

**CALHOUN COUNTY  
ST. MATTHEWS, SOUTH CAROLINA  
ANNUAL REPORT  
YEAR ENDED JUNE 30, 2016**

**CALHOUN COUNTY  
ST. MATTHEWS, SOUTH CAROLINA**

**ANNUAL REPORT**

**YEAR ENDED JUNE 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Calhoun County Council  
St. Matthews, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Calhoun County, South Carolina, as of and for the year ended June 30, 2016, 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.

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**INDEPENDENT AUDITOR'S REPORT**  
(continued)

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 County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Calhoun County, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress for retirees health plan information, and the schedules of the County's proportionate share of the net pension liability and contributions on pages 4 – 13 and 66 – 70 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 Calhoun County, South Carolina's basic financial statements. The combining and individual fund schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

**INDEPENDENT AUDITOR'S REPORT**  
(continued)

The combining and individual fund schedules and the statistical section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules and the statistical section 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 10, 2017, on our consideration of Calhoun 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 Calhoun County, South Carolina's internal control over financial reporting and compliance.

*McGregor & Co. LLP*  
Orangeburg, South Carolina  
February 10, 2017

**CALHOUN COUNTY  
ST. MATTHEWS, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016**

Calhoun 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, 2016. 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 Calhoun County (known as the primary government) and its blended and discretely presented component units. Legally separate entities for which the County is financially accountable, such as the Sandy Run-Calhoun Fire District, are not included in the financial statements due to their financial insignificance to the County. Information included in this discussion and analysis focuses on the activities of the primary government.

**Financial Highlights:**

- Calhoun County's assets exceeded its liabilities at June 30, 2016 by \$32,121,953 (net position). Of this amount, \$2,633,897 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased \$1,550,279 over the previous year with a decrease of \$511,307 resulting from governmental activities.
- At June 30, 2016, the County's governmental fund balance sheet reported a combined ending fund balance of \$13,826,856 an increase of \$475,492 from the previous fiscal year. Of this amount, \$6,599,196 remains in the various funds of the County as unassigned.
- The General Fund reported a fund balance of \$7,187,220 a decrease from last fiscal year of \$211,731 Calhoun County had budgeted \$1,272,036 as carry over funds from its fund balance to cover the anticipated shortfall of revenue. The unassigned fund balance of \$6,599,562 equates to 56% of General Fund expenditures for the year.

**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.



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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Government-wide financial statements:** The government-wide financial statements are provided as part of the approach mandated by the Governmental Accounting Standards Board (GASB). 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 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).

Both of the government-wide financial statements distinguish functions of Calhoun County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The County's governmental activities include general government, public safety, physical environment, economic environment, human services, and cultural/recreation.

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. Calhoun 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.

**CALHOUN COUNTY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016**

Calhoun County maintains 16 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 balances for the General Fund, Local Option Fund, and Capital Projects 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.

Calhoun County adopts an annual appropriation budget for its governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budget.

The basic governmental funds financial statements can be found on pages 16 through 20 of this report.

*Proprietary funds:* Municipal Water District and Water/Wastewater Fund. Proprietary Funds are 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.

The proprietary fund financial statements can be found on pages 21 – 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 65 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 71 through 76 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.

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As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Calhoun County, assets exceeded liabilities by \$32,121,953 at the close of the most recent fiscal year. The County's increase in net position for this fiscal year amounts to \$1,550,279.

The largest portion of the County's net position (79%) 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 (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,633,380) may be used to meet the government's ongoing obligations to citizens and creditors.

**Calhoun County's Net Position**

	(Dollars in Thousands)	
	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 16,593	\$ 15,555
Capital assets	<u>32,839</u>	<u>31,190</u>
Total assets	<u>49,432</u>	<u>46,745</u>
Deferred outflows of resources	<u>1,170</u>	<u>856</u>
Long-term liabilities outstanding	17,106	14,659
Other liabilities	<u>1,361</u>	<u>1,559</u>
Total liabilities	<u>18,467</u>	<u>16,218</u>
Deferred inflows of resources	<u>14</u>	<u>817</u>
Net Position		
Invested in capital assets	25,340	26,295
Restricted	4,148	4,182
Unrestricted	<u>2,633</u>	<u>89</u>
Total net position	<u>\$ 32,121</u>	<u>\$ 30,566</u>

**CALHOUN COUNTY  
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At the end of the current fiscal year, Calhoun County is able to report positive balances in all three categories of net position as a whole.

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

**Calhoun County's Changes in Net Position**

	(Dollars in Thousands)	
	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 3,437	\$ 2,575
Operating grants	928	1,140
Capital grants and contributions	1,346	824
General revenue:		
Taxes:		
Property taxes, levied for general purposes	9,757	9,553
Property taxes, levied for debt services	311	244
State shared revenue	735	728
Sales tax	1,085	900
Interest	16	6
Other	124	231
Gain on the sale of capital assets	<u>122</u>	<u>6</u>
Total revenues	<u>17,861</u>	<u>16,207</u>
<b>Expenses:</b>		
General government	3,347	3,177
Finance and taxation	834	839
Public safety	3,583	3,270
Physical environment	2,349	2,270
Water system	1,009	1,040
Health and welfare	2,924	3,294
Cultural and recreational	926	806
Court related	760	720
Agencies	571	582
Interest	<u>8</u>	<u>1</u>
Total expenses	<u>16,311</u>	<u>15,999</u>
Increase in net position	<u>\$ 1,550</u>	<u>\$ 208</u>

**CALHOUN COUNTY  
ST. MATTHEWS, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Governmental Activities:** Revenues for the County's governmental activities were \$16,550,712 for fiscal year 2016. Taxes constitute the largest source of County revenues, amounting to approximately \$11,153,014 for the fiscal year 2016. Real, personal property, and vehicle taxes of \$10,068,286 represent over 90% of total taxes and 61% of all revenue combined.

**Financial Analysis of Calhoun County's Funds**

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

**Governmental funds:** The focus of Calhoun County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Calhoun 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, 2016, Calhoun County governmental funds reported combined fund balances of \$13,826,856 an increase of \$475,492 over the prior year balances.

The General Fund is the chief operating fund of the County. At June 30, 2016, total fund balance in the General Fund was \$7,187,220 of which \$6,599,562 was unassigned and \$587,658 was non-spendable, restricted or assigned. As a measure of the General Fund's liquidity, the total and unassigned fund balances compared to total fund expenditures shows percentages of 61% and 56%, respectively. The fund balance of the General Fund decreased by \$211,731 during the current fiscal year. This decrease was due to the shortfall in fines and fees in the general fund, and the fact that there were 27 pay periods instead of the usual 26 biweekly pay periods.

Other governmental funds are used to account for specific revenues and expenditures. Total fund balances of all other governmental funds increased by \$687,223 from the prior year. This increase was due mainly to a \$1 million GO Bond issue for fire services not expended until next fiscal year.

**Proprietary funds:** The water/wastewater operations had an operating loss of \$56,543. The Municipal Water Department had operating income of \$292,378 for a total net operating income for both the water/wastewater operations and the Municipal Water Department of \$235,835.

**General Fund Budgetary Highlights**

Budget to actual statement is provided for the General Fund on page 20. The expenditures incurred during the year were within budget limitations.

**CALHOUN COUNTY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
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**Capital asset and Debt Administration**

**Capital assets:** Calhoun County's investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$22,892,813 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, construction in progress, and infrastructure. Each year construction of roads, bridges, and drainage systems (infrastructure) incurred during the current fiscal year is added to the County's capital assets.

**Calhoun County's Capital Assets (Net)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Land	\$ 1,391,826	\$ 4,500
Construction in progress	39,830	2,464,955
Land improvements	747,400	-
Buildings and improvements	12,748,828	-
Machinery and equipment	4,659,069	51,175
Vehicles	3,341,927	59,938
Infrastructure	8,122,882	-
Museum collection	3,127,547	-
Water and wastewater system	-	10,253,330
Total capital assets	<u>34,179,309</u>	<u>12,833,898</u>
Less accumulated depreciation	<u>(11,286,496)</u>	<u>(2,887,020)</u>
Total capital assets, net	<u>\$ 22,892,813</u>	<u>\$ 9,946,878</u>

Additional information on the County's capital assets can be found in Note 6 on pages 41 through 43 of this report.

**Long-term debt:** At the end of the current fiscal year, Calhoun County had the following bonded debt outstanding.

<b>Calhoun County's Outstanding Debt</b>	<b>2016</b>
<b>(Governmental Activities)</b>	
General Obligation Bonds	<u>\$ 1,000,000</u>
<b>(Business-type Activities)</b>	
Revenue Bonds	<u>\$ 4,281,712</u>

**CALHOUN COUNTY  
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**Note issued**

Additional information on Calhoun County's long-term debt can be found in Note 10 on pages 57 through 60 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The State of South Carolina has experienced a budget shortfall and has made across the board cuts to all agencies and subdivisions of the State of South Carolina. The Local Government Fund has reduced from the statutory formula over the past few years, but increased its funding over last year's. Calhoun County budgeted \$602,293 for the local government fund revenue for fiscal year 2017.

Building permits have increased slightly in 2016 which will result in a slight increase in revenue from permit fees. Additionally, Calhoun County is expecting a slight increase in projected sales tax revenue. The County has a strong fund balance and expects to cover any shortfall in the 2016-2017 fiscal year with reserves.

The South Carolina Department of Transportation began construction on the widening of Interstate 26 last fiscal year, particularly at the section which encompasses the rest areas situated in Calhoun County. These rest areas have been closed while construction was in progress, but construction is now completed and the rest areas are expected to re-open July of 2016. This closure resulted in a loss of revenue of approximately \$160,000 in Calhoun County's proprietary funds over the last two years.

South Carolina Code of Laws §6-1-320(A) set millage rate limitations as follows:

"...a local governing body may increase the millage rate imposed for general operating purposes above the rate imposed for such purposes for the preceding tax year only to the extent of the increase in the average of the twelve monthly consumer price indices for the most recent twelve-month period consisting of January through December of the preceding calendar year, **plus**, beginning in 2007, the percentage increase in the previous year in the population of the entity as determined by the Office of Research and Statistics of the State Budget and Control Board. If the average of the twelve monthly consumer price indices experience a negative percentage, the average is deemed to be zero. If an entity experiences a reduction in population, the percentage change in population is deemed to be zero. However, in the year in which a reassessment program is implemented, the rollback millage, as calculated pursuant to §12-37-251(E), must be used in lieu of the previous year's millage rate."

**CALHOUN COUNTY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
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Section 6-1-320(B) was amended to provide that the millage rate limitation may only be suspended and the millage rate increased upon a two-thirds vote of the membership of the county governing body and ONLY for the following purposes:

- (1) The deficiency of the preceding year;
- (2) Any catastrophic event;
- (3) Compliance with a court order or decree;
- (4) Taxpayer closure outside the control of the governing body that decreased by 10% or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or
- (5) Compliance with a regulation/statute enacted by the federal/state government for which no means of obtaining funds are provided.

The millage rate limitation does not affect millage that is levied to pay bonded indebtedness or payments for real property purchased using a lease-purchase agreement or used to maintain a reserve account.

Calhoun County is a member of the Lake Marion Regional Water Agency which has completed a water treatment plant on Lake Marion to serve a five-county area. Calhoun County has a capacity subscription of .71 MGB. The Agency has been funded primarily by Federal funds. Calhoun County's cost is based on a demand rate and a volumetric rate based on a cost of service study completed annually.

Calhoun County also passed a referendum in November, 2004, authorizing a one-cent Local Option Sales Tax (LOST). The proceeds of the local option sales and use tax are subject to division in two ways.

- The County's Revenue Fund (29% of LOST) is expected to be allocated for fire service.
- A credit is issued against property taxes.

All of these factors will impact the County's 2016-2017 fiscal year and were considered in preparing the 2016-2017 budget. The County has a sufficient fund balance to cover expenses until tax revenue is collected.



**CALHOUN COUNTY  
ST. MATTHEWS, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Requests for Information**

This financial report is designed to provide a general overview of Calhoun 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, Calhoun County Courthouse Annex, 102 Courthouse Drive, Suite 108, St. Matthews, South Carolina 29135.

**CALHOUN COUNTY, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Calhoun Economic Development Corp..
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments - Note 3	\$ 13,087,184	\$ 994,743	\$ 14,081,927	\$ 1,547,938
Receivables:				
Delinquent taxes	579,234	-	579,234	-
Other	1,548,096	39,725	1,587,821	-
Due from fiduciary funds - Note 4	44,517	-	44,517	-
Due from Calhoun County Economic Development Corporation	37,980	-	37,980	-
Other assets	4,357	204	4,561	-
Total current assets	<u>15,301,368</u>	<u>1,034,672</u>	<u>16,336,040</u>	<u>1,547,938</u>
Restricted cash:				
Restricted cash - Note 3	-	257,127	257,127	-
Total restricted cash	-	<u>257,127</u>	<u>257,127</u>	-
<b>Non-current assets:</b>				
Non-depreciable capital assets - Note 6	4,559,203	2,469,455	7,028,658	849,238
Depreciable capital assets-net - Note 6	18,333,610	7,477,423	25,811,033	-
Total non-current assets	<u>22,892,813</u>	<u>9,946,878</u>	<u>32,839,691</u>	<u>849,238</u>
Total assets	<u>38,194,181</u>	<u>11,238,677</u>	<u>49,432,858</u>	<u>2,397,176</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals - Note 7	1,136,714	33,623	1,170,337	-
Total deferred outflows of resources	<u>1,136,714</u>	<u>33,623</u>	<u>1,170,337</u>	-
<b>LIABILITIES</b>				
<b>Current liabilities (payable from current assets):</b>				
Accounts payable	849,210	85,488	934,698	77,119
Other liabilities	32,075	-	32,075	-
Accrued interest payable	-	6,592	6,592	-
Unearned revenue	13,993	13,440	27,433	-
Due to Calhoun County	-	-	-	37,980
Accrued compensated absences - Note 10	78,316	-	78,316	-
Bonds payable - Note 10	91,964	-	91,964	-
Leases payable - Note 10	21,695	-	21,695	-
Closures and maintenance costs payable - Note 10	14,950	-	14,950	-
Total current liabilities	<u>1,102,203</u>	<u>105,520</u>	<u>1,207,723</u>	<u>115,099</u>
<b>Liabilities (payable from restricted assets):</b>				
Customer deposits	-	85,011	85,011	-
Current portion of revenue bonds payable	-	68,595	68,595	-
Total liabilities (payable from restricted assets):	-	<u>153,606</u>	<u>153,606</u>	-
<b>Non-current liabilities:</b>				
Accrued compensated absences - Note 10	341,844	-	341,844	-
Closures and maintenance costs payable - Note 10	314,542	-	314,542	-
Note payable - Note 10	-	-	-	2,030,000
Bond payable - Note 10	908,036	4,213,117	5,121,153	-
Leases payable - Note 10	121,914	-	121,914	-
Net pension liability - Note 7	10,084,641	213,881	10,298,522	-
OPEB liability - Note 8	907,587	-	907,587	-
Total long-term liabilities	<u>12,678,564</u>	<u>4,426,998</u>	<u>17,105,562</u>	<u>2,030,000</u>
Total liabilities	<u>13,780,767</u>	<u>4,686,124</u>	<u>18,466,891</u>	<u>2,145,099</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals - Note 7	14,351	-	14,351	-
Total deferred inflows of resources	<u>14,351</u>	-	<u>14,351</u>	-
<b>NET POSITION</b>				
Net investment in capital assets	21,749,204	3,590,445	25,339,649	-
Restricted for:				
Capital projects	3,542,182	-	3,542,182	-
Debt service	65,579	102,629	168,208	-
Viclim's fund	20,527	-	20,527	-
Local option sales tax reserve	417,490	-	417,490	-
Unrestricted	(259,205)	2,893,102	2,633,897	252,077
Total net position	<u>\$ 25,535,777</u>	<u>\$ 6,586,176</u>	<u>\$ 32,121,953</u>	<u>\$ 252,077</u>

See Notes to the Basic Financial Statements.

**CALHOUN COUNTY, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs Primary Government:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Calhoun Economic Development Corp.
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Governmental activities:								
General government	\$ 3,347,826	\$ 114,608	\$ 16,587	\$ -	\$ (3,216,631)	\$ -	\$ (3,216,631)	
Finance and taxation	833,576	74,612	-	-	(758,964)	-	(758,964)	
Public safety	3,582,831	405,015	69,147	9,300	(3,099,369)	-	(3,099,369)	
Physical environment	2,348,776	117,293	508,711	1,121,753	(601,019)	-	(601,019)	
Health and welfare	2,924,486	1,292,922	101,070	-	(1,530,494)	-	(1,530,494)	
Culture/Recreation	925,694	7,091	126,087	-	(792,516)	-	(792,516)	
Court related	760,392	331,228	106,527	-	(322,637)	-	(322,637)	
Agencies	570,933	-	-	-	(570,933)	-	(570,933)	
Interest	7,736	-	-	-	(7,736)	-	(7,736)	
Total governmental activities	<u>15,302,250</u>	<u>2,342,769</u>	<u>928,129</u>	<u>1,131,053</u>	<u>(10,900,299)</u>	<u>-</u>	<u>(10,900,299)</u>	
Business-type Activities:								
Water/wastewater plant	98,783.00	42,240	-	-	(56,543)	-	(56,543)	
Municipal water system	760,097	1,052,475	-	215,298	507,676	-	507,676	
Interest	150,285	-	-	-	(150,285)	-	(150,285)	
Total business-type activities	1,009,165	1,094,715	-	215,298	300,848	-	300,848	
<b>Total Primary Government</b>	<u>\$ 16,311,415</u>	<u>\$ 3,437,484</u>	<u>\$ 928,129</u>	<u>\$ 1,346,351</u>	<u>\$ (10,900,299)</u>	<u>\$ 300,848</u>	<u>\$ (10,599,451)</u>	
<b>Component Unit:</b>								
Calhoun Economic Development Corp.	\$ -	\$ -	\$ -	\$ 252,000	\$ -	\$ -	\$ 252,000	
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,000</u>	
General Revenues:								
Taxes:								
Property taxes, levied for general purposes					9,757,209	-	9,757,209	
Property taxes, levied for debt services					311,077	-	311,077	
Sales tax					1,084,728	-	1,084,728	
State shared revenues					734,945	-	734,945	
Interest earnings					15,594	969	16,563	77
Miscellaneous					123,936	-	123,936	
Gain on sale of capital assets					121,272	-	121,272	
Transfers					(1,759,769)	1,759,769	-	
Total general revenues and transfers					<u>10,388,992</u>	<u>1,760,738</u>	<u>12,149,730</u>	<u>77</u>
Change in net position					(511,307)	2,061,586	1,550,279	252,077
Net position - beginning - as restated - Note 16					26,047,084	4,524,590	30,571,674	-
Net position - ending					<u>\$ 25,535,777</u>	<u>\$ 6,586,176</u>	<u>\$ 32,121,953</u>	<u>\$ 252,077</u>

CALHOUN COUNTY, SOUTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	GENERAL	CAPITAL PROJECTS FUND	LOCAL OPTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and investments	\$ 6,796,022	\$ 3,504,202	258,889	\$ 2,528,071	\$ 13,087,184
Accounts receivable					
Property taxes	520,568	4,863	-	53,803	579,234
Other	708,249		353,853	485,994	1,548,096
Due from other funds	409,432	-	-	889	410,321
Due from fiduciary funds	44,517	-	-	-	44,517
Due from Calhoun Econ. Dev.	-	37,980	-	-	37,980
Other assets	4,357	-	-	-	4,357
Total assets	<u>\$ 8,483,145</u>	<u>\$ 3,547,045</u>	<u>\$ 612,742</u>	<u>\$ 3,068,757</u>	<u>\$ 15,711,689</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 742,393	\$ -	\$ -	\$ 106,817	\$ 849,210
Due to other funds	889	-	400,000	9,432	410,321
Unearned revenue	-	-	-	13,993	13,993
Payroll taxes and withholdings	32,075	-	-	-	32,075
Total liabilities	<u>775,357</u>	<u>-</u>	<u>400,000</u>	<u>130,242</u>	<u>1,305,599</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	520,568	4,863	-	53,803	579,234
Total Deferred Inflows of Resources	<u>520,568</u>	<u>4,863</u>	<u>-</u>	<u>53,803</u>	<u>579,234</u>
<b>Fund balances:</b>					
Restricted	398,112	-	212,742	2,768,662	3,379,516
Assigned	189,546	3,542,182	-	116,416	3,848,144
Unassigned	6,599,562	-	-	(366)	6,599,196
Total fund balances	<u>7,187,220</u>	<u>3,542,182</u>	<u>212,742</u>	<u>2,884,712</u>	<u>13,826,856</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund balances</b>	<u>\$ 8,483,145</u>	<u>\$ 3,547,045</u>	<u>\$ 612,742</u>	<u>\$ 3,068,757</u>	<u>\$ 15,711,689</u>

See Notes to the Basic Financial Statements.

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

Total fund balance - total governmental funds	\$ 13,826,856
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Delinquent taxes receivable 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 unavailable revenue in the funds.	579,234
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,892,813
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Due within a year	(206,925)
Due in more than one year	(1,686,336)
Other Post Employment Benefits(OPEB) liability represents the future unfunded costs associated with current benefit designs.	(907,587)
Net pension liability, along with deferred inflows/outflows, represent the proportionate share of the future unfunded costs associated with the County's participation in the SC Retirement System.	<u>(8,962,278)</u>
Total net position - total governmental activities	<u><u>\$ 25,535,777</u></u>

See Notes to the Basic Financial Statements.

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

	GENERAL	CAPITAL PROJECTS FUND	LOCAL OPTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes	\$ 8,068,422	\$ 1,197,502	\$ -	\$ 722,002	\$ 9,987,926
Rent	94,985	-	-	-	94,985
Intergovernmental	948,864	180,000	-	1,276,971	2,405,835
Charges for services	874,039	-	-	-	874,039
Fines and forfeitures	148,472	-	-	-	148,472
Local sources	144,823	15,195	764,477	1,792,929	2,717,424
Interest	14,377	-	41	1,176	15,594
Miscellaneous	104,805	-	-	-	104,805
Total revenues	<u>10,398,787</u>	<u>1,392,697</u>	<u>764,518</u>	<u>3,793,078</u>	<u>16,349,080</u>
<b>EXPENDITURES</b>					
Current:					
Administration	601,477	18,901	-	-	620,378
Public works	931,157	-	-	241,914	1,173,071
Public buildings	623,470	32,335	-	-	655,805
Finance and taxation	739,560	22,849	-	-	762,409
Judicial	667,660	-	-	-	667,660
Public safety	2,211,140	-	-	902,986	3,114,126
Health and welfare	1,991,358	-	-	441,284	2,432,642
Culture and recreation	716,978	22,462	-	38,371	777,811
Miscellaneous	562,578	-	-	-	562,578
Employee fringe benefits	2,533,408	-	-	-	2,533,408
Agencies	76,575	-	-	494,358	570,933
Debt service:					
Principal	20,877	-	-	300,000	320,877
Interest and fiscal charges	6,446	-	-	1,290	7,736
Capital outlay	208,217	580,498	-	951,053	1,739,768
Total expenditures	<u>11,890,901</u>	<u>677,045</u>	<u>-</u>	<u>3,371,256</u>	<u>15,939,202</u>
Excess revenues over (under) expenditures before other financial sources (uses)	<u>(1,492,114)</u>	<u>715,652</u>	<u>764,518</u>	<u>421,822</u>	<u>409,878</u>
Other financing sources (uses)					
Sale of capital assets	360,897	-	-	-	360,897
Bond proceeds	-	300,000	-	1,000,000	1,300,000
Lease proceeds	164,486	-	-	-	164,486
Transfers in (out)	755,000	(1,330,584)	(700,000)	(484,185)	(1,759,769)
Total other financing sources (uses)	<u>1,280,383</u>	<u>(1,030,584)</u>	<u>(700,000)</u>	<u>515,815</u>	<u>65,614</u>
Net changes in fund balances	(211,731)	(314,932)	64,518	937,637	475,492
Fund balances at beginning of year, as restated - Note 16	<u>7,398,951</u>	<u>3,857,114</u>	<u>148,224</u>	<u>1,947,075</u>	<u>13,351,364</u>
Fund balances at end of year	<u>\$ 7,187,220</u>	<u>\$ 3,542,182</u>	<u>\$ 212,742</u>	<u>\$ 2,884,712</u>	<u>\$ 13,826,856</u>

**CALHOUN 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, 2016**

Net changes in fund balances - total governmental funds		\$ 475,492
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Expenditures for capital assets	1,739,768	
Less current year depreciation	<u>(1,042,739)</u>	697,029
Bond and lease proceeds provide current financial resources to governmental funds, repayment of bond 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.		
Bond and lease proceeds	(1,464,486)	
Bond principal payment	300,000	
Capital lease payment	<u>20,877</u>	(1,143,609)
Gains or losses on the sale of capital assets are not presented in this financial statement because they do not provide or use current financial resources, but they are presented in the statement of activities.		
	(239,625)	(239,625)
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 OPEB liability	(127,373)	
Change in Net Pension liability	(211,845)	
Change in compensated absences	(51,116)	
Change in closure and maintenance costs payable	<u>9,380</u>	(380,954)
Some property tax will not be collected for several months after the County's fiscal year-end; they are not considered "available" revenues in the governmental funds.		
		<u>80,360</u>
Change in net position of governmental activities		<u>\$ (511,307)</u>

See Notes to the Basic Financial Statements.

**CALHOUN COUNTY, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes:			
Current	\$ 5,800,000	\$ 5,830,464	\$ 30,464
Delinquent	300,000	314,832	14,832
Fee in lieu of taxes	1,885,000	1,923,126	38,126
Interest income	-	14,377	14,377
Other local sources	1,705,093	1,367,124	(337,969)
State sources	825,658	855,212	29,554
Federal sources	60,625	93,652	33,027
	<u>10,576,376</u>	<u>10,398,787</u>	<u>(177,589)</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Current	<u>12,534,297</u>	<u>11,890,901</u>	<u>643,396</u>
<b>TOTAL EXPENDITURES</b>	<u>12,534,297</u>	<u>11,890,901</u>	<u>643,396</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,957,921)</u>	<u>(1,492,114)</u>	<u>465,807</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond Proceeds	20,885	-	(20,885)
Lease Proceeds	-	164,486	
Proceeds from Sale of Property	-	360,897	360,897
Transfers in/ out	665,000	755,000	90,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>685,885</u>	<u>1,280,383</u>	<u>594,498</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>\$ (1,272,036)</u>	<u>(211,731)</u>	<u>\$ 1,060,305</u>
<b>Fund Balances at Beginning of Year, As Restated, Note 16</b>		<u>7,398,951</u>	
<b>Fund Balances at End of Year</b>		<u>\$ 7,187,220</u>	

See Notes to the Basic Financial Statements.



**CALHOUN COUNTY, SOUTH CAROLINA  
 COMBINED STATEMENT OF FUND NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2016**

	<u>Business-Type Activities-Enterprise Funds</u>		
	Water/ Wastewater Plant	Municipal Water System	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 66,853	\$ 927,890	\$ 994,743
Accounts receivable	6,602	33,123	39,725
Other	-	204	204
<b>Total Current Assets</b>	<u>73,455</u>	<u>961,217</u>	<u>1,034,672</u>
<b>Restricted Cash</b>	<u>-</u>	<u>257,127</u>	<u>257,127</u>
<b>Property, Plant, and Equipment</b> (Net of accumulated depreciation - Note 6)	<u>496,802</u>	<u>9,450,076</u>	<u>9,946,878</u>
<b>TOTAL ASSETS</b>	<u>570,257</u>	<u>10,668,420</u>	<u>11,238,677</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferral - Note 7	-	33,623	33,623
Total deferred outflows of resources	<u>-</u>	<u>33,623</u>	<u>33,623</u>

See Notes to the Basic Financial Statements.

**CALHOUN COUNTY, SOUTH CAROLINA  
COMBINED STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016**

	<u>Business-Type Activities-Enterprise Funds</u>		
	Water/ Wastewater Plant	Municipal Water System	Total
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Current Liabilities:</b>			
Accounts payable	2,672	82,816	85,488
Accrued interest payable	-	6,592	6,592
Unearned revenue	-	13,440	13,440
<b>Total Current Liabilities</b>	<u>2,672</u>	<u>102,848</u>	<u>105,520</u>
<b>Current Liabilities (Payable from Restricted Assets)</b>			
Meter deposits payable	-	79,311	79,311
Tap fees	-	5,700	5,700
Current portion of revenue bonds payable - Note 10	-	68,595	68,595
<b>Total Current Liabilities (Payable from Restricted Assets)</b>	<u>-</u>	<u>153,606</u>	<u>153,606</u>
<b>Noncurrent Liabilities</b>			
Revenue bonds payable - Note 10	-	4,213,117	4,213,117
Net pension liability - Note 7	-	213,881	213,881
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>4,426,998</u>	<u>4,426,998</u>
<b>TOTAL LIABILITIES</b>	<u>2,672</u>	<u>4,683,452</u>	<u>4,686,124</u>
<b>Net Position</b>			
Net investment in capital assets	496,802	3,093,643	3,590,445
Restricted for:			
Expendable:			
Debt retirement	-	102,629	102,629
Unrestricted	70,783	2,822,319	2,893,102
<b>Total Net Position</b>	<u>\$ 567,585</u>	<u>\$ 6,018,591</u>	<u>\$ 6,586,176</u>

See Notes to the Basic Financial Statements.

**CALHOUN COUNTY, SOUTH CAROLINA  
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2016**

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>Water/ Wastewater Plant</u>	<u>Municipal Water System</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Water/wastewater revenue	\$ 42,240	\$ 1,026,725	\$ 1,068,965
Tap fees	-	25,750	25,750
<b>Total Operating Revenues</b>	<u>42,240</u>	<u>1,052,475</u>	<u>1,094,715</u>
<b>Operating Expenses:</b>			
Operating and maintenance	77,586	537,808	615,394
Depreciation expense	21,197	222,289	243,486
<b>Total Operating Expenses</b>	<u>98,783</u>	<u>760,097</u>	<u>858,880</u>
<b>Operating Income (Loss)</b>	<u>(56,543)</u>	<u>292,378</u>	<u>235,835</u>
<b>Non-Operating Income (Expense):</b>			
Interest expense	-	(150,285)	(150,285)
Interest income	44	925	969
<b>Net Non-Operating Income (Expense)</b>	<u>44</u>	<u>(149,360)</u>	<u>(149,316)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(56,499)</u>	<u>143,018</u>	<u>86,519</u>
Capital contributions	-	215,298	215,298
Transfers in/out	-	1,759,769	1,759,769
<b>Change in net position</b>	<u>(56,499)</u>	<u>2,118,085</u>	<u>2,061,586</u>
<b>Net Position - Beginning of Year - Restated - Note 16</b>	<u>624,084</u>	<u>3,900,506</u>	<u>4,524,590</u>
<b>Net Position - End of Year</b>	<u>\$ 567,585</u>	<u>\$ 6,018,591</u>	<u>\$ 6,586,176</u>

See Notes to the Basic Financial Statements.

**CALHOUN COUNTY, SOUTH CAROLINA  
COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities-Enterprise Funds</b>		
	<b>Water/ Wastewater Plant</b>	<b>Municipal Water System</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers	\$ 42,687	\$ 1,142,486	\$ 1,185,173
Cash paid for intercompany transactions	-	(547,213)	(547,213)
Cash paid to suppliers for goods and services	(75,042)	(342,658)	(417,700)
Cash paid to employees for services	-	(175,006)	(175,006)
<b>Net Cash Provided by (Used For) Operating Activities</b>	<u>(32,355)</u>	<u>77,609</u>	<u>45,254</u>
<b>Cash Flows From Non Capital Financing Activities:</b>			
Transfers from other funds	-	1,759,769	1,759,769
<b>Net Cash Provided by Non Capital Financing Activities</b>	<u>-</u>	<u>1,759,769</u>	<u>1,759,769</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Capital contributions	-	215,298	215,298
Principal paid on bonds	-	(66,227)	(66,227)
Interest paid on bonds	-	(150,285)	(150,285)
Purchase of capital assets	-	(1,435,636)	(1,435,636)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>-</u>	<u>(1,436,850)</u>	<u>(1,436,850)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest income	51	926	977
<b>Net Provided by (Used For) Investing Activities</b>	<u>51</u>	<u>926</u>	<u>977</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(32,304)	401,454	369,150
Cash and Cash Equivalents at Beginning of Year	99,157	783,563	882,720
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 66,853</u>	<u>\$ 1,185,017</u>	<u>\$ 1,251,870</u>
<b>Classified as:</b>			
Current Assets	\$ 66,853	\$ 927,890	\$ 994,743
Restricted Assets	-	257,127	257,127
<b>Totals</b>	<u>\$ 66,853</u>	<u>\$ 1,185,017</u>	<u>\$ 1,251,870</u>

See Notes to the Basic Financial Statements.

**CALHOUN COUNTY, SOUTH CAROLINA  
COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

	<u>Business-Type Activities-Enterprise Funds</u>		
	Water/ Wastewater Plant	Municipal Water System	Total
<b>Reconciliation of Net Operating Income (Loss)</b>			
<b>Net Cash Provided by Operating Activities</b>			
Operating income (loss)	\$ (56,543)	\$ 292,378	\$ 235,835
<b>Adjustments to reconcile operating income by operating activities:</b>			
Depreciation and amortization expense	21,197	222,289	243,486
Pension expense difference	-	4,978	4,978
<b>Changes in assets and liabilities:</b>			
(Increase) decrease in accounts receivable	439	10,447	10,886
(Increase) decrease in grants receivable	-	52,914	52,914
(Increase) decrease in other assets	-	(204)	(204)
Increase (decrease) in accounts payable	2,552	15,183	17,735
Increase (decrease) in due to Cap Imp	-	(547,213)	(547,213)
Increase (decrease) in unearned revenue	-	13,440	13,440
Increase (decrease) in deposits payable	-	13,397	13,397
Total Adjustments	24,188	(214,769)	(190,581)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (32,355)</b>	<b>\$ 77,609</b>	<b>\$ 45,254</b>

See Notes to the Basic Financial Statements.

**CALHOUN COUNTY, SOUTH CAROLINA  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2016**

**ASSETS**

Cash	\$ 7,805,843
Property taxes receivable	898,531
Due from others	<u>1,280</u>
 Total Assets	 <u><u>\$ 8,705,654</u></u>

**LIABILITIES**

Due to trust fund holders	\$ 8,654,341
Outstanding bonds	4,558
Held for jurors	241
Due to Treasurer - overage - Note 9	1,997
Due to other funds	<u>44,517</u>
 Total Liabilities	 <u><u>\$ 8,705,654</u></u>

See Notes to the Basic Financial Statements.

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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

Calhoun County was chartered in 1908. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act 283 of 1975), required that counties adopt a specific form of government, and a charter was issued for Calhoun County adopting the Council form of Government.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

**A. FINANCIAL REPORTING ENTITY**

The concept underlying the definition of the reporting entity is that elected officials are accountable to their constituents for their actions. The reporting entity's financial statements should allow users to distinguish between the primary government (the County) and its component units. However, some component units, because of the closeness of their relationships with the County, should be blended as though they are part of the County. Otherwise, most component units should be discretely presented. As required by generally accepted accounting principles, the financial reporting entity consists of (1) the primary government (the County), (2) organizations for which the County is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Blended Component Units**

**Calhoun County Library**

This organization is administered by a Board appointed by County Council. The library is financially dependent on the County, and the County has ultimate control over all activities of the library. The library is presented as a department of the County.

**Calhoun County Museum**

This organization is administered by a Historical Commission appointed by County Council. The museum is financially dependent on the County, and the County has ultimate control over all activities of the museum. The museum is presented as a department of the County.

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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. FINANCIAL REPORTING ENTITY (continued)**

**Blended Component Units (continued)**

**Calhoun County Council on Aging**

Calhoun County Council on Aging is funded by state, federal and county funds to provide services to senior citizens of the County. The County provided \$136,000 of funds to the Council on Aging during 2015-16. The Board which administers the Council on Aging is appointed by County Council. The County oversees financial activities of the Council on Aging and owns its building. The Council on Aging is presented as a special revenue fund of the County.

Because the component units have been reported as if they are part of the County, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

**Other Component Units**

**Calhoun Economic Development Corporation**

Calhoun Economic Development Corporation was organized on June 18, 2015 to promote essential governmental endeavors and functions in economic development. It has a separate board appointed by Calhoun County Council. Calhoun County has the ability to influence operations of the Calhoun Economic Development Corporation significantly. The corporation is a discretely presented component unit. Separately issued financial statements are available.

**Sandy Run Fire District**

Sandy Run Fire District was organized to provide fire protection for the Sandy Run Community of Calhoun County. It has a separate board appointed by Calhoun County Council. The District's net assets are not significant to the County and therefore, it is not included as a component unit in this report.

**B. Measurement Focus and Basis of Accounting**

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

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



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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus and Basis of Accounting (continued)**

**1. Government-wide Financial Statements**

Government-wide financial statements display information about the reporting government as a whole, 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. A separate column is included for the discretely presented component unit.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Non-exchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The County chooses to eliminate the indirect costs between governmental activities to avoid a "doubling up" effect.

**2. Fund Financial Statements**

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental

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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus and Basis of Accounting (continued)**

**2. Fund Financial Statements (continued)**

resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statement includes financial information for the trust funds. The trust funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

**Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus and Basis of Accounting (continued)**

Because of their spending measurement focus, expenditure recognition for governmental funds exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund 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 as 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.

The County reports the following major enterprise funds:

**Municipal Water System** – This fund accounts for user charges, fees and other resources and all costs associated with the operation of the water and sewer system.

**Water/Wastewater Plant** – This fund accounts for activity related to the operation of the wastewater system at the rest area.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Basis of Presentation**

GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The County has used GASB 34 minimum criteria for major fund determination and has also electively disclosed funds which either had debt outstanding or specific community focus as major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**1. 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.

**Capital Projects Fund** – The Capital Projects Fund accounts for most of the capital assets purchased by the County.

**Local Option Fund** – The Local Option Fund accounts for the local option sales tax monies received by the County.

**Proprietary Fund Types**

**Enterprise Funds** - Enterprise Funds are 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. The County has established two enterprise funds. These funds are the Water System and Wastewater Plant.

**Other Governmental Funds**

**Special Revenue Funds** – These funds are established to account for the proceeds of specific revenue sources and certain special assessments that are legally restricted to expenditures for specified purposes. It is the County's policy not to budget for all Special Revenue Funds in the form of a legally adopted budget format.

**Debt Service Fund** – This fund is established for the purpose of accumulating resources for the payment of principal and interest on general long-term debt other than those payable from Special Revenue Funds.

**2. Other Fund Types:**

**Fiduciary Fund Types** - Fiduciary Fund Types are used to account for assets held by the County in a trustee capacity for individuals and other County agencies or governments. The County has eight agency fund types as follows:

Agency Funds include funds held for individuals by the County Clerk of Court, Judge of Probate, the Master-in-Equity, the County Magistrates, and funds held by the County Treasurer for the Calhoun County School District. It also includes funds held by the Delinquent Tax Collector. Agency Funds are custodial

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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**2. Other Fund Types: (continued)**

in nature (assets equal liabilities) and do not involve measurement of results of operations.

**3. Non-current Governmental Assets/Liabilities:**

GASB Statement 34 requires non-current governmental assets, such as land and buildings and non-current governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net position.

**D. Assets, Liabilities, and Net Position or Equity**

**1. Cash and Cash Equivalents**

Cash includes operating accounts, investments in certificates of deposit and investment in the state investment pool. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**3. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, right-of-ways, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

Assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation, except for the museum collection. The museum collection has been recorded at the insurance replacement value, as determined by a certified appraiser.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Liabilities, and Net Position or Equity (continued)**

**3. Capital Assets (continued)**

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Building and improvements	15 – 50
Machinery and equipment	3 – 10
Water and waste water system	40
Infrastructure	75
Vehicles	8

**4. 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, *deferred outflows of resources*, represents a consumption of resources that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

**5. Accrued Compensated Absences**

The County accrues accumulated unpaid vacation and sick 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.

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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Liabilities, and Net Position or Equity (continued)**

**6. Landfill Closure Costs**

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The County recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity use during the period. Required obligations for closure and post-closure costs are recognized in the government activities column in the government-wide statement of net position.

**7. Pensions**

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

**8. 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.

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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

***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 Calhoun 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.

***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.

**9. Net Position/Fund Equity**

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, 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 government-wide statement of net position reports \$32,121,953 of which \$438,534 is restricted by enabling legislation. The County will use restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the County would use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**NOTE 2 - 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.



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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

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, Revenue Funds (Accommodation Tax Fund and the Fire Department), and Capital Projects Funds.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except for encumbrances. Budgetary comparisons presented for the General Fund in this report are on this non-GAAP budgetary 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.

**NOTE 3 - CASH AND INVESTMENTS**

**Deposits**

At year-end, the carrying amount of the County's deposits and investments was \$22,142,558 and the bank balance was \$22,470,944. To reconcile this information to the financial statements, we include the following:

Cash and investments	\$ 22,142,538
Cash on hand	<u>2,339</u>
Total	<u>\$ 22,144,897</u>
Cash – Governmental Activities	\$ 13,087,184
Business Type Activities	1,251,870
Fiduciary Activities	<u>7,805,843</u>
	<u>\$ 22,144,897</u>
Deposits	\$ 14,045,205
Investments	<u>8,097,333</u>
	<u>\$ 22,142,538</u>

Of the bank balance of \$15,529,690 excluding the investment pool funds, \$1,580,268 is secured by FDIC insurance and \$13,949,422 is secured by collateral pledged in the County's name.

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

**NOTE 3 - CASH AND INVESTMENTS (continued)**

**Restricted Cash**

Restricted cash in the Proprietary Fund was composed of the following:

Bond cushion	\$ 176,856
Meter deposits	<u>80,271</u>
	<u>\$ 257,127</u>

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 the County will not be able to recover collateral securities in the possession of an outside party. The County does not have a written policy related to allowable deposits, investments, or custodial credit risk, but does have an agreement with its banking institution that securities be pledged to cover any deposits in excess of federal depository insurance coverage.

**Credit Risk**

Credit Risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the County's investing activities are managed under the custody of the County Treasurer. Investing is performed in accordance with investment policies adopted by the County Council complying with State Statutes and the County Charter. County funds may be invested in: (1) direct obligations of the United States government or its agencies; (2) obligations of this State or any of its political subdivisions; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, savings and loan associations, and credit unions located in the County when secured by an agency of the Federal government; (4) certificates of deposit where the certificates are collateralized by securities of type described in items (1) and (2) above held by the third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, but the collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government; or (5) no load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution where acting as trustee or agent for a bond or other debt issue of that county treasurer, if the particular portfolio of the investment company or investment trust in which the investment is (i) limited to obligations described in items (1) and (2) above, and (ii) have among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method. The portfolio may also consist of repurchase agreements when collateralized by obligations described in items (1) and (2) above.

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

**NOTE 3 - CASH AND INVESTMENTS (continued)**

Investments are carried at fair value, and are composed of the following:

	<b>Maturities</b>	<b>Fair Value</b>
State investment pool	18 months to 2 years	\$ 6,941,254
Certificates of deposit	6 months to 1 year	<u>1,156,079</u>
		<u>\$ 8,097,333</u>

The local government investment pool is a 2a7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The South Carolina State Treasurer oversees the pool. The fair value of the position in the pool is the same as the value of the pool shares. The Pool is included as an investment trust fund in the State of South Carolina Comprehensive Annual Financial Report. At June 30, 2016, the underlying security ratings of the County's investment in the Local Government Investment Pool (LGIP) is classified in risk category "A" and may be obtained from the LGIP's complete financial statements by writing to the following address:

Office of the State Treasurer  
Local Government Investment Pool  
Post Office Box 11778  
Columbia, South Carolina 29211

**Interest Rate Risk**

In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twelve months.

It is the policy of the State Treasurer's Office that no derivatives of the U.S. Government Securities or Federal Agency Security or A1/P1 Commercial Paper be purchased by or for the S.C. Local Government Investment Pool. It is the policy of the State Treasurer's Office that the weighted average maturity (WAM) of the LGIP portfolio not exceed 60 days.

**Foreign Currency Risk**

The County has no foreign currency investments.

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

**NOTE 4 - INTERFUND BALANCES**

**Due From or To Other Funds**

Interfund receivables and payables represent fund transfers of a nonmandatory nature, without interest, and with no specified time for repayment. A summary of individual fund interfund receivables and payables at June 30, 2016, follows:

<b>Fund</b>	<b><u>Interfund Receivables</u></b>	<b><u>Interfund Payables</u></b>
General Fund	\$ 453,949	\$ 889
Special Revenue Fund:		
Library Lottery	889	-
Local Option Fund	-	400,000
Child Support Fund	-	9,432
Trust and Agency Funds:		
Magistrates	<u>-</u>	<u>44,517</u>
	<b><u>\$ 454,838</u></b>	<b><u>\$ 454,838</u></b>

<b>Operating Transfers</b>	<b><u>Transfer In</u></b>	<b><u>Transfer Out</u></b>
General Fund	\$ 755,000	\$ -
Capital Projects Fund	-	1,330,584
Special Revenue Fund:		
Local Option Fund	-	700,000
Child Support Fund	-	55,000
Grants Fund	-	429,185
Enterprise Funds:		
Water System	<u>1,759,769</u>	<u>-</u>
	<b><u>\$2,514,769</u></b>	<b><u>\$2,514,769</u></b>

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

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied by the County at varying rates per one hundred dollars (\$100) of assessed valuation of real estate and personal property owned and used in the County except exempt property as provided by the constitution and laws of the State of South Carolina and attach an enforceable lien when levied.

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

**NOTE 5 - PROPERTY TAXES (continued)**

In Calhoun County, taxes are collected for county and school purposes as a single tax bill which must be paid in full by the individual taxpayer. Taxes are collected on a calendar year basis. Real and personal taxes in the County are payable without penalty on or before January 15 of each year (except taxes on motor vehicles, which are payable on a monthly basis).

If taxes are not paid on or before January 15, a penalty of 3% is added thereon. If taxes are not paid on or before February 1, an additional penalty of 7% is added. If taxes are not paid on or before March 16, an additional 5% thereon is added plus all costs incurred and the property goes into execution. In September, properties on which the taxes have not been paid are advertised for public sale in a local newspaper for three consecutive weeks. The first Monday in November the property is sold. The County Tax Collector is responsible for the collection of delinquent taxes and is empowered to sell so much of the defaulting taxpayer's estate - real, personal or both - as may be sufficient to satisfy the taxes. As collections are made, the delinquent tax revenue is remitted to the County Treasurer.

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.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, <u>2015</u>	Reclassi- fications	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2016</u>
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 1,478,636	\$ -	\$ 65,000	\$151,810	\$ 1,391,826
Construction in Progress	915,211	(915,211)	39,830	-	39,830
Museum collection	<u>3,127,547</u>	-	-	-	<u>3,127,547</u>
Total capital assets not being depreciated	<u>5,521,394</u>	<u>(915,211)</u>	<u>104,830</u>	<u>151,810</u>	<u>4,559,203</u>
Capital assets, being depreciated:					
Building and improvements	11,943,984	611,313	193,531	-	12,748,828
Infrastructure	7,181,128	-	941,754	-	8,122,882
Land improvements	747,400	-	-	-	747,400
Vehicles	3,226,788	-	254,210	139,071	3,341,927
Equipment, furniture and fixtures	<u>4,141,930</u>	<u>303,898</u>	<u>245,443</u>	<u>32,202</u>	<u>4,659,069</u>
Total capital assets being depreciated	<u>27,241,230</u>	<u>915,211</u>	<u>1,634,938</u>	<u>171,273</u>	<u>29,620,106</u>

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

**NOTE 6 - CAPITAL ASSETS (continued)**

	<u>Balance June 30, 2015</u>	<u>Reclassi- fications</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Less accumulated depreciation for:					
Building and improvements	2,735,016	-	323,410	-	3,058,426
Land improvements	156,440	-	23,655	-	180,095
Infrastructure	2,143,184	-	108,335	-	2,251,519
Vehicles	2,103,663	-	332,754	65,454	2,370,963
Equipment, furniture and fixtures	<u>3,188,912</u>	<u>-</u>	<u>254,585</u>	<u>18,004</u>	<u>3,425,493</u>
Total accumulated depreciation	<u>10,327,215</u>	<u>-</u>	<u>1,042,739</u>	<u>83,458</u>	<u>11,286,496</u>
Total capital assets, being depreciated, net	<u>16,914,015</u>	<u>915,211</u>	<u>592,199</u>	<u>87,815</u>	<u>18,333,610</u>
Governmental activities capital assets	<u>\$22,435,409</u>	<u>\$ -</u>	<u>\$ 697,029</u>	<u>\$ 239,625</u>	<u>\$22,892,813</u>
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 4,500	\$ -	\$ -	\$ -	\$ 4,500
Construction in Progress	<u>2,429,449</u>	<u>(831,212)</u>	<u>866,718</u>	<u>-</u>	<u>2,464,955</u>
Total capital assets not being depreciated	<u>2,433,949</u>	<u>(831,212)</u>	<u>866,718</u>	<u>-</u>	<u>2,469,455</u>
Capital assets, being depreciated:					
Water System	8,787,583	831,212	568,918	-	10,187,713
Wastewater System	65,617	-	-	-	65,617
Furniture and fixtures	51,175	-	-	-	51,175
Vehicles	<u>59,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,938</u>
Total capital assets being depreciated	<u>8,964,313</u>	<u>831,212</u>	<u>568,918</u>	<u>-</u>	<u>10,364,443</u>
Less accumulated Depreciation	<u>2,643,534</u>	<u>-</u>	<u>243,486</u>	<u>-</u>	<u>2,887,020</u>
Total capital assets, being depreciated, net	<u>6,320,779</u>	<u>831,212</u>	<u>325,432</u>	<u>-</u>	<u>7,477,423</u>
Business-type activities capital assets, net	<u>\$ 8,754,728</u>	<u>\$ -</u>	<u>\$ 1,192,150</u>	<u>\$ -</u>	<u>\$ 9,946,878</u>

Proprietary Fund capital assets are recorded at cost, and transfers from other funds and donated assets are recorded at their estimated fair value at the time of transfer and contribution. Repairs and maintenance are recorded as expenses. The sale or disposal of capital assets is recorded by removing the cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

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

**NOTE 6 - CAPITAL ASSETS (continued)**

The following is a summary of the proprietary fund capital assets at June 30, 2016:

	<b>Water/ Wastewater Plant</b>	<b>Municipal Water System</b>	<b>Total Proprietary Funds</b>
Land	\$ -	\$ 4,500	\$ 4,500
Construction in progress	-	2,464,955	2,464,955
Water system	782,268	9,405,445	10,187,713
Wastewater system	65,617	-	65,617
Vehicles	-	59,938	59,938
Furniture, fixtures, and software	-	51,175	51,175
Less, accumulated depreciation	<u>(351,084)</u>	<u>(2,535,936)</u>	<u>(2,887,020)</u>
Net Property, Plant and Equipment	<u>\$496,801</u>	<u>\$9,450,077</u>	<u>\$9,946,878</u>

The depreciation and amortization expense for the Water/Wastewater Plant and the Water System was \$243,486 for the year ended June 30, 2016.

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

Administration	\$ 158,251
Public Safety	227,963
Physical Environment	428,802
Health and Welfare	159,532
Cultural and Recreation	<u>68,191</u>

Total depreciation expense-governmental activities \$1,042,739

**Component Units**

**Calhoun Economic Development Corporation**

Capital assets included in the financial statement consist of the following:

	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>
Capital assets, not being depreciated:				
Land	\$ -	\$ 252,000	\$ -	\$ 252,000
Construction in progress	<u>                    </u>	<u>597,238</u>	<u>                    </u>	<u>597,238</u>
	<u>\$ -</u>	<u>\$ 849,238</u>	<u>\$ -</u>	<u>\$ 849,238</u>

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

**NOTE 7 - RETIREMENT PLAN**

***Description of the Entity***

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

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publically available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

***Plan Descriptions***

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

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

***Membership***

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



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

**NOTE 7 - RETIREMENT PLAN (continued)**

***Membership (continued)***

**SCRS**

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

**PORS**

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

***Benefits***

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

**SCRS**

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

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

**NOTE 7 - RETIREMENT PLAN (continued)**

***Benefits (continued)***

able to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

**PORS**

A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

***Contributions***

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

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

**NOTE 7 - RETIREMENT PLAN (continued)**

***Contributions (continued)***

Required employee contribution rates for fiscal year 2015-2016 are as follows:

SCRS	
Employee Class Two	8.16% of earnable compensation
Employee Class Three	8.16% of earnable compensation
PORS	
Employee Class Two	8.74% of earnable compensation
Employee Class Three	8.74% of earnable compensation

Required employer contribution rates for fiscal year 2015-2016 are as follows:

SCRS	
Employer Class Two	10.91% of earnable compensation
Employer Class Three	10.91% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation
PORS	
Employer Class Two	13.34% of earnable compensation
Employer Class Three	13.34% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
SCRS			
Employee Contributions	\$ 347,536	\$ 317,594	\$ 277,584
Employer Contributions	464,664	426,768	386,307
Employer Group Life Contributions	<u>6,387</u>	<u>5,954</u>	<u>5,564</u>
<b>Total</b>	<b><u>\$ 818,587</u></b>	<b><u>\$ 750,316</u></b>	<b><u>\$ 669,455</u></b>
PORS			
Employee Contributions	\$ 112,324	\$ 108,480	\$ 95,491
Employer Contributions	171,442	167,814	152,774
Employer Group Life Contributions	<u>5,141</u>	<u>5,160</u>	<u>4,872</u>
<b>Total</b>	<b><u>\$ 288,907</u></b>	<b><u>\$ 281,454</u></b>	<b><u>\$ 253,137</u></b>

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

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

**NOTE 7 - RETIREMENT PLAN (continued)**

***Actuarial Assumptions and Methods***

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

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

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

	<u>SCRS</u>	<u>PORS</u>
<b>Actuarial Cost Method</b>	Entry Age	Entry Age
<b>Actuarial Assumptions:</b>		
Investment Rate of Return	7.50%	7.50%
Projected Salary Increases	3.5% - 12.5%	4.0% - 10.0%
Includes Inflation at	2.75%	2.75%
Benefits Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014 valuation for SCRS and PORS are as follows:

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

**NOTE 7 - RETIREMENT PLAN (continued)**

***Actuarial Assumptions and Methods (continued)***

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

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2015, NPL amounts for SCRS and PORS are presented below (amounts expressed in thousands).

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability(Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$44,097,310,230	\$25,131,828,101	\$18,965,482,129	57.0%
PORS	6,151,321,222	3,971,824,838	2,179,496,384	64.6%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan

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

**NOTE 7 - RETIREMENT PLAN (continued)**

***Discount Rate (continued)***

investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Long-term Expected Rate of Return***

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant, Aon Hewitt. The long-term expected rates of return represent assumptions developed using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted by the Investment Commission for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentages and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

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

**NOTE 7 - RETIREMENT PLAN (continued)**

*Long-term Expected Rate of Return (continued)*

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
<b>Short Term</b>	<b>5.0%</b>		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
<b>Domestic Fixed Income</b>	<b>13.0%</b>		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
<b>Global Fixed Income</b>	<b>9.0%</b>		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
<b>Global Public Equity</b>	<b>31.0%</b>	7.10%	2.20%
<b>Global Tactical Asset Allocation</b>	<b>10.0%</b>	4.90%	0.49%
<b>Alternatives</b>	<b>32.0%</b>		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
<b>Total Expected Real Return</b>	<b>100.0%</b>		6.00%
Inflation for Actuarial Purposes			2.75%
<b>Total Expected Nominal Return</b>			<b>8.75%</b>

***Sensitivity Analysis***

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

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

<u>System</u>	<u>1.00% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1.00% Increase (8.50%)</u>
<b>SCRS</b>	\$10,116,822	\$8,024,675	\$6,271,190
<b>PORS</b>	3,097,539	2,273,847	1,537,551

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

**NOTE 7 - RETIREMENT PLAN (continued)**

***Payables to the Pension Plan***

As of June 30, 2016, the County had \$117,982 in payables outstanding to the pension plans for its legally required contributions.

***Pension Liabilities***

At June 30, 2016, the County reported a liability of \$8,024,675 for its proportionate share of the net pension liability for the SCRS and a liability of \$2,273,847 for its proportionate share of the net pension liability for the PORs. The net pension liability of each defined benefit plan was determined based on the most recent actuarial valuation as of July 1, 2014, using membership as of that date projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2016, the County's proportions were .042317 percent and .104330 percent for SCRS and PORs, respectively.

For the year ended June 30, 2016, the County recognized pension expense of \$864,482 including \$652,330 for SCRS and \$212,152 for PORs.

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b><u>SCRS</u></b>		
Differences between Expected and Actual Experience	\$ 142,571	\$ 14,351
Net Difference between Projected and Actual Investment Earnings	53,712	-
Deferred Amounts from Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	219,640	-
Direct Contributions Subsequent to the Measurement Date	<u>471,052</u>	<u>-</u>
Total	<u>\$ 886,975</u>	<u>\$ 14,351</u>
<b><u>PORS</u></b>		
Differences between Expected and Actual Experience	\$ 45,068	\$ -
Net Difference between Projected and Actual Investment Earnings	24,880	-
Deferred Amounts from Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	36,831	-
Direct Contributions Subsequent to the Measurement Date	<u>176,583</u>	<u>-</u>
Total	<u>\$ 283,362</u>	<u>\$ -</u>



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

**NOTE 7 - RETIREMENT PLAN (continued)**

*Pension Liabilities (continued)*

The amounts of \$471,052 for SCRS and \$176,583 for PORS reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2015. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2015 was 4.164 years for SCRS and 4.796 years for PORS which is the basis for amortizing all deferred amounts except for the difference between projected and actual investment earnings which is amortized over five years.

<u>Measurement Period Ending June 30,</u>	<u>Difference Between</u>			
	<u>Expected and Actual Experience</u>		<u>Projected and Actual Investment Earnings</u>	
	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>
2016	\$ 30,792	\$ 9,397	\$ 54,670	\$ 12,342
2017	30,792	9,397	54,670	12,342
2018	30,792	9,397	54,670	12,342
2019	30,792	3,397	54,670	12,342
2020	<u>5,052</u>	<u>7,480</u>	<u>54,672</u>	<u>12,343</u>
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$128,220</u>	<u>\$45,068</u>	<u>\$ 273,352</u>	<u>\$ 61,711</u>

***Additional Financial and Actuarial Information***

Information contained in these Notes to the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (Schedules) was extracted from the audited financial statements of the South Carolina Retirement Systems for the fiscal year ended June 30, 2015. Additional financial information supporting the preparation of the Schedules (including the unqualified audit opinion on the financial statements and required supplementary information) is located in the Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

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

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS**

**Background**

Beginning in fiscal year ended June 30, 2010, Calhoun County implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you-go basis but GASB 45 requires that the County accrue the cost of the retiree health subsidy and other post-employment benefits during the period of employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

**Plan Description**

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

Calhoun County (the "County") provides continued post-retirement health coverage for employees who meet eligibility requirements upon retirement. Insurance coverage is fully insured through the South Carolina Health Plan. The County pays into the health reimbursement account monthly for retirees as follows:

- Pre 65 retirees – The County will contribute \$669 per month.
- Post 65 retirees – The County will contribute \$350 per month.

No medical inflation has been calculated. Retirees will be required to pay their full medical premium and file for reimbursement of their premiums and deductible and co-insurance expenses.

**Eligibility** – Employees must retire under the State of South Carolina Retirement System and meet the following criteria:

- Hired before July 1, 2006 – Age 55 with 18 years of service or any age with 30 years of service.
- Hired from July 1, 2006 through June 30, 2011 – Age 60 with 28 years of service

**Other Plan Provisions**

- Employees hired after July 1, 2011 are not eligible to participate in the medical plan for Calhoun County.
- Coverage is not provided upon disability termination during active service.
- Dependant coverage (medical and dental) is not available for reimbursement through the County health reimbursement account.

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

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (continued)**

**Funding Policy**

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

**Annual OPEB Cost and Net OPEB Obligation**

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current employer contribution rates for the Board are 0 percent.

The County's annual OPEB cost and the net OPEB obligation based on a 4.5% discount rate, including an inflation component of 3%, and amortizing the initial unfunded actuarial liability over 30 years based on a level percent of payroll method for 2016 is as follows:

Annual required contribution	\$ 220,286
Interest on net OPEB obligation	35,110
Adjustment to annual required contribution	<u>(45,836)</u>
Annual OPEB cost (expense)	209,560
Estimated contributions made	<u>(82,187)</u>
Increase (decrease) in net OPEB obligation	127,373
Net OPEB obligation, beginning of year	<u>780,214</u>
Net OPEB obligation, end of year	<u>\$ 907,587</u>

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Projected Unit Credit, Level Percent of Payroll actuarial cost method has been used to calculate the GASB ARC for this valuation. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to

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

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (continued)**

amortize a portion of the unfunded accrued liability. If experience is in accordance with the assumptions used, the ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of payroll will remain basically level on a year to year basis. This is both an accepted and reasonable cost method.

**Trend Information:**

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2016	\$ 209,560	\$ 82,187	39%	\$ 907,587
June 30, 2015	\$ 171,152	\$ 82,845	48%	\$ 780,214
June 30, 2014	\$ 172,305	\$ 88,412	51%	\$ 691,907

**Funded Status and Funding Progress:**

As of June 30, 2016, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$2,523,631, and the actuarial value of assets was \$-0- resulting in an unfunded actuarial accrued liability (UAAL) of \$2,523,631. For the fiscal year ended June 30, 2016, the covered payroll (annual payroll of active employees covered by the plan) was \$5,420,874 and the ratio of the UAAL to the covered payroll was 46.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

**NOTE 9 - OVERAGES IN TRUST AND AGENCY FUNDS**

As of June 30, 2016, excess funds were on deposit in the checking accounts of several trust and agency funds. These overages, totaling \$1,997, represent the amount that cash on deposit exceeds identifiable liabilities. (These monies will remain within the funds until proper identification can be made of the court or individual to whom they belong.)

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

**NOTE 10 - LONG-TERM DEBT**

**A. Primary Government**

**Governmental Activities**

The long-term debt transactions of Calhoun County were as follows:

	<u>Balance July 1, 2015 (Restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	\$ 369,044	\$ 51,116	\$ -	\$420,160	\$ 78,316
Closure and Maintenance Costs	338,872	5,570	14,950	329,492	14,950
General Obligation Bond Series 2015	-	300,000	300,000	-	-
Capital Lease Motorola	-	164,486	20,877	143,609	21,695
Fire Bond	-	<u>1,000,000</u>	-	<u>1,000,000</u>	<u>91,964</u>
 Total long-term debt	 <u>\$ 707,916</u>	 <u>\$1,521,172</u>	 <u>\$ 335,827</u>	 <u>\$1,893,261</u>	 <u>\$ 206,925</u>

**General Obligation Bond**

\$1,000,000 bond issued March 17, 2016 (Series 2016) to provide for facilities for the Calhoun County rural Fire District. Due in annual payments of \$111,833, including interest at 2.11%, due on March 1 of each year. First payment is due March 1, 2017.

\$ 1,000,000

Total General Obligation Bond payable

\$ 1,000,000

The annual debt service payments for General Obligation bonds outstanding at June 30, 2016, are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 91,964	\$ 19,869
2018	92,674	19,160
2019	94,629	17,204
2020	96,626	15,207
2021	98,665	13,169
2022-2026	<u>525,442</u>	<u>33,723</u>
	<u>\$ 1,000,000</u>	<u>\$ 118,332</u>

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

**NOTE 10 - LONG-TERM DEBT (continued)**

**A. Primary Government**

**Capital Lease**

\$164,486 - Lease/purchase agreement to finance the purchase of radio equipment. Due in annual payments of \$27,323, including interest, due on July 2 of each year. First payment due July 1, 2016 and ending payment due on July 1, 2022. The equipment's gross cost of \$164,486 and the accumulated depreciation is \$16,449.

\$ 143,609

Total Capital Lease

\$ 143,609

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2016:

**Year ending  
June 30,**

2017	\$ 27,323
2018	27,323
2019	27,323
2020	27,323
2021	27,323
2022	<u>27,323</u>
Total Minimum Lease Payment	163,938
Less Amount Representing Interest	<u>20,329</u>
Present Value of Net Minimum Lease Payment	<u>\$ 143,609</u>

**Business-type Activities:**

The following is a summary of long-term debt transactions of the Business-type Activities:

	<b>Revenue <u>Bonds</u></b>
Balance June 30, 2015	\$ 4,347,942
Issued during the period	-
Retired during the period	<u>(66,230)</u>
Balance at June 30, 2016	<u>\$ 4,281,712</u>

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

**NOTE 10 - LONG-TERM DEBT (continued)**

**A. Primary Government**

Details of long-term debt at June 30, 2016 are as follows:

	<b>Revenue Bonds</b>
\$265,000 FHA Revenue Bonds due in monthly installments of \$1,302 through December 15, 2033, with interest at 5.125%	\$ 178,637
\$1,632,400 Water and Sewer System Revenue Bond payable over 40 years, interest at 4.5%, first payment due August 26, 2008 with monthly payments of \$7,346, through July 25, 2048.	1,499,392
\$2,713,000 Water and Sewer System Revenue Bond, issued in August, 2013, payable over 40 years, interest at 2.75%, first payment due September 1, 2013 with monthly payments of \$9,333, through August 1, 2053.	<u>2,603,683</u> 4,281,712
Less current portion	<u>(68,595)</u>
Long-term portion	<u>\$ 4,213,117</u>

The annual requirements to amortize all debt outstanding of the proprietary funds as of June 30, 2016, including bond interest payments of \$7,275,833 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Revenue Bonds Interest</u>	<u>Total</u>
2017	\$ 68,595	\$ 147,176	\$ 215,771
2018	71,050	144,721	215,771
2019	73,600	142,171	215,771
2020	76,248	139,523	215,771
2021	78,998	136,772	215,770
2022-2026	440,142	638,712	1,078,854
2027-2031	526,933	551,921	1,078,854
2032-2036	586,146	449,625	1,035,771
2037-2041	658,275	342,459	1,000,734
2042-2046	784,899	215,835	1,000,734
2047-2051	683,183	77,855	761,038
2051-2051	<u>233,643</u>	<u>7,351</u>	<u>240,994</u>
	<u>\$ 4,281,712</u>	<u>\$ 2,994,121</u>	<u>\$ 7,275,833</u>

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

**NOTE 10 - LONG-TERM DEBT (continued)**

**Component Units**

**Calhoun Economic Development Corporation**

Note payable to S.C. Public Service Authority to be used for the construction of a 50,000 square foot industrial building in the I-26 Industrial Park. No interest will be charged for the first three years of the loan. The first payment is due October 12, 2018.

\$ 2,030,000

The maturities of long-term debt are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ -	
2018	-	
2019	290,000	(1)
2020	290,000	(1)
2021	290,000	(2)
2022-2025	<u>1,160,000</u>	(2)
	<u>\$ 2,030,000</u>	

(1) Upon 10/1/2018 the interest rate will be set at ½ of the Municipal Market Data (MMD) Index; upon 10/1/2019 the interest rate will be set at ½ of the Municipal Market Data (MMD) Index.

(2) Upon 10/1/2020 and upon each October 1<sup>st</sup> thereafter for the remainder of the loan term, the interest rate for any Outstanding Principal Balance shall be reset to the current rate of interest on 10-Year Treasury Notes.

**NOTE 11 - OPERATING LEASE**

The County entered into an operating lease with the US Department of Agriculture to lease the Agriculture Building built by the County to the US Department of Agriculture. The lease will expire December 2018. The current annual rent is \$34,200. The cost of the building is \$565,318 with accumulated depreciation of \$140,887.

The future minimum lease payments to be received are as follows:

June 30, 2017	\$ 34,200
June 30, 2018	34,200
June 30, 2019	<u>18,100</u>
	<u>\$ 86,500</u>



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

**NOTE 12 - DEFERRED COMPENSATION PLANS**

All state and local government employees can participate in a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, administered by the state public employee retirement system through a state-approved nongovernmental third party, permits governmental employees to defer a portion of their salaries until future years. The deferred compensation is not available to an employee until termination, retirement, death or unforeseeable emergency. The State Attorney General issued an opinion that amounts deferred by local governmental units and administered through the statewide plan remain assets and liabilities of the local government unit. In prior years, the County included the cumulative amounts deferred in the agency fund of the County. However, effective July 24, 1998, the funds were placed in trust by the SC Deferred Compensation Commission. Therefore, the funds are no longer an asset of the County, subject only to claims of its general creditors, but are held in trust for exclusive benefits of participants and their beneficiaries.

**NOTE 13 - CLOSURE AND POST CLOSURE CARE COSTS**

State and federal regulations require that Calhoun County place a final cover on the portion of its landfill that holds municipal waste. The County has to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Calhoun County closed the landfill in August, 1994 to municipal waste, but it will remain open for inert waste. The recognition of these landfill closure and postclosure costs is based on the amount of available landfill space used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$329,492 as of June 30, 2016, which is based on the following estimated percentages:

Municipal landfill (MSWLF)	100%
Construction and debris landfill (C&D)	97%

The estimated remaining useful life of the C&D landfill is 30 months. The estimated costs of landfill closure and postclosure care costs for twenty years increased by \$1,520 in the current year and the balance of the liability for the C&D landfill is \$209,892 at June 30, 2016. In addition, \$20,614 was expended to close and monitor the MSWLF. The amounts were accrued in previous years.

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, 2016. 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. Calhoun County has not accumulated or segregated funds to meet this liability.

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

**NOTE 14 - 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 (Office of Insurance Services) 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 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, 2016, 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, 2016, 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.

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

**NOTE 15 - FUND BALANCE REPORTING AND NET POSITION**

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

The County's fund balances as of June 30, 2016 were classified as follows:

Description	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Local Option Fund</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
<b>Restricted:</b>					
LOST Reserve	\$ 204,748	\$ -	\$212,742	\$ -	\$ 417,490
Grants	-	-	-	428,314	428,314
Debt Service	-	-	-	65,579	65,579
Victim's Fund	-	-	-	20,527	20,527
Library Lottery	-	-	-	889	889
E-911 Funds	-	-	-	237,454	237,454
Tech/Gressette	-	-	-	80,141	80,141
Sandy Run Fire Department	-	-	-	190,508	190,508
Council on Aging	-	-	-	484,000	484,000
Sheriff Department Drug Funds	-	-	-	4,181	4,181
Child Support Funds	193,364	-	-	-	193,364
Rural Fire District	-	-	-	255,908	255,908
Rural Fire Debt Service	-	-	-	1,001,161	1,001,161
<b>Assigned:</b>					
Banks Estate Fund	-	-	-	116,416	116,416
Capital Projects Ft. Motte Community Center	77,364 516	3,542,182 -	- -	- -	3,619,546 516
Museum Funds	80,281	-	-	-	80,281
EMS Donations	6,577	-	-	-	6,577
Library donations	2,826	-	-	-	2,826
Animal control donations	21,982	-	-	-	21,982
<b>Unassigned</b>	<u>6,599,562</u>	<u>-</u>	<u>-</u>	<u>(366)</u>	<u>6,599,196</u>
<b>Total Fund Balance</b>	<u>\$7,187,220</u>	<u>\$3,542,182</u>	<u>\$212,742</u>	<u>\$2,884,712</u>	<u>\$13,826,856</u>

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

**NOTE 16 - RESTATEMENT OF FUND BALANCE AND NET POSITION**

Fund balances and net position for June 30, 2015 were restated as follows:

	<b>Total Net Position</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Balance, June 30, 2015	\$ 26,042,062	\$ 4,524,387
From adjustments below	11,557	-
To adjust for beginning accrued leave	(8,034)	-
To adjust for beginning long-term debt	<u>1,499</u>	<u>203</u>
Balance restated at June 30, 2015	<u>\$ 26,047,084</u>	<u>\$ 4,524,590</u>

	<b>General Fund</b>
Balance, June 30, 2015	\$ 7,387,394
To adjust for decal fees as revenue	<u>11,557</u>
Balance restated at June 30, 2015	<u>\$ 7,398,951</u>

**Proprietary Fund – Net Position**

	<b>Water System</b>
Balance at June 30, 2015	\$ 3,900,303
To adjust for beginning long-term debt	<u>203</u>
Balance restated at June 30, 2015	<u>\$ 3,900,506</u>

**NOTE 17 - CONTINGENCIES AND COMMITMENTS**

**Grants:**

The County participates in a number of federally assisted grant programs and state funded grant programs. These programs are subject to financial compliance audits by the County's auditors and by auditors of the federal or state grantor agencies. Upon audit, should it be determined that the County has failed to comply with applicable requirements of the grants, then some or all of the grant expenditures may be disallowed and a portion of the grant expenditures may become reimbursable to the grantor.

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

**NOTE 18 - SUBSEQUENT EVENTS**

Calhoun County entered into a fee in lieu of tax (FILOT) agreement for a \$50 million solar construction project to begin in 2017.

Hickory Springs Bottling Company added a 90,000 square foot building with the expectation of an additional water bottling unit.

The County will issue a \$360,000 G.O. Bond in the fall of 2016 for the purchase of software, sheriff's vehicles, computer upgrades, and building improvements. The bond will be due to be paid in full March, 2017.

The 50,000 square foot (expandable to 100,000 square foot) spec. building along the interstate, which began in 2015, will be completed in the winter of 2016. The building will be available for sale at \$50 per square foot (\$2.5M). The property the building was constructed on was transferred from Calhoun County to the Calhoun Economic Development Corporation in 2015.

Calhoun County has the option to purchase an additional 150,000 gpd sewer capacity from the City of Cayce as the sewer lines will be in service beginning July, 2016. This will allow the County additional capacity for future growth.

CALHOUN COUNTY, SOUTH CAROLINA  
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN (UNAUDITED)  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2016

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll ((2)-(1))/(5)
Calhoun County 6/30/2010	\$ -	\$ 6,578,913	\$ 6,578,913	0.00%	\$ 4,073,872	161.49%
6/30/2011	\$ -	\$ 2,255,929	\$ 2,255,929	0.00%	\$ 4,052,879	55.66%
6/30/2013	\$ -	\$ 2,087,924	\$ 2,087,924	0.00%	\$ 4,799,826	43.50%
6/30/2015	\$ -	\$ 2,523,631	\$ 2,523,631	0.00%	\$ 5,420,874	46.55%

The County implemented GASB 45 in Fiscal Year 2010; therefore, six years of data is not available, but will be accumulated over time. The valuation has been calculated using the Projected Unit Credit Actuarial Cost Method, discount rates of 4.5%, and the initial unfunded actuarial liability is amortized over 30 years based on a level percent of payroll method. It should be noted that an actuarial cost method determines a contribution or expense by assigning portions of the present value of projected benefits to various years with the general goal of accruing the cost of benefits over the working lifetime of the employees. A valuation was done as of 6/30/11 due to a benefit plan change.

**CALHOUN COUNTY, SOUTH CAROLINA**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (SCRS)**  
 Last 10 Fiscal Years

County	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
County's proportion of the net pension liability (asset)	0.040897%	0.039943%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
County's proportionate share of the net pension liability (asset)	\$ 7,756,313	\$ 6,773,560	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
County's covered-employee payroll	\$ 3,837,216	\$ 3,581,825	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	202.13%	189.11%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
<b>Council on Aging</b>										
Council on Aging's proportion of net pension liability (asset)	0.00142%	0.00137%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Council on Aging's proportion of net pension liability (asset)	\$ 268,362	\$ 237,246	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Council on Aging's covered employee payroll	\$ 132,716	\$ 127,906	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Council on Aging's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	202.21%	185.48%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Plan fiduciary net position as a percentage of the total pension liability	57.00%	59.90%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*

NA\* - Not Available

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

Source: Audit report on the schedules of employer allocations, schedules of pension amounts by employer, and related notes of the South Carolina Retirement Systems, as administered by the SC Public Employee Benefits Authority for the year ended June 30, 2015.

CALHOUN COUNTY, SOUTH CAROLINA  
 SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (PORS)  
 Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
County's proportion of the net pension liability (asset)	0.104330%	0.102080%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
County's proportionate share of the net pension liability (asset)	\$ 2,273,847	\$ 1,954,257	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
County's covered-employee payroll	\$ 1,289,894	\$ 1,218,001	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	176.28%	160.45%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Plan fiduciary net position as a percentage of the total pension liability	64.60%	67.50%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*

NA\* - Not Available

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

Source: Audit report on the schedules of employer allocations, schedules of pension amounts by employer, and related notes of the South Carolina Retirement Systems, as administered by the SC Public Employee Benefits Authority for the year ended June 30, 2015.



**CALHOUN COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF COUNTY CONTRIBUTIONS (SCRS)**  
 Last 10 Fiscal Years

County	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 417,974	\$ 378,610	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Contributions in relation to the contractually required contribution	(417,974)	(378,610)	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 3,837,216	\$ 3,581,825	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Contributions as a percentage of covered-employee payroll	10.89%	10.57%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
<b>Council on Aging</b>										
Contractually required contribution	\$ 14,466	\$ 13,261	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Contributions in relation to the contractually required contribution	(14,466)	(13,261)	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Council on Aging's covered-employee payroll	\$ 132,716	\$ 127,906	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Contributions as a percentage of covered-employee payroll	10.90%	10.37%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*

NA\* - Not Available

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

Source: County and Council on Aging's quarterly retirement contribution reports.

**CALHOUN COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF COUNTY CONTRIBUTIONS (PORS)**  
 Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 173,323	\$ 157,646	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Contributions in relation to the contractually required contribution	(173,323)	(157,646)	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 1,289,894	\$ 1,218,001	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Contributions as a percentage of covered-employee payroll	13.44%	12.94%	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
NA* - Not Available										

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

Source: County quarterly retirement contribution reports.

**CALHOUN COUNTY, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	O-C Tec and L M Gressette Center	Library Lottery	Calhoun Rural Fire Dist.	Sheriff's Department	Sandy Run Fire Department
<b>ASSETS</b>					
Cash	\$ 83,359	\$ -	\$ 133,476	\$ 4,181	\$ 190,508
Delinquent property taxes	26,137	-	-	-	1,901
Due from other funds	-	889	-	-	-
Accounts Receivable	4,769	-	174,976	-	-
<b>TOTAL ASSETS</b>	<b>\$ 114,265</b>	<b>\$ 889</b>	<b>\$ 308,452</b>	<b>\$ 4,181</b>	<b>\$ 192,409</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 7,987	\$ -	\$ 52,544	\$ -	\$ -
Unearned revenue	-	-	-	-	-
Due to General Fund	-	-	-	-	-
<b>Total Liabilities</b>	<b>7,987</b>	<b>-</b>	<b>52,544</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	26,137	-	-	-	1,901
<b>Total Deferred Inflows of Resources</b>	<b>26,137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,901</b>
<b>Fund Balances</b>					
Restricted	80,141	889	255,908	4,181	190,508
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>80,141</b>	<b>889</b>	<b>255,908</b>	<b>4,181</b>	<b>190,508</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 114,265</b>	<b>\$ 889</b>	<b>\$ 308,452</b>	<b>\$ 4,181</b>	<b>\$ 192,409</b>

CALHOUN COUNTY, SOUTH CAROLINA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

		SPECIAL REVENUE			
	Victims Advocate	E-911	Council on Aging	Banks Estate Fund	
<b>ASSETS</b>					
Cash	\$ 20,846	\$ 215,119	\$ 448,577	\$ 116,416	
Delinquent property taxes	-	-	-	-	
Due from other funds	-	-	-	-	
Accounts Receivable	-	22,335	53,885	-	
<b>TOTAL ASSETS</b>	<b>\$ 20,846</b>	<b>\$ 237,454</b>	<b>\$ 502,462</b>	<b>\$ 116,416</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 319	-	\$ 18,462	-	
Unearned revenue	-	-	-	-	
Due to General Fund	-	-	-	-	
<b>Total Liabilities</b>	<b>319</b>	<b>-</b>	<b>18,462</b>	<b>-</b>	
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	-	-	-	-	
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Fund Balances</b>					
Restricted	20,527	237,454	484,000	-	
Assigned	-	-	-	116,416	
Unassigned	-	-	-	-	
<b>Total Fund Balances</b>	<b>20,527</b>	<b>237,454</b>	<b>484,000</b>	<b>116,416</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 20,846</b>	<b>\$ 237,454</b>	<b>\$ 502,462</b>	<b>\$ 116,416</b>	

CALHOUN COUNTY, SOUTH CAROLINA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	DEBT SERVICE				TOTAL
	Grants Fund	Child Support Fund	Calhoun County Rural Fire Debt Service	County	
<b>ASSETS</b>					
Cash	\$ 248,102	\$ 747	\$ 1,001,161	\$ 65,579	\$ 2,528,071
Delinquent property taxes	-	-	-	25,765	53,803
Due from other funds	-	-	-	-	889
Accounts Receivable	221,710	8,319	-	-	485,994
<b>TOTAL ASSETS</b>	<b>\$ 469,812</b>	<b>\$ 9,066</b>	<b>\$ 1,001,161</b>	<b>\$ 91,344</b>	<b>\$ 3,068,757</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 27,505	-	-	-	\$ 106,817
Unearned revenue	13,993	-	-	-	13,993
Due to General Fund	-	9,432	-	-	9,432
<b>Total Liabilities</b>	<b>41,498</b>	<b>9,432</b>	<b>-</b>	<b>-</b>	<b>130,242</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	-	-	-	25,765	53,803
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,765</b>	<b>53,803</b>
<b>Fund Balances</b>					
Restricted	428,314	-	1,001,161	65,579	2,768,662
Assigned	-	-	-	-	116,416
Unassigned	-	(366)	-	-	(366)
<b>Total Fund Balances</b>	<b>428,314</b>	<b>(366)</b>	<b>1,001,161</b>	<b>65,579</b>	<b>2,884,712</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 469,812</b>	<b>\$ 9,066</b>	<b>\$ 1,001,161</b>	<b>\$ 91,344</b>	<b>\$ 3,068,757</b>

CALHOUN COUNTY, SOUTH CAROLINA  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2016

	O-C Tec and L. M. Gressette Center	Library Lottery	Calhoun Rural Fire Dist.	Sheriff's Department	Sandy Run Fire Department
<b>REVENUES</b>					
Property taxes:					
Current	\$ 313,914	\$ -	\$ -	\$ -	\$ 75,687
Delinquent	18,496	-	-	-	2,828
Interest income	15	-	-	-	-
Local sources	-	-	584,301	825	-
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
<b>Total Revenues</b>	<b>332,425</b>	<b>-</b>	<b>584,301</b>	<b>825</b>	<b>78,515</b>
<b>EXPENDITURES</b>					
Public Works	-	-	-	-	-
Public safety	-	-	598,744	11,141	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital improvements	-	-	-	-	-
Agencies	391,714	-	-	-	102,644
Debt Service	-	-	-	-	-
<b>Total Expenditures</b>	<b>391,714</b>	<b>-</b>	<b>598,744</b>	<b>11,141</b>	<b>102,644</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(59,289)</b>	<b>-</b>	<b>(14,443)</b>	<b>(10,316)</b>	<b>(24,129)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	-	-	-
Transfer in / (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>(59,289)</b>	<b>-</b>	<b>(14,443)</b>	<b>(10,316)</b>	<b>(24,129)</b>
<b>Fund Balances at Beginning of Year</b>	<b>139,430</b>	<b>889</b>	<b>270,351</b>	<b>14,497</b>	<b>214,637</b>
<b>Fund Balances at End of Year</b>	<b>\$ 80,141</b>	<b>\$ 889</b>	<b>\$ 255,908</b>	<b>\$ 4,181</b>	<b>\$ 190,508</b>

**CALHOUN COUNTY, SOUTH CAROLINA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	SPECIAL REVENUE				
	Victims Advocate	E-911	Council on Aging	Banks Estate Fund	
<b>REVENUES</b>					
Property taxes:					
Current	-	-	-	-	-
Delinquent	-	-	-	-	-
Interest income	-	-	-	-	-
Local sources	25,444	337,608	411,199	45,260	45,260
State sources	-	-	-	-	-
Federal sources	-	-	52,995	-	-
<b>Total Revenues</b>	<b>25,444</b>	<b>337,608</b>	<b>464,194</b>	<b>45,260</b>	<b>45,260</b>
<b>EXPENDITURES</b>					
Public Works	-	-	-	-	-
Public safety	37,750	237,136	-	-	-
Health and welfare	-	-	391,175	-	-
Culture and recreation	-	-	-	5,109	5,109
Capital improvements	-	-	-	-	-
Agencies	-	-	-	-	-
Debt Service	-	-	-	-	-
<b>Total Expenditures</b>	<b>37,750</b>	<b>237,136</b>	<b>391,175</b>	<b>5,109</b>	<b>5,109</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(12,306)</b>	<b>100,472</b>	<b>73,019</b>	<b>40,151</b>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	-	-	-
Transfer in / (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>(12,306)</b>	<b>100,472</b>	<b>73,019</b>	<b>40,151</b>	
<b>Fund Balances at Beginning of Year</b>	<b>32,833</b>	<b>136,982</b>	<b>410,981</b>	<b>76,265</b>	
<b>Fund Balances at End of Year</b>	<b>\$ 20,527</b>	<b>\$ 237,454</b>	<b>\$ 484,000</b>	<b>\$ 116,416</b>	

**CALHOUN COUNTY, SOUTH CAROLINA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	DEBT SERVICE				TOTAL
	Grants Fund	Child Support Fund	Calhoun County Rural Fire Debt Service	County	
<b>REVENUES</b>					
Property taxes:					
Current	\$ -	\$ -	\$ -	\$ 301,396	\$ 690,997
Delinquent	-	-	-	9,681	31,005
Interest income	-	-	1,161	-	1,176
Local sources	388,292	-	-	-	1,792,929
State sources	987,822	-	-	-	987,822
Federal sources	178,722	57,432	-	-	289,149
<b>Total Revenues</b>	<u>1,554,836</u>	<u>57,432</u>	<u>1,161</u>	<u>311,077</u>	<u>3,793,078</u>
<b>EXPENDITURES</b>					
Public Works	241,914	-	-	-	241,914
Public safety	18,215	-	-	-	902,986
Health and welfare	39,338	10,771	-	-	441,284
Culture and recreation	33,262	-	-	-	38,371
Capital improvements	951,053	-	-	-	951,053
Agencies	-	-	-	-	494,358
Debt Service	-	-	-	301,290	301,290
<b>Total Expenditures</b>	<u>1,283,782</u>	<u>10,771</u>	<u>-</u>	<u>301,290</u>	<u>3,371,256</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>271,054</u>	<u>46,661</u>	<u>1,161</u>	<u>9,787</u>	<u>421,822</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	1,000,000	-	1,000,000
Transfer in(out)	(429,185)	(55,000)	-	-	(484,185)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(429,185)</u>	<u>(55,000)</u>	<u>1,000,000</u>	<u>-</u>	<u>515,815</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>(158,131)</u>	<u>(8,339)</u>	<u>1,001,161</u>	<u>9,787</u>	<u>937,637</u>
<b>Fund Balances at Beginning of Year</b>	586,445	7,973	-	55,792	1,947,075
<b>Fund Balances at End of Year</b>	<u>\$ 428,314</u>	<u>\$ (366)</u>	<u>\$ 1,001,161</u>	<u>\$ 65,579</u>	<u>\$ 2,884,712</u>



**CALHOUN COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016**

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Local Sources</b>				
Taxes:				
Current	\$ 5,800,000	\$ 5,800,000	\$ 5,830,464	\$ 30,464
Delinquent	300,000	300,000	314,832	14,832
Fee in lieu of taxes - County	1,885,000	1,885,000	1,923,126	38,126
<b>Total Property Taxes</b>	<u>7,985,000</u>	<u>7,985,000</u>	8,068,422	83,422
Interest income	-	-	14,377	14,377
<b>Total Interest Income</b>	<u>-</u>	<u>-</u>	14,377	14,377
<b>Other Local Sources</b>				
Court income, fines and penalties	435,000	435,000	148,472	(286,528)
Fees of offices	344,250	344,250	330,224	(14,026)
EMS Service	590,000	590,000	543,815	(46,185)
Rent	82,843	82,843	94,985	12,142
Calhoun County Public Schools	102,250	102,250	108,574	6,324
Donations	17,000	17,000	36,249	19,249
Cultural Center	8,000	8,000	-	(8,000)
Miscellaneous	125,750	125,750	104,805	(20,945)
<b>Total Other Local Sources</b>	<u>1,705,093</u>	<u>1,705,093</u>	1,367,124	(337,969)
<b>Total Local Sources</b>	<u>9,690,093</u>	<u>9,690,093</u>	9,449,923	(240,170)

**CALHOUN COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016**

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>State Sources</b>				
Aid to Subdivisions	573,332	573,332	562,677	(10,655)
Accommodations Tax	145,000	145,000	172,268	27,268
Salary supplements:				
Clerk of Court	1,575	1,575	1,575	-
Judge of Probate	1,575	1,575	1,575	-
Sheriff	1,575	1,575	1,575	-
Coroner	1,575	1,575	1,575	-
SC Public Service	6,000	6,000	5,337	(663)
State Aid - Library	75,000	75,000	75,000	-
State Lottery	-	-	9,926	9,926
Arts Commission	-	-	575	575
Veteran Affairs officer	4,500	4,500	4,556	56
Election Commission	10,526	10,526	11,250	724
Solid Waste Tire Fee	5,000	5,000	7,323	2,323
<b>Total State Sources</b>	<b>825,658</b>	<b>825,658</b>	<b>855,212</b>	<b>29,554</b>
<b>Federal Sources</b>				
Emergency Management Performance	25,625	25,625	49,282	23,657
DSS - In Lieu of rent	35,000	35,000	37,170	2,170
DSS - Filing fees	-	-	7,200	7,200
<b>Total Federal Sources</b>	<b>60,625</b>	<b>60,625</b>	<b>93,652</b>	<b>33,027</b>
<b>TOTAL REVENUES</b>	<b>10,576,376</b>	<b>10,576,376</b>	<b>10,398,787</b>	<b>(177,589)</b>

**CALHOUN COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016**

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>EXPENDITURES</b>				
Administration	664,664	664,664	601,477	63,187
Public works	1,076,070	1,076,071	931,157	144,914
Public buildings	644,249	644,249	623,470	20,779
Finance and taxation	804,524	804,524	739,560	64,964
Judicial	675,797	675,527	667,660	7,867
Public safety	2,299,342	2,299,341	2,402,949	(103,608)
Health and welfare	2,036,865	2,036,865	2,035,089	1,776
Culture and recreation	744,009	744,009	716,978	27,031
Miscellaneous	646,110	646,119	562,578	83,541
Employee fringe benefits	2,863,903	2,863,903	2,533,408	330,495
Agencies	79,025	79,025	76,575	2,450
<b>TOTAL EXPENDITURES</b>	<u>12,534,558</u>	<u>12,534,297</u>	<u>11,890,901</u>	<u>643,396</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,958,182)</u>	<u>(1,957,921)</u>	<u>(1,492,114)</u>	<u>465,807</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of property	-	-	360,897	360,897
Bond proceeds	20,885	20,885	-	(20,885)
Lease proceeds	-	-	164,486	164,486
Transfer to/from Special Revenue Funds	665,000	665,000	755,000	90,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>685,885</u>	<u>685,885</u>	<u>1,280,383</u>	<u>594,498</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>\$ (1,272,297)</u>	<u>\$ (1,272,036)</u>	<u>(211,731)</u>	<u>\$ 1,060,305</u>
<b>Fund Balance at Beginning of Year, As Restated - Note 16</b>			<u>7,398,951</u>	
<b>Fund Balance at End of Year</b>			<u>\$ 7,187,220</u>	

CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2016

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Administration</b>				
Salaries	\$ 495,305	\$ 495,305	\$ 496,400	\$ (1,095)
Travel, members	16,000	16,500	15,769	731
Vehicle maintenance	2,000	400	-	400
Membership, dues, and meetings	4,500	4,600	4,581	19
Lower Savannah Council	11,381	11,381	11,381	-
SC Assoc. of Counties	6,478	6,478	6,477	1
Supplies and operating	14,500	15,522	15,522	-
Gasoline and oil	2,000	2,000	1,011	989
Telephone	10,000	10,000	8,655	1,345
Contract services	20,000	20,000	15,210	4,790
Oburg/Calhoun Transit Prog	10,000	10,000	-	10,000
Professional services	70,000	69,578	25,610	43,968
Legislative Delegation	2,000	2,000	-	2,000
Advertising	500	900	861	39
<b>TOTAL ADMINISTRATION</b>	<b>664,664</b>	<b>664,664</b>	<b>601,477</b>	<b>63,187</b>
<b>PUBLIC WORKS</b>				
<b>Roads, Repair, and Construction:</b>				
Salaries	229,295	229,295	192,632	36,663
Equipment maintenance	50,000	63,392	63,392	-
Supplies and operating	25,000	13,705	13,705	-
Gas, fuel, and oil	45,000	42,903	35,862	7,041
Telephone	1,500	1,500	964	536
	<b>350,795</b>	<b>350,795</b>	<b>306,555</b>	<b>44,240</b>
<b>Landfill:</b>				
Salaries	37,764	37,764	38,708	(944)
Supplies and operating	8,000	9,508	9,508	-
Telephone	1,400	1,400	1,338	62
Electricity	3,500	3,500	2,623	877
Equipment maintenance	30,000	30,000	33,911	(3,911)
Heat	1,200	1,200	484	716
Landfill closeout	25,000	25,000	20,614	4,386
Water	500	500	300	200
Gas, fuel, and oil	10,000	8,492	2,440	6,052
	<b>117,364</b>	<b>117,364</b>	<b>109,926</b>	<b>7,438</b>

CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2016

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Collections:</b>				
Salaries	212,811	212,811	202,126	10,685
Equipment maintenance	35,000	38,077	38,077	-
Supplies and operating	4,000	4,000	1,427	2,573
Gas, fuel, and oil	40,000	35,874	25,987	9,887
Contract service	290,000	290,000	217,889	72,111
Telephone	3,500	4,057	4,057	-
Electricity	14,000	14,485	14,485	-
Solid waste tire fee	-	-	3,875	(3,875)
Collection site maintenance	7,500	7,500	5,645	1,855
Water	1,100	1,108	1,108	-
	<u>607,911</u>	<u>607,912</u>	<u>514,676</u>	<u>93,236</u>
<b>TOTAL PUBLIC WORKS</b>	<u>1,076,070</u>	<u>1,076,071</u>	<u>931,157</u>	<u>144,914</u>
<b>PUBLIC BUILDINGS</b>				
Salaries	171,749	162,797	154,250	8,547
Supplies and operating	18,000	19,079	19,079	-
Telephone	1,500	2,536	(618)	3,154
Electricity	240,000	238,964	234,779	4,185
Water	15,000	15,000	14,386	614
Janitorial service	40,000	40,000	36,765	3,235
Heat	4,000	891	891	-
Building maintenance	56,000	58,763	58,763	-
Vehicle maintenance	5,000	5,670	5,670	-
Grounds maintenance	20,000	20,000	19,607	393
Copier contracts	26,000	28,009	28,009	-
Utilities - John Ford	32,000	41,298	41,298	-
Gas, fuel, and oil	15,000	11,242	10,591	651
	<u>644,249</u>	<u>644,249</u>	<u>623,470</u>	<u>20,779</u>
<b>TOTAL PUBLIC BUILDINGS</b>	<u>644,249</u>	<u>644,249</u>	<u>623,470</u>	<u>20,779</u>
<b>FINANCE AND TAXATION</b>				
<b>County Auditor:</b>				
Salaries	61,561	61,561	63,929	(2,368)
Travel and dues	1,500	1,500	538	962
Supplies and postage	2,250	2,250	2,232	18
Telephone	750	750	640	110
	<u>66,061</u>	<u>66,061</u>	<u>67,339</u>	<u>(1,278)</u>
<b>County Treasurer:</b>				
Salaries	92,801	92,801	95,374	(2,573)
Travel and dues	3,000	3,000	2,182	818
Supplies and postage	25,350	25,350	21,078	4,272
Telephone	350	350	291	59
	<u>121,501</u>	<u>121,501</u>	<u>118,925</u>	<u>2,576</u>

CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2016

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>County Tax Collector:</b>				
Salaries	59,072	59,072	50,658	8,414
Travel and dues	1,200	1,676	1,676	-
Supplies and postage	30,000	29,524	23,605	5,919
Telephone	150	150	79	71
Contract Service	20,000	20,000	16,590	3,410
	<u>110,422</u>	<u>110,422</u>	<u>92,608</u>	<u>17,814</u>
<b>County Tax Assessor:</b>				
Salaries	183,580	183,580	183,793	(213)
Travel and dues	4,500	4,500	3,404	1,096
Vehicle maintenance	1,500	1,500	508	992
Supplies and postage	12,762	12,762	7,177	5,585
Gasoline and oil	1,200	1,200	1,007	193
Telephone	1,000	1,000	622	378
Assessment Appeals Board	1,000	1,000	-	1,000
GIS Website Hosting/Admin Fees	7,200	7,200	753	6,447
Legal advertisement	500	500	-	500
	<u>213,242</u>	<u>213,242</u>	<u>197,264</u>	<u>15,978</u>
<b>Computer Service:</b>				
Salaries	41,718	41,718	43,323	(1,605)
Computer service	159,580	159,555	135,508	24,047
Wide area telephone network	77,000	77,025	77,025	-
Travel and training	3,000	3,000	997	2,003
On Line Access	12,000	12,000	6,571	5,429
	<u>293,298</u>	<u>293,298</u>	<u>263,424</u>	<u>29,874</u>
<b>TOTAL FINANCE AND TAXATION</b>	<u>804,524</u>	<u>804,524</u>	<u>739,560</u>	<u>64,964</u>
<b>JUDICIAL</b>				
<b>Clerk of Court:</b>				
Salaries	188,079	188,079	193,130	(5,051)
Travel and dues	2,250	2,250	1,414	836
Supplies and operating	13,000	13,315	13,315	-
Court expense	18,000	17,275	17,127	148
Contract services	24,000	24,000	19,226	4,774
Telephone	2,100	2,100	1,604	496
Child Support	-	410	410	-
Case management system	36,000	36,000	36,000	-
	<u>283,429</u>	<u>283,429</u>	<u>282,226</u>	<u>1,203</u>
<b>Judge of Probate:</b>				
Salaries	87,463	87,463	90,827	(3,364)
Travel and dues	2,500	1,992	1,917	75
Supplies	3,000	3,508	3,508	-
Telephone	700	700	294	406
	<u>93,663</u>	<u>93,663</u>	<u>96,546</u>	<u>(2,883)</u>

CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2016

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Magistrate - St. Matthews:</b>				
Salaries	92,859	92,589	99,903	(7,314)
Travel and dues	1,250	1,250	70	1,180
Court expense	7,500	7,500	2,400	5,100
Supplies and operating	4,000	4,000	3,281	719
Telephone	1,500	1,500	1,376	124
Rent	7,200	7,200	7,200	-
	<u>114,309</u>	<u>114,039</u>	<u>114,230</u>	<u>(191)</u>
<b>Magistrate - Cameron:</b>				
Salaries	28,892	28,311	21,457	6,854
Travel and dues	1,600	2,181	2,181	-
Supplies	1,000	1,000	864	136
Telephone	500	500	375	125
Rent	1,200	1,200	1,200	-
	<u>33,192</u>	<u>33,192</u>	<u>26,077</u>	<u>7,115</u>
<b>Magistrate - Sandy Run:</b>				
Salaries	32,542	32,542	32,416	126
Travel and dues	4,000	4,000	1,936	2,064
Telephone	3,400	3,400	3,138	262
Clerical	-	-	-	-
Vehicle Expense	500	500	409	91
Supplies and operating	2,500	2,500	1,878	622
	<u>42,942</u>	<u>42,942</u>	<u>39,777</u>	<u>3,165</u>
<b>Public Defender:</b>				
Contract funding	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
<b>Master-In-Equity:</b>				
Salaries	14,096	14,096	14,638	(542)
Supplies	2,166	2,166	2,166	-
	<u>16,262</u>	<u>16,262</u>	<u>16,804</u>	<u>(542)</u>
<b>Solicitor's Office:</b>				
Supplement	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
<b>TOTAL JUDICIAL</b>	<u>675,797</u>	<u>675,527</u>	<u>667,660</u>	<u>7,867</u>

CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2016

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>PUBLIC SAFETY</b>				
<b>County Sheriff:</b>				
Salaries	1,129,072	1,129,072	1,098,900	30,172
Travel and dues	4,500	6,381	6,381	-
Supplies and operating	44,000	44,249	44,249	-
Gasoline and oil	127,000	106,459	106,459	-
Uniforms	38,000	29,876	29,876	-
Telephone	30,000	25,597	25,501	96
Vehicle maintenance	44,000	53,558	53,558	-
Tactical aids	17,500	18,536	18,536	-
Contract service/custodial	12,550	12,550	11,367	1,183
Contract service/radio	20,000	40,343	40,343	-
Information service	2,000	2,000	1,500	500
Sheriff/Auto Allowance	14,400	14,400	-	14,400
Certification school	4,000	4,000	1,350	2,650
Capital Items	28,775	28,775	191,809	(163,034)
	<u>1,515,797</u>	<u>1,515,796</u>	<u>1,629,829</u>	<u>(114,033)</u>
<b>County Coroner:</b>				
Salaries	22,775	22,775	23,307	(532)
Travel and dues	1,500	2,138	2,138	-
Supplies and operating	2,500	1,912	1,817	95
Gasoline and oil	1,200	612	612	-
Vehicle maintenance	500	296	-	296
Contract service/radio	300	300	180	120
Post mortem and inquests	13,000	13,742	13,742	-
Indigent burial	800	357	-	357
Telephone	2,000	2,443	2,443	-
	<u>44,575</u>	<u>44,575</u>	<u>44,239</u>	<u>336</u>
<b>Emergency Management:</b>				
Salaries	26,647	26,647	31,356	(4,709)
Travel and dues	1,000	1,000	811	189
Supplies and operating	3,000	3,000	2,465	535
Telephone	3,000	3,000	2,989	11
Sat. phone / weather	1,000	1,000	203	797
Transmitter/towers/generators	25,000	25,000	14,191	10,809
LEPC	1,500	1,500	1,438	62
Internet	1,500	1,500	1,105	395
Special projects	2,000	2,000	-	2,000
	<u>64,647</u>	<u>64,647</u>	<u>54,558</u>	<u>10,089</u>
<b>Detention Center:</b>				
Contingent	-	-	-	-
O-C Detention Center	674,323	674,323	674,323	-
	<u>674,323</u>	<u>674,323</u>	<u>674,323</u>	<u>-</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>2,299,342</u>	<u>2,299,341</u>	<u>2,402,949</u>	<u>(103,608)</u>



CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2016

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>HEALTH AND WELFARE</b>				
<b>Health Department:</b>				
Supplies and operating	2,500	2,500	939	1,561
Contract services	500	500	274	226
Telephone	3,000	3,000	2,579	421
	<u>6,000</u>	<u>6,000</u>	<u>3,792</u>	<u>2,208</u>
<b>Emergency Medical Service:</b>				
Salaries	970,556	970,556	1,024,967	(54,411)
Travel and dues	8,000	8,000	7,860	140
Vehicle maintenance	40,000	38,928	33,447	5,481
Supplies and operating	85,000	93,572	93,572	-
Gasoline and oil	53,000	44,253	32,306	11,947
Telephone	9,500	10,355	10,355	-
Contract /Cardio Monitors	11,000	11,000	11,000	-
Contract service/radio	2,000	2,392	2,392	-
Medical control physician	4,800	4,800	4,800	-
Medical control physician insurance	7,000	7,000	6,452	548
Uniforms	8,000	8,000	7,883	117
Capital Items	-	-	10,568	(10,568)
Special projects	5,000	5,000	1,000	4,000
	<u>1,203,856</u>	<u>1,203,856</u>	<u>1,246,602</u>	<u>(42,746)</u>
<b>Council on Aging:</b>				
Grant match	<u>136,000</u>	<u>136,000</u>	<u>136,000</u>	<u>-</u>
<b>Department of Social Services:</b>				
Emergency fund	1,400	1,400	1,400	-
Telephone	7,100	7,100	4,247	2,853
	<u>8,500</u>	<u>8,500</u>	<u>5,647</u>	<u>2,853</u>
<b>Veteran Affairs Office:</b>				
Salaries	22,275	22,275	22,015	260
Travel and dues	1,400	1,461	1,731	(270)
Supplies and operating	800	739	739	-
Telephone	700	700	821	(121)
	<u>25,175</u>	<u>25,175</u>	<u>25,306</u>	<u>(131)</u>

CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2016

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Animal and Mosquito Control:</b>				
Salaries	90,872	90,872	89,147	1,725
Travel & dues	2,000	2,000	902	1,098
Vehicle expenses	1,800	1,800	1,287	513
Supplies and operating	12,000	12,000	9,117	2,883
Gasoline/Oil	8,000	7,764	5,953	1,811
Mosquito Supply	10,000	12,000	4,917	7,083
Telephone	3,500	3,736	3,736	-
Electricity	5,000	5,000	4,298	702
Heat	3,500	1,500	1,283	217
	136,672	136,672	120,640	16,032
<b>Litter &amp; Risk Management:</b>				
Salaries	67,320	67,320	65,580	1,740
Travel and dues	1,000	1,000	141	859
Vehicle expenses	2,000	2,000	946	1,054
Supplies and operating	1,200	1,200	473	727
Gasoline and oil	4,000	4,000	3,219	781
Telephone	1,000	1,000	848	152
	76,520	76,520	71,207	5,313
<b>E-911:</b>				
Travel and dues	1,500	1,874	1,874	-
Supplies and operating	15,000	14,626	14,046	580
Gasoline and oil	500	500	-	500
Telephone	200	200	113	87
	17,200	17,200	16,033	1,167
<b>Communications Center:</b>				
Salaries	399,742	399,742	390,162	9,580
Uniforms	2,000	2,000	1,611	389
Travel and training	1,500	1,500	373	1,127
Supplies and operating	7,500	7,041	4,716	2,325
Radio service contract	1,600	2,059	2,059	-
Telephone	8,400	8,752	8,752	-
Generator Svc. Contract	1,200	1,200	600	600
Contract services	5,000	4,648	1,589	3,059
	426,942	426,942	409,862	17,080
<b>TOTAL HEALTH AND WELFARE</b>	2,036,865	2,036,865	2,035,089	1,776

CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2016

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>CULTURE AND RECREATION</b>				
<b>County Library:</b>				
Salaries	316,967	316,967	315,146	1,821
Travel and dues	3,500	3,500	3,232	268
Supplies and operating	44,000	44,000	45,743	(1,743)
Gasoline and oil	3,000	3,000	1,274	1,726
Telephone	4,500	5,502	5,552	(50)
Copier & Supplies	2,700	2,700	2,134	566
Contract Serv/IT Support	3,000	3,000	2,057	943
State Aid expense	75,000	75,000	74,978	22
Lottery funds expense	-	-	9,926	(9,926)
Building maintenance/air conditioning	8,000	8,000	4,285	3,715
Vehicle maintenance	3,000	1,998	1,387	611
	<u>463,667</u>	<u>463,667</u>	<u>465,714</u>	<u>(2,047)</u>
<b>Historical Commission:</b>				
Salaries	135,904	135,904	129,774	6,130
Travel and dues	3,000	2,550	1,539	1,011
Supplies and operating	19,500	19,500	18,403	1,097
Telephone	1,200	1,650	1,560	90
Advertising	3,500	3,500	3,425	75
Ground Maintenance	6,600	6,600	6,449	151
Donation Expense	20,000	20,000	593	19,407
Salaries-Part Time	-	-	1,068	(1,068)
S. C. Arts -Expenditures	-	-	350	(350)
S. C. Arts Grant Match	11,000	11,000	9,008	1,992
	<u>200,704</u>	<u>200,704</u>	<u>172,170</u>	<u>28,534</u>
<b>Recreation:</b>				
Salaries	32,000	32,000	32,901	(901)
Recreation Commission	37,638	37,430	36,175	1,255
District 1	2,000	2,000	1,980	20
District 2	2,000	2,000	1,830	170
District 3	2,000	2,000	2,000	-
District 4	2,000	2,000	2,000	-
District 5	2,000	2,000	2,000	-
Lights, grounds maintenance	-	208	208	-
	<u>79,638</u>	<u>79,638</u>	<u>79,093</u>	<u>545</u>
<b>TOTAL CULTURE AND RECREATION</b>	<u>744,009</u>	<u>744,009</u>	<u>716,978</u>	<u>27,031</u>

CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2016

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>MISCELLANEOUS</b>				
<b>Board of Registration:</b>				
Salaries	90,000	90,000	87,879	2,121
Salaries-Part Time	-	-	5,211	(5,211)
Travel and dues	6,000	6,000	4,204	1,796
Supplies and operating	22,000	22,000	19,887	2,113
Legal fees	2,000	2,000	-	2,000
Telephone	500	500	318	182
	<u>120,500</u>	<u>120,500</u>	<u>117,499</u>	<u>3,001</u>
<b>Fort Motte Community Center Commission</b>	<u>-</u>	<u>-</u>	<u>245</u>	<u>(245)</u>
<b>Development Commission:</b>				
Travel and dues	1,200	1,200	2,411	(1,211)
Supplies and operating	250	250	725	(475)
Special events, advertising, and options	2,500	2,500	2,602	(102)
Lake Marion water fees	70,000	70,000	59,660	10,340
Central Alliance	72,000	72,000	72,000	-
	<u>145,950</u>	<u>145,950</u>	<u>137,398</u>	<u>8,552</u>
<b>Contingent</b>				
Contingent	75,000	75,000	1,380	73,620
Fuel Contingent	15,000	15,000	-	15,000
	<u>90,000</u>	<u>90,000</u>	<u>1,380</u>	<u>88,620</u>
<b>Building and Planning:</b>				
Salary	65,165	65,165	67,672	(2,507)
Board members	1,500	1,500	1,225	275
Travel Dues	1,000	1,000	595	405
Vehicle Expense	1,000	1,000	736	264
Supplies and operating	2,500	2,539	2,539	-
Gasoline and oil	3,200	3,170	2,345	825
Telephone	1,700	1,700	1,581	119
	<u>76,065</u>	<u>76,074</u>	<u>76,693</u>	<u>(619)</u>
<b>Other:</b>				
Donation expense	-	-	(103)	103
Tort liability insurance	155,000	155,000	151,996	3,004
Bank charges	4,000	4,000	8,600	(4,600)
Auditing county records	40,000	40,000	49,858	(9,858)
Bond premium	2,595	2,595	3,840	(1,245)
Clerical part time	2,000	2,000	-	2,000
Grant match	10,000	10,000	15,172	(5,172)
	<u>213,595</u>	<u>213,595</u>	<u>229,364</u>	<u>(15,769)</u>
<b>TOTAL MISCELLANEOUS</b>	<u>646,110</u>	<u>646,119</u>	<u>562,578</u>	<u>83,541</u>

CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2016

	Budgeted		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>EMPLOYEE FRINGE BENEFITS</b>				
HRA account	80,000	80,000	55,909	24,091
Unemployment	10,000	10,000	4,150	5,850
Social Security	426,145	426,145	392,569	33,576
Retirement	395,000	395,000	437,226	(42,226)
Police retirement/cnty	170,000	170,000	172,857	(2,857)
Health and life insurance	1,440,000	1,440,000	1,176,669	263,331
Worker's compensation insurance	232,758	232,758	211,840	20,918
Retirees/health insurance	110,000	110,000	82,187	27,813
<b>TOTAL EMPLOYEE FRINGE BENEFITS</b>	<u>2,863,903</u>	<u>2,863,903</u>	<u>2,533,408</u>	<u>330,495</u>
<b>AGENCIES</b>				
Alcohol&drug Abuse Commission	8,000	8,000	8,000	-
Mental Health	6,000	6,000	6,000	-
Indigent Hospitalization	42,825	42,825	42,825	-
Vocational Rehabilitation	2,500	2,500	1,250	1,250
OCAB Community Action	7,000	7,000	7,000	-
Santee Cooper Counties	500	500	500	-
Boys Clubs of America	1,200	1,200	-	1,200
Extension Leader and 4H Club Work	3,500	3,500	3,500	-
Soil and Water Conservation	5,000	5,000	5,000	-
The Samaritan House	1,000	1,000	1,000	-
Tri County CASA	1,500	1,500	1,500	-
<b>TOTAL AGENCIES</b>	<u>79,025</u>	<u>79,025</u>	<u>76,575</u>	<u>2,450</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 12,534,558</u>	<u>\$ 12,534,297</u>	<u>\$ 11,890,901</u>	<u>\$ 643,396</u>

CALHOUN COUNTY, SOUTH CAROLINA  
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
 JUNE 30, 2016

	Clerk of Court	Magistrate St. Matthews	Magistrate Sandy Run	Magistrate Cameron	School District	Master in Equity	Delinquent Tax	Judge of Probate	Total
<b>ASSETS</b>									
Cash	\$ 54,504	\$ 28,543	\$ 18,665	\$ 2,073	\$ 7,378,240	\$ 21,998	\$ 299,813	\$ 2,007	\$ 7,805,843
Property taxes receivable	-	-	-	-	898,531	-	-	-	898,531
Due from Others	1,255	25	-	-	-	-	-	-	1,280
<b>TOTAL ASSETS</b>	<b>\$ 55,759</b>	<b>\$ 28,568</b>	<b>\$ 18,665</b>	<b>\$ 2,073</b>	<b>\$ 8,276,771</b>	<b>\$ 21,998</b>	<b>\$ 299,813</b>	<b>\$ 2,007</b>	<b>\$ 8,705,654</b>
<b>LIABILITIES</b>									
Due to Trust Fund holders	\$ 55,759	\$ -	\$ -	\$ -	\$ 8,276,771	\$ 21,998	\$ 299,813	\$ -	\$ 8,654,341
Due to Treasurer	-	24,316	16,772	1,422	-	-	-	2,007	44,517
Outstanding Bonds Held for jurors	-	2,318	1,798	442	-	-	-	-	4,558
Due to Treasurer - cash overage (shortage) - Note 9	-	-	-	241	-	-	-	-	241
	-	1,934	95	(32)	-	-	-	-	1,997
<b>Total Liabilities</b>	<b>\$ 55,759</b>	<b>\$ 28,568</b>	<b>\$ 18,665</b>	<b>\$ 2,073</b>	<b>\$ 8,276,771</b>	<b>\$ 21,998</b>	<b>\$ 299,813</b>	<b>\$ 2,007.00</b>	<b>\$ 8,705,654</b>

**CALHOUN COUNTY, SOUTH CAROLINA  
FIDUCIARY FUNDS  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>CLERK OF COURT</b>				
<b>Assets</b>				
Cash	\$ 86,182	\$ -	\$ 31,678	\$ 54,504
Due from others	465	790	-	1,255
<b>Total Assets</b>	<u>\$ 86,647</u>	<u>\$ 790</u>	<u>\$ 31,678</u>	<u>\$ 55,759</u>
<b>Liabilities</b>				
Due to Trust Fund Holders	\$ 86,647		\$ 30,888	\$ 55,759
<b>Total Liabilities</b>	<u>\$ 86,647</u>	<u>\$ -</u>	<u>\$ 30,888</u>	<u>\$ 55,759</u>
<b>ST. MATTHEWS MAGISTRATE FUND</b>				
<b>Assets</b>				
Cash	\$ 35,689	\$ 232,203	\$ 239,349	\$ 28,543
Due from others	150	1,625	1,750	25
<b>Total Assets</b>	<u>\$ 35,839</u>	<u>\$ 233,828</u>	<u>\$ 241,099</u>	<u>\$ 28,568</u>
<b>Liabilities</b>				
Due to Treasurer	\$ 24,888	\$ -	\$ 572	\$ 24,316
Outstanding Bonds	7,368	-	5,050	2,318
Due to Trust Fund holders	399	-	399	-
Due to Treasurer - Cash overage (shortage) - Note 9	3,184	-	1,250	1,934
<b>Total Liabilities</b>	<u>\$ 35,839</u>	<u>\$ -</u>	<u>\$ 7,271</u>	<u>\$ 28,568</u>
<b>SANDY RUN MAGISTRATE FUND</b>				
<b>Assets</b>				
Cash	\$ 15,592	\$ 180,513	\$ 177,440	\$ 18,665
<b>Total Assets</b>	<u>\$ 15,592</u>	<u>\$ 180,513</u>	<u>\$ 177,440</u>	<u>\$ 18,665</u>
<b>Liabilities</b>				
Due to Treasurer	\$ 13,141	\$ 3,631	\$ -	\$ 16,772
Outstanding Bonds	1,763	35	-	1,798
Due to Treasurer - Cash overage (shortage) - Note 9	688	-	593	95
<b>Total Liabilities</b>	<u>\$ 15,592</u>	<u>\$ 3,666</u>	<u>\$ 593</u>	<u>\$ 18,665</u>

**CALHOUN COUNTY, SOUTH CAROLINA  
FIDUCIARY FUNDS  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>CAMERON MAGISTRATE FUND</b>				
<b>Assets</b>				
Cash	\$ 5,446	\$ 27,207	\$ 30,580	\$ 2,073
<b>Total Assets</b>	<u>\$ 5,446</u>	<u>\$ 27,207</u>	<u>\$ 30,580</u>	<u>\$ 2,073</u>
<b>Liabilities</b>				
Due to Treasurer	\$ 4,820	\$ -	\$ 3,398	\$ 1,422
Outstanding bonds	401	41	-	442
Held for jurors	225	16	-	241
Due to Treasurer - Cash overage (shortage) - Note 9	-	-	32	(32)
<b>Total Liabilities</b>	<u>\$ 5,446</u>	<u>\$ 57</u>	<u>\$ 3,430</u>	<u>\$ 2,073</u>
<b>DELINQUENT TAX FUND</b>				
<b>Assets</b>				
Cash	\$ 217,873	\$ 828,272	\$ 746,332	\$ 299,813
<b>Total Assets</b>	<u>\$ 217,873</u>	<u>\$ 828,272</u>	<u>\$ 746,332</u>	<u>\$ 299,813</u>
<b>Liabilities</b>				
Due to Trust Fund Holders	\$ 217,873	\$ 81,940	\$ -	\$ 299,813
Due to Treasurer	-	-	-	-
<b>Total Liabilities</b>	<u>\$ 217,873</u>	<u>\$ 81,940</u>	<u>\$ -</u>	<u>\$ 299,813</u>
<b>CALHOUN COUNTY SCHOOL DISTRICT FUND</b>				
<b>Assets</b>				
Cash	\$ 6,541,116	\$ 837,124	\$ -	\$ 7,378,240
Property taxes receivable	784,577	113,954	-	898,531
<b>Total Assets</b>	<u>\$ 7,325,693</u>	<u>\$ 951,078</u>	<u>\$ -</u>	<u>\$ 8,276,771</u>
<b>Liabilities</b>				
Due to Trust Fund Holders	\$ 7,325,693	\$ 951,078	\$ -	\$ 8,276,771
<b>Total Liabilities</b>	<u>\$ 7,325,693</u>	<u>\$ 951,078</u>	<u>\$ -</u>	<u>\$ 8,276,771</u>



CALHOUN COUNTY, SOUTH CAROLINA  
FIDUCIARY FUNDS  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>MASTER IN EQUITY</b>				
<b>Assets</b>				
Cash	\$ 22,040	\$ 205,110	\$ 205,152	\$ 21,998
<b>Total Assets</b>	<u>\$ 22,040</u>	<u>\$ 205,110</u>	<u>\$ 205,152</u>	<u>\$ 21,998</u>
<b>Liabilities</b>				
Due to Trust Fund Holders	\$ 22,040	\$ -	\$ 42	\$ 21,998
<b>Total Liabilities</b>	<u>\$ 22,040</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 21,998</u>
<b>JUDGE OF PROBATE</b>				
<b>Assets</b>				
Cash	\$ 3,118	\$ 2,007	\$ 3,118	\$ 2,007
<b>Total Assets</b>	<u>\$ 3,118</u>	<u>\$ 2,007</u>	<u>\$ 3,118</u>	<u>\$ 2,007</u>
<b>Liabilities</b>				
Due to Treasurer	\$ 3,118	\$ 2,007	\$ 3,118	\$ 2,007
<b>Total Liabilities</b>	<u>\$ 3,118</u>	<u>\$ 2,007</u>	<u>\$ 3,118</u>	<u>\$ 2,007</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 6,927,056	\$ 2,312,436	\$ 1,433,649	\$ 7,805,843
Property taxes receivable	784,577	113,954	-	898,531
Due from others	615	2,415	1,750	1,280
<b>Total Assets</b>	<u>\$ 7,712,248</u>	<u>\$ 2,428,805</u>	<u>\$ 1,435,399</u>	<u>\$ 8,705,654</u>
<b>Liabilities</b>				
Due to Treasurer	\$ 45,967	\$ 5,638	\$ 7,088	\$ 44,517
Outstanding Bonds	9,532	76	5,050	4,558
Due to Treasurer - Cash overage (shortage) - Note 9	3,872	-	1,875	1,997
Held for jurors	225	16	-	241
Due to Trust Fund holders	7,652,253	1,204,119	30,930	8,654,341
<b>Total Liabilities</b>	<u>\$ 7,711,849</u>	<u>\$ 1,209,849</u>	<u>\$ 44,943</u>	<u>\$ 8,705,654</u>

**CALHOUN COUNTY**  
**SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES**  
**SPECIAL REVENUE FUND - VICTIMS RIGHTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Clerk of Court	Magistrates	Total
<b>County Fines</b>			
Court fines collected	\$ 116,195	\$ 6,350	\$ 122,545
Court fines retained by County	<u>51,172</u>	<u>-</u>	<u>51,172</u>
Court fines remitted to the State Treasurer	<u>\$ 65,023</u>	<u>\$ 6,350</u>	<u>\$ 71,373</u>
<b>Court Assessments</b>			
Court assessments collected	\$ 6,833	\$ 152,172	\$ 159,005
Court assessments retained by County	<u>2,664</u>	<u>15,246</u>	<u>17,910</u>
Court assessments remitted to the State Treasurer	<u>\$ 4,169</u>	<u>\$ 136,926</u>	<u>\$ 141,095</u>
<b>Court Surcharges</b>			
Court surcharges collected	\$ 3,138	\$ 87,394	\$ 90,532
Court surcharges retained by County	<u>1,603</u>	<u>5,931</u>	<u>7,534</u>
Court surcharges remitted to State Treasurer	<u>\$ 1,535</u>	<u>\$ 81,463</u>	<u>\$ 82,998</u>
<b>Victims Services</b>			
Court assessments allocated to Victim Services	\$ 2,664	\$ 15,246	\$ 17,910
Court surcharges allocated to Victim Services	<u>1,603</u>	<u>5,931</u>	<u>7,534</u>
Funds available for carryforward	<u>\$ 4,267</u>	<u>\$ 21,177</u>	<u>\$ 25,444</u>
<b>Victims Assistance</b>			
Beginning Balance - July 1, 2015		\$ 32,833	
Funds available for carryforward		25,444	
Victims Services expenditures		<u>(37,750)</u>	
Ending Balance - June 30, 2016		<u>\$ 20,527</u>	

**CALHOUN COUNTY, SOUTH CAROLINA  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2016**

Real and Other Personal Property Assessed Value	\$ 55,499,496
Less: Exempt Property Assessed Value	<u>1,365,600</u>
Net Real Other Personal Property Assessed Value	54,133,896
Vehicles Assessed Value	<u>8,569,165</u>
Total Taxable Assessed Value	<u>62,703,061</u>
Debt Limit - Eight Percent (8%) of Total Taxable Assessed Value	5,016,245
Amount of Debt Applicable to Debt Limit: Total Bonded Debt	<u>                    </u>
<b>LEGAL DEBT MARGIN</b>	<u><u>\$ 5,016,245</u></u>

**CALHOUN COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF MISCELLANEOUS REVENUE  
FOR THE YEAR ENDED JUNE 30, 2016**

Discounts earned	\$ 13,156
Computer service reimbursement	11,297
Library - fax, fines, and postage	7,091
Miscellaneous	27,232
Landfill fees	25,133
Animal control fees	300
Sale of recycle goods	14,129
Equipment, supplies, and fax	<u>6,467</u>
 TOTAL MISCELLANEOUS REVENUE	 <u><u>\$ 104,805</u></u>

**CALHOUN COUNTY, SOUTH CAROLINA  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
JUNE 30, 2016**

<b>Tax Year</b>	<b>Delinquent Taxes</b>
2006	\$ 66,969
2007	49,497
2008	86,465
2009	88,785
2010	71,583
2011	78,045
2012	76,679
2013	91,145
2014	109,020
2015	599,691
Rollbacks	6,176
	<u>1,324,055</u>
<b>DELINQUENT TAXES RECEIVABLE, JUNE 30, 2016</b>	<b>\$ 1,324,055</b>
Delinquent taxes, June 30, 2015	\$ 1,143,242
Add executions, March 18, 2016	902,943
Supplementals	192,298
Less:	
Collections	865,395
Errors	40,505
Refunds	7,044
Nulla Bonaes	1,484
	<u>1,324,055</u>
<b>DELINQUENT TAXES RECEIVABLE, JUNE 30, 2016</b>	<b>\$ 1,324,055</b>
Distribution	
General Fund	\$ 520,568
Special Assessment Fund	28,038
Calhoun County School District	744,821
Capital Projects	4,863
Debt Service	25,765
	<u>1,324,055</u>
<b>TOTAL</b>	<b>\$ 1,324,055</b>

PARTNERS		ASSOCIATES				
C.C. McGregor, CPA 1906-1968	W.C. Stevenson, CPA	D.L. Richardson, CPA	D.K. Strickland, CPA	V.K. Laroche, CPA	G.P. Davis, CPA	H.S. Mims, CPA
	B.T. Kight, CPA	E.C. Inabinet, CPA	J.P. McGuire, CPA	G.N. Mundy, CPA	H.J. Darver, CPA	T. Solorzano, CPA
	G.D. Skipper, CPA	S.S. Luoma, CPA	L.H. Kelly, CPA	M.L. Layman, CPA	D.M. Herpel, CPA	C.W. Bolen, CPA
	L.R. Leaphart, Jr, CPA	T.M. McCall, CPA	J.R. Matthews II, CPA	P.A. Betette, Jr, CPA	H.O. Crider, Jr, CPA	C.A. Goessel, Jr., CPA
	M.J. Binnicker, CPA	H.D. Brown, Jr, CPA		S. Wo, CPA	F.C. Gillam, Jr, CPA	
	W.W. Francis, CPA	L.B. Salley, CPA		C.D. Hinchee, CPA	M.L. Goode, CPA	

## 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 County Council  
Calhoun County, South Carolina  
St. Matthews, 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Calhoun County, South Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Calhoun County, South Carolina's basic financial statements and have issued our report thereon dated February 10, 2017.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Calhoun 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 Calhoun County, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Calhoun County, South Carolina's internal control.

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. 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.

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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**  
(continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. 2016-1.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Calhoun 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*.

**Calhoun County's Response to Findings**

Calhoun County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Calhoun County'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.

McGuire & Co. LLP  
Orangeburg, South Carolina  
February 10, 2017

**CALHOUN COUNTY  
ST. MATTHEWS, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2016**

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

**Material Weakness**

**2016-1 Material Adjustments**

**Condition:** A material adjustment of \$169,844 had to be posted to the ledger to record a grant receivable for the C-Funds.

**Criteria:** Ledger balances should be reviewed for reasonableness to determine if all receivables are recorded to insure accuracy and proper cut-off.

**Effect:** Assets, net position/fund balance and changes in net position were understated.

**Recommendation:** Ledger account should be reviewed for accuracy and proper cut-off and corrections made when necessary. Requests for payment should be booked as receivables when the request is sent. Requests for payment should be filed and reviewed after submission to ensure that payments on requests are received. If payments are not received after a certain period, inquiry should be made with the funding source.

**County response:** The Finance Director will continue to work with the staff to ensure that receivables are recorded within the correct period. We will follow up on requests for payments in a timely manner.