

**TOWN OF WILLIAMSTON,  
SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**



**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

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**YEAR ENDED JUNE 30, 2017**

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**TOWN OF WILLIAMSTON,  
SOUTH CAROLINA**

**LISTING OF PRINCIPAL OFFICIALS**

Established

1852

MAYOR

Dr. R. Mack Durham

TOWN COUNCIL MEMBERS

Tony Hagood

Rockey Burgess

David R. Harvell

Chris Alexander

CLERK/TREASURER

Michelle Starnes





## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of Town Council  
Town of Williamston  
Williamston, South Carolina

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, and each major fund of the Town of Williamston, South Carolina, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the General Fund, and the pension plan schedules, as listed in the table of contents, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is 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 November 3, 2017 on our consideration of the Town'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 the Town's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
November 3, 2017

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### YEAR ENDED JUNE 30, 2017

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This discussion and analysis of the financial performance of the Town of Williamston (the "Town") provides an overview of the Town's financial activities for the year ended June 30, 2017. The intent of this discussion and analysis is to present the Town's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements and the supplemental schedules to enhance their understanding of the Town's financial performance.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$12,005,000 (net position). Of this amount, approximately \$2,260,000 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by approximately \$303,000, as revenues of approximately \$5,343,000 exceeded expenses of approximately \$5,040,000.
- As of the close of the current fiscal year, the Town's General Fund reported an ending fund balance of approximately \$2,106,000, a decrease of approximately \$87,000 compared to the prior year balance. The decrease was primarily due to expenditures of approximately \$3,123,000 exceeding revenues and other financing sources of approximately \$3,036,000.
- The unassigned fund balance for the General Fund was approximately \$1,932,000 or 62% of the General Fund expenditures for the current fiscal year.
- General Fund revenues and other financing sources were approximately \$3,036,000 for the current fiscal year compared to approximately \$2,857,000 in the prior fiscal year. The increase in revenues and other financing sources was primarily due to the receipt of \$224,000 in capital lease proceeds. General Fund expenditures were approximately \$3,123,000 for the current fiscal year compared to approximately \$2,678,000 in the prior fiscal year. The increase in expenditures was primarily due to higher capital outlay expenditures of approximately \$385,000.
- Water and sewer revenues were approximately \$2,517,000 in the current fiscal year compared to approximately \$2,121,000 in the prior fiscal year. The increase was primarily due to an increase in grant revenue of approximately \$434,000, offset by a decrease in charges for services of approximately \$38,000. Water and sewer expenses were approximately \$2,063,000 for the current fiscal year compared to approximately \$1,921,000 in the prior fiscal year. The increase in expenses was primarily due to higher operating expenses of approximately \$141,000.
- The Sewer Fund had unrestricted net position of approximately \$478,000 at June 30, 2017, which was an increase of approximately \$291,000 from the prior year balance of approximately \$187,000. This was primarily due to the fund's operating income of approximately \$133,000 in the current year. Restricted net position decreased approximately \$10,000 and the amount that was invested in capital assets increased approximately \$182,000.
- The Water Fund had an unrestricted net position of approximately \$1,459,000, which was an increase of approximately \$54,000 from the prior year. The amount that was invested in capital assets decreased approximately \$64,000.
- The Town's capital assets, net of depreciation, increased by approximately \$333,000 (3%) to approximately \$12,920,000 at June 30, 2017. The increase was due to capital asset additions of approximately \$952,000 (primarily related to utility system projects, and vehicles for the police and fire departments), partially offset by depreciation expense of approximately \$619,000.
- The Town's long-term indebtedness increased by approximately \$1,640,000 (47%) to approximately \$5,164,000 at June 30, 2017. This increase is due primarily to the Town obtaining two additional leases to purchase a fire truck and to fund the water meter upgrade project.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

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### OVERVIEW OF FINANCIAL STATEMENTS

This report consists of two parts – *Financial Section* (which includes management's discussion and analysis, the financial statements, required supplementary information, and other supplementary information), and *Compliance Section*.

#### Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town.

**Government-Wide Financial Statements.** These financial statements include two kinds of statements that present different views of the Town. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town 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 governmental activities of the Town include general government, public safety, public works and recreation. The business-type activities of the Town are its water and sewer operations.

**Fund Financial Statements.** The remaining financial statements are *fund financial statements* that focus on individual parts of the Town, reporting its operations in more detail than the government-wide 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. The Town, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the general statutes or the Town's budget ordinance. All of the funds of the Town can be divided into the following categories: governmental and proprietary 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 uses of spendable resources, as well as on balances of spendable resources available at the end of the period. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Change in Fund Balance provide a reconciliation to facilitate the comparison between the governmental fund and governmental activities.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

The Town maintains one type of governmental fund, which is the General Fund. Information is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenue, Expenditures, and Change in Fund Balance for this fund.

The Town maintains one type of proprietary fund, which is an enterprise fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses two enterprise funds to account for its water and sewer operations.

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

**Other Information**

In addition to the financial statements, this report includes certain required supplementary information. The Town adopts an annual budget for its General Fund, as required by State statutes. A required budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Other supplementary information referred to in the table of contents is presented immediately following the required supplementary information.

Major Features of the Town’s Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Fund	Proprietary Funds
Scope	Entire Town government.	The activities of the Town that are not proprietary.	Activities the Town operates similar to private businesses.
Required financial statements	<ul style="list-style-type: none"> <li>▪ Statement of Net Position</li> <li>▪ Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Balance Sheet</li> <li>▪ Statement of Revenues, Expenditures, and Change in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statement of Net Position</li> <li>▪ Statement of Revenues, Expenses, and Changes in Net Position</li> <li>▪ Statement of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of balance sheet information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the period or soon thereafter; no capital assets included or long-term obligations are included.	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during the fiscal year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the fiscal year; expenditures when goods or services have been received and payment is due during the fiscal year or soon thereafter.	All revenues and expenses during fiscal year, regardless of when cash is received or paid.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by approximately \$12,005,000 at June 30, 2017.

This table provides a summary of the Town's net position as of June 30, 2017 and 2016:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and Other Assets	\$ 2,452,110	2,363,945	4,682,427	2,814,204	7,134,537	\$ 5,178,149
Capital Assets, Net	1,912,385	1,676,879	11,007,747	10,910,159	12,920,132	12,587,038
<b>Total Assets</b>	<b>4,364,495</b>	<b>4,040,824</b>	<b>15,690,174</b>	<b>13,724,363</b>	<b>20,054,669</b>	<b>17,765,187</b>
<b>Deferred Outflows of Resources</b>						
Deferred Pension Charges	522,144	210,605	147,005	64,818	669,149	275,423
<b>Liabilities</b>						
Other Liabilities	256,567	96,005	265,821	250,080	522,388	346,085
Net Pension Obligation	2,166,305	1,748,685	800,564	666,110	2,966,869	2,414,795
Long-Term Obligations	302,427	93,922	4,924,964	3,480,598	5,227,391	3,574,520
<b>Total Liabilities</b>	<b>2,725,299</b>	<b>1,938,612</b>	<b>5,991,349</b>	<b>4,396,788</b>	<b>8,716,648</b>	<b>6,335,400</b>
<b>Deferred Inflows of Resources</b>						
Deferred Pension Credits	1,029	1,457	869	1,191	1,898	2,648
<b>Net Position</b>						
Net Investment in Capital Assets	1,662,805	1,626,110	7,555,755	7,437,163	9,218,560	9,063,273
Restricted	174,408	142,811	352,504	362,472	526,912	505,283
Unrestricted	323,098	542,439	1,936,702	1,591,567	2,259,800	2,134,006
<b>Total Net Position</b>	<b>\$ 2,160,311</b>	<b>2,311,360</b>	<b>9,844,961</b>	<b>9,391,202</b>	<b>12,005,272</b>	<b>\$ 11,702,562</b>

Net position of the Town's governmental activities decreased by approximately \$151,000, or 7%. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by approximately \$219,000 to approximately \$323,000 at June 30, 2017. The decrease in unrestricted net position is primarily due to the change in net position. The change in deferred outflows of resources and deferred inflows of resources was due to the Town adjusting their net pension obligation to the June 30, 2017 balance.

Net position of the Town's business-type activities increased by approximately \$454,000, or 5%. The Town's business-type activities unrestricted net position was approximately \$1,937,000 at June 30, 2017 and was comprised of approximately \$1,459,000 for water operations and approximately \$478,000 for sewer operations. The increase in unrestricted net position is primarily due to the change in net position. The change in deferred outflows of resources and deferred inflows of resources was due to the Town adjusting their net pension obligation to the June 30, 2017 balance.

The largest portion of the Town's net position (approximately \$9,219,000 or 77%) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) net of accumulated depreciation less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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 generally be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The Town's net investment in capital assets, increased by approximately \$155,000 during the current fiscal year primarily due to capital asset additions of \$952,000 and debt repayments of approximately \$84,000, offset by depreciation expense of approximately \$619,000 and a new lease of approximately \$224,000.

During the current fiscal year, the Town's long-term obligations increased by approximately \$1,653,000. This increase is due to the Town obtaining two additional leases, partially offset by regularly scheduled principal payments on its outstanding debt.

This table shows the changes in net position for the years ended June 30, 2017 and 2016:

	Governmental Activities		Business-Type Activities		Total	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	6/30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 456,372	397,608	2,082,965	2,120,773	2,539,337	\$ 2,518,381
Operating Grants	15,028	109,644	-	-	15,028	109,644
Capital Grants	13,733	83,229	433,469	-	447,202	83,229
<b>General Revenues:</b>						
Property and Other Taxes	1,427,569	1,418,507	-	-	1,427,569	1,418,507
Other	913,716	863,196	83	31	913,799	863,227
Total Revenues	2,826,418	2,872,184	2,516,517	2,120,804	5,342,935	4,992,988
<b>Program Expenses:</b>						
General Government	562,717	587,332	-	-	562,717	587,332
Public Safety	1,270,206	1,390,661	-	-	1,270,206	1,390,661
Public Works	716,858	514,598	-	-	716,858	514,598
Recreation	426,899	414,679	-	-	426,899	414,679
Interest and Other Charges	787	1,171	-	-	787	1,171
Water and Sewer	-	-	2,062,758	1,920,883	2,062,758	1,920,883
Total Expenses	2,977,467	2,908,441	2,062,758	1,920,883	5,040,225	4,829,324
<b>Change in Net Position</b>	(151,049)	(36,257)	453,759	199,921	302,710	163,664
Net Position, Beginning of Year	2,311,360	2,347,617	9,391,202	9,191,281	11,702,562	11,538,898
<b>Net Position, End of Year</b>	\$ 2,160,311	2,311,360	9,844,961	9,391,202	12,005,272	\$ 11,702,562

**Governmental Activities.** The Town's net position decreased during the current fiscal year by approximately \$151,000 or 7%. In the prior year, the Town's net position decreased by approximately \$36,000. The difference in the results between the two years was the result of lower revenues of approximately \$46,000 and higher expenses of approximately \$69,000 primarily due to higher public works expenses (\$202,000) and lower public safety expenses (\$121,000).

**Business-Type Activities.** The Town's net position increased during the current fiscal year by approximately \$454,000 or 5%, compared to an increase of approximately \$200,000 in the prior year. The difference in the results between the two years was primarily the result of higher revenues of approximately \$396,000, primarily due to capital grants (\$434,000), offset by lower charges for services (\$38,000) and higher expenses of approximately \$142,000.

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

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#### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

##### **Governmental Fund**

The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At June 30, 2017, the Town's General Fund reported an ending fund balance of approximately \$2,106,000. Of this amount, approximately \$1,932,000 is unassigned fund balance, which is available for spending at the government's discretion.

General Fund revenues were approximately \$2,809,000 in the current fiscal year, a decrease of approximately \$43,000 compared to the prior year total of approximately \$2,852,000. As with most municipalities in the State of South Carolina, the Town is dependent on local property taxes to pay for many of the services provided to its citizens. The current millage rate for local property taxes is 110.0 mills. The assessed value is 4% of market value for residential property, 6% for commercial property, and 10.5% for industrial property. Local property taxes accounted for 37% (approximately \$1,051,000) of total General Fund revenue during the current fiscal year, a decrease of approximately \$6,000 compared to the prior year.

General Fund expenditures were approximately \$3,123,000 in the current fiscal year, an increase of approximately \$445,000 compared to the prior year total of approximately \$2,678,000. The increase was primarily due to higher capital outlay expenditures of approximately \$385,000, higher public safety expenditures of approximately \$43,000, higher public works expenditures of approximately \$20,000, and higher recreation expenditures of approximately \$19,000; offset by lower general government expenditures of approximately \$22,000.

##### **Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Net Position of the Water and Sewer Enterprise Funds at June 30, 2017 amounted to approximately \$9,845,000. Please see the earlier discussion of the Town's business-type activities change in net position in the government-wide financial analysis section of this MD&A for more information.

##### **General Fund Budgetary Highlights**

The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison schedules are included for the governmental fund and the proprietary funds. These statements compare the original adopted budget, the final budget, and the actual revenues and expenditures for the fiscal year. Amendments to the adopted budget may occur throughout the year in a legally permissible manner.

Actual revenues of approximately \$2,809,000 for the General Fund were approximately \$187,000 higher than the budget, primarily due to higher than budgeted hospitality taxes, licenses and permits and other charges for services. Actual expenditures of approximately \$3,123,000 were approximately \$499,000 higher than the budget, primarily due to higher than budgeted capital outlay expenditures and slight overages in general government, public safety, and public works.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2017, the Town had approximately \$12,920,000 in capital assets, net of accumulated depreciation. This following table shows the capital asset balances (net of depreciation) for June 30, 2017 compared to June 30, 2016:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 226,000	188,000	372,667	372,667	598,667	\$ 560,667
Construction in Progress	-	-	56,512	-	56,512	-
Buildings and Improvements	251,443	274,344	75,710	79,403	327,153	353,747
Motor Vehicles	606,066	330,857	22,596	28,377	628,662	359,234
Equipment	186,904	165,536	118,034	143,019	304,938	308,555
Infrastructure / Utility Systems	641,972	718,142	10,362,228	10,286,693	11,004,200	11,004,835
Totals	\$ 1,912,385	1,676,879	11,007,747	10,910,159	12,920,132	\$ 12,587,038

The major capital asset transactions for the Town during the current fiscal year were as follows:

- Depreciation expense of approximately \$619,000.
- Land purchases of approximately \$38,000.
- Equipment purchases of approximately \$58,000.
- Purchase of vehicles for approximately \$356,000.
- Utility systems projects for approximately \$443,000.
- Construction in progress for approximately \$57,000.

See the notes to the financial statements for additional information regarding the Town's capital assets.

**Long-Term Obligations**

As of June 30, 2017, the Town had total long-term obligations of approximately \$5,227,000, as detailed below. The following table presents a summary of the Town's outstanding long-term obligations for June 30, 2017 compared to June 30, 2016:

Long-Term Obligations	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
2014 Capital Lease	\$ 25,580	50,769	-	-	25,580	\$ 50,769
2017 Fire Truck Lease	224,000	-	-	-	224,000	-
2017 Water Meter Lease	-	-	1,500,000	-	1,500,000	-
2010A Series Revenue Bond	-	-	926,500	942,520	926,500	942,520
2010B Series Revenue Bond	-	-	2,487,543	2,530,476	2,487,543	2,530,476
Compensated Absences	52,847	43,153	10,921	7,602	63,768	50,755
Totals	\$ 302,427	93,922	4,924,964	3,480,598	5,227,391	\$ 3,574,520

The major long-term obligation events for the current period included the following:

- Capital lease for \$224,000 for the purchase of a fire truck.
- Capital lease for \$1,500,000 for the water meter upgrade project.
- Scheduled principal payments of approximately \$84,000 during the current fiscal year.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Long-Term Obligations (Continued)**

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The Town's statutory debt limit at June 30, 2017 was approximately \$799,000. The Town had no general obligation debt subject to this limitation at June 30, 2017.

See the notes to the financial statements for additional information regarding the Town's long-term obligations.

**ECONOMIC FACTORS**

Economic factors that were considered in preparing the fiscal year 2017 budget were as follows:

- In fiscal year 2017, the Town did not annex any additional properties. There are approximately 4,100 residents living in the Town, which is in Anderson County (population of approximately 193,000). There has been little population growth in the Town since 2000 (approximately 4%).
- The median home cost in Williamston is approximately \$92,000, with no appreciation in the last year.
- Compared to the rest of the country, Williamston's cost of living is significantly lower than the US average.

The Town's fiscal year 2018 General Fund budget is approximately \$2,782,000, which is a decrease of approximately \$341,000 from fiscal year 2017 actual expenditures and an increase of approximately \$159,000 from the fiscal year 2017 budgeted expenditures. The Town will continue to closely monitor and address the revenues and expenditures.

**REQUESTS FOR INFORMATION**

This report is designed to provide a general overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Mayor, Town of Williamston, 12 West Main Street, Williamston, SC 29697 or 864-847-7473.

# Basic Financial Statements

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2017

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,708,536	2,598,895	\$ 4,307,431
Restricted Cash and Cash Equivalents	174,408	1,814,555	1,988,963
Investments	289,211	-	289,211
Property Taxes Receivable, Net	95,133	-	95,133
Accounts Receivable, Net	153,005	186,278	339,283
Unbilled Revenues	-	82,699	82,699
Due from Other Governments	31,817	-	31,817
Capital Assets:			
Non-Depreciable	226,000	429,179	655,179
Depreciable, Net	1,686,385	10,578,568	12,264,953
<b>TOTAL ASSETS</b>	<b>4,364,495</b>	<b>15,690,174</b>	<b>20,054,669</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges	<b>522,144</b>	<b>147,005</b>	<b>669,149</b>
<b>LIABILITIES</b>			
Accounts Payable	236,927	61,368	298,295
Accrued Salaries and Fringe Benefits	19,640	4,466	24,106
Accrued Sludge Removal	-	16,000	16,000
Accrued Capacity Encroachment	-	37,064	37,064
Deposits	-	146,923	146,923
Non-Current Liabilities:			
Net Pension Liability	2,166,305	800,564	2,966,869
Long-Term Obligations - Due Within One Year	78,701	197,539	276,240
Long-Term Obligations - Due in More Than One Year	223,726	4,727,425	4,951,151
<b>TOTAL LIABILITIES</b>	<b>2,725,299</b>	<b>5,991,349</b>	<b>8,716,648</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits	<b>1,029</b>	<b>869</b>	<b>1,898</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,662,805	7,555,755	9,218,560
Restricted For:			
Cemetery Fund	52,722	-	52,722
Victim's Assistance	18,347	-	18,347
Debt Service	-	351,003	351,003
Grant Proceeds for Sewer Construction	-	1,501	1,501
Envision Williamston	26,563	-	26,563
Other	76,776	-	76,776
Unrestricted	323,098	1,936,702	2,259,800
<b>TOTAL NET POSITION</b>	<b>\$ 2,160,311</b>	<b>9,844,961</b>	<b>\$ 12,005,272</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
General Government	\$ 562,717	-	-	-	(562,717)	-	\$ (562,717)
Public Safety	1,270,206	192,613	5,028	13,733	(1,058,832)	-	(1,058,832)
Public Works	716,858	194,096	-	-	(522,762)	-	(522,762)
Recreation	426,899	69,663	10,000	-	(347,236)	-	(347,236)
Interest and Other Charges	787	-	-	-	(787)	-	(787)
<b>Total Governmental Activities</b>	<b>2,977,467</b>	<b>456,372</b>	<b>15,028</b>	<b>13,733</b>	<b>(2,492,334)</b>	<b>-</b>	<b>(2,492,334)</b>
Business-Type Activities:							
Water	1,036,341	1,026,486	-	-	-	(9,855)	(9,855)
Sewer	1,026,417	1,056,479	-	433,469	-	463,531	463,531
<b>Total Business-Type Activities</b>	<b>2,062,758</b>	<b>2,082,965</b>	<b>-</b>	<b>433,469</b>	<b>-</b>	<b>453,676</b>	<b>453,676</b>
<b>TOTAL - PRIMARY GOVERNMENT</b>	<b>\$ 5,040,225</b>	<b>2,539,337</b>	<b>15,028</b>	<b>447,202</b>	<b>(2,492,334)</b>	<b>453,676</b>	<b>(2,038,658)</b>
General Revenues:							
Taxes:							
Property Taxes					1,191,430	-	1,191,430
Hospitality Taxes					236,139	-	236,139
Franchise Fees					354,302	-	354,302
Intergovernmental Revenue					90,102	-	90,102
Licenses and Permits					374,568	-	374,568
Miscellaneous Revenue					89,731	-	89,731
Investment Income					1,680	83	1,763
Gain on Disposal of Capital Assets					3,333	-	3,333
<b>Total General Revenues</b>					<b>2,341,285</b>	<b>83</b>	<b>2,341,368</b>
<b>CHANGE IN NET POSITION</b>					<b>(151,049)</b>	<b>453,759</b>	<b>302,710</b>
NET POSITION, Beginning of Year					2,311,360	9,391,202	11,702,562
<b>NET POSITION, End of Year</b>					<b>\$ 2,160,311</b>	<b>9,844,961</b>	<b>\$ 12,005,272</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2017

	<b>GENERAL FUND</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,708,536
Cash and Cash Equivalents - Restricted	174,408
Investments	289,211
Receivables, Net:	
Property Taxes	95,133
Accounts	153,005
Due from State Agencies	31,817
<b>TOTAL ASSETS</b>	<b><u>\$ 2,452,110</u></b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 236,927
Accrued Salaries and Fringe Benefits	19,640
<b>TOTAL LIABILITIES</b>	<b><u>256,567</u></b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	89,325
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>89,325</u></b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>345,892</u></b>
 <b>FUND BALANCE</b>	
Restricted for:	
Cemetery Fund	52,722
Victim's Assistance	18,347
Envision Williamston	26,563
Other	76,776
Unassigned:	
General Fund	1,931,810
<b>TOTAL FUND BALANCE</b>	<b><u>2,106,218</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b><u>\$ 2,452,110</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2017**

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<b>TOTAL FUND BALANCE - GOVERNMENTAL FUND</b>	<b>\$ 2,106,218</b>
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund. The cost of the assets was \$6,826,626, and accumulated depreciation was \$4,914,241.	1,912,385
Property taxes in the Statement of Net Position will be collected this year, but are not available soon enough to pay for the current fiscal year's expenditures, and therefore are unavailable in the governmental fund.	89,325
The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(1,645,190)
Long-term liabilities are not due or payable in the current period and therefore are not reported as liabilities in the governmental fund. Long-term liabilities consisted of the following:	
Lease payable	(249,580)
Compensated absences (vacation)	(52,847)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 2,160,311</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -  
GOVERNMENTAL FUND

YEAR ENDED JUNE 30, 2017

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Property Taxes	\$ 1,051,335
Hospitality Taxes	236,139
Homestead Exemption	88,463
Manufacturer's Exemption	29,953
Merchant's Inventory	7,207
Franchise Fees	354,302
Licenses and Permits	374,568
Intergovernmental	90,102
Fines and Forfeitures	26,242
Sanitation Collection Fees	194,096
Charges for Services	69,663
Resource Officers	166,370
Investment Income	1,680
Grants	28,761
Other	89,731
<b>TOTAL REVENUES</b>	<b><u>2,808,612</u></b>
<b>EXPENDITURES</b>	
Current:	
General Government	541,354
Public Safety	1,241,171
Public Works	427,118
Recreation	382,883
Capital Outlay	504,312
Debt Service:	
Principal	25,189
Interest and Fiscal Charges	787
<b>TOTAL EXPENDITURES</b>	<b><u>3,122,814</u></b>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<b><u>(314,202)</u></b>
<b>OTHER FINANCING SOURCES</b>	
Lease Proceeds	224,000
Proceeds from the Sale of Capital Assets	3,333
<b>TOTAL OTHER FINANCING SOURCES</b>	<b><u>227,333</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(86,869)</b>
FUND BALANCE, Beginning of Year	<u>2,193,087</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 2,106,218</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2017**

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**NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND** **\$ (86,869)**

Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. This amount is the change in unavailable revenue - property taxes for the year.	14,472
Repayment of long-term note principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position.	25,189
Proceeds from a capital lease provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(224,000)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the change in compensated absences for the year.	(9,694)
Changes in the Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(105,653)
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which current year additions of \$451,946 exceeded depreciation of \$216,440.	<u>235,506</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (151,049)**

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS - ENTERPRISE FUNDS

JUNE 30, 2017

	WATER FUND	SEWER FUND	TOTAL
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,842,880	756,015	\$ 2,598,895
Restricted Cash and Cash Equivalents	1,462,051	352,504	1,814,555
Accounts Receivables, Net	96,971	89,307	186,278
Unbilled Revenues	41,778	40,921	82,699
Total Current Assets	<u>3,443,680</u>	<u>1,238,747</u>	<u>4,682,427</u>
Noncurrent Assets:			
Non-Depreciable Capital Assets	307,928	121,251	429,179
Depreciable Capital Assets, Net	1,016,061	9,562,507	10,578,568
Total Noncurrent Assets	<u>1,323,989</u>	<u>9,683,758</u>	<u>11,007,747</u>
<b>TOTAL ASSETS</b>	<b><u>4,767,669</u></b>	<b><u>10,922,505</u></b>	<b><u>15,690,174</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges	<u>85,209</u>	<u>61,796</u>	<u>147,005</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	57,293	4,075	61,368
Accrued Salaries and Fringe Benefits	2,265	2,201	4,466
Accrued Sludge Removal	-	16,000	16,000
Accrued Capacity Encroachment	-	37,064	37,064
Deposits	75,526	71,397	146,923
Compensated Absences - Current Portion	4,249	1,430	5,679
Revenue Bonds Payable - Current Portion	-	57,787	57,787
Capital Lease Payable - Current Portion	134,073	-	134,073
Total Current Liabilities	<u>273,406</u>	<u>189,954</u>	<u>463,360</u>
Noncurrent Liabilities:			
Compensated Absences - Noncurrent Portion	3,922	1,320	5,242
Revenue Bonds Payable - Noncurrent Portion	-	3,356,256	3,356,256
Capital Lease Payable - Noncurrent Portion	1,365,927	-	1,365,927
Net Pension Liability	464,033	336,531	800,564
Total Noncurrent Liabilities	<u>1,833,882</u>	<u>3,694,107</u>	<u>5,527,989</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,107,288</u></b>	<b><u>3,884,061</u></b>	<b><u>5,991,349</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits	<u>504</u>	<u>365</u>	<u>869</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,286,040	6,269,715	7,555,755
Restricted for Debt Service	-	351,003	351,003
Restricted Grant Proceeds for Sewer Construction	-	1,501	1,501
Unrestricted	1,459,046	477,656	1,936,702
<b>TOTAL NET POSITION</b>	<b><u>\$ 2,745,086</u></b>	<b><u>7,099,875</u></b>	<b><u>\$ 9,844,961</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS - ENTERPRISE FUNDS

YEAR ENDED JUNE 30, 2017

	WATER FUND	SEWER FUND	TOTAL
<b>OPERATING REVENUES</b>			
Charges for Services:			
Water Services	\$ 979,171	-	\$ 979,171
Sewer Services	-	928,806	928,806
Leachate Treatment	-	107,800	107,800
Other Fees and Miscellaneous Revenues	47,315	19,873	67,188
<b>TOTAL OPERATING REVENUES</b>	<b>1,026,486</b>	<b>1,056,479</b>	<b>2,082,965</b>
<b>OPERATING EXPENSES</b>			
Water Operations	1,036,341	-	1,036,341
Sewer Operations	-	923,609	923,609
<b>TOTAL OPERATING EXPENSES</b>	<b>1,036,341</b>	<b>923,609</b>	<b>1,959,950</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(9,855)</b>	<b>132,870</b>	<b>123,015</b>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Grant Revenue	-	433,469	433,469
Investment Income	51	32	83
Interest Expense	-	(102,808)	(102,808)
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<b>51</b>	<b>330,693</b>	<b>330,744</b>
<b>CHANGE IN NET POSITION</b>	<b>(9,804)</b>	<b>463,563</b>	<b>453,759</b>
NET POSITION, Beginning of Year	2,754,890	6,636,312	9,391,202
<b>NET POSITION, End of Year</b>	<b>\$ 2,745,086</b>	<b>7,099,875</b>	<b>\$ 9,844,961</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - ENTERPRISE FUNDS

YEAR ENDED JUNE 30, 2017

	WATER FUND	SEWER FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers and Other Revenues	\$ 1,021,328	1,056,682	\$ 2,078,010
Cash Payments for Goods and Services	(712,145)	(557,074)	(1,269,219)
Cash Payments to Employees	(128,136)	(92,781)	(220,917)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>181,047</b>	<b>406,827</b>	<b>587,874</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets	(48,512)	(443,471)	(491,983)
Grant Revenue	-	433,469	433,469
Proceeds from Capital Lease	1,500,000	-	1,500,000
Principal Payments on Revenue Bonds	-	(58,953)	(58,953)
Interest Payments	-	(102,808)	(102,808)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>1,451,488</b>	<b>(171,763)</b>	<b>1,279,725</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Income on Investments	51	32	83
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>51</b>	<b>32</b>	<b>83</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,632,586</b>	<b>235,096</b>	<b>1,867,682</b>
CASH AND CASH EQUIVALENTS, Beginning of Year	1,672,345	873,423	2,545,768
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 3,304,931</b>	<b>1,108,519</b>	<b>\$ 4,413,450</b>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (9,855)	132,870	\$ 123,015
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	82,360	320,035	402,395
Change in:			
Accounts Receivable, Net	(597)	2,648	2,051
Unbilled Revenue	(1,408)	(1,184)	(2,592)
Accounts Payable	6,504	4,013	10,517
Accrued Salaries and Fringe Benefits	313	1,326	1,639
Deposits	(3,153)	(1,262)	(4,415)
Compensated Absences	742	2,577	3,319
Net Pension Liability	161,995	(27,541)	134,454
Deferred Pension Charges	(55,818)	(26,369)	(82,187)
Deferred Pension Credits	(36)	(286)	(322)
Net Cash Provided by Operating Activities	\$ 181,047	406,827	\$ 587,874
Non-Cash Investing, Capital and Financing Activities:			
Acquisition of Capital Assets Not Yet Paid For	\$ 8,000	-	\$ 8,000

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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The Town of Williamston (the "Town") is an incorporated municipality located in Anderson County, South Carolina. It was established in 1852. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. Accordingly, the Town operates under a mayor-council form of government. The Town council is composed of a mayor and four council members ("Council").

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. The Reporting Entity

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

As required by GAAP, the financial statements present the Town's financial information with its component units, if applicable. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Town both appoints a voting majority of the entity's governing body, and either 1) the Town is able to impose its will on the entity or 2) there is a potential for the entity to provide specific financial benefits to or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the Town having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Town; and (c) issue bonded debt without approval by the Town. An entity has a financial benefit or burden relationship with the Town if, for example, any one of the following conditions exists: (a) the Town is legally entitled to or can otherwise access the entity's resources, (b) the Town is legally obligated or has otherwise assumed the obligation to finance the deficits or provide financial support to the entity, or (c) the Town is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the Town's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Town.

**Blended Component Unit:** Envision Williamston was incorporated as a nonprofit entity in 2015 to (1) provide consultation, deliberation, or advice on the promotion of the historic preservation, protection, and use of the Town's traditional public areas, including the Town's commercial, civic, and religious enterprises and residences and to (2) encourage public and private partnerships and to be an incubator for new approaches to community and economic development.

Envision Williamston's executive director is employed by the Town, and its board includes the Mayor of the Town and a Town Council member. The Town also provided all of Envision Williamston's funding in the current year. Therefore, Envision Williamston's financial information is blended with that of the Town in these financial statements. The activity of Envision Williamston is included in the General Fund of the Town and any remaining balances are shown as restricted fund balance.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

**Major Operations**

All activities for which the Council exercises oversight responsibility have been incorporated into the financial statements to form the reporting entity. The Town's financial statements include the accounts of all Town operations, including, but not limited to, general operations and supporting services, public safety (police and fire), streets, sanitation, recreation, water and sewer services.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

**Government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current period. For this purpose, the government considers its revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following fund types and major funds are used by the Town.

**Governmental Fund Types** are those through which most governmental functions of the Town are financed. The Town's expendable financial resources and related assets and liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

The following is the Town's only governmental fund type:

The **General Fund, a major fund**, is the general operating fund of the Town and accounts for all revenues and expenditures of the Town except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any unreserved, unassigned or uncommitted fund balance is considered a resource available for use.

**Proprietary Fund Types** are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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. Proprietary fund types include the following funds:

**Enterprise Funds** are used to account for operations (a) that are financed and operated in a manner similar to private business 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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Town has two enterprise funds.

The **Water Fund** is used to account for water services provided to the residents of the Town and some surrounding areas.

The **Sewer Fund** is used to account for sewer services provided to the residents of the Town and some surrounding areas.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

**Fiduciary Fund Types** include trust funds and the agency funds. These funds are used to account for assets held by the Town in a trustee capacity for individuals, other governments, and/or other funds. Trust funds are accounted for in essentially the same manner as proprietary funds. The Town does not have any fiduciary funds.

C. Assets, Liabilities, Deferred Inflows of Resources and Equity

1. Cash, Cash Equivalents, and Investments

**Cash and Cash Equivalents**

For purposes of the financial statements, the Town considers all highly liquid investments with original maturities of three months or less when initially purchased to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**Restricted Cash and Cash Equivalents**

The Town has various cash accounts which are restricted by either funding sources, bond requirements or state laws or regulations.

**Investments**

Investments are recorded at fair value. The Town's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types, and component units within the State of South Carolina) that authorize the Town to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Inflows of Resources and Equity (Continued)**

**1. Cash, Cash Equivalents, and Investments (Continued)**

- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a 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; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No-load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The Town's investment objectives are preservation of capital, liquidity and yield. Investments are stated at fair value. The Town invested its funds in certificates of deposit during the year ended June 30, 2017.

**2. Receivables and Payable**

During the course of its operations, the Town has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received, balances of interfund receivables or payables will be recorded. There were no such balances as of June 30, 2017.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of fees, charges and services, including franchise fees, sanitation, water, sewer and other fees and charges.

**3. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value (as estimated by the Town) at the date of donation. Public domain ("infrastructure") general capital assets acquired prior to January 1, 2004, consisting of roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, and lighting systems that were acquired or that received substantial improvements are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Town maintains a capitalization threshold of \$5,000 other than those associated with infrastructure. The Town's minimum capitalization threshold for infrastructure assets is \$100,000.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Inflows of Resources and Equity (Continued)

3. Capital Assets (Continued)

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	40 years	15 years
Vehicles	5-15 years	10 years
Equipment	5-20 years	10 years
Infrastructure	50 years	N/A
Water and Sewer System	N/A	10 -50 years

4. Compensated Absences

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The Town's employees are granted vacation and sick leave in varying amounts depending upon the length of service to the Town. Upon termination of employment, an employee is reimbursed for accumulated vacation days not to exceed the total potential accumulated vacation days within the past 24 months. Sick pay benefits are earned at the rate of one day per month of continuous service and may be accumulated up to a maximum of 120 days. Unused sick leave is not reimbursed and therefore, not reported in the financial statements.

The entire compensated absence liability and expense is reported on the government-wide financial statements. The portion applicable to the proprietary funds is also recorded in the proprietary fund financial statements. The governmental fund will also recognize compensated absences for termination and retirements that occurred prior to year end that are expected to be paid within a short time subsequent to year end, if they are material.

5. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the proprietary funds is also recorded in the proprietary fund financial statements. All current payables and accrued liabilities from governmental funds are reported in the governmental fund financial statements.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred, if material, and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Amortization of premiums and discounts are included in interest expense. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, if applicable, are recognized in the period in which they are incurred.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Inflows of Resources and Equity (Continued)

5. *Accrued Liabilities and Long-Term Obligations (Continued)*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and 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 net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of deferred outflows of resources: The Town reports *deferred pension charges* in its Statement(s) of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and 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 net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has two types of deferred inflows of resources: (1) The Town reports *unavailable revenue – property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The Town also reports *deferred pension credits* in its Statement(s) of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

7. *Fund Balance*

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies its governmental fund balances as follows:

**Nonspendable** – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e., prepaids or inventories) or because of legal or contractual requirements (i.e., principal on an endowment).

**Restricted** – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the Town Council before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Inflows of Resources and Equity (Continued)

7. *Fund Balance (Continued)*

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

The Town's practice is to generally use restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the Town generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

8. *Net Position*

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

9. *Pensions*

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Inflows of Resources and Equity (Continued)**

*10. Accounting Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

*11. Comparative Data*

Comparative data (i.e. presentation of prior year totals for the financial statements) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The Town's budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund and Water and Sewer Funds. The presented budgetary information is as originally adopted or as amended by Council. All annual appropriations lapse at fiscal year end.

Prior to June 1<sup>st</sup> of each year, all agencies of the government submit requests for appropriation to the Town so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Council holds two public hearings on the annual budget, which must be prepared and adopted no later than the last day of June. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established on the budget as a whole.

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES**

**A. Deposits and Investments**

*Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2017, \$576 of the Town's bank deposits of \$6,624,096 (which had a carrying value of \$6,585,605) were exposed to custodial credit risk.

*Investments*

As of June 30, 2017, the Town did not have any investments as defined by GASB Statement No. 40.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

*Restricted Cash and Cash Equivalents*

Restricted cash and cash equivalents consisted of the following at June 30, 2017:

Debt Service Reserve	\$	351,003
Cemetery Fund		52,722
Drug Forfeiture		9,084
Victim's Advocate		18,347
Hospitality Tax		66,500
Envision Williamston		26,563
Lease Proceeds for Water Meter Project		1,462,051
Other		2,693
Total Restricted Cash and Cash Equivalents	\$	<u>1,988,963</u>

B. Accounts Receivable and Unbilled Revenue

The General Fund had accounts receivable of \$153,005 at June 30, 2017, which primarily represents the Duke Energy franchise fee, Charter franchise fee, Fort Hill franchise fee, and the June hospitality taxes due to the Town at June 30, 2017 that were received subsequent to June 30, 2017.

The Water and Sewer Funds have accounts receivable of \$96,971 and \$89,307, respectively (net of an allowance for doubtful accounts of \$16,552 and \$9,519, respectively) at June 30, 2017, which primarily represents unpaid water and sewer charges through the June 15, 2017 billing period. In addition, the Water and Sewer Funds have \$41,778 and \$40,921 respectively, in unbilled revenues related to water and sewer usage by customers for the last two weeks of June 2017 that were not billed until July 2017.

C. Property Taxes Receivable and Unavailable Revenue

Property taxes on real estate and on personal property and taxes on automobiles are billed and collected by Anderson County, South Carolina, and remitted monthly to the Town of Williamson. Except motor vehicles (which the levy date for motor vehicles is the first day of the month in which the motor vehicle license expires and for which taxes are due by the last day of the same month), property taxes are levied on October 1, based on an assessed value of approximately \$9,989,000 at a rate of 110.0 mills, and are payable without penalty through January 14. On January 15, a 15% penalty is added to all unpaid taxes. On February 1, an execution cost of 5% of all unpaid taxes and penalties is added. On or before March 16, a notice of delinquent taxes, penalties and costs is mailed to the property owner advising that if these are not paid by August 13, the property will be sold in October.

At June 30, 2017, the Town reported property taxes receivable of \$95,133, of which \$5,808 was received within 60 days after fiscal year end. The General Fund defers revenue recognition for receivables that are not considered available to liquidate liabilities of the current period (i.e., collected within 60 days after fiscal year end). At June 30, 2017, the General Fund reported \$89,325 in unavailable revenue – property taxes, all attributable to delinquent property taxes receivable.

D. Deposits

The Water Fund and the Sewer Fund have liabilities for customer deposits totaling \$146,923, which will be applied to the customer's last bill when service is terminated.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Capital Assets

Capital asset activity for the Town’s governmental activities for the year ended June 30, 2017 was as follows:

<b>Governmental Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Non-Depreciable				
Land	\$ 188,000	38,000	-	\$ 226,000
Total Capital Assets, Non-Depreciable	<u>188,000</u>	<u>38,000</u>	<u>-</u>	<u>226,000</u>
Capital Assets, Depreciable				
Buildings and Improvements	892,338	-	-	892,338
Motor Vehicles	1,242,859	355,995	14,818	1,584,036
Equipment	908,666	57,951	63,677	902,940
Infrastructure	3,221,312	-	-	3,221,312
Total Capital Assets, Depreciable	<u>6,265,175</u>	<u>413,946</u>	<u>78,495</u>	<u>6,600,626</u>
Less: Accumulated Depreciation for				
Buildings and Improvements	617,994	22,901	-	640,895
Motor Vehicles	912,002	80,786	14,818	977,970
Equipment	743,130	36,583	63,677	716,036
Infrastructure	2,503,170	76,170	-	2,579,340
Total Accumulated Depreciation	<u>4,776,296</u>	<u>216,440</u>	<u>78,495</u>	<u>4,914,241</u>
Total Capital Assets, Depreciable, Net	<u>1,488,879</u>	<u>197,506</u>	<u>-</u>	<u>1,686,385</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,676,879</u>	<u>235,506</u>	<u>-</u>	<u>\$ 1,912,385</u>

The cost of equipment recorded under capital lease was approximately \$353,000. Accumulated amortization was approximately \$37,000 at June 30, 2017. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

Depreciation expense for the year ended June 30, 2017 for governmental activities was charged to functions as follows:

<b>Governmental Activities:</b>	Depreciation Expense
General Government	\$ 8,768
Public Safety	79,940
Public Works	91,357
Recreation	36,375
Total Depreciation Expense - Governmental Activities	<u>\$ 216,440</u>

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Capital Assets (Continued)

Capital asset activity for the Town’s business-type activities for the year ended June 30, 2017 was as follows:

<b>Business-Type Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not being Depreciated				
Land	\$ 372,667	-	-	\$ 372,667
Construction in Progress	-	56,512	-	56,512
Total Capital Assets, Not being Depreciated	<u>372,667</u>	<u>56,512</u>	<u>-</u>	<u>429,179</u>
Capital Assets, Being Depreciated				
Land Improvements	256,194	-	-	256,194
Buildings and Improvements	22,392	-	-	22,392
Motor Vehicles	128,531	-	-	128,531
Equipment	296,822	-	-	296,822
Utility Systems	18,844,831	443,471	-	19,288,302
Total Capital Assets, Being Depreciated	<u>19,548,770</u>	<u>443,471</u>	<u>-</u>	<u>19,992,241</u>
Less: Accumulated Depreciation for				
Land Improvements	176,791	3,693	-	180,484
Buildings and Improvements	22,392	-	-	22,392
Motor Vehicles	100,154	5,781	-	105,935
Equipment	153,803	24,985	-	178,788
Utility Systems	8,558,138	367,936	-	8,926,074
Total Accumulated Depreciation	<u>9,011,278</u>	<u>402,395</u>	<u>-</u>	<u>9,413,673</u>
Total Capital Assets, Being Depreciated, Net	<u>10,537,492</u>	<u>41,076</u>	<u>-</u>	<u>10,578,568</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 10,910,159</u>	<u>97,588</u>	<u>-</u>	<u>\$ 11,007,747</u>

The cost of equipment recorded under capital lease was approximately \$57,000. There was no accumulated amortization at June 30, 2017 as installation of this equipment was in progress at year end.

G. Long Term Obligations

The Town’s long term obligations were comprised of the following at June 30, 2017:

- 2010A Sewer Revenue Bonds in the original amount of \$1,008,200, having monthly principal and interest payments of \$3,660 through 2051 at an interest rate of 3.00%. Resources from the Sewer Fund have been used, and will continue to be used, to liquidate this obligation.
- 2010B Sewer Revenue Bonds in the original amount of \$2,743,000, having monthly principal and interest payments of \$9,820 through 2051 at an interest rate of 3.00%. Resources from the Sewer Fund have been used, and will continue to be used, to liquidate this obligation.
- 2014 Capital Lease in the original amount of \$100,000, having yearly principal and interest payments of \$25,976 through 2018 at an interest rate of 1.55%. The lease was used to purchase a fire truck for the fire department. Resources from the General Fund have been used, and will continue to be used, to liquidate this obligation.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

G. Long Term Obligations (Continued)

- 2017 Water Meter Lease in the original amount of \$1,500,000, having yearly principal and interest payments of \$171,123 through 2027 at an interest rate of 2.47%. The lease will be used to fund the replacement of water meters throughout the Town. Resources from the Water Fund will be used to liquidate this obligation.
- 2017 Fire Truck Lease in the original amount of \$224,000, having yearly principal and interest payments of \$31,241 through 2025 at an interest rate of 2.50%. The lease was used to purchase a fire truck for the fire department. Resources from the General Fund will be used to liquidate this obligation.

The following is a summary of activity in the Town’s long-term obligations for the year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
2014 Capital Lease	\$ 50,769	-	25,189	25,580	\$ 25,580
2017 Fire Truck Lease	-	224,000	-	224,000	25,641
Compensated Absences	43,153	84,777	75,083	52,847	27,480
Total Governmental Activities	\$ 93,922	308,777	100,272	302,427	\$ 78,701
<b>Business-Type Activities:</b>					
2017 Water Meter Lease	\$ -	1,500,000	-	1,500,000	\$ 134,073
Bonded Indebtedness:					
Series 2010A Revenue Bond	942,520	-	16,020	926,500	15,710
Series 2010B Revenue Bond	2,530,476	-	42,933	2,487,543	42,077
Total Bonded Indebtedness	3,472,996	-	58,953	3,414,043	57,787
Compensated Absences	7,602	15,524	12,205	10,921	5,679
Total Business-Type Activities	\$ 3,480,598	1,515,524	71,158	4,924,964	\$ 197,539

Resources from the General Fund and the Water and Sewer Funds are used to liquidate the compensated absences liabilities related to those funds, respectively.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

G. Long Term Obligations (Continued)

Annual debt service requirements to maturity for the bonded indebtedness and future minimum lease payments under capital leases are as follows:

Years Ended June 30,	Bonded Indebtedness		Capital Lease		Total
	Principal	Interest	Principal	Interest	
2018	\$ 57,787	101,662	185,293	43,046	\$ 387,788
2019	61,920	99,834	163,666	38,697	364,117
2020	63,731	98,023	167,716	34,647	364,117
2021	65,744	96,011	171,867	30,496	364,118
2022	67,745	94,010	176,120	26,243	364,118
2023-2027	370,849	437,920	884,918	64,418	1,758,105
2028-2032	430,762	378,009	-	-	808,771
2033-2037	500,483	308,288	-	-	808,771
2038-2042	581,409	227,362	-	-	808,771
2043-2047	675,422	133,348	-	-	808,770
2048-2051	538,191	29,359	-	-	567,550
Total	<u>\$ 3,414,043</u>	<u>2,003,826</u>	<u>1,749,580</u>	<u>237,547</u>	<u>\$ 7,404,996</u>

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed 8% of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was 35%. In 1976, the General Assembly reduced the general obligation debt limit without voter approval to 8% of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2017, the Town had no bonded debt subject to the 8% limit, which was approximately \$799,000.

IV. OTHER INFORMATION

A. Retirement Plans

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

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the System’s Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the 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, 202 Arbor Lake Drive, Columbia, SC 29223. The 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.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Plan Description*

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

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

*Plan Membership*

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

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Plan Benefits*

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

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

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

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

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Plan Contributions*

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

As noted earlier, both employees and the Town are required to contribute to the Plans at rates established and as amended by the PEBA. The Town’s contributions are actuarially determined but are communicated to and paid by the Town as a percentage of the employees’ annual eligible compensation.

Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates			PORS Rates		
	2015	2016	2017	2015	2016	2017
Employer Contribution Rate: <sup>^</sup>						
Retirement	10.75%	10.91%	11.41%	13.01%	13.34%	13.84%
Incidental Death Benefit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>10.75%</u>	<u>10.91%</u>	<u>11.41%</u>	<u>13.01%</u>	<u>13.34%</u>	<u>13.84%</u>
Employee Contribution Rate	<u>8.00%</u>	<u>8.16%</u>	<u>8.66%</u>	<u>8.41%</u>	<u>8.74%</u>	<u>9.24%</u>

<sup>^</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The required contributions and percentages of amounts contributed by the Town to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2017	\$ 88,672	100%	\$ 92,093	100%
2016	86,743	100%	84,198	100%
2015	\$ 79,640	100%	\$ 71,221	100%

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Plan Contributions (Continued)*

Eligible payrolls of the Town covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2017	\$ 777,146	665,414	\$ 1,442,560
2016	795,078	631,170	1,426,248
2015	\$ 740,840	547,429	\$ 1,288,269

*Actuarial Assumptions and Methods*

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

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2016 actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017 measurement date.

The June 30, 2016 total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on the July 1, 2015 actuarial valuations as adopted by the PEBA Board and the SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the Plan’s fiscal year ended June 30, 2016 using generally accepted actuarial principles. Information included in these notes are based on the certification provided by GRS.

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

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.50%	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

\* Includes inflation at 2.75%.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Actuarial Assumptions and Methods (Continued)*

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

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

*Long-Term Expected Rate of Return*

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

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Long-Term Expected Rate of Return (Continued)*

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

*Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions*

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

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

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

At June 30, 2017, the Town reported liabilities of approximately \$1,748,000 and \$1,219,000 for its proportionate share of the net pension liabilities for the SCRS and PORS (“Plans”), respectively. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2015 that was projected forward to the measurement date. The Town’s proportion of the net pension liabilities were based on a projection of the Town’s long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2016 measurement date, the Town’s SCRS proportion was 0.008182 percent, which was an increase of 0.000376 from its proportion measured as of June 30, 2015. At the June 30, 2016 measurement date, the Town’s PORS proportion was 0.04807 percent, which was an increase of 0.0052 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of approximately \$179,000 and \$160,000 for the SCRS and PORS, respectively. At June 30, 2017, the Town reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 18,117	\$ 1,898
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	147,034	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	67,095	-
Town Contributions Subsequent to the Measurement Date	88,672	-
Total SCRS	320,918	1,898
<b>PORS</b>		
Differences Between Expected and Actual Experience	18,091	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	138,248	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	99,799	-
Town Contributions Subsequent to the Measurement Date	92,093	-
Total PORS	348,231	-
Total SCRS and PORS	\$ 669,149	\$ 1,898

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

Approximately \$89,000 and \$92,000 that were reported as deferred outflows of resources related to the Town’s contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2018	\$ 64,098	63,581	\$ 127,679
2019	54,628	62,664	117,292
2020	76,599	82,703	159,302
2021	35,023	47,190	82,213
Total	<u>\$ 230,348</u>	<u>256,138</u>	<u>\$ 486,486</u>

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the Town’s proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.50 percent, as well as what it 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:

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
The Town's proportionate share of the net pension liability of the SCRS	\$ 2,180,162	1,747,662	\$ 1,387,624
The Town's proportionate share of the net pension liability of the PORS	1,597,876	1,219,207	878,903
Total Pension Liability	<u>\$ 3,778,038</u>	<u>2,966,869</u>	<u>\$ 2,266,527</u>

*Plans Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information. The CAFR is publicly available through the Retirement Benefits’ link on the 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, 202 Arbor Lake Drive, Columbia, SC 29211-1960.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Payable to Plans*

The Town reported payables of approximately \$18,000 and \$19,000 to the PEBA as of June 30, 2017, representing required employer and employee contributions for the month of June 2017 for the SCRS and PORS, respectively. These amounts are included in Accounts Payable on the financial statements and were paid in July 2017.

*Plan Developments*

House Bill 3726 was signed by the Governor of the State on April 25, 2017 and is effective immediately. This new law increases the employer SCRS and PORS contribution rates to 13.56% and 16.24%, respectively, beginning July 1, 2017. Employer rates will continue to increase annually by 1% through July 1, 2022, which would result in the SCRS and PORS employer rate totaling 18.56% and 21.24%, respectively, for fiscal year 2023 and thereafter. The legislation (a) would also increase and cap the employee SCRS and PORS contribution rates to 9.00% and 9.75%, respectively, provides, after June 30, 2027, for a decrease in employer and employee contribution rates in equal amounts if the ratio between the actuarial value of assets and the actuarial value of liabilities is equal to or greater than 85%, (b) lower the assumed annual rate of return on pension investments from 7.50% to 7.25%, and (c) for some years reduce the funding period of unfunded liabilities from 30 years to 20 years.

**B. Risk Management**

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF"), which is a public entity risk pool currently operating as a common risk management and insurance program. The Town pays a bi-annual premium to SCMIRF for its general insurance. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's net position from its most recently issued audited financial statements at December 31, 2016, totaled approximately \$9,434,000. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

The Town has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust ("SCMIT"), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The Town pays a quarterly premium to SCMIT. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net position from its most recently issued audited financial statements at December 31, 2016, totaled approximately \$50,507,000. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

**C. Contingent Liabilities**

*Water Operations*

The Town joined the Anderson Regional Joint Water System (the "System") in 2002 and entered into a water sale and purchase agreement with the System. The agreement, which was amended in 2004 and again in 2005, provides for the following:

- Allocates a percentage of the water treatment plant's total capacity to each member with the member agreeing to pay the System's debt service monthly based on its respective percentage of plant capacity, together with certain operating and other expenses proportionate to its percentage of plant capacity. The Town's proportion of plant capacity is 2.89 % of the total plant capacity of 45 million gallons per day.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Contingent Liabilities (Continued)**

*Water Operations (Continued)*

- The cost of future capital improvements not increasing the system's capacity will be shared by the members according to their respective percentage of plant capacity.
- All amounts paid by the members not required to fund debt service will be deposited into a Facilities Renewal and Replacement Fund. Any surplus existing in this fund at year end will be repaid to members based on their respective percentage of plant capacity.

*Grants*

The Town participates in a number of federal and state assisted grant programs, which are governed by various rules and regulations of grantor agencies. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The Town believes it has substantially complied with the contract/grant provisions. Based on prior experience, the Town's management believes such disallowances, if any, would not be significant; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

In addition, the Town must apply for annual renewals of contracts and grants. Funding is subject to both increases and reductions at the discretion of the contractors and grantors.

*Litigation*

Various claims and lawsuits are pending against the Town. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town's management and legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**D. Economic Dependency**

The Town is dependent upon a textile manufacturer for property tax revenues in excess of 10% of the Town's total property tax revenues.

**E. Commitments**

The Town executed a contract on June 1, 2013 with a company to operate the wastewater treatment plant. The contract runs for a period of five years. The monthly cost is \$8,083, and either party can terminate the contract with 120 days' notice.

The Town has commitments related to the water meter system upgrade project as of June 30, 2017. Total remaining commitments on this project are approximately \$1,267,000.

The Town has a commitment for professional engineering services related to the system wide small waterline improvements project as of June 30, 2017. Total remaining commitments on this project are approximately \$78,000.

The Town has a commitment related to the sewer line project on Belton Drive as of June 30, 2017. The projected cost of the project is approximately \$790,000. The City was awarded a CDBG grant in June of 2017 in the amount of approximately \$692,000 to help fund this project. The remaining portion will be funded by the Town.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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**IV. OTHER INFORMATION (CONTINUED)**

**E. Commitments (Continued)**

*Consent Order*

On August 10, 2016 executed a consent order with the South Carolina Department of Health and Environmental Control (“DHEC”) under which the Town agreed to implement a capacity management, operation and maintenance program for its wastewater treatment plant. This program is to include a comprehensive review and audit of the wastewater treatment plant. Findings resulting from the review and audit and an action plan addressing the identified deficiencies, including a schedule of implementation, must be submitted to DHEC by February 6, 2017. The Town is also required to report to DHEC every six months a summary of corrective actions taken to address the identified deficiencies.

Under the consent order, the Town also agreed to develop a corrective action plan and schedule of implementation detailing the corrective actions that the Town was taking to address the factors contributing to fecal coliform violations.

The Town submitted a corrective action plan regarding the operation of the wastewater treatment plant in September 2016. Under this plan, the Town agreed to and executed modifications to the wastewater treatment process resulting in one-time costs of approximately \$9,000, and increased monthly operating costs of approximately \$2,000. In addition, a future construction project to upgrade the waste activated sludge line and pump is planned to begin in the near future.

A Wastewater Collection System corrective action plan was developed in April 2017 and includes approximately \$60,000 in additional costs each year for a period of five years to inspect the manholes and sewer lines. These costs do not include any repairs costs resulting from the inspection process. The Town will use the results of these inspections to develop a capital improvement plan.

**F. Subsequent Events**

In September 2017, the Town had renovations done on their auditorium for approximately \$58,000.

In October 2017, the Town purchased four police vehicles for approximately \$112,000.

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## Required Supplementary Information

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2017

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Property Taxes	\$ 1,100,500	1,100,500	1,051,335	\$ (49,165)
Hospitality Taxes	185,000	185,000	236,139	51,139
Homestead Exemption	91,000	91,000	88,463	(2,537)
Manufacturer's Exemption	35,000	35,000	29,953	(5,047)
Merchant's Inventory	7,204	7,204	7,207	3
Franchise Fees	358,000	358,000	354,302	(3,698)
Licenses and Permits	325,000	325,000	374,568	49,568
Intergovernmental	75,000	75,000	90,102	15,102
Fines and Forfeitures	31,500	31,500	26,242	(5,258)
Sanitation Collection Fees	193,500	193,500	194,096	596
Other Charges for Services	22,000	22,000	69,663	47,663
Resource Officers	166,369	166,369	166,370	1
Investment Income	1,000	1,000	1,680	680
Grants	-	-	28,761	28,761
Other	30,300	30,300	89,731	59,431
<b>TOTAL REVENUE ALL SOURCES</b>	<b>2,621,373</b>	<b>2,621,373</b>	<b>2,808,612</b>	<b>187,239</b>
<b>EXPENDITURES</b>				
General Government:				
Salaries and Wages	166,239	166,239	163,082	3,157
Payroll Taxes	12,717	12,717	11,804	913
Retirement	18,001	18,001	18,412	(411)
Health Insurance	73,340	73,340	59,722	13,618
Transportation Expenditures	2,000	2,000	1,333	667
Consultants and Contract Services	10,176	10,176	16,740	(6,564)
Operating Expenditures	242,874	242,874	270,261	(27,387)
<b>Total General Government</b>	<b>525,347</b>	<b>525,347</b>	<b>541,354</b>	<b>(16,007)</b>
Public Safety:				
Police:				
Salaries and Wages	684,154	684,154	695,597	(11,443)
Payroll Taxes	51,704	51,704	51,386	318
Retirement	85,960	85,960	95,089	(9,129)
Health Insurance	143,485	143,485	132,525	10,960
Operating Expenditures	144,157	144,157	154,140	(9,983)
<b>Total Police</b>	<b>1,109,460</b>	<b>1,109,460</b>	<b>1,128,737</b>	<b>(19,277)</b>
Fire:				
Payroll Taxes	1,000	1,000	-	1,000
Transportation Expenditures	32,054	32,054	32,054	-
Operating Expenditures	80,770	80,770	80,380	390
<b>Total Fire</b>	<b>113,824</b>	<b>113,824</b>	<b>112,434</b>	<b>1,390</b>
<b>Total Public Safety</b>	<b>\$ 1,223,284</b>	<b>1,223,284</b>	<b>1,241,171</b>	<b>\$ (17,887)</b>

(Continued)

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2017

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
Public Works:				
Street Department:				
Salaries and Wages	\$ 177,126	177,126	177,069	\$ 57
Payroll Taxes	13,550	13,550	13,351	199
Retirement	18,923	18,923	22,612	(3,689)
Health Insurance	41,466	41,466	38,404	3,062
Operating Expenditures	155,719	155,719	175,682	(19,963)
Total Public Works	<u>406,784</u>	<u>406,784</u>	<u>427,118</u>	<u>(20,334)</u>
Recreation:				
Salaries and Wages	97,070	97,070	103,758	(6,688)
Payroll Taxes	7,426	7,426	7,630	(204)
Retirement	10,590	10,590	10,716	(126)
Health Insurance	23,212	23,212	22,939	273
Transportation Expenditures	-	-	62	(62)
Operating Expenditures	266,660	266,660	237,778	28,882
Total Recreation	<u>404,958</u>	<u>404,958</u>	<u>382,883</u>	<u>22,075</u>
Capital Outlay	<u>63,000</u>	<u>63,000</u>	<u>504,312</u>	<u>(441,312)</u>
Debt Service:				
Principal	-	-	25,189	(25,189)
Interest and Fiscal Changes	-	-	787	(787)
Total Debt Service	<u>-</u>	<u>-</u>	<u>25,976</u>	<u>(25,976)</u>
<b>TOTAL EXPENDITURES</b>	<b><u>2,623,373</u></b>	<b><u>2,623,373</u></b>	<b><u>3,122,814</u></b>	<b><u>(499,441)</u></b>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<b><u>(2,000)</u></b>	<b><u>(2,000)</u></b>	<b><u>(314,202)</u></b>	<b><u>(312,202)</u></b>
<b>OTHER FINANCING SOURCES</b>				
Lease Proceeds	-	-	224,000	224,000
Proceeds from the Sale of Capital Assets	2,000	2,000	3,333	1,333
<b>TOTAL OTHER FINANCING SOURCES</b>	<b><u>2,000</u></b>	<b><u>2,000</u></b>	<b><u>227,333</u></b>	<b><u>225,333</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b><u>(86,869)</u></b>	<b><u>(86,869)</u></b>
FUND BALANCE, Beginning of Year	<u>2,193,087</u>	<u>2,193,087</u>	<u>2,193,087</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 2,193,087</u></b>	<b><u>2,193,087</u></b>	<b><u>2,106,218</u></b>	<b><u>\$ (86,869)</u></b>

Note: The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability (Asset)	0.008182%	0.007806%	0.007653%	0.007653%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,747,662	1,480,445	1,317,593	\$ 1,372,675
Town's Covered Payroll	\$ 795,078	740,840	704,796	\$ 784,123
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	219.81%	199.83%	186.95%	175.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST FOUR FISCAL YEARS**

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	<b>Year Ended June 30,</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 88,672	86,743	79,640	\$ 73,651
Contributions in Relation to the Contractually Required Contribution:				
Contribution Deficiency (Excess)	\$ -	-	-	\$ -
Town's Covered Payroll	\$ 777,146	795,078	740,840	\$ 704,796
Contributions as a Percentage of Covered Payroll:	11.41%	10.91%	10.75%	10.45%

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
POLICE OFFICERS RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability (Asset)	0.04807%	0.04287%	0.04175%	0.04175%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,219,207	934,350	799,216	\$ 865,404
Town's Covered Payroll	\$ 631,170	547,429	518,250	\$ 689,113
Percentage of its Covered Payroll	193.17%	170.68%	154.21%	125.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.44%	64.57%	67.55%	62.98%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM**

**LAST FOUR FISCAL YEARS**

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	<b>Year Ended June 30,</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 92,093	84,198	71,221	\$ 64,470
Contributions in Relation to the Contractually Required Contribution:	92,093	84,198	71,221	64,470
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 665,414	631,170	547,429	\$ 518,250
Contributions as a Percentage of Covered Payroll:	13.84%	13.34%	13.01%	12.44%

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## Other Supplementary Information

TOWN OF WILLIAMSTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2017

	<b>WATER ENTERPRISE FUND</b>			
	<b>ORIGINAL BUDGET</b>	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>OPERATING REVENUES</b>				
Water Services	\$ 915,000	915,000	979,171	\$ 64,171
Tap Fees	2,000	2,000	9,775	7,775
Reconnect Fees	7,500	7,500	11,350	3,850
Miscellaneous Revenues	6,800	6,800	26,190	19,390
<b>TOTAL OPERATING REVENUES</b>	<b>931,300</b>	<b>931,300</b>	<b>1,026,486</b>	<b>95,186</b>
<b>OPERATING EXPENSES</b>				
Water Operations:				
Salaries and Wages	122,770	122,770	129,191	(6,421)
Payroll Taxes	9,392	9,392	9,506	(114)
Retirement	12,454	12,454	120,700	(108,246)
Health Insurance	24,649	24,649	24,026	623
Transportation Expenses	4,000	4,000	3,332	668
Operating Expenses	758,035	758,035	667,226	90,809
Depreciation	-	-	82,360	(82,360)
<b>TOTAL OPERATING EXPENSES</b>	<b>931,300</b>	<b>931,300</b>	<b>1,036,341</b>	<b>(105,041)</b>
<b>OPERATING INCOME</b>	<b>-</b>	<b>-</b>	<b>(9,855)</b>	<b>(9,855)</b>
<b>NON-OPERATING REVENUES</b>				
Investment Income	-	-	51	51
<b>TOTAL NON-OPERATING REVENUES</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>51</b>
<b>CHANGE IN FUND NET POSITION</b>	<b>-</b>	<b>-</b>	<b>(9,804)</b>	<b>(9,804)</b>
NET POSITION, Beginning of Year	2,754,890	2,754,890	2,754,890	-
<b>NET POSITION, End of Year</b>	<b>\$ 2,754,890</b>	<b>2,754,890</b>	<b>2,745,086</b>	<b>\$ (9,804)</b>

TOWN OF WILLIAMSTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2017

<b>SEWER ENTERPRISE FUND</b>				
	<b>ORIGINAL BUDGET</b>	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>OPERATING REVENUES</b>				
Sewer Services	\$ 840,000	840,000	928,806	\$ 88,806
Leachate Treatment	108,000	108,000	107,800	(200)
Tap Fees	1,000	1,000	1,600	600
Miscellaneous Revenues	19,000	19,000	18,273	(727)
<b>TOTAL OPERATING REVENUES</b>	<b>968,000</b>	<b>968,000</b>	<b>1,056,479</b>	<b>88,479</b>
<b>OPERATING EXPENSES</b>				
Sewer Operations:				
Salaries and Wages	103,130	103,130	96,684	6,446
Payroll Taxes	7,889	7,889	7,150	739
Retirement	10,411	10,411	(43,494)	53,905
Health Insurance	20,565	20,565	17,292	3,273
Operating Expenses	826,005	826,005	525,942	300,063
Depreciation	-	-	320,035	(320,035)
<b>TOTAL OPERATING EXPENSES</b>	<b>968,000</b>	<b>968,000</b>	<b>923,609</b>	<b>44,391</b>
<b>OPERATING INCOME</b>	<b>-</b>	<b>-</b>	<b>132,870</b>	<b>132,870</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grant Revenue	-	-	433,469	433,469
Investment Income	-	-	32	32
Interest and Fiscal Changes	-	-	(102,808)	(102,808)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>-</b>	<b>330,693</b>	<b>330,693</b>
<b>CHANGE IN FUND NET POSITION</b>	<b>-</b>	<b>-</b>	<b>463,563</b>	<b>463,563</b>
NET POSITION, Beginning of Year	6,636,312	6,636,312	6,636,312	-
<b>NET POSITION, End of Year</b>	<b>\$ 6,636,312</b>	<b>6,636,312</b>	<b>7,099,875</b>	<b>\$ 463,563</b>

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES**

**YEAR ENDED JUNE 30, 2017**

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**Court Fines and Assessments**

Court Fines and Assessments Collected	\$ 46,791
Court Fines and Assessments Retained by the Town	(25,940)
<b>Total Court Fines and Assessments Remitted to the State Treasurer</b>	<b>\$ 20,851</b>

**Court Surcharges**

Court Surcharges Collected	\$ 13,760
<b>Total Court Surcharges Remitted to State Treasurer</b>	<b>\$ 13,760</b>

**Victim Fund**

<b>Funds Available for Carryforward, Beginning of Year</b>	\$ 13,671
Court Assessments Allocated to Victim Assistance Fund - Current Year	4,676
<b>Funds Available for Carryforward, End of Year</b>	<b>\$ 18,347</b>



**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**

**INDEPENDENT AUDITOR’S REPORT**

To the Honorable Mayor and Members of Town Council  
 Town of Williamston  
 Williamston, 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, and each major fund of the Town of Williamston, South Carolina (the “Town”), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated November 3, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town’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 the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town’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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017-001.

**Town’s Response to Finding**

The Town’s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town’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.

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## **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 Town'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.

*Greene, Finney & Horton LLP*

Greene, Finney & Horton, LLP

Mauldin, South Carolina

November 3, 2017

TOWN OF WILLIAMSTON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

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**2017-001: NONCOMPLIANCE WITH LAWS AND REGULATIONS – COLLATERALIZATION OF DEPOSITS**

**Condition and Context:** The Town’s deposits at one of its financial institutions were exposed to custodial credit risk at June 30, 2017 by approximately \$600 as this amount was uninsured and uncollateralized.

**Criteria:** The Town should maintain sufficient collateral on its deposits that exceed the FDIC limits at all financial institutions in order to comply with state law.

**Effect:** The Town was exposed to custodial credit risk at June 30, 2017 of approximately \$600.

**Cause:** The Town was relying on its financial institution to maintain sufficient collateral amounts. However, one financial institution did not provide sufficient collateral as of June 30, 2017.

**Recommendation:** We recommend that the Town monitor their deposits to ensure that the related financial institutions are providing adequate collateral.

**Response:** The Town will take the necessary steps to ensure that all deposits are sufficiently collateralized.

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