial resources to governmental funds, repayment of bond principal, notes payable principal, and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and the proceeds increase them.

Debt proceeds	\$ (285,566)	
Capital lease obligation principal payments	53,842	
Note payable principal payments	4,232	
Tax anticipation note principal payment	44,200	
Bond principal payment	<u>45,000</u>	(138,292)

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	(183,233)	
Change in compensated absences	(16,907)	
Change in closure and maintenance costs payable	<u>6,586</u>	(193,554)

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.

Property taxes	(18,041)	
Lease receivable	<u>(100)</u>	<u>(18,141)</u>

Change in net position of governmental activities \$ 943,778

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 4,135,068	\$ 4,135,068	\$ 4,505,189	\$ 370,121
Intergovernmental revenue	695,735	695,735	979,152	283,417
Licenses and permits	41,370	41,370	46,688	5,318
Charges for services	57,950	57,950	62,713	4,763
Fines, fees and forfeitures	332,913	332,913	250,645	(82,268)
Investment income	25,000	25,000	11,533	(13,467)
Other	42,000	42,000	75,988	33,988
Total revenues	<u>5,330,036</u>	<u>5,330,036</u>	<u>5,931,908</u>	<u>601,872</u>
EXPENDITURES				
Current:				
General government	2,016,341	2,031,235	1,966,300	64,935
Judicial	649,129	649,129	660,002	(10,873)
Public safety	1,942,813	1,927,919	1,879,533	48,386
Economic development	50,000	50,000	50,000	-
Culture and recreation	146,069	146,069	147,854	(1,785)
Miscellaneous	177,342	177,342	176,335	1,007
Health and welfare	475,000	475,000	475,000	-
Total expenditures	<u>5,456,694</u>	<u>5,456,694</u>	<u>5,355,024</u>	<u>101,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(126,658)</u>	<u>(126,658)</u>	<u>576,884</u>	<u>703,542</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	5,000	5,000	-	(5,000)
Proceeds from issuance of debt	-	-	9,060	9,060
Transfers in(out)	62,842	62,842	88,380	25,538
Total other financing sources (uses)	<u>67,842</u>	<u>67,842</u>	<u>97,440</u>	<u>29,598</u>
Net change in fund balance	<u>\$ (58,816)</u>	<u>\$ (58,816)</u>	674,324	<u>\$ 733,140</u>
Fund balances, beginning of year - Restated - Note 18			<u>2,109,839</u>	
Fund balances, end of year			<u>\$ 2,784,163</u>	

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Property taxes	\$ 75,778	\$ 75,778	\$ -	\$ (75,778)
Capital project sales taxes	420,000	420,000	-	(420,000)
Fee in lieu of tax collections	649,346	649,346	-	(649,346)
Intergovernmental revenue	614,782	614,782	656,549	41,767
Other	5,000	5,000	-	(5,000)
Total revenues	<u>1,764,906</u>	<u>1,764,906</u>	<u>656,549</u>	<u>(1,108,357)</u>
EXPENDITURES				
Current				
General government	-	-	35,000	(35,000)
Judicial	46,727	46,727	-	46,727
Public safety	199,000	199,000	-	199,000
Public works	395,000	395,000	612,856	(217,856)
Economic development	5,000	5,000	-	5,000
Culture and recreation	96,055	96,055	8,693	87,362
Health and welfare	60,000	60,000	-	60,000
Debt service:				
Principal	<u>1,145,124</u>	<u>1,145,124</u>	<u>-</u>	<u>1,145,124</u>
Total expenditures	<u>1,946,906</u>	<u>1,946,906</u>	<u>656,549</u>	<u>1,290,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(182,000)</u>	<u>(182,000)</u>	<u>-</u>	<u>182,000</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bond	60,000	60,000	-	(60,000)
Insurance recoveries	<u>122,000</u>	<u>122,000</u>	<u>-</u>	<u>(122,000)</u>
Total other financing sources (uses)	<u>182,000</u>	<u>182,000</u>	<u>-</u>	<u>(182,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			<u>-</u>	
Fund balances, end of year			<u>\$ -</u>	

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS SALES TAX
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Sales tax	\$ 4,405,727	\$ -	\$ 770,326	\$ 770,326
Fee in lieu	-	-	435,581	435,581
Investment income	-	-	1,811	1,811
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	4,405,727	-	1,207,718	1,207,718
EXPENDITURES				
General government	3,541,423	-	175,166	175,166
Culture and recreation	849,700	-	66,000	66,000
Health and welfare	14,604	-	10,115	10,115
Principal retirement	-	-	5,000	5,000
Interest and fiscal charges	-	391,306	535,817	927,123
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	4,405,727	391,306	792,098	1,183,404
Excess (deficiency) of revenues over (under) expenditures	-	(391,306)	415,620	24,314
OTHER FINANCING SOURCES (USES)				
Capital project sales tax revenue bonds issued	-	8,440,000	90,000	8,530,000
Transfers	-	(3,117,579)	-	(3,117,579)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	5,322,421	90,000	5,412,421
Net change in fund balances	<u>\$ -</u>	<u>\$ 4,931,115</u>	505,620	<u>\$ 5,436,735</u>
Fund balances, beginning of year - Restated - Note 18			<u>4,931,115</u>	
Fund balances, end of year			<u>\$ 5,436,735</u>	

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	<u>Enterprise Fund - Landfill and Solid Waste</u>
ASSETS	
Current Assets	
Cash	\$ 226,723
Accounts receivable	138,775
Total Current Assets	<u>365,498</u>
Noncurrent Assets	
Non-depreciable - Note 7	36,000
Depreciable - net - Note 7	211,522
Total Noncurrent Assets	<u>247,522</u>
TOTAL ASSETS	<u>613,020</u>
LIABILITIES	
Current Liabilities	
Accounts payable	93,762
Accrued expenses	4,443
Due to other funds	208,353
Current portion of compensated absences	7,550
Total Current Liabilities	<u>314,108</u>
Noncurrent Liabilities	
Compensated absences, net of current portion	<u>25,614</u>
TOTAL LIABILITIES	<u>339,722</u>
NET POSITION	
Invested in capital assets, net of related debt	247,522
Unrestricted	25,776
TOTAL NET POSITION	<u><u>\$ 273,298</u></u>

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	<u>Enterprise Fund - Landfill and Solid Waste</u>
Operating Revenues	
Landfill and solid waste fees	\$ 879,557
Total Operating Revenues	<u>879,557</u>
Operating Expenses	
Salaries and benefits	328,293
Operations and supplies	2,652
Landfill	84,892
Solid waste contracts	358,550
LADS operation and contracts	128,774
Landfill engineer	22,182
Depreciation expense	15,408
Total Operating Expenses	<u>940,751</u>
Operating Income (Loss)	<u>(61,194)</u>
Non-Operating Revenues (Expenses)	
Gain on disposal of asset	36,260
Interest income	179
Net Non-Operating Revenues (Expenses)	<u>36,439</u>
Change in net position	(24,755)
Net Position - Beginning of Year - Restated - Note 18	<u>298,053</u>
Net Position - End of Year	<u><u>\$ 273,298</u></u>

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2014

	<u>Enterprise Fund - Landfill and Solid Waste</u>
OPERATING ACTIVITIES	
Receipts from customers	\$ 801,302
Payments to suppliers	(503,288)
Payments to employees	<u>(316,083)</u>
Net cash provided by (used for) operations	<u>(18,069)</u>
NONCAPITAL FINANCING ACTIVITIES	
Advances from (repayment of advances to) General fund	<u>208,353</u>
Net cash provided by (used for) noncapital financing activities	<u>208,353</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from disposition of capital assets	<u>36,260</u>
Net cash provided by (used for) capital and related financing activities	<u>36,260</u>
INVESTING ACTIVITIES	
Investment income	<u>179</u>
Net cash provided by (used for) investing activities	<u>179</u>
Net increase (decrease) in cash and cash equivalents	226,723
Cash and cash equivalents - beginning of year	<u>-</u>
Cash and cash equivalents - end of year	<u><u>\$ 226,723</u></u>
Reconciliation of operating income (loss) to cash flows from operating activities:	
Operating Income (loss)	\$ (61,194)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:	
Depreciation and amortization	15,408
Changes in certain assets and liabilities:	
Accounts receivable	(78,255)
Accounts payable	93,762
Accrued expenses	<u>12,210</u>
Net cash provided by (used for) operations	<u><u>\$ (18,069)</u></u>

See accompanying notes to financial statements.

BAMBERG COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

ASSETS

Cash and cash equivalents	\$ 1,939,575
Delinquent property taxes	1,393,290
Due from General Fund	<u>100,200</u>
 Total assets	 <u><u>\$ 3,433,065</u></u>

LIABILITIES

Amounts due to others	\$ 3,100,240
Unknown funds held	326,874
Due to General Fund	<u>5,951</u>
 Total liabilities	 <u><u>\$ 3,433,065</u></u>

See accompanying notes to financial statements.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Bamberg County, South Carolina (the "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.

The accompanying financial statements are presented in conformity with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

FINANCIAL REPORTING ENTITY

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)

FINANCIAL REPORTING ENTITY (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.

Bamberg County Memorial Hospital

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. However, audited financial information for the Hospital was not available and consequently was not included in the County's basic financial statements, which was a departure from GAAP. 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. 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.

Departures from GASB and Issues Regarding Delinquent Tax Funds Held

The funds held by the County of \$334,669 in the Delinquent Tax Fund could not be verified as to whom the funds are due. A portion of the funds consisting of \$100,000 was transferred to the County's General Fund during the prior fiscal year. These funds are reflected as due to the Tax Collector agency fund and the balance of \$234,669 is held in two Delinquent Tax sale bank accounts until determination of the ownership can be determined. The lack of records prohibited determining whether funds are due to bidders at the sale, held in trust until the property is redeemed or deeded, or due to the County. This issue is addressed in the independent auditor's report.

GASB Statement 45 establishes standards for the measurement, recognition, and display for postemployment health care and other benefits if provided separately from a pension plan. The County's policy is to allow employees who retire from the County and meet the state insurance guidelines to remain on the County's health insurance plan provided they reimburse 100% of their premiums to the County. No surcharges are assessed by the health insurance carrier for retirees; thus, an implicit rate subsidy exists. The County has not performed an actuarial study to determine their liability for other post employment benefits. Therefore, no OPEB liability is recorded in these financial statements. This omission is addressed in the independent auditor's report.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL REPORTING ENTITY (continued)

The amount by which these departures/omissions would affect the assets, liabilities, fund balances/net position, revenues and expenses of the County's financial statements is not readily determinable.

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

1. 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)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

2. 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, Special Revenue Fund, and Capital Projects Sales Tax 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.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes by external resource providers, constitutionally, or through enabling legislation. This fund includes the “C” funds received from the State for road maintenance and improvements and various grant funds.

Capital Projects Sales Tax Fund – The Capital Projects Sales Tax Fund is used to account for sales tax revenues that are restricted to improve, repair, and construct capital assets within the County.

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 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.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

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

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 control, accountability, or other purposes. Council has established one enterprise fund for the landfill and solid waste 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.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

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.

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.

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, and certain claims and judgment liabilities among other accounts. Actual results could differ from those estimates.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCES

Cash and Cash Equivalents

Cash includes operating accounts and savings or money market accounts with maturities of three months or less. These investments are presented at cost, which reasonably approximate fair value.

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."

Receivables and Allowance for Doubtful Accounts

Receivable balances have been disaggregated by type and 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.

Restricted Assets

Restricted accounts include money or other resources, the use of which is restricted by legal or contractual requirements.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recognized as prepaid items.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and/or the balance sheet will sometimes report 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.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCES (continued)

In addition to liabilities, the Statement of Net Position and/or the balance sheet will sometimes report 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 has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and note receivable collections, and these amounts are deferred and will be recognized as inflows of resources in the period in which the amounts become available.

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:

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

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.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCES (continued)

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.

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.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCES (continued)

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 \$5,988,376 of which \$6,911,019 is restricted. Restricted resources are used first to fund appropriations.

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 deferred 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.

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)

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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. This transfer cannot exceed \$10,000 or 10% of said department's budget; 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 (E911, Road Maintenance, and Fire Service), Capital Needs Equipment Replacement Capital Projects Fund, and Debt Service 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, 2014, expenditures in the following general fund and major special revenue fund divisions exceeded appropriations:

General Fund:	
Judicial	\$ 10,873
Culture and recreation	1,785
Special Revenue Fund:	
General government	35,000
Public works	217,856

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2014, the amount of the County's cash deposits was \$10,437,037 and the bank balance was \$11,550,193. To reconcile this information to the financial statements, we include the following:

Cash and cash equivalents	\$ 10,437,037
Cash on hand	1,200
Less: fiduciary cash	<u>(1,939,575)</u>
	<u>\$ 8,498,662</u>

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

Cash and cash equivalents:	
Unrestricted	\$ 1,191,385
Restricted	<u>7,307,277</u>
	<u>\$ 8,498,662</u>

Primary Government and Agency Funds

At June 30, 2014, the carrying amount of the County's deposits was \$8,498,662 for the primary government and \$1,939,575 for Agency Funds. The bank balances for these funds total \$11,550,193. Of the bank balance of \$11,550,193, \$1,514,548 is secured by FDIC insurance and \$10,035,645 is secured by collateral pledged in the County's name.

Deposits

Custodial credit risk for deposits is the risk, that in the event of a bank failure, the County's deposits may not be returned or that they will not be able to recover collateral securities in the possession of an outside party. Custodial credit risk for deposits is not formally addressed by a policy.

The cash on deposit under the direction of the County Treasurer and other County officials consists of funds held in checking and savings accounts, money markets and certificates of deposit. The County does not have a formal policy for deposits, but follows the State investment guidelines.

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

NOTE 3 - RECEIVABLES

Other receivables at June 20, 2014, are shown below less an estimated allowance for uncollectible accounts, as follows:

	Governmental Activities	Business-type Activities
Other receivables	\$ 333	\$ -
Landfill fees	-	114,673
Solid waste fees	-	<u>95,455</u>
Total receivables	333	210,128
Less, allowance for uncollectible accounts		
Landfill fees	-	(52,262)
Solid waste fees	<u>-</u>	<u>(19,091)</u>
Receivables, net	<u>\$ 333</u>	<u>\$ 138,775</u>

NOTE 4 - UNIDENTIFIABLE FUNDS

As of June 30, 2014, excess funds were on deposit in the checking accounts of several court-related funds and deficits occurred in three of these accounts. The net overages, totaling \$22,629, represent the amount of cash on deposit that exceeds identifiable liabilities. The Delinquent Tax Sale bank accounts also held unidentifiable funds of \$334,669. (These monies will remain within the funds until proper identification can be made of the court or individual to whom they belong.) The inmate trust escrow fund has a deficit of \$6,005 noting more funds should be on deposit in the bank account. These funds are reflected in the financials as follows:

	General Fund	Agency Fund
Included in bond deposits and prepayments:		
Magistrate	\$ 24,726	
Clerk of Court	(927)	
Sheriff (execution and fees)	620	
Included in unknown funds held/ (deficit)		
Clerk of Court		\$ (1,790)
Delinquent Tax	-	334,669
Inmate Trust Escrow	<u>-</u>	<u>(6,005)</u>
	<u>\$ 24,419</u>	<u>\$ 326,874</u>

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

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

The Governmental Funds short-term interfund receivables and payables at June 30, 2014, were as follows:

	Interfund Receivable	Interfund Payable
Governmental Funds		
General Fund	\$ 560,867	\$ 117,930
Special Revenue Funds	-	6,193
Capital Projects Sales Tax Fund	-	1,843
Other Governmental Funds:		
E-911 Fund	-	104,571
Fire Service Fund	5,034	-
Road Maintenance	-	192,607
Hospital Capital Projects Fund	-	38,123
Capital Needs Equipment Replacement Fund	-	3,227
Debt Service Fund	12,697	-
Enterprise Funds	-	208,353
Agency Funds	<u>100,200</u>	<u>5,951</u>
Total	<u>\$ 678,798</u>	<u>\$ 678,798</u>

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

	Transfers In	Transfers Out
General Fund	\$ 88,380	\$ -
Special Revenue Funds:		
Fire Service Fund	<u>-</u>	<u>88,380</u>
	<u>\$ 88,380</u>	<u>\$ 88,380</u>

Transfers between the funds were primarily to repay payments made in prior years by the general fund to support the operations of the fire department.

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

NOTE 7 - CAPITAL ASSETS

The prior year financial statements reflected the capital asset and accumulated depreciation balances as of June 30, 2011 due to neither the detailed schedules of these capital assets and related depreciation calculations at June 30, 2011 nor any subsequent years' capital asset activity details being available. During the 2013-2014 fiscal year, the County obtained this detailed listing and performed a complete inventory of all County-owned capital assets. The capital assets and accumulated depreciation balances as of July 1, 2013 in the following schedules are restated to reflect the actual capital assets owned at cost or historical cost.

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

	Restated July 1, 2013 Balance	Additions	Transfers/ Adjustments	Deletions	June 30, 2014 Balance
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 622,788	\$ -	\$ -	\$ -	\$ 622,788
Construction in progress	<u>-</u>	<u>425,360</u>	<u>-</u>	<u>-</u>	<u>425,360</u>
Total capital assets, not being depreciated	<u>622,788</u>	<u>425,360</u>	<u>-</u>	<u>-</u>	<u>1,048,148</u>
Capital assets, being depreciated					
Building & improvements	9,359,418	5,375	-	-	9,364,793
Vehicles	1,772,149	-	-	-	1,772,149
Machinery & equipment	959,616	9,060	-	-	968,676
Infrastructure	<u>2,657,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,657,603</u>
Total capital assets, being depreciated	<u>14,748,786</u>	<u>14,435</u>	<u>-</u>	<u>-</u>	<u>14,763,221</u>
Less accumulated depreciation					
Building & improvements	3,838,063	173,876	-	-	4,011,939
Vehicles	923,719	90,871	-	-	1,014,590
Machinery & equipment	726,830	65,789	-	-	792,619
Infrastructure	<u>2,577,349</u>	<u>80,254</u>	<u>-</u>	<u>-</u>	<u>2,657,603</u>
Total accumulated depreciation	<u>8,065,961</u>	<u>410,790</u>	<u>-</u>	<u>-</u>	<u>8,476,751</u>
Total capital assets being depreciation, net	<u>6,682,825</u>	<u>(396,355)</u>	<u>-</u>	<u>-</u>	<u>6,286,470</u>
Governmental activities capital assets, net	<u>\$ 7,305,613</u>	<u>\$ 29,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,334,618</u>

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

NOTE 7 - CAPITAL ASSETS (continued)

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

Governmental Activities:	
General government	\$ 75,730
Public safety	112,510
Public works	122,111
Economic development	581
Culture and recreation	23,793
Health and welfare	<u>76,065</u>
Total depreciation expense – governmental activities	<u>\$ 410,790</u>

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

	Restated July 1, 2013 Balance	Additions	Transfers/ Adjustments	Deletions	June 30, 2014 Balance
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	187,838	-	-	-	187,838
Machinery & equipment	<u>336,065</u>	<u>-</u>	<u>-</u>	<u>(125,475)</u>	<u>210,590</u>
Total capital assets, being depreciated	<u>523,903</u>	<u>-</u>	<u>-</u>	<u>(125,475)</u>	<u>398,428</u>
Less accumulated depreciation					
Building & improvements	51,440	6,370	-	-	57,810
Machinery & equipment	<u>245,533</u>	<u>9,038</u>	<u>-</u>	<u>125,475</u>	<u>129,096</u>
Total accumulated depreciation	<u>296,973</u>	<u>15,408</u>	<u>-</u>	<u>125,475</u>	<u>186,906</u>
Total capital assets being depreciated, net	<u>226,930</u>	<u>(15,408)</u>	<u>-</u>	<u>-</u>	<u>211,522</u>
Business-type activities capital assets, net	<u>\$ 262,930</u>	<u>\$ (15,408)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,522</u>

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

NOTE 7 - CAPITAL ASSETS (continued)

Certain real property owned by the County is 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 has been out of service. The land and building housing the former hospital is 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 \$14,250 (original cost of \$1,264,250 less accumulated depreciation of \$1,250,000).

NOTE 8 - NOTE RECEIVABLE

During 2011 and 2012, the County acquired land and a building and made renovations to upfit 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 include \$100 advance rent being paid at commencement and \$100 due each October 28 of the lease term. The lease term ends on October 28, 2015 with an option to purchase the property for \$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. The balance of lease payments remaining to be received under the lease is \$200 which includes \$100 annual payment to be received in the fiscal year ending June 30, 2015 and \$100 option to purchase in the fiscal year ending June 30, 2016.

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.

The future minimum rental payments are as follows:

2015	\$ 48,695
2016	64,533
2017	64,533
2018	64,533
2019	<u>63,455</u>
	<u>\$ 305,749</u>

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

NOTE 10 - CONSTRUCTION COMMITMENTS

The County was committed under construction contracts at June 30, 2014 as follows:

	Contracted Price	Costs Incurred through June 30, 2014	Balance to Complete
Courthouse Renovations:			
Pavilion at the Courthouse	\$ 26,230	\$ 7,741	\$ 18,489
Courthouse construction (engineering)	<u>114,900</u>	<u>89,256</u>	<u>25,644</u>
	<u>\$ 141,130</u>	<u>\$ 96,997</u>	<u>\$ 44,133</u>

NOTE 11 - LONG-TERM DEBT

Governmental Activities

Long-term debt transactions of the governmental activities of Bamberg County were as follows:

	Balance July 1, 2013 *(Restated)	Additions	Retirements	Balance June 30, 2014	Due within one year
Accrued Compensated Absences	* \$ 158,062	\$ 16,907	\$ -	\$ 174,969	\$ 41,740
Closure and Postclosure Costs	436,099	-	6,586	429,513	11,000
General Obligation Bonds	1,310,000	90,000	40,000	1,360,000	61,288
Revenue Bonds	8,440,000	-	5,000	8,435,000	130,000
Deferred Debt Costs	*	-	-	-	-
Notes Payable	125,280	16,360	48,432	93,208	49,557
Capital leases	* <u>221,402</u>	<u>179,206</u>	<u>53,842</u>	<u>346,766</u>	<u>79,433</u>
	<u>\$ 10,690,843</u>	<u>\$ 302,473</u>	<u>\$ 153,860</u>	<u>\$ 10,839,456</u>	<u>\$ 373,018</u>

General Obligation Bonds:

Bamberg County General Obligation Bonds, Series 2008 (for hospital revitalization) due in annual installments of \$20,000 to \$145,000 through April 1, 2028, interest at 4%	\$ 1,270,000
Bamberg County General Obligation Bond, 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	<u>90,000</u>
	<u>\$ 1,360,000</u>

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

NOTE 11 - LONG-TERM DEBT (continued)

The following schedule lists the principal and interest outstanding for general obligation bonds at June 30, 2014:

	Annual Interest	Annual Principal
2015	\$ 56,369	\$ 61,288
2016	53,720	62,102
2017	51,178	62,957
2018	48,610	68,855
2019	45,800	74,798
2020-2024	173,677	525,000
2025-2028	<u>53,120</u>	<u>505,000</u>
	<u>\$ 482,474</u>	<u>\$ 1,360,000</u>

Revenue Bonds:

Bamberg Facilities Corporation Installment Purchase Revenue
Bonds, taxable series 2013A, due in annual installments of
\$5,000 to \$860,000 through September 1, 2032,
interest at 8.875%

\$ 8,435,000

The following schedule lists the principal and interest outstanding for revenue bonds at June 30, 2014:

	Annual Interest	Annual Principal
2015	\$ 742,838	\$ 130,000
2016	727,750	210,000
2017	708,447	225,000
2018	687,591	245,000
2019	665,181	260,000
2020-2024	2,913,662	1,710,000
2025-2029	1,970,472	2,605,000
2030-2033	<u>570,219</u>	<u>3,050,000</u>
	<u>\$ 8,986,160</u>	<u>\$ 8,435,000</u>

Notes Payable:

Tax Anticipation Note dated April 29, 2013, due in 5 semiannual
payments of \$25,000 with final payment of \$10,756.23 due
April 29, 2016 including interest at 5%

\$ 81,080

Non-interest bearing note payable to finance E911 equipment
dated October, 2013, initial payment of \$4,232 and annual
installments of \$3,032,

12,128

\$ 93,208

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

NOTE 11 - LONG-TERM DEBT (continued)

The following schedule lists the principal and interest outstanding for notes payable at June 30, 2014:

	Annual Interest	Annual Principal
2015	\$ 3,476	\$ 49,557
2016	1,120	37,587
2017	-	3,032
2018	<u>-</u>	<u>3,032</u>
	<u>\$ 4,596</u>	<u>\$ 93,208</u>

Capital Leases:

The County has entered into lease agreements as lessee in order to finance acquisition of various equipment and fire pumpers. 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, 2014:

Furniture, fixtures and equipment	\$ 629,836
Less: accumulated depreciation	<u>(174,484)</u>
Carrying value	<u>\$ 455,352</u>

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

2015	\$ 91,890
2016	83,743
2017	83,743
2018	83,743
2019	<u>38,295</u>
Total minimum lease payments	381,414
Less, amount representing interest	<u>34,648</u>
Present value of minimum lease payments	<u>\$ 346,766</u>

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

NOTE 11 - LONG-TERM DEBT (continued)

Capital leases payable at June 30, 2014 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 \$44,132, due on or before March 7, 2018	\$ 160,522
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	170,146
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	7,950
Installment purchase contract, (telephone system) dated December 28, 2009, payable in monthly installments of \$1,357.93, due on or before December 31, 2014	<u>8,148</u>
Total	<u>\$ 346,766</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.

Additions to the County's long-term debt during the fiscal year 2014 were as follows:

- In October, 2013, the County accepted financing from the manufacturer for the purchase of the E911 recording system costing \$16,360.
- On February 13, 2014, the County issued a \$90,000 general obligation bonds, taxable series 2014A to provide funding for capital projects of the County.
- On September 6, 2013, the County entered into a \$9,060 installment purchase contract for a copier.
- On December 5, 2013, the County entered into a \$170,146 installment purchase contract for an E911 radio console as part of their E911 system upgrade.

Business-type Activities

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

	Balance July 1, 2013 *(Restated)	Additions	Retirements	Balance June 30, 2014	Due within one year
Accrued Compensated Absences	<u>\$ 25,397</u>	<u>\$ 7,767</u>	<u>\$ -</u>	<u>\$ 33,164</u>	<u>\$ 7,550</u>

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

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:

	Governmental Activities	Business-type Activities
Invested in Capital Assets, Net of Related Debt		
Net capital assets	\$ 7,334,618	\$ 247,522
Less, general obligation bonds, TAN's and revenue bonds	(9,876,080)	-
Less, installment purchase contracts and notes payable	(358,893)	-
Unspent bond funds	<u>4,989,949</u>	<u>-</u>
 Total invested in capital assets, net of related debt	 <u>\$ 2,089,594</u>	 <u>\$ 247,522</u>
 Restricted		
Debt service	\$ 65,194	
Capital Projects Sales Tax Fund	5,436,735	
Capital projects Capital Needs Equipment Replacement Fund	418,366	
E-911 services	276,615	
Fire services	64,386	
Tourism and community development	98,197	
Property tax rollback program	543,114	
Child support enforcement	<u>8,412</u>	
 Total restricted net position	 <u>\$ 6,911,019</u>	

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

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

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

The County's fund balances as of June 30, 2014 were classified as follows:

Description	General Fund	Capital Projects Sales Tax Fund	Other Govern- mental Funds	Total Govern- mental Funds
Nonspendable				
Prepaid Expenses	\$ -	\$ -	\$ 15,839	\$ 15,839
Restricted:				
Capital Projects Sales Tax Fund	-	5,436,735	-	5,436,735
Capital Needs Equipment Replacement	-	-	418,366	418,366
Debt Service	-	-	65,194	65,194
E-911 Funds	-	-	172,846	172,846
Fire Services	-	-	64,386	64,386
Tourism and Community Development	98,197	-	-	98,197
Property Tax Rollbacks	543,114	-	-	543,114
Child Support Funds	8,412	-	-	8,412
Assigned:				
2014-2015 fiscal year stabilization	286,156		87,930	374,086
Unassigned	<u>1,848,284</u>	<u>-</u>	<u>(243,931)</u>	<u>1,604,353</u>
Total Fund Balances	<u>\$ 2,784,163</u>	<u>\$ 5,436,735</u>	<u>\$ 580,630</u>	<u>\$ 8,801,528</u>

The Road Maintenance Special Revenue Fund had a deficit fund balance at June 30, 2014 of \$205,808. The Hospital Capital Projects Fund had a deficit fund balance at June 30, 2014 of \$38,123. Both funds are nonmajor funds of the County.

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.

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

NOTE 13 - LANDFILL CLOSURE AND POSTCLOSURE OBLIGATION (continued)

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 \$11,000 annually, or approximately \$110,000 as of June 30, 2014, for the remaining monitoring period of 10 years.

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 34 more years. 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 225,000 tons. At June 30, 2014, the estimated annual groundwater monitoring cost over the remaining life is approximately \$4,000 per year.

Although closure and postclosure 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 postclosure 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 \$412,765. At June 30, 2014, the costs to be recognized as a liability based on engineering estimates of filled capacity of the Class II landfill is \$319,513.

Estimated total closure and postclosure care costs as of June 30, 2014, for the County's landfill follows:

	Closed Landfill	C & D Class II Landfill	Total
Balance, June 30, 2013	\$ 121,000	\$ 315,099	\$ 436,099
Recognized current year costs	<u>(11,000)</u>	<u>4,414</u>	<u>(6,586)</u>
Balance, June 30, 2014	<u>\$ 110,000</u>	<u>\$ 319,513</u>	<u>\$ 429,513</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, 2014. 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

Generally, all permanent employees of the County are required by law to join the South Carolina Retirement System (SCRS) or the Police Officers Retirement System (PORS) which are cost sharing multiple employer defined benefit pension plans administered by the Retirement Division of the SC Public Employee Benefit Authority (SC PEBA). Both the SCRS and the PORS offer retirement, disability, survivor, and death benefits to eligible members or beneficiaries. A Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the SCRS and PORS is publicly available on its website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to the SC PEBA, P.O. Box 11960, Columbia, South Carolina 29211-1960.

The majority of employees of the County are covered by the SCRS or PORS. Generally, all County employees are required to participate in and contribute to the SCRS or PORS as a condition of employment unless exempted by law as provided by Section 9-1-480 of the South Carolina Code of Laws. Both employees and employers are required to contribute to the Plans under authority of Title 9 of the SC Code of Laws. Reference §9-1-1085(A) and §9-11-225. The base contribution rates are set by statute, but are required to be increased by the trustees on the basis of the annual actuarial valuation if necessary to maintain a thirty-year amortization period for the Plans' unfunded liabilities.

Employee contributions to the Plans are 7.5% of salary for SCRS and 7.84% of salary for PORS. Employers are required to contribute at the following actuarially determined rates: SCRS – 10.45% and PORS – 12.44%. In addition to the above rates, participating employers of the SCRS and PORS contribute .15% and .20%, respectively, of payroll to provide a death benefit for their active participants. Participating employers of the PORS also contribute .20% to provide an accidental death insurance benefit for their active participants. All employers contribute at the actuarially required contribution rates. The County contributed amounts equal to the required contribution to the SCRS of \$146,160, \$156,674, and \$143,493, for the years ended June 30, 2014, 2013, and 2012, respectively. The County contributed amounts equal to the required contribution to the PORS of \$125,065, \$120,197, and \$114,705, for the years ended June 30, 2014, 2013, and 2012, respectively. The County's FY 2014 contributions represented less than one percent of total contributions required of all participating entities.

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. The multiple-employer plans created under Internal Revenue Code Sections 457, 401(k), and 403 (b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. Neither the County, nor the State of South Carolina, has any liability for losses under the plan. Employees may withdraw the current value of their contributions when they terminate County employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

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

NOTE 15 - 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, 2014, 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, 2014, 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 16 - CONTINGENCIES

Accrued Claims

Bamberg County is the defendant in an ongoing lawsuit regarding contracts the County signed for services to be rendered in prior years to the Bamberg County Hospital. In prior years, due to the unknown potential for an unfavorable outcome against the County, a liability of \$312,000 was recorded in the financial statements. In February, 2015, a settlement was reached whereby the County agreed to pay \$200,000 over the next six fiscal years as follows:

For Year Ended	Amount
June 30,	
2015	\$ -
2016	60,000
2017	85,000
2018	-
2019	30,000
2020	<u>25,000</u>
	<u>\$200,000</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. However, management believes that any required refunds would be immaterial and no provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE 17 - 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 18 - RESTATEMENT OF PRIOR YEAR BALANCES

Governmental fund balances and governmental activities net position for June 30, 2013 were restated as follows:

	Governmental Activities Net Position	General Fund Balance	Capital Sales Tax Fund Balance
Balance, June 30, 2013	\$ 9,596,854	\$ 6,989,474	\$ -
To write-off deferred debt costs per new GASB standard	(391,306)	-	-
To record capital lease for County telephone system	(24,443)	-	-
To correct capital assets balances	(4,223,752)		
To reclass the investment accounts to the Capital Sales Tax Fund	-	(4,931,115)	4,931,115
To reclass to the Enterprise Fund:			
Landfill receivables, net	(60,520)	(60,520)	-
Landfill capital assets, net	(262,930)	-	-
Landfill accrued leave	25,397	-	-
To reduce accrued claims per settlement	<u>112,000</u>	<u>112,000</u>	<u>-</u>
Balance June 30, 2013, restated	<u>\$ 4,771,300</u>	<u>\$ 2,109,839</u>	<u>\$ 4,913,115</u>

Business-type activities net position for June 30, 2013 was restated as follows:

	Enterprise Fund Net Position
Balance, June 30, 2013	\$ -
To reclass from the General Fund:	
Landfill receivables, net	60,520
Landfill capital assets, net	262,930
Landfill accrued leave	<u>(25,397)</u>
Balance June 30, 2013, restated	<u>\$ 298,053</u>

Agency Funds

	As Previously Stated June 30, 2013	Restatement	As Restated June 30, 2013
Inmate Trust Escrow			
Assets:			
Cash and cash equivalents	\$ 2,516	\$ -	\$ 2,516
Due from General Fund	<u>76</u>	<u>-</u>	<u>76</u>
Total assets	<u>\$ 2,592</u>	<u>\$ -</u>	<u>\$ 2,592</u>

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

NOTE 18 - RESTATEMENT OF PRIOR YEAR BALANCES (continued)

	As Previously Stated	Restatement	As Restated June 30, 2013
June 30, 2013			
Liabilities:			
Funds held for others	\$ 2,592	\$ 6,005	\$ 8,597
Unknown funds held/(deficit)	<u> -</u>	<u> (6,005)</u>	<u> (6,005)</u>
Total liabilities	<u>\$ 2,592</u>	<u>\$ -</u>	<u>\$ 2,592</u>

NOTE 19 - NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions (Employers) – an amendment of GASB Statement No. 27*, to improve guidance for accounting and reporting on pensions that governments provide to their employees. GASB believes it is important to give users of the financial statements of cost-sharing employers access to better, more transparent financial information. Consequently, under the new standard, the GASB is requiring that cost-sharing governments report a net pension liability, pension expense and pension-related deferred inflows and outflows of resources based on the government’s proportionate share of the collective amounts for all the governments participating in the plan. Issued June 2012, this statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. GASB Statement No. 68 will be effective for the County, fiscal year ending June 30, 2015. This statement relates to accounting and financial reporting and does not apply to how governments approach the funding of their pension plans. At present, there is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial reports. This statement separates how the accounting and financial reporting is determined from how pensions are funded.

Key changes when GASB Statement No. 68 is adopted by participating governments will include:

- Separating how the accounting and financial reporting is determined from how pensions are funded.
- Employers with defined benefit pension plans will recognize a net pension liability, as defined by the standard, in their government-wide, proprietary and fiduciary fund financial statements.
- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer’s past practice and future expectations of granting them indicate they are essentially automatic.

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

NOTE 19 - NEW PRONOUNCEMENTS (continued)

- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the interest rate on a tax-exempt 20 year AA/Aa or higher rated municipal bond index to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.
- Requiring more extensive note disclosures and required supplementary information.
- Requires a restatement of beginning net position balance equal to the government’s proportionate share of the plan’s collective net pension liability to reflect this liability as of the beginning of the year.
- The recognition of pension expense based on actuarial calculations in addition to the recognition of the annual required contribution (ARC) obligations to the State’s cost-sharing multiple-employer retirement plan.

Once GASB Statement No. 68 is adopted during the year ending June 30, 2015, management expects the financial impact of recognizing the net pension liability on the government’s statement of net position will be significant. The government’s actual proportionate share of the collective net pension liability that will be used to adjust beginning net position by the recognition of this liability will not be available until the plan’s stand-alone audited financial statements are complete.

NOTE 20 - SUBSEQUENT EVENTS

In August, 2014 the County entered into a lease purchase agreement for the purchase of heavy equipment costing \$194,196.

In September, 2014, the County financed the purchase of radio communication equipment costing \$38,730.

The County issued the 2014B General Obligation Bond in August, 2014 in the amount of \$125,000 and the 2015A General Obligation Bond in February, 2015 in the amount of \$70,500 with the proceeds of each being used for the debt service payments due for capital sales tax project related debt outstanding.

In February, 2015, the County agreed to a settlement offer of \$200,000 for accrued claims in an on-going lawsuit involving contracts signed in prior years. See Note 16 for further details.

**COMBINING AND INDIVIDUAL
FUND SCHEDULES**

**BAMBERG COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Special Revenue Funds			Capital Project Funds				Total
	E-911 Fund	Road Maintenance Fund	Fire Service Fund	Hospital Fund	Equipment Replacement Fund	Debt Service Fund		
ASSETS								
Cash and cash equivalents	\$ 367,507	\$ -	\$ 57,786	\$ -	\$ 421,124	\$ 52,392	\$	\$ 898,809
Due from other governments	18,705	-	-	-	-	-	-	18,705
Due from other funds	-	-	5,034	-	-	12,697	-	17,731
Prepaid expenses	15,839	-	-	-	-	-	-	15,839
Delinquent taxes receivable	-	-	49,895	-	25,602	19,601	-	95,098
TOTAL ASSETS	\$ 402,051	\$ -	\$ 112,715	\$ -	\$ 446,726	\$ 84,690	\$	\$ 1,046,182

LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES

LIABILITIES								
Accounts payable	\$ 19,780	\$ 10,452	\$ 1,333	\$ -	\$ -	\$ -	\$	\$ 31,565
Accrued expenses	1,085	2,749	596	-	-	-	-	4,430
Due to other funds	104,571	192,607	-	38,123	3,227	-	-	338,528
Total Liabilities	125,436	205,808	1,929	38,123	3,227	-	-	374,523

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	-	-	46,400	-	25,133	19,496	-	91,029
Total Deferred Inflows of Resources	-	-	46,400	-	25,133	19,496	-	91,029

FUND BALANCES

Nonspendable	15,839	-	-	-	-	-	-	15,839
Restricted	172,846	-	64,386	-	418,366	65,194	-	720,792
Assigned	87,930	-	-	-	-	-	-	87,930
Unassigned	-	(205,808)	-	(38,123)	-	-	-	(243,931)
Total Fund Balances	276,615	(205,808)	64,386	(38,123)	418,366	65,194	-	580,630

TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES

\$ 402,051	\$ -	\$ 112,715	\$ -	\$ 446,726	\$ 84,690	\$	\$	\$ 1,046,182
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BAMBERG COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			Capital Project Funds				Total
	E-911 Fund	Road Maintenance Fund	Fire Service Fund	Hospital Fund	Equipment Replacement Fund	Debt Service Fund		
Revenue								
Property taxes	\$ -	\$ -	\$ 444,223	\$ -	\$ 46,281	\$ 158,681	\$ -	\$ 649,185
Charges for services	36,300	337,290	-	-	-	-	-	373,590
Intergovernmental - State	150,779	-	-	-	-	-	-	150,779
Interest income	517	-	24	-	251	32	-	824
Total revenue	187,596	337,290	444,247	-	46,532	158,713	-	1,174,378
Expenditures								
Current:								
Public safety	422,441	-	-	-	-	-	-	422,441
Public works	-	322,870	-	-	-	-	-	322,870
Health and welfare	-	-	298,012	-	-	-	-	298,012
Debt services:								
Principal	-	-	-	-	-	84,200	-	84,200
Interest	-	-	-	-	-	60,165	-	60,165
Total expenditures	422,441	322,870	298,012	-	-	144,365	-	1,187,688
Excess (deficiency) of revenue over expenditures	(234,845)	14,420	146,235	-	46,532	14,348	-	(13,310)
Other Financing Sources (Uses)								
Proceeds from issuance of debt	186,506	-	-	-	-	-	-	186,506
Transfer in (out)	-	-	(88,380)	-	-	-	-	(88,380)
Total other financing sources (uses)	186,506	-	(88,380)	-	-	-	-	98,126
Net change in fund balance	(48,339)	14,420	57,855	-	46,532	14,348	-	84,816
Fund balance, beginning of year	324,954	(220,228)	6,531	(38,123)	371,834	50,846	-	495,814
Fund balance, end of year	\$ 276,615	\$ (205,808)	\$ 64,386	\$ (38,123)	\$ 418,366	\$ 65,194	\$ -	\$ 580,630

BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Local Sources				
Taxes				
Real estate taxes	\$ 2,721,488	\$ 2,721,488	\$ 2,790,895	\$ 69,407
Local option sales tax	216,299	216,299	197,063	(19,236)
Vehicle taxes	425,000	425,000	467,604	42,604
Vehicle decal income	9,336	9,336	9,385	49
Delinquent taxes	300,000	300,000	324,140	24,140
Delinquent tax execution cost	50,000	50,000	50,820	820
Payment in lieu of taxes	-	-	215,628	215,628
Treasurer's cost to cities	30,849	30,849	29,670	(1,179)
Payment in lieu - motor carrier	45,000	45,000	47,308	2,308
Manufacturer reimbursement	20,621	20,621	25,409	4,788
Merchant's inventory tax	26,475	26,475	26,475	-
Homestead exemption reimbursement	290,000	290,000	320,792	30,792
Total taxes	<u>4,135,068</u>	<u>4,135,068</u>	<u>4,505,189</u>	<u>370,121</u>
Intergovernmental				
State				
Accommodations tax	80,000	80,000	89,091	9,091
State aid and allocations	604,010	604,010	590,542	(13,468)
Salary supplements	-	-	6,300	6,300
Vital records fees	5,725	5,725	640	(5,085)
State election commission	-	-	10,125	10,125
Veterans affairs	-	-	4,467	4,467
Federal				
FEMA grant	-	-	194,251	194,251
DSS filing fees	-	-	10,800	10,800
DSS - Clerk of Court	-	-	9,414	9,414
DSS - Sheriff	6,000	6,000	5,891	(109)
DSS - IV-D Incentives	-	-	56,587	56,587
DSS - Rent/Utilities reimbursement	-	-	1,044	1,044
Total intergovernmental	<u>695,735</u>	<u>695,735</u>	<u>979,152</u>	<u>283,417</u>
Licenses and permits				
Moving and other permits	2,870	2,870	8,169	5,299
Franchise fees	2,500	2,500	3,784	1,284
Building permits	36,000	36,000	34,735	(1,265)
Total licenses and permits	<u>41,370</u>	<u>41,370</u>	<u>46,688</u>	<u>5,318</u>
Charges for services				
Rent	1,950	1,950	-	(1,950)
Probate fees	16,000	16,000	21,081	5,081
Municipal inmate housing	40,000	40,000	41,632	1,632
Total charges for services	<u>57,950</u>	<u>57,950</u>	<u>62,713</u>	<u>4,763</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Fines and forfeitures				
Clerk of court fines and fees	165,601	165,601	91,235	(74,366)
Magistrate fines and fees	144,812	144,812	132,122	(12,690)
Sex offender registration fees	-	-	1,315	1,315
Victim's Advocate funds	20,000	20,000	23,823	3,823
Service fees	2,500	2,500	2,150	(350)
Total fines and forfeitures	332,913	332,913	250,645	(82,268)
Investment income	25,000	25,000	11,533	(13,467)
Miscellaneous				
Miscellaneous revenue	5,000	5,000	26,858	21,858
Forfeited Land Commission sales	10,000	10,000	2,106	(7,894)
Reimbursement From Mun. Judge	27,000	27,000	37,080	10,080
Detention Center phone	-	-	7,049	7,049
Solid Waste grants - local sources	-	-	223	223
Detention Center concessions commissions	-	-	2,672	2,672
Total miscellaneous	42,000	42,000	75,988	33,988
TOTAL REVENUES	5,330,036	5,330,036	5,931,908	601,872
EXPENDITURES				
Current:				
General government	2,016,341	2,031,235	1,966,300	64,935
Judicial	649,129	649,129	660,002	(10,873)
Public safety	1,942,813	1,927,919	1,879,533	48,386
Economic development	50,000	50,000	50,000	-
Culture and recreation	146,069	146,069	147,854	(1,785)
Miscellaneous	177,342	177,342	176,335	1,007
Health and welfare	475,000	475,000	475,000	-
TOTAL EXPENDITURES	5,456,694	5,456,694	5,355,024	101,670
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(126,658)	(126,658)	576,884	703,542
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	5,000	5,000	-	(5,000)
Proceeds from issuance of debt	-	-	9,060	9,060
Transfers in(out)	62,842	62,842	88,380	25,538
TOTAL OTHER FINANCING SOURCES (USES)	67,842	67,842	97,440	29,598
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	\$ (58,816)	\$ (58,816)	674,324	\$ 733,140
Fund Balance at Beginning of Year - Restated - Note 18			2,109,839	
Fund Balance at End of Year			\$ 2,784,163	

BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
GENERAL GOVERNMENT				
Administration:				
Salaries	\$ 31,851	\$ 31,851	\$ 29,177	\$ 2,674
State retirement	3,376	3,376	3,082	294
FICA and Medicare	2,437	2,437	2,159	278
Health insurance	4,281	4,281	4,934	(653)
Unemployment comp insurance	177	177	237	(60)
Workers comp insurance	802	802	740	62
Supplies	2,500	3,182	3,593	(411)
Capital Improvement	500	500	-	500
Administrator operations	3,000	3,000	3,467	(467)
Personnel operations	500	1,535	1,535	-
Gas and fuel	900	900	3	897
Administrator contract	105,000	103,283	101,082	2,201
	<u>155,324</u>	<u>155,324</u>	<u>150,009</u>	<u>5,315</u>
County Auditor:				
Salaries	46,680	46,963	46,783	180
State retirement	4,948	4,948	4,782	166
FICA and Medicare	3,571	3,070	3,055	15
Health insurance	8,421	8,922	10,691	(1,769)
Unemployment comp insurance	354	354	243	111
Workers comp insurance	1,176	1,176	1,044	132
Meals	50	50	10	40
Training	346	346	295	51
Travel	426	426	284	142
Photocopy maintenance	744	744	575	169
Lodging	800	800	654	146
Operations	-	-	25	(25)
Registration	840	557	385	172
Supplies	1,256	1,256	1,123	133
	<u>69,612</u>	<u>69,612</u>	<u>69,949</u>	<u>(337)</u>
County Treasurer:				
Salaries	68,330	71,230	71,578	(348)
State retirement	7,243	7,243	7,345	(102)
FICA and Medicare	5,227	5,227	4,896	331
Health insurance	12,764	18,204	19,582	(1,378)
Unemployment comp insurance	530	530	341	189
Workers comp insurance	1,722	1,722	1,588	134
Meals	160	160	24	136
Travel	880	880	793	87
Photocopy maintenance	510	510	-	510
Lodging	1,250	1,250	765	485
Registration	800	800	1,009	(209)
Dues and publications	150	150	-	150
Supplies	1,500	1,500	1,701	(201)
Capital improvements	3,325	425	379	46
Equipment maintenance	530	530	-	530
	<u>104,921</u>	<u>110,361</u>	<u>110,001</u>	<u>360</u>

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2014**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
County Tax Assessor/GIS/Risk Manager:				
Salaries	126,022	126,022	125,154	868
State retirement	13,358	13,358	13,224	134
FICA and Medicare	9,641	9,641	9,259	382
Health insurance	19,198	19,198	21,871	(2,673)
Unemployment comp insurance	708	708	822	(114)
Workers comp insurance	3,175	3,175	2,929	246
Meals	200	60	22	38
Training	1,580	1,580	1,460	120
Travel	1,000	1,140	1,104	36
Photocopy maintenance	500	530	529	1
Lodging	550	550	512	38
Registration	300	300	160	140
Dues and publications	1,805	1,805	853	952
Supplies	4,085	4,055	3,669	386
Service contracts	10,450	8,950	450	8,500
Capital improvements	-	1,500	1,517	(17)
Contract appraisers	33,000	33,000	31,765	1,235
Equipment maintenance	720	720	-	720
Postage	6,500	6,500	-	6,500
	232,792	232,792	215,300	17,492
Building/Planning/Code Enforcement/ Mosquito Control:				
Salaries	39,650	39,650	40,356	(706)
State retirement	4,203	4,203	4,267	(64)
FICA and Medicare	3,033	3,033	3,042	(9)
Health insurance	4,281	4,281	4,934	(653)
Unemployment comp insurance	177	177	236	(59)
Workers comp insurance	999	999	922	77
Meals	200	200	33	167
Training	250	250	-	250
Travel	400	400	-	400
Photocopy maintenance	400	400	-	400
Registration	150	150	-	150
Dues and publications	400	400	-	400
Supplies	700	700	549	151
Capital improvements	1,500	1,500	714	786
Gas and fuel	1,500	1,500	1,225	275
Auto maintenance	750	750	157	593
Software maintenance	2,900	2,900	2,894	6
Telephone	600	600	-	600
	62,093	62,093	59,329	2,764

BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
GENERAL GOVERNMENT				
Voter Registration:				
Salaries	36,800	36,800	36,761	39
State retirement	3,901	3,901	3,886	15
FICA and Medicare	2,815	2,815	2,695	120
Health insurance	4,281	4,281	4,934	(653)
Unemployment comp insurance	177	177	224	(47)
Workers comp insurance	927	927	856	71
Training	500	500	200	300
Travel	500	500	701	(201)
Operations	1,500	1,500	384	1,116
Supplies	4,500	3,000	1,419	1,581
Capital improvements	1,500	1,500	389	1,111
Board travel	5,000	5,000	5,263	(263)
Telephone	3,000	3,000	-	3,000
Election commission	10,000	10,000	12,750	(2,750)
Voting machine maintenance	10,000	11,500	838	10,662
Equipment maintenance	2,500	2,500	-	2,500
Poll worker stipend	-	-	21,607	(21,607)
	87,901	87,901	92,907	(5,006)
Delinquent Tax Collector:				
Salaries	54,537	54,537	52,628	1,909
State retirement	5,781	5,781	4,859	922
FICA and Medicare	4,172	4,172	3,243	929
Health insurance	14,838	16,593	17,849	(1,256)
Unemployment comp insurance	354	354	331	23
Workers comp insurance	1,374	1,374	1,204	170
Operations	2,000	2,000	1,779	221
Supplies	1,000	1,000	972	28
Capital improvements	2,600	845	1,526	(681)
Equipment maintenance	400	400	-	400
	87,056	87,056	84,391	2,665
Central Services & Utilities:				
Development and IT	20,000	20,000	27,073	(7,073)
Telephone Lease	18,000	18,000	17,546	454
Telephone	115,000	120,767	111,159	9,608
Electricity	172,000	172,000	163,121	8,879
Postage	30,000	30,000	25,363	4,637
Printing/legal	-	-	2,625	(2,625)
Photocopy Lease/Maintenance	3,000	3,000	384	2,616
Bonding	2,000	3,583	4,133	(550)
Computer - taxes	95,000	95,000	105,628	(10,628)
Computer - payroll	4,600	4,600	3,488	1,112
Computer - Family Court	7,495	9,275	9,275	-
Computer - Voter Registration	1,000	1,000	548	452
Computer - Admin	2,300	2,300	2,631	(331)

BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Central Services & Utilities: (continued)				
Copy machine	7,000	8,376	8,376	-
Insurance	90,000	79,494	82,845	(3,351)
Fire Service	-	-	100	(100)
Meeting Exp	10,000	10,000	7,660	2,340
Risk Management	1,000	1,000	199	801
Miscellaneous supplies	-	-	885	(885)
	578,395	578,395	573,039	5,356
Contingency & Grant Matches:				
Contingency	70,881	30,431	-	30,431
Grant Matches	20,000	20,000	1,739	18,261
	90,881	50,431	1,739	48,692
Finance:				
Salaries	58,600	68,305	67,741	564
State retirement	6,212	7,232	7,170	62
FICA and Medicare	4,483	4,770	4,726	44
Health insurance	6,496	10,102	10,865	(763)
Unemployment comp insurance	177	453	466	(13)
Workers comp insurance	1,476	1,476	1,362	114
Training	500	500	168	332
Travel	250	250	200	50
Supplies	2,000	2,000	2,037	(37)
Gas and fuel	250	250	-	250
Salaries	-	-	100	(100)
Supplies	1,000	1,000	160	840
Building and grounds supplies	-	-	2,105	(2,105)
Audits	40,000	40,000	38,725	1,275
Internal audit	30,000	65,010	68,753	(3,743)
	151,444	201,348	204,578	(3,230)
Buildings and Grounds:				
Salaries	36,140	36,140	34,626	1,514
State Retirement	3,831	3,831	6,103	(2,272)
FICA & Medicare	2,765	2,765	4,057	(1,292)
Health Insurance	8,562	8,562	10,813	(2,251)
Unemployment Comp Insurance	353	353	322	31
Workers Comp Insurance	911	911	701	210
Uniforms	2,400	2,400	-	2,400
Salaries	-	-	2,280	(2,280)
Building Grounds & Supplies	38,450	38,450	43,114	(4,664)
Maintenance - County Buildings	50,000	50,000	72,153	(22,153)
Custodial Contract	2,500	2,500	1,220	1,280
	145,912	145,912	175,389	(29,477)
County Attorney:				
Salaries	2,400	2,400	2,354	46
Health Ins Reimbursement	10,917	9,410	10,919	(1,509)
State Retirement	254	254	249	5
FICA & Medicare	184	184	180	4
Unemployment Comp	35	35	27	8
Workers Comp	60	60	56	4
Legal Service Fee	50,000	51,507	45,052	6,455
	63,850	63,850	58,837	5,013

BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
County Council:				
Salaries	83,442	83,442	84,832	(1,390)
State Retirement	8,845	8,845	4,625	4,220
FICA & Medicare	6,383	6,383	4,979	1,404
Health Insurance	36,425	36,425	38,563	(2,138)
Unemployment Comp	902	902	586	316
Workers Comp	2,102	2,102	1,940	162
Council Operations	1,000	1,000	203	797
Clerk to Council Operation	1,500	1,500	901	599
Advertising & Legal	6,000	6,000	3,318	2,682
District 1	1,500	1,500	-	1,500
District 2	1,500	1,500	1,483	17
District 3	1,500	1,500	1,594	(94)
District 4	1,500	1,500	206	1,294
District 5	1,500	1,500	771	729
District 6	1,500	1,500	117	1,383
District 7	1,500	1,500	-	1,500
	157,099	157,099	144,118	12,981
Veterans Affairs				
Salaries	21,640	21,640	22,025	(385)
State Retirement	2,294	2,294	2,329	(35)
FICA & Medicare	1,655	1,655	1,685	(30)
Unemployment Comp Insurance	177	177	172	5
Workers Comp Insurance	545	545	503	42
Photocopy Maintenance	2,000	2,000	-	2,000
Supplies	750	750	-	750
	29,061	29,061	26,714	2,347
Total General Government	2,016,341	2,031,235	1,966,300	64,935
JUDICIAL				
Clerk of Court:				
Salaries	131,530	131,530	129,954	1,576
State retirement	13,942	13,942	13,570	372
FICA and Medicare	10,062	10,062	9,295	767
Health insurance	21,405	26,821	28,852	(2,031)
Unemployment comp insurance	884	884	889	(5)
Workers comp insurance	3,314	3,314	2,944	370
Operations	1,000	1,000	1,815	(815)
Supplies	5,500	8,000	7,950	50
Capital improvements	21,125	18,625	17,227	1,398
Court expenses	18,000	12,584	9,738	2,846
IV-D expenditures	-	-	3,554	(3,554)
Equipment Maintenance	378	378	-	378
	227,140	227,140	225,788	1,352

BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Probate Judge:				
Salaries	63,924	63,924	65,912	(1,988)
State retirement	6,776	6,776	6,965	(189)
FICA and Medicare	4,890	4,890	4,748	142
Health insurance	14,691	14,691	15,715	(1,024)
Unemployment comp insurance	353	353	238	115
Workers comp insurance	1,611	1,611	1,555	56
Operations	-	-	76	(76)
Registration	500	500	420	80
Supplies	-	-	1,873	(1,873)
Capital improvements	800	800	568	232
Court Expenses	1,360	2,771	2,771	-
Telephone	1,640	229	-	229
	96,545	96,545	100,841	(4,296)
Magistrate:				
Salaries	135,687	133,041	142,794	(9,753)
State retirement	15,782	15,782	12,972	2,810
FICA and Medicare	10,380	10,380	10,597	(217)
Health insurance	12,843	15,489	16,716	(1,227)
Unemployment comp insurance	707	707	829	(122)
Workers comp insurance	3,419	3,419	3,408	11
Training	400	400	-	400
Photocopy Maintenance	500	500	205	295
Lodging	400	400	794	(394)
Operations	1,000	1,000	1,446	(446)
Registration	200	200	100	100
Supplies	1,000	1,000	944	56
Case management system	18,000	18,000	18,000	-
Capital improvements	18,000	18,000	18,000	-
Court expense	2,500	2,500	1,942	558
	220,818	220,818	228,747	(7,929)
Contract Agencies - Judicial:				
Public Defender	31,000	31,000	31,000	-
Solicitor	72,726	72,726	72,726	-
Court Library	900	900	900	-
	104,626	104,626	104,626	-
Total Judicial	649,129	649,129	660,002	(10,873)

BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
PUBLIC SAFETY				
County Sheriff:				
Salaries	501,658	500,009	478,357	21,652
Overtime	36,000	37,649	37,649	-
State retirement	69,035	69,035	67,984	1,051
FICA and Medicare	41,131	41,131	38,881	2,250
Health insurance	87,178	87,178	98,664	(11,486)
Unemployment comp insurance	2,828	2,828	3,308	(480)
Workers comp insurance	12,638	12,638	11,062	1,576
Operations	6,000	9,000	8,824	176
Supplies	5,000	5,000	3,842	1,158
Capital improvements	10,200	10,200	7,681	2,519
Investigations	3,500	3,500	236	3,264
Victim's services	32,000	32,000	28,334	3,666
Gasoline	65,000	62,000	61,762	238
Auto maintenance	20,000	20,000	20,821	(821)
Uniforms	6,000	8,488	8,488	-
Radio maintenance	4,000	6,423	7,710	(1,287)
Radio Communications	7,200	2,289	1,416	873
Software	4,800	4,800	6,768	(1,968)
Photocopy Lease	3,000	3,000	10,736	(7,736)
	917,168	917,168	902,523	14,645
Detention Center:				
Salaries	357,566	357,566	353,997	3,569
Overtime	35,000	24,060	24,304	(244)
State retirement	50,405	48,822	48,395	427
FICA and Medicare	30,030	30,030	27,665	2,365
Health insurance	74,547	64,236	67,397	(3,161)
Unemployment comp insurance	2,796	2,796	2,642	154
Workers comp insurance	9,009	9,009	8,794	215
Operations	5,500	6,760	6,541	219
Supplies	5,000	6,442	8,180	(1,738)
Capital improvements	3,000	8,238	8,604	(366)
Gas and fuel	5,000	5,000	3,660	1,340
Auto maintenance	3,000	3,000	1,509	1,491
Uniforms	5,000	5,000	2,677	2,323
Department of Youth Services	3,200	3,200	425	2,775
Inmate meals	83,000	83,000	76,043	6,957
County physician	4,500	4,500	-	4,500
Inmate medical and drugs	15,000	15,000	9,279	5,721
	691,553	676,659	650,112	26,547

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2014**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
County Coroner:				
Salaries	15,470	15,470	16,786	(1,316)
State retirement	1,640	1,640	1,774	(134)
FICA and Medicare	1,183	1,183	833	350
Health insurance	6,496	6,496	5,891	605
Unemployment comp insurance	177	177	91	86
Workers comp insurance	390	390	331	59
Operations	1,000	1,000	547	453
Supplies	10,000	10,000	10,242	(242)
Gas and fuel	400	400	575	(175)
Equipment maintenance	1,000	1,000	1,220	(220)
	<u>37,756</u>	<u>37,756</u>	<u>38,290</u>	<u>(534)</u>
Dispatching:				
Salaries	196,995	191,995	186,460	5,535
Overtime	13,000	18,000	18,464	(464)
State retirement	22,259	22,259	20,905	1,354
FICA and Medicare	16,065	16,065	15,032	1,033
Health insurance	36,463	36,463	38,630	(2,167)
Unemployment comp insurance	1,591	1,591	1,593	(2)
Workers comp insurance	4,963	4,963	4,172	791
Operations	2,000	2,000	2,421	(421)
Supplies	1,500	1,500	630	870
Uniforms	1,000	1,000	301	699
Equipment maintenance	500	500	-	500
	<u>296,336</u>	<u>296,336</u>	<u>288,608</u>	<u>7,728</u>
Total Public Safety	<u>1,942,813</u>	<u>1,927,919</u>	<u>1,879,533</u>	<u>48,386</u>
ECONOMIC DEVELOPMENT				
South Carolina Alliance	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
CULTURE AND RECREATION				
Local Recreation & Tourism	14,000	14,000	15,785	(1,785)
ABBE Regional Library	132,069	132,069	132,069	-
Total Culture and Recreation	<u>146,069</u>	<u>146,069</u>	<u>147,854</u>	<u>(1,785)</u>

**BAMBERG COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2014**

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
MISCELLANEOUS				
Lower Savannah Council of Governments	11,991	11,991	11,991	-
SC Association of Counties	6,700	6,700	11,088	(4,388)
National Association of Counties	450	450	450	-
Willow Swamp Contract	2,120	2,120	2,120	-
Soil & Water Conservation	6,000	6,000	6,000	-
Mary Ann Morris Animal Society	24,000	24,000	24,000	-
Medically Indigent Assistance Fund	38,581	38,581	38,581	-
Health Department	6,000	6,000	605	5,395
Chamber of Commerce	800	800	800	-
Tri-County Alcohol	1,800	1,800	1,800	-
Western Carolina	1,800	1,800	1,800	-
OCAB-Community Action	1,800	1,800	1,800	-
Denmark Technical College	1,800	1,800	1,800	-
Disabilities & Special Needs	1,800	1,800	1,800	-
CASA	800	800	800	-
Clemson Extension	1,100	1,100	1,100	-
Council on Aging	64,000	64,000	64,000	-
DSS	2,000	2,000	2,000	-
Heritage Corridor	800	800	800	-
Cheese & Cracker Box	1,800	1,800	1,800	-
Little Swamp Community Center	1,200	1,200	1,200	-
Total Miscellaneous	<u>177,342</u>	<u>177,342</u>	<u>176,335</u>	<u>1,007</u>
HEALTH AND WELFARE				
EMS/Rescue	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 5,456,694</u>	<u>\$ 5,456,694</u>	<u>\$ 5,355,024</u>	<u>\$ 101,670</u>

BAMBERG COUNTY, SOUTH CAROLINA
NONMAJOR SPECIAL REVENUE FUND
E911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Intergovernmental	\$ 117,295	\$ 117,295	\$ 150,779	\$ 33,484
Charges for services	19,800	19,800	36,300	16,500
Interest income	-	-	517	517
TOTAL REVENUES	<u>137,095</u>	<u>137,095</u>	<u>187,596</u>	<u>50,501</u>
EXPENDITURES				
Current:				
Public Safety				
Salaries	60,360	60,360	56,422	3,938
State retirement	6,398	6,398	5,354	1,044
FICA and Medicare	4,618	4,618	2,825	1,793
Health insurance	8,562	8,562	6,782	1,780
Unemployment comp insurance	353	353	377	(24)
Workers comp insurance	1,521	1,521	1,791	(270)
Meals	700	700	832	(132)
Training	2,000	2,000	245	1,755
Photocopy maintenance	680	680	-	680
Lodging	2,000	2,000	949	1,051
Operations	-	-	137	(137)
Dues and publications	510	510	340	170
Supplies	2,000	2,000	2,032	(32)
Equipment replacement and improvements	8,617	6,000	11,069	(5,069)
Auto maintenance	800	800	246	554
Gas and fuel	2,500	2,500	527	1,973
Uniforms	500	500	-	500
Equipment maintenance	15,000	15,000	12,287	2,713
Telephone	27,383	30,000	11,812	18,188
Civil defense	1,500	1,500	1,609	(109)
Citizen Corps grant expenditures	-	-	9,011	(9,011)
2012 LEMPG expenditures	-	-	41,972	(41,972)
2012 LEMPG expenditures	-	-	6,119	(6,119)
IT services	-	-	2,097	(2,097)
E911 upgrade	-	-	247,606	(247,606)
TOTAL EXPENDITURES	<u>146,002</u>	<u>146,002</u>	<u>422,441</u>	<u>(276,439)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(8,907)</u>	<u>(8,907)</u>	<u>(234,845)</u>	<u>(225,938)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	186,506	186,506
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>186,506</u>	<u>186,506</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (8,907)</u>	<u>\$ (8,907)</u>	<u>(48,339)</u>	<u>\$ (39,432)</u>
Fund Balance at Beginning of Year			<u>324,954</u>	
Fund Balance at End of Year			<u>\$ 276,615</u>	

BAMBERG COUNTY, SOUTH CAROLINA
NONMAJOR SPECIAL REVENUE FUND
ROAD MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 350,000	\$ 350,000	\$ 337,290	\$ (12,710)
TOTAL REVENUES	<u>350,000</u>	<u>350,000</u>	<u>337,290</u>	<u>(12,710)</u>
EXPENDITURES				
Current:				
Public works:				
Salaries	156,221	143,915	117,945	25,970
Overtime	2,500	9,576	9,736	(160)
State retirement	16,824	16,824	12,264	4,560
FICA and Medicare	12,142	12,142	9,368	2,774
Health insurance	29,528	29,528	27,516	2,012
Unemployment comp insurance	1,061	1,061	1,330	(269)
Workers comp insurance	3,936	3,936	3,936	-
Operations	1,000	1,000	122	878
Repair equipment	35,000	35,000	30,467	4,533
Roads	40,000	40,000	17,467	22,533
Gas and fuel	55,000	55,000	59,588	(4,588)
Uniforms	5,000	10,230	15,201	(4,971)
Road projects (rocks)	5,000	5,000	-	5,000
Airport operations	10,000	10,000	14,325	(4,325)
Mosquito control	6,000	6,000	3,605	2,395
TOTAL EXPENDITURES	<u>379,212</u>	<u>379,212</u>	<u>322,870</u>	<u>56,342</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(29,212)</u>	<u>(29,212)</u>	<u>14,420</u>	<u>43,632</u>
OTHER FINANCING SOURCES (USES)				
Transfers in(out)	<u>29,212</u>	<u>29,212</u>	<u>-</u>	<u>(29,212)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>29,212</u>	<u>29,212</u>	<u>-</u>	<u>(29,212)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>14,420</u>	<u>\$ 14,420</u>
Fund Balance at Beginning of Year			<u>(220,228)</u>	
Fund Balance at End of Year			<u>\$ (205,808)</u>	

BAMBERG COUNTY, SOUTH CAROLINA
NONMAJOR SPECIAL REVENUE FUND
FIRE SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 404,317	\$ 404,317	\$ 444,223	\$ 39,906
Interest income	-	-	24	24
TOTAL REVENUES	<u>404,317</u>	<u>404,317</u>	<u>444,247</u>	<u>39,930</u>
EXPENDITURES				
Current:				
Health and welfare:				
Salaries	32,780	32,780	33,385	(605)
State retirement	3,475	3,475	3,620	(145)
FICA and Medicare	2,508	2,508	2,494	14
Health insurance	141	141	-	141
Unemployment comp insurance	176	176	195	(19)
Workers comp insurance	826	826	826	-
Training	50	50	-	50
Operations	100	100	870	(770)
Supplies	250	250	185	65
Lease purchase pumper payment	44,132	44,132	44,118	14
Gas and fuel	2,000	2,000	1,425	575
Auto maintenance	200	200	139	61
Equipment maintenance	4,500	4,500	4,233	267
Telephone	600	600	-	600
Fire service	201,225	207,232	199,806	7,426
Tort insurance - trucks	7,500	1,493	-	1,493
Tort insurance - firefighters	1,500	1,500	-	1,500
Physicals	9,000	9,000	6,716	2,284
Workers comp insurance	1,300	1,300	-	1,300
TOTAL EXPENDITURES	<u>312,263</u>	<u>312,263</u>	<u>298,012</u>	<u>14,251</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>92,054</u>	<u>92,054</u>	<u>146,235</u>	<u>54,181</u>
OTHER FINANCING SOURCES (USES)				
Transfers in(out)	(92,054)	(92,054)	(88,380)	3,674
TOTAL OTHER FINANCING SOURCES (USES)	<u>(92,054)</u>	<u>(92,054)</u>	<u>(88,380)</u>	<u>3,674</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>57,855</u>	<u>\$ 57,855</u>
Fund Balance at Beginning of Year			<u>6,531</u>	
Fund Balance at End of Year			<u>\$ 64,386</u>	

**BAMBERG COUNTY, SOUTH CAROLINA
NONMAJOR DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2014**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ 152,615	\$ 152,615	\$ 158,681	\$ 6,066
Interest income	-	-	32	32
TOTAL REVENUES	<u>152,615</u>	<u>152,615</u>	<u>158,713</u>	<u>6,098</u>
EXPENDITURES				
Debt service:				
Principal	98,250	98,250	84,200	14,050
Interest	54,365	54,365	60,165	(5,800)
TOTAL EXPENDITURES	<u>152,615</u>	<u>152,615</u>	<u>144,365</u>	<u>8,250</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	14,348	<u>\$ 14,348</u>
Fund Balance at Beginning of Year			<u>50,846</u>	
Fund Balance at End of Year			<u>\$ 65,194</u>	

BAMBERG COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2014

	School District 1	School District 2	Town of Bamberg	Town of Denmark	Town of Ehrhardt	Town of Olar	Clerk of Court	Delinquent		Inmate		Total
								Tax Sale	Escrow	Tax Sale	Escrow	
Cash	\$ 1,153,020	\$ 384,602	\$ -	\$ -	\$ -	\$ 165,231	\$ 234,669	\$ 2,053	\$ 1,939,575			
Delinquent property taxes	870,058	523,232	-	-	-	-	-	-	1,393,290			
Due from General Fund	114	64	-	-	-	-	100,000	22	100,200			
TOTAL ASSETS	\$ 2,023,192	\$ 907,898	\$ -	\$ -	\$ -	\$ 165,231	\$ 334,669	\$ 2,075	\$ 3,433,065			
LIABILITIES												
Due to Trust Fund holders	\$ 2,023,192	\$ 907,898	\$ -	\$ -	\$ -	\$ 161,070	\$ -	\$ 8,080	\$ 3,100,240			
Unknown funds held/(deficit)	-	-	-	-	-	(1,790)	334,669	(6,005)	326,874			
Due to General Fund	-	-	-	-	-	5,951	-	-	5,951			
TOTAL LIABILITIES	\$ 2,023,192	\$ 907,898	\$ -	\$ -	\$ -	\$ 165,231	\$ 334,669	\$ 2,075	\$ 3,433,065			

**BAMBERG COUNTY, SOUTH CAROLINA
ALL AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
School District Number 1				
Assets:				
Cash and cash equivalents	\$ 985,444	\$ 5,501,426	\$ 5,333,850	\$ 1,153,020
Due from General Fund	221	114	221	114
Delinquent taxes receivable	867,544	2,514	-	870,058
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,853,209</u>	<u>\$ 5,504,054</u>	<u>\$ 5,334,071</u>	<u>\$ 2,023,192</u>
Liabilities:				
Funds held for others	<u>\$ 1,853,209</u>	<u>\$ 5,504,054</u>	<u>\$ 5,334,071</u>	<u>\$ 2,023,192</u>
Total Liabilities	<u>\$ 1,853,209</u>	<u>\$ 5,504,054</u>	<u>\$ 5,334,071</u>	<u>\$ 2,023,192</u>
 School District Number 2				
Assets:				
Cash and cash equivalents	\$ 283,001	\$ 2,847,136	\$ 2,745,535	\$ 384,602
Due from General Fund	146	64	146	64
Delinquent taxes receivable	525,134	-	1,902	523,232
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 808,281</u>	<u>\$ 2,847,200</u>	<u>\$ 2,747,583</u>	<u>\$ 907,898</u>
Liabilities:				
Funds held for others	<u>\$ 808,281</u>	<u>\$ 2,847,200</u>	<u>\$ 2,747,583</u>	<u>\$ 907,898</u>
Total Liabilities	<u>\$ 808,281</u>	<u>\$ 2,847,200</u>	<u>\$ 2,747,583</u>	<u>\$ 907,898</u>
 Town of Bamberg				
Assets:				
Due from General Fund	\$ 31	\$ 564,095	\$ 564,126	\$ -
Total Assets	<u>\$ 31</u>	<u>\$ 564,095</u>	<u>\$ 564,126</u>	<u>\$ -</u>
Liabilities:				
Funds held for others	<u>\$ 31</u>	<u>\$ 564,095</u>	<u>\$ 564,126</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 31</u>	<u>\$ 564,095</u>	<u>\$ 564,126</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, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Town of Denmark				
Assets:				
Due from General Fund	\$ 19	\$ 240,746	\$ 240,765	\$ -
Total Assets	<u>\$ 19</u>	<u>\$ 240,746</u>	<u>\$ 240,765</u>	<u>\$ -</u>
Liabilities:				
Funds held for others	\$ 19	\$ 240,746	\$ 240,765	\$ -
Total Liabilities	<u>\$ 19</u>	<u>\$ 240,746</u>	<u>\$ 240,765</u>	<u>\$ -</u>
Town of Ehrhardt				
Assets:				
Due from General Fund	\$ 4	\$ 47,349	\$ 47,353	\$ -
Total Assets	<u>\$ 4</u>	<u>\$ 47,349</u>	<u>\$ 47,353</u>	<u>\$ -</u>
Liabilities:				
Funds held for others	\$ 4	\$ 47,349	\$ 47,353	\$ -
Total Liabilities	<u>\$ 4</u>	<u>\$ 47,349</u>	<u>\$ 47,353</u>	<u>\$ -</u>
Town of Olar				
Assets:				
Due from General Fund	\$ 2	\$ 22,721	\$ 22,723	\$ -
Total Assets	<u>\$ 2</u>	<u>\$ 22,721</u>	<u>\$ 22,723</u>	<u>\$ -</u>
Liabilities:				
Funds held for others	\$ 2	\$ 22,721	\$ 22,723	\$ -
Total Liabilities	<u>\$ 2</u>	<u>\$ 22,721</u>	<u>\$ 22,723</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, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Clerk of Court				
Assets:				
Cash and cash equivalents	\$ 97,987	\$ 1,485,872	\$ 1,418,628	\$ 165,231
Total Assets	<u>\$ 97,987</u>	<u>\$ 1,485,872</u>	<u>\$ 1,418,628</u>	<u>\$ 165,231</u>
Liabilities:				
Funds held for others	\$ 96,018	\$ 1,418,915	\$ 1,353,863	\$ 161,070
Due to General Fund	4,979	65,287	64,315	5,951
Unknown funds held/(deficit)	(3,010)	1,670	450	(1,790)
Total Liabilities	<u>\$ 97,987</u>	<u>\$ 1,485,872</u>	<u>\$ 1,418,628</u>	<u>\$ 165,231</u>
Tax Sale Escrow - See Note 1				
Assets:				
Cash and cash equivalents	\$ 121,654	\$ 225,049	\$ 112,034	\$ 234,669
Due from General Fund	100,000	-	-	100,000
Total Assets	<u>\$ 221,654</u>	<u>\$ 225,049</u>	<u>\$ 112,034</u>	<u>\$ 334,669</u>
Liabilities:				
Unknown funds held	\$ 221,654	\$ 225,049	\$ 112,034	\$ 334,669
Total Liabilities	<u>\$ 221,654</u>	<u>\$ 225,049</u>	<u>\$ 112,034</u>	<u>\$ 334,669</u>
Inmate Trust Escrow - See Note 18				
Assets:				
Cash and cash equivalents	\$ 2,516	\$ 23,528	\$ 23,991	\$ 2,053
Due from General Fund	76	-	54	22
Total Assets	<u>\$ 2,592</u>	<u>\$ 23,528</u>	<u>\$ 24,045</u>	<u>\$ 2,075</u>
Liabilities:				
Funds held for others	\$ 8,597	\$ 23,528	\$ 24,045	\$ 8,080
Unknown funds held/(deficit)	(6,005)	-	-	(6,005)
Total Liabilities	<u>\$ 2,592</u>	<u>\$ 23,528</u>	<u>\$ 24,045</u>	<u>\$ 2,075</u>

**BAMBERG COUNTY, SOUTH CAROLINA
ALL AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014**

TOTALS - AGENCY FUNDS	Balance June 30, 2013 Restated	Additions	Deductions	Balance June 30, 2014
Assets:				
Cash and cash equivalents	\$ 1,490,602	\$ 10,083,011	\$ 9,634,038	\$ 1,939,575
Due from General Fund	100,499	875,089	875,388	100,200
Delinquent taxes receivable	1,392,678	2,514	1,902	1,393,290
Total Assets	<u>\$ 2,983,779</u>	<u>\$ 10,960,614</u>	<u>\$ 10,511,328</u>	<u>\$ 3,433,065</u>
Liabilities:				
Funds held for others	\$ 2,766,161	\$ 10,668,608	\$ 10,334,529	\$ 3,100,240
Unknown funds held/(deficit)	212,639	226,719	112,484	326,874
Due to General Fund	4,979	65,287	64,315	5,951
Total Liabilities	<u>\$ 2,983,779</u>	<u>\$ 10,960,614</u>	<u>\$ 10,511,328</u>	<u>\$ 3,433,065</u>

SUPPLEMENTAL SCHEDULES

**BAMBERG COUNTY, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>CLERK OF COURT</u>	<u>MAGISTRATES</u>	<u>TOTAL</u>
Court Fines			
Court fines	\$ 44,798	\$ 107,467	\$ 152,265
Court fines retained by the County	<u>(7,838)</u>	<u>(107,467)</u>	<u>(115,305)</u>
Court fines remitted to State Treasurer	<u>\$ 36,960</u>	<u>\$ -</u>	<u>\$ 36,960</u>
Court Assessments			
Court assessments collected	\$ 17,105	\$ 89,388	\$ 106,493
Court assessments retained by the County	<u>(4,671)</u>	<u>(9,221)</u>	<u>(13,892)</u>
Court assessments remitted to State Treasurer	<u>\$ 12,434</u>	<u>\$ 80,167</u>	<u>\$ 92,601</u>
Court Surcharges			
Court surcharges collected	\$ 7,855	\$ 66,897	\$ 74,752
Court surcharges retained by the County	<u>(4,249)</u>	<u>(5,682)</u>	<u>(9,931)</u>
Court surcharges remitted to State Treasurer	<u>\$ 3,606</u>	<u>\$ 61,215</u>	<u>\$ 64,821</u>
Surcharges and Assessment retained for Victims' Services			
Court surcharges allocated to Victim Services	\$ 4,249	\$ 5,682	\$ 9,931
Court assessments allocated to Victim Services	<u>4,671</u>	<u>9,221</u>	<u>13,892</u>
Funds available	<u>\$ 8,920</u>	<u>\$ 14,903</u>	<u>\$ 23,823</u>
Victims' Services			
Beginning Balance - July 1, 2013		\$ -	
Funds available		23,823	
Expenditures for victims' services		<u>(23,823)</u>	
Ending Balance - June 30, 2014		<u>\$ -</u>	

**BAMBERG COUNTY, SOUTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2014**

Real and Other Personal Property Assessed Value	\$ 25,165,000
Vehicles Assessed Value	<u>4,137,738</u>
Total Taxable Assessed Value	<u>29,302,738</u>
Debt Limit - Eight Percent (8%) of Total Taxable Assessed Value	2,344,219
Amount of Debt Applicable to Debt Limit: Total Bonded Debt - Note 11	<u>1,360,000</u>
LEGAL DEBT MARGIN	<u><u>\$ 984,219</u></u>

**BAMBERG COUNTY, SOUTH CAROLINA
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
JUNE 30, 2014**

Tax Year	Delinquent Taxes
2004	\$ 45,632
2005	66,949
2006	84,202
2007	136,268
2008	111,287
2009	123,467
2010	109,923
2011	205,601
2012	311,725
2013	849,998
Rollbacks	245
	245
DELINQUENT TAXES RECEIVABLE, JUNE 30, 2014	\$ 2,045,297
	2,045,297
Delinquent taxes, June 30, 2013	\$ 2,031,171
Add executions, March 15, 2014	1,158,265
Supplementals	54,349
Less:	
Collections	1,015,275
Errors	141,577
Nulla Bonaes	41,636
	41,636
DELINQUENT TAXES RECEIVABLE, JUNE 30, 2014	\$ 2,045,297
	2,045,297
Distribution	
General Fund	\$ 556,909
Fire Service Special Revenue Fund	49,895
Capital Needs Capital Projects Fund	25,602
Debt Service	19,601
School Districts	1,393,290
	1,393,290
TOTAL	\$ 2,045,297
	2,045,297

COMPLIANCE SECTION

McGregor & COMPANY, L.L.C.

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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, 2014, 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 February 27, 2015.

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.

**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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2014-1 through 2014-3 described in the accompanying schedule of findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 2014-4 described in the accompanying schedule of findings and responses 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

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2014**

FINDINGS RELATING TO THE BASIC FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*:

Material Weaknesses

2014-1 Accounting and Financial Reporting System Issues Resulting in Material Audit Adjustments

Condition: 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, 2014. The County has historically relied on "outside" accountants to gather information from its various departments and combine that data with its ledger systems in order to compile the annual financial statements. This process creates very long delays after fiscal year-end to have meaningful annual financial information. This condition is further compounded by: improper recording of beginning balances in the general ledger and improper recording of activity into appropriate funds which both create an unbalanced general ledger. Also, activity in several bank accounts is not being included in the general ledger and the activity in several bank accounts is not reconciled as for whom the funds are held. These combined deficiencies create an environment that makes it difficult to record transactions and prevent, detect and correct misstatements in the County's financial statements on a timely basis. Accordingly, material corrections were proposed for the audit.

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 classified format to provide a basis for proper reporting and analysis indicative of a material weakness in internal control

Cause: The County has several funds including special revenue, capital projects, and debt service, and several agency funds. The County attempted to record the activity in the respective funds but material corrections were needed to balance these separate funds in order to present the County's activity properly.

Beginning July 1 general ledger account balances were not rolled forward correctly or were not recorded at all resulting in the general ledger being out of balance by \$7,365,311. Material adjustments were necessary in various funds to correct these balances to the prior year's audited financial statement balances.

The County currently maintains multiple ledger systems. The Clerk of Court, Magistrate and Probate Judges' offices as well as other departments have check books and memorandum systems which are not recorded in the County's general ledger system, but those transactions must be recorded through year-end adjustments. These various systems contain inconsistencies in account classifications, names, and carrying balances.

Several significant reconciliations are either not performed or are not performed timely. These reconciliations include maintaining the amounts held for others by the Delinquent Tax office in the tax sale accounts and comparing to amounts recorded in the County's main ledger; comparing amounts recorded as fines and assessments by various courts to amounts recorded as revenue and payments to the State agencies in the County's main general ledger and reconciling these same reports to the bank activity and determining remaining funds held in trust or other funds on deposit; comparing amounts recorded as collected and remitted for child support cases to the bank activity and

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2014**

FINDINGS RELATING TO THE BASIC FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*:

Material Weaknesses

2014-1 Accounting and Financial Reporting System Issues Resulting in Material Audit Adjustments (continued)

to the County's fee portion recorded in the County's main ledger. Controls and oversight over proper reporting and reconciling of funds would aid in detecting and preventing misappropriation of funds.

The County entered into a new capital lease of equipment. The resulting lease proceeds and capital expenditure were not recorded in the County's books. The County holds funds in several accounts with a financial institution to accumulate funds and pay for capital sales tax projects. None of the activity of these accounts was recorded in the County's general ledger which included debt proceeds received, payment of existing debt service, and payment of capital expenditures under the penny sales tax referendum. When funds were transferred into the bank accounts from the County's checking account, the transfers of funds were incorrectly recorded as expenditures of the County in 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 County Council establish policies and procedures that improve the transfer/incorporation of the various departments' financial activities into a "single" unified general ledger system. The system would be the foundation for the County's accounting and financial statement reporting throughout the organization and would be managed by the Finance Department. We also recommend the County improve its practice of monitoring the transactions to ensure the general ledger for each fund remains in balance and properly recorded.

County response: The County concurs with the auditor's recommendation that Bamberg County develop and recommend policies and procedures that improve the transfer/incorporation of the various departments' financial activities into a "single" unified general ledger system. Toward that end, the County notes that some improvements have been made in this area. For example, the County ended its practice of recording tax and other revenues on a separate general ledger known as the DBS (Delinquent Bookkeeping System). The County began using a single general ledger with its July 2013 receipts. In addition, the County instituted a more comprehensive and detailed budget beginning with fiscal year 2014. Although the County set up proper and separate funds with its FY14 Budget, the County does continue to struggle to record transactions correctly within those funds. This is due to the fact that the County has not had staff in its employ that have the necessary experience and knowledge in order to maintain comprehensive fund financial statements. Improvement will come in this area. The County recently hired additional finance staff who, will be able to, over time, improve the general ledger accounting practices.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2014**

FINDINGS RELATING TO THE BASIC FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*:

Material Weaknesses

2014-1 Accounting and Financial Reporting System Issues Resulting in Material Audit Adjustments (continued)

The County recognizes this issue as a severe impediment to moving forward with many of its financial-related goals. The County takes this audit finding with great seriousness and will strive 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. This is a challenge and one that the Finance staff will take very seriously.

The County concurs with this finding and agrees that immediate, significant and permanent improvements must be made so that the County's general ledger does not contain material misstatements that require material audit adjustments at year-end. Finance staff did make, for the first time, many of the year-end entries before turning the general ledger over for the audit. However, there were additional entries that staff did not make but will make for the next fiscal year.

2014-2 Preparation of Financial Statements

Condition: The County did not prepare its own financial statements and note disclosures due to lack of necessary training.

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

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

Recommendation: None. The County's inability to prepare financial statements and disclosures does not reflect upon the County's ability to maintain accounting records and subsidiary ledgers.

County response: Bamberg County operates with a very small staff. The Finance Department has operated with one employee for many years that was responsible for payroll, accounts payable, and recording all general ledger transactions, including revenues and expenditures. The County recognized that resources needed to be allocated toward additional Finance staff, particularly staff that has the necessary knowledge, experience and training to prepare the County's financial statements. With this goal in mind, the County hired an additional Finance professional late in the fiscal 2014 year. Going forward, our goal is to begin to take more ownership in the preparation of the year-end financial statements and to be able to prepare the year-end statements so that the external auditors do not have to prepare the statements.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2014**

FINDINGS RELATING TO THE BASIC FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*:

Material Weaknesses

2014-3 Detention Center Inmate Funds

Condition: A bank account is maintained for the custody of inmate funds. The 2013-2014 activity in the bank account was reconciled to the inmate funds listings. Such reconciliations in prior years had not been performed. At June 30, 2014, the bank account was short by \$6,005 based on amounts collected that are listed as held for inmates or owed to vendors. Funds are still noted as held for many former inmates from years past.

Criteria: Proper recording of all transactions in the accounting system and timely reconciliation of the bank activity to an accurate listing of funds held in trust for inmates provides a preventative control for misappropriation of funds.

Effect: In prior years, the County discovered during the release of an inmate that his funds to be returned were not held in the account. An investigation led to the discovery of misappropriation by an employee who was later terminated. The matter is still under investigation by the State authorities and any potential recoupment of these funds is unknown at this time.

Recommendation: During the 2013-2014 fiscal year, the County implemented a new card system to aid in tracking inmate funds during the time of incarceration. Past years of reconciliations still need to be performed to determine the source of the deficit and accuracy of listing of funds held. Also, proper resolution should be determined for funds held for former inmates no longer housed at the Detention Center.

County response: The County has made improvements to its cash handling procedures at the Detention Center. Specifically, the Commission account was moved from the control of the Detention Center to the control of the County Treasurer. In addition, the County implemented a new commissary software system which has substantially reduced the opportunity for misappropriation of cash. Detention Center management has received training in the reconciliation process of the new commissary system. The Finance Department has instituted a monthly bank to system reconciliation process which was implemented in January of 2015. This monthly process involves segregation of duties which also greatly reduces the opportunity for any further misappropriation.

The County is aware of the misappropriation in prior years and through this monthly reconciliation process has determined the approximate amount of the loss to be \$6,000. Further there is also approximately \$2,000 of funds that potentially is owed to prior inmates. Detention Center management is going through the process of preparing a monthly software system reconciliation going all the way back to 2004 and coming forward. Obviously, this will take some time. By doing this, we should be able to determine if the \$2,000 is truly owed to prior inmates or is a result of inmate accounts in the system not being kept updated all these years. If it is determined that the \$2,000 is owed to prior inmates the County will turn these funds over to the State Unclaimed Property Program.

**BAMBERG COUNTY
BAMBERG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2014**

FINDINGS RELATING TO THE BASIC FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*:

Significant Deficiencies

2014-4 Segregation of Duties

Condition: The County's system of internal control does not include adequate segregation of duties in the offices of the Landfill, the Judge of Probate, and the Sheriff because of the size of the administrative staff.

Criteria: Segregation of duties provides for checks and balances as a transaction is processed and completed.

Effect: The duties of each employee do not include functions which should detect errors made by other employees involved in processing transactions.

Recommendation: We recommend that duties such as evidence of oversight by the department head (or by other office staff when the administrative size of an office prohibits internal segregation of duties) be performed and documented.

County response: A small staff size in many instances precludes the County from having appropriate segregation of duties. The County will continue to, where appropriate, develop compensating internal controls to address the segregation of duties in the areas cited in this audit finding.

Further, the County Treasurer has agreed to take on the responsibility of accounts payable. This will provide a better segregation of duties in the Finance Department as previously the Finance Director had this responsibility. The Finance Director has been tasked with becoming the County's Procurement Officer. In this role, he will institute better purchasing controls and management practices. We believe these two changes will aid in the segregation of duties and should strengthen internal controls in the purchasing and accounts payable areas.

In addition, the new reconciliation process with the inmate fund account is another example of good segregation of duties. Each person has a separate function with several layers of independent review.

To sum, the County is making improvements in this area and understands the importance of this audit finding. Given the small staff size we will do everything possible to make further refinements to our control environment.