

**TOWN OF WILLIAMSTON,  
SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2015**



# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2015

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	<u>Page Number</u>
Table of Contents	i
Listing of Principal Officials	iii

### FINANCIAL SECTION

<b>Independent Auditor's Report</b>	1
Management's Discussion and Analysis	3

#### **Basic Financial Statements:**

##### *Government-Wide Financial Statements:*

Statement of Net Position	14
Statement of Activities	15

##### *Fund Financial Statements:*

Balance Sheet - Governmental Fund	16
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Fund	18
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities	19
Statement of Net Position - Proprietary Funds - Enterprise Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds - Enterprise Funds	21
Statement of Cash Flows - Proprietary Funds - Enterprise Funds	22

<i>Notes to the Financial Statements</i>	23
--	----

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

##### Budgetary Comparison Schedule - General Fund

Schedule of Revenues, Expenditures, and Change in Fund Balance - Budgets and Actual	48
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##### Pension Plan Schedules:

Schedule of the Town's Proportionate Share of the Net Pension Liability - South Carolina Retirement System	50
Schedule of the Town's Contributions - South Carolina Retirement System	51
Schedule of the Town's Proportionate Share of the Net Pension Liability - Police Officers Retirement System	52
Schedule of the Town's Contributions - Police Officers Retirement System	53

(Continued)

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**TABLE OF CONTENTS**

**YEAR ENDED JUNE 30, 2015**

---

**FINANCIAL SECTION (CONTINUED)**

	<u>Page Number</u>
<b>Supplementary Information:</b>	
<u>Water Enterprise Fund</u>	
Schedule of Revenues, Expenses, and Change in Fund Net Position - Budgets and Actual	56
<u>Sewer Enterprise Fund</u>	
Schedule of Revenues, Expenses, and Change in Fund Net Position - Budgets and Actual	57
Schedule of Court Fines, Assessments, and Surcharges	58
 <b><u>COMPLIANCE SECTION</u></b>  	
Independent Auditor's Report - Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59

**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

Otis Scott

**CLERK/TREASURER**

Michelle Starnes





# Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## 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, 2015, 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, 2015, 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.

### ***Change in Accounting Principle***

As discussed in Note I.B, to the financial statements, in the year ended June 30, 2015 the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

### ***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 September 25, 2015 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  
September 25, 2015



## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### YEAR ENDED JUNE 30, 2015

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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, 2015. 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 of the Town exceeded its liabilities at the close of the most recent fiscal year by approximately \$11,539,000 (net position). Of this amount, approximately \$1,507,000 (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 \$207,000, as revenues of approximately \$4,984,000 exceeded expenses of approximately \$4,777,000.
- As of the close of the current fiscal year, the Town's General Fund reported an ending fund balance of approximately \$2,014,000, an increase of approximately \$245,000 compared to the prior year balance. The increase was primarily due to revenues and other financing sources of approximately \$2,878,000 exceeding expenditures of approximately \$2,633,000.
- The unassigned fund balance for the General Fund was approximately \$1,874,000 or 71% of the General Fund expenditures for the current fiscal year.
- General Fund revenues were approximately \$2,878,000 for the current fiscal year compared to approximately \$2,712,000 in the prior fiscal year. General Fund expenditures were approximately \$2,633,000 for the current fiscal year compared to approximately \$2,352,000 in the prior fiscal year.
- Water and sewer revenues were approximately \$2,108,000 in the current fiscal year compared to approximately \$2,519,000 in the prior fiscal year. The decrease was primarily due to the Town recording grant revenue of approximately \$54,000 in current year compared to approximately \$395,000 in the prior year related to the wastewater treatment plant upgrades and sewer system improvements. Water and sewer expenses were approximately \$2,020,000 for the current fiscal year compared to approximately \$1,944,000 in the prior fiscal year. The increase in expenses was primarily due to higher operating expenses of approximately \$78,000.
- The Sewer Fund had unrestricted net deficit of approximately (\$244,000) at June 30, 2015, which was a decrease of approximately \$403,000 from the prior year as the unrestricted net position was approximately \$159,000 in the prior year. This was primarily due to the implementation of GASB 68 as noted below. Restricted net position increased approximately \$70,000 and the amount that was invested in capital assets decreased approximately \$256,000.
- The Water Fund had an unrestricted net position of approximately \$1,289,000, which was an increase of approximately \$94,000 from the prior year.
- The Town's capital assets, net of depreciation, decreased by approximately \$535,000 (4%) to approximately \$13,124,000 at June 30, 2015. The decrease was due to depreciation expense of approximately \$605,000, partially offset by capital asset additions of approximately \$70,000 (primarily related to equipment and vehicles for the police department).
- The Town's long-term indebtedness decreased by approximately \$79,000 (2%) to approximately \$3,605,000 at June 30, 2015 due to regular principal payments on all outstanding debt.

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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#### FINANCIAL HIGHLIGHTS (CONTINUED)

- The Town implemented Governmental Accounting Standard Boards ("GASB") Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB #68") and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* ("GASB #71" and collectively "Statements") in the year ended June 30, 2015. These Statements require the Town to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for their participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the Statement of Net Position) and presents more extensive note disclosures.

The adoption of these Statements had no impact on the Town's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority who administers the Plans. However, the adoption has resulted in the restatement of the Town's net position as of July 1, 2014 for its government-wide and enterprise fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the Town's government-wide financial statements and enterprise funds as of July 1, 2014 was decreased by approximately \$1,433,000 and \$667,000, respectively, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.A in the notes to the financial statements for more information regarding the Town's retirement plans.

#### 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.

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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#### OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

**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.

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.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

**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			
Government-Wide Financial Statements		Fund 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 (if any) expected to be used up and liabilities and deferred inflows of resources (if any) 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, 2015

#### 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 \$11,539,000 at June 30, 2015.

This table provides a summary of the Town's net position as of June 30, 2015 and 2014:

	Governmental Activities		Business-Type Activities		Total	
	2015 *	2014	2015 *	2014	2015 *	2014
<b>Assets</b>						
Current and Other Assets	\$ 2,228,144	1,972,827	2,348,866	1,908,617	4,577,010	\$ 3,881,444
Capital Assets, Net	1,820,812	1,961,449	11,303,683	11,698,032	13,124,495	13,659,481
Total Assets	4,048,956	3,934,276	13,652,549	13,606,649	17,701,505	17,540,925
<b>Deferred Outflows of Resources</b>						
Deferred Pension Charges	149,486	-	60,038	-	209,524	-
<b>Liabilities</b>						
Other Liabilities	154,179	141,173	248,690	242,344	402,869	383,517
Long-Term Obligations	1,550,102	131,130	4,215,602	3,594,202	5,765,704	3,725,332
Total Liabilities	1,704,281	272,303	4,464,292	3,836,546	6,168,573	4,108,849
<b>Deferred Inflows of Resources</b>						
Deferred Pension Credits	146,544	-	57,014	-	203,558	-
<b>Net Position</b>						
Net Investment in Capital Assets	1,745,238	1,861,449	7,774,019	8,113,402	9,519,257	9,974,851
Restricted	139,864	136,676	372,445	302,794	512,309	439,470
Unrestricted	462,515	1,663,848	1,044,817	1,353,907	1,507,332	3,017,755
Total Net Position	\$ 2,347,617	3,661,973	9,191,281	9,770,103	11,538,898	\$ 13,432,076

\* The Town implemented GASB #68/71 for FY 2015.

Net position of the Town's governmental activities increased by approximately \$119,000, or 5%. 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 \$1,201,000 to approximately \$463,000 at June 30, 2015. The decrease in unrestricted net position is primarily due to the Town implementing GASB #68/71 in the year ended June 30, 2015. The increase in deferred outflows of resources and deferred inflows of resources was due to the Town implementing GASB #68/71 in the year ended June 30, 2015 (as discussed earlier in the Financial Highlights section).

Net position of the Town's business-type activities increased by approximately \$88,000, or 1%. The Town's business-type activities unrestricted net position was approximately \$1,045,000 at June 30, 2015 and was comprised of approximately \$1,289,000 for water operations and approximately (\$244,000) for sewer operations. The decrease in unrestricted net position is primarily due to the Town implementing GASB #68/71 in the year ended June 30, 2015. The increase in deferred outflows of resources and deferred inflows of resources was due to the Town implementing GASB #68/71 in the year ended June 30, 2015 (as discussed earlier in the Financial Highlights section).

The largest portion of the Town's net position (approximately \$9,519,000 or 83%) 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, 2015

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The Town's net investment in capital assets, decreased by approximately \$456,000 during the current fiscal year primarily due depreciation expense of approximately \$605,000, partially offset by the purchase of equipment and vehicles of approximately \$70,000 and debt repayments of approximately \$79,000.

During the current fiscal year, the Town's long-term obligations decreased by approximately \$79,000 due regularly scheduled principal payments on its outstanding debt.

This table shows the changes in net position for the years ended June 30, 2015 and 2014:

	Governmental Activities		Business-Type Activities		Total	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	6/30/15 *	6/30/14	6/30/15 *	6/30/14	6/30/15 *	6/30/14
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 416,484	415,286	2,054,556	2,123,049	2,471,040	\$ 2,538,335
Operating Grants	954	-	-	-	954	-
Capital Grants	235,291	40,217	53,658	395,452	288,949	435,669
<b>General Revenues:</b>						
Property and Other Taxes	1,375,267	1,318,764	-	-	1,375,267	1,318,764
Other	847,576	829,964	27	22	847,603	829,986
<b>Total Revenues</b>	<b>2,875,572</b>	<b>2,604,231</b>	<b>2,108,241</b>	<b>2,518,523</b>	<b>4,983,813</b>	<b>5,122,754</b>
<b>Program Expenses:</b>						
General Government	717,609	485,354	-	-	717,609	485,354
Public Safety	1,175,953	1,104,389	-	-	1,175,953	1,104,389
Public Works	547,517	474,903	-	-	547,517	474,903
Recreation	314,067	312,308	-	-	314,067	312,308
Interest and Other Charges	1,550	-	-	-	1,550	-
Water and Sewer	-	-	2,020,336	1,943,994	2,020,336	1,943,994
<b>Total Expenses</b>	<b>2,756,696</b>	<b>2,376,954</b>	<b>2,020,336</b>	<b>1,943,994</b>	<b>4,777,032</b>	<b>4,320,948</b>
<b>Change in Net Position</b>	<b>118,876</b>	<b>227,277</b>	<b>87,905</b>	<b>574,529</b>	<b>206,781</b>	<b>801,806</b>
Net Assets, Beginning of Year	3,661,973	3,434,696	9,770,103	9,195,574	13,432,076	12,630,270
Cumulative Change in Accounting Principle - GASB #68/71	(1,433,232)	-	(666,727)	-	(2,099,959)	-
Net Position, Beginning of Year, Restated	2,228,741	3,434,696	9,103,376	9,195,574	11,332,117	12,630,270
<b>Net Position, End of Year</b>	<b>\$ 2,347,617</b>	<b>3,661,973</b>	<b>9,191,281</b>	<b>9,770,103</b>	<b>11,538,898</b>	<b>\$ 13,432,076</b>

\* The Town implemented GASB #68/71 in FY 2015

**Governmental Activities.** The Town's net position increased during the current fiscal year by approximately \$119,000 or 2%. In the prior year, the Town's net position increased by approximately \$227,000. The difference in the results between the two years was the result of increased expenses in the current year of approximately \$380,000 primarily due to increases in every department, and partially offset by increased revenues in the current year of approximately \$271,000, primarily due to increased capital grants and property and other taxes.

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Business-Type Activities.** The Town's net position increased during the current fiscal year by approximately \$88,000 or 1%, compared to an increase of approximately \$575,000 in the prior year. The difference in the results between the two years was primarily the result of lower revenues of approximately \$410,000 primarily due to lower grant revenue (\$342,000) and lower charges for services during the current fiscal year (\$68,000); partially offset by higher expenses of approximately \$76,000 due to work on the sewer lines.

#### 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, 2015, the Town's General Fund reported an ending fund balance of approximately \$2,014,000. Of this amount, approximately \$1,874,000 is unassigned fund balance, which is available for spending at the government's discretion.

General Fund revenues were approximately \$2,870,000 in the current fiscal year, an increase of approximately \$274,000 compared to the prior year total of approximately \$2,596,000. 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 36% (approximately \$1,035,000) of total General Fund revenue during the current fiscal year, an increase of approximately \$31,000 compared to the prior year. During the current fiscal year, grants increased by approximately \$196,000. In addition, licenses and permits increased by approximately \$38,000 during the current fiscal year.

General Fund expenditures were approximately \$2,633,000 in the current fiscal year, an increase of approximately \$281,000 compared to the prior year total of approximately \$2,352,000. The increase was primarily due to higher public safety expenditures of approximately \$30,000, higher general government expenditures of approximately \$95,000, higher public works expenditures of approximately \$80,000, higher recreation expenditures of approximately \$28,000 and higher capital outlay 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, 2015 amounted to approximately \$9,191,000. 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.

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

#### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

##### 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 through out the year in a legally permissible manner.

Actual revenues of approximately \$2,870,000 for the General Fund were approximately \$367,000 higher than the budget, primarily due to higher than expected property taxes, hospitality taxes and franchise fees. Actual expenditures of approximately \$2,633,000 were approximately \$130,000 higher than the budget, primarily due to higher than expected capital outlay and public works expenditures.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

As of June 30, 2015, the Town had approximately \$13,124,000 in capital assets, net of accumulated depreciation. This following table shows the capital asset balances (net of depreciation) for June 30, 2015 compared to June 30, 2014:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 188,000	188,000	372,667	372,667	560,667	\$ 560,667
Buildings and Improvements	297,245	320,146	83,096	86,789	380,341	406,935
Motor Vehicles	334,821	367,023	34,156	39,935	368,977	406,958
Equipment	206,434	215,798	168,004	192,989	374,438	408,787
Infrastructure / Utility Systems	794,312	870,482	10,645,760	11,005,652	11,440,072	11,876,134
Totals	\$ 1,820,812	1,961,449	11,303,683	11,698,032	13,124,495	\$ 13,659,481

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

- Depreciation expense of approximately \$605,000.
- Equipment purchases of approximately \$39,000.
- Purchase of vehicles for the police department for approximately \$31,000.

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



## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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

##### Long-Term Obligations

As of June 30, 2015, the Town had total long-term obligations of approximately \$3,649,000, as detailed below. The following table presents a summary of the Town's outstanding long-term obligations for June 30, 2015 compared to June 30, 2014:

Long-Term Obligations	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
2014 Capital Lease	\$ 75,574	100,000	-	-	75,574	\$ 100,000
2010A Series Revenue Bond	-	-	957,920	972,628	957,920	972,628
2010B Series Revenue Bond	-	-	2,571,745	2,612,002	2,571,745	2,612,002
Compensated Absences	33,976	31,130	9,681	9,572	43,657	40,702
Totals	\$ 109,550	131,130	3,539,346	3,594,202	3,648,896	\$ 3,725,332

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

- Scheduled principal payments of approximately \$79,000 during the current fiscal year.

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, 2015 was approximately \$787,000. The Town had no general obligation debt subject to this limitation at June 30, 2015.

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 2015 budget were as follows:

- In fiscal year 2015, the Town did not annex any additional properties. There are approximately 3,900 residents living in the Town, which is in Anderson County (population of approximately 175,000). There has been little population growth in the Town since 2000 (approximately 4%).
- The median home cost in Williamston is approximately \$103,000, 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 2016 General Fund budget is approximately \$2,486,000, which is a decrease of approximately \$147,000 from fiscal year 2015 actual expenditures and a decrease of approximately \$17,000 from the fiscal year 2015 budgeted expenditures. The Town will continue to closely monitor and address the revenues and expenditures in light of the current economic situation.

##### 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.

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## Basic Financial Statements

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2015**

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,588,121	1,683,232	\$ 3,271,353
Restricted Cash and Cash Equivalents	139,864	372,445	512,309
Investments	286,427	-	286,427
Property Taxes Receivable, Net	67,639	-	67,639
Accounts Receivable, Net	152,340	181,476	333,816
Unbilled Revenues	-	79,374	79,374
Due from Other Governments	26,092	-	26,092
Internal Balances	(32,339)	32,339	-
Capital Assets:			
Non-Depreciable	188,000	372,667	560,667
Depreciable, Net	1,632,812	10,931,016	12,563,828
<b>TOTAL ASSETS</b>	<b>4,048,956</b>	<b>13,652,549</b>	<b>17,701,505</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges	<b>149,486</b>	<b>60,038</b>	<b>209,524</b>
<b>LIABILITIES</b>			
Accounts Payable	91,213	30,468	121,681
Accrued Salaries and Fringe Benefits	62,966	8,568	71,534
Accrued Sludge Removal	-	16,000	16,000
Accrued Capacity Encroachment	-	37,064	37,064
Deposits	-	156,590	156,590
Net Pension Liability	1,440,552	676,257	2,116,809
Long-Term Obligations:			
Due Within One Year	41,793	61,554	103,347
Due in More Than One Year	67,757	3,477,791	3,545,548
<b>TOTAL LIABILITIES</b>	<b>1,704,281</b>	<b>4,464,292</b>	<b>6,168,573</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits	<b>146,544</b>	<b>57,014</b>	<b>203,558</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,745,238	7,774,019	9,519,257
Restricted For:			
Cemetery Fund	52,722	-	52,722
Victim's Assistance	8,357	-	8,357
Debt Service	-	350,945	350,945
Grant Proceeds for Sewer Construction	-	21,500	21,500
Other	78,785	-	78,785
Unrestricted Net Position	462,515	1,044,817	1,507,332
<b>TOTAL NET POSITION</b>	<b>\$ 2,347,617</b>	<b>9,191,281</b>	<b>\$ 11,538,898</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, 2015

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	\$ 717,609	-	-	-	(717,609)	-	\$ (717,609)
Public Safety	1,175,953	199,269	954	235,291	(740,439)	-	(740,439)
Public Works	547,517	197,949	-	-	(349,568)	-	(349,568)
Recreation	314,067	19,266	-	-	(294,801)	-	(294,801)
Interest and Other Charges	1,550	-	-	-	(1,550)	-	(1,550)
<b>Total Governmental Activities</b>	<b>2,756,696</b>	<b>416,484</b>	<b>954</b>	<b>235,291</b>	<b>(2,103,967)</b>	<b>-</b>	<b>(2,103,967)</b>
Business-Type Activities:							
Water	801,675	984,257	-	27,783	-	210,365	210,365
Sewer	1,218,661	1,070,299	-	25,875	-	(122,487)	(122,487)
<b>Total Business-Type Activities</b>	<b>2,020,336</b>	<b>2,054,556</b>	<b>-</b>	<b>53,658</b>	<b>-</b>	<b>87,878</b>	<b>87,878</b>
<b>TOTAL - PRIMARY GOVERNMENT</b>	<b>\$ 4,777,032</b>	<b>2,471,040</b>	<b>954</b>	<b>288,949</b>	<b>(2,103,967)</b>	<b>87,878</b>	<b>(2,016,089)</b>
General Revenues:							
Taxes:							
Property Taxes					1,162,726	-	1,162,726
Hospitality Taxes					212,541	-	212,541
Franchise Fees					371,278	-	371,278
Intergovernmental Revenue					86,346	-	86,346
Licenses and Permits					347,910	-	347,910
Miscellaneous Revenue					32,308	-	32,308
Investment Income					1,287	27	1,314
Gain (Loss) on Disposal of Capital Assets					8,447	-	8,447
<b>Total General Revenues</b>					<b>2,222,843</b>	<b>27</b>	<b>2,222,870</b>
<b>CHANGE IN NET POSITION</b>					<b>118,876</b>	<b>87,905</b>	<b>206,781</b>
NET POSITION, Beginning of Year					3,661,973	9,770,103	13,432,076
Cumulative Change in Accounting Principle - GASB #68/71					(1,433,232)	(666,727)	(2,099,959)
NET POSITION, Beginning of Year, Restated					2,228,741	9,103,376	11,332,117
<b>NET POSITION, End of Year</b>	<b>\$ 2,347,617</b>				<b>9,191,281</b>	<b>\$ 11,538,898</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, 2015**

	<b>GENERAL FUND</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,588,121
Cash and Cash Equivalents - Restricted	139,864
Investments	286,427
Receivables, Net:	
Taxes	67,639
Accounts	152,340
Due from State Agencies	26,092
Due from Other Funds	313,903
<b>TOTAL ASSETS</b>	<b>\$ 2,574,386</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 91,213
Accrued Salaries and Fringe Benefits	62,966
Due to Other Funds	346,242
<b>TOTAL LIABILITIES</b>	<b>500,421</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	59,999
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>59,999</b>
<b>FUND BALANCE</b>	
Restricted for:	
Cemetery Fund	52,722
Victim's Assistance	8,357
Other	78,785
Unassigned:	
General Fund	1,874,102
<b>TOTAL FUND BALANCE</b>	<b>2,013,966</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 2,574,386</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, 2015**

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<b>TOTAL FUND BALANCE - GOVERNMENTAL FUND</b>	<b>\$</b>	<b>2,013,966</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 \$6,396,633, and accumulated depreciation was \$4,575,821.		1,820,812
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.		59,999
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.		(1,437,610)
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		(75,574)
Compensated absences (vacation)		(33,976)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>2,347,617</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, 2015**

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Property Taxes	\$ 1,034,550
Hospitality Taxes	212,541
Homestead Exemption	92,126
Manufacturer's Exemption	31,264
Merchant's Inventory	7,207
Franchise Fees	371,278
Licenses and Permits	347,910
Intergovernmental	86,346
Fines and Forfeitures	32,899
Sanitation Collection Fees	190,991
Charges for Services	26,225
Resource Officers	166,370
Investment Income	1,287
Grants	236,245
Other	32,308
<b>TOTAL REVENUES</b>	<b>2,869,547</b>
<b>EXPENDITURES</b>	
Current:	
General Government	570,922
Public Safety	1,071,099
Public Works	457,656
Recreation	304,895
Capital Outlay	202,713
Debt Service:	
Principal	24,426
Interest and Fiscal Charges	1,550
<b>TOTAL EXPENDITURES</b>	<b>2,633,261</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>236,286</b>
<b>OTHER FINANCING SOURCES</b>	
Proceeds from the Sale of Capital Assets	8,447
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>8,447</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>244,733</b>
FUND BALANCE, Beginning of Year	1,769,233
<b>FUND BALANCE, End of Year</b>	<b>\$ 2,013,966</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, 2015**

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**NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND** **\$ 244,733**

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. (2,422)

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 Assets. 24,426

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. (2,846)

Changes in the Town's proportionate shares of the net pension liability, deferred outflows of resources, and  
and deferred inflows of resources for the current year are not reported in the governmental funds but are  
reported in the Statement of Activities. (4,378)

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 depreciation of \$210,925 exceeded additions of \$70,288. (140,637)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 118,876**

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, 2015

	WATER FUND	SEWER FUND	TOTAL
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,675,395	7,837	\$ 1,683,232
Restricted Cash and Cash Equivalents	-	372,445	372,445
Accounts Receivables, Net	92,707	88,769	181,476
Due from Other Funds	346,242	537,102	883,344
Unbilled Revenues	40,634	38,740	79,374
Total Current Assets	2,154,978	1,044,893	3,199,871
Noncurrent Assets:			
Non-Depreciable Capital Assets	251,416	121,251	372,667
Depreciable Capital Assets, Net	1,180,782	9,750,234	10,931,016
Total Noncurrent Assets	1,432,198	9,871,485	11,303,683
<b>TOTAL ASSETS</b>	<b>3,587,176</b>	<b>10,916,378</b>	<b>14,503,554</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges	17,943	42,095	60,038
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	28,190	2,278	30,468
Accrued Salaries and Fringe Benefits	6,509	2,059	8,568
Accrued Sludge Removal	-	16,000	16,000
Accrued Capacity Encroachment	-	37,064	37,064
Deposits	92,575	64,015	156,590
Due to Other Funds	537,102	313,903	851,005
Compensated Absences - Current Portion	166	4,868	5,034
Revenue Bonds Payable - Current Portion	-	56,520	56,520
Total Current Liabilities	664,542	496,707	1,161,249
Noncurrent Liabilities:			
Compensated Absences - Noncurrent Portion	153	4,494	4,647
Revenue Bonds Payable - Noncurrent Portion	-	3,473,144	3,473,144
Net Pension Liability	202,106	474,151	676,257
Total Noncurrent Liabilities	202,259	3,951,789	4,154,048
<b>TOTAL LIABILITIES</b>	<b>866,801</b>	<b>4,448,496</b>	<b>5,315,297</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits	17,039	39,975	57,014
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,432,198	6,341,821	7,774,019
Restricted for Debt Service	-	350,945	350,945
Restricted Grant Proceeds for Sewer Construction	-	21,500	21,500
Unrestricted Net Position (Deficit)	1,289,081	(244,264)	1,044,817
<b>TOTAL NET POSITION</b>	<b>\$ 2,721,279</b>	<b>6,470,002</b>	<b>\$ 9,191,281</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, 2015**

	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Charges for Services:			
Water Services	\$ 958,353	-	\$ 958,353
Sewer Services	-	918,162	918,162
Leachate Treatment	-	137,200	137,200
Other Fees and Miscellaneous Revenues	25,904	14,937	40,841
<b>TOTAL OPERATING REVENUES</b>	<b>984,257</b>	<b>1,070,299</b>	<b>2,054,556</b>
<b>OPERATING EXPENSES</b>			
Water Operations	801,675	-	801,675
Sewer Operations	-	1,111,867	1,111,867
<b>TOTAL OPERATING EXPENSES</b>	<b>801,675</b>	<b>1,111,867</b>	<b>1,913,542</b>
<b>OPERATING INCOME (LOSS)</b>	<b>182,582</b>	<b>(41,568)</b>	<b>141,014</b>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Grant Revenue	27,783	25,875	53,658
Investment Income	-	27	27
Interest Expense	-	(106,794)	(106,794)
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<b>27,783</b>	<b>(80,892)</b>	<b>(53,109)</b>
<b>CHANGE IN NET POSITION</b>	<b>210,365</b>	<b>(122,460)</b>	<b>87,905</b>
NET ASSETS, Beginning of Year, as Previously Reported	2,710,172	7,059,931	9,770,103
Cumulative Change in Accounting Principle - GASB #68/71	(199,258)	(467,469)	(666,727)
NET POSITION, Beginning of Year, Restated	2,510,914	6,592,462	9,103,376
<b>NET POSITION, End of Year</b>	<b>\$ 2,721,279</b>	<b>6,470,002</b>	<b>\$ 9,191,281</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, 2015

	WATER FUND	SEWER FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers and Other Revenues	\$ 995,967	1,073,408	\$ 2,069,375
Cash Payments for Goods and Services	(634,979)	(686,499)	(1,321,478)
Cash Payments to Employees	(78,804)	(119,974)	(198,778)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>282,184</b>	<b>266,935</b>	<b>549,119</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Payments to Other Funds, Net	(21,738)	(59,551)	(81,289)
<b>NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(21,738)</b>	<b>(59,551)</b>	<b>(81,289)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Grant Revenue	27,783	25,875	53,658
Principal Payments on Revenue Bonds	-	(54,965)	(54,965)
Interest Payments	-	(106,794)	(106,794)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>27,783</b>	<b>(135,884)</b>	<b>(108,101)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Income on Investments	-	27	27
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>27</b>	<b>27</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>288,229</b>	<b>71,527</b>	<b>359,756</b>
CASH AND CASH EQUIVALENTS, Beginning of Year	1,387,166	308,755	1,695,921
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 1,675,395</b>	<b>380,282</b>	<b>\$ 2,055,677</b>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 182,582	(41,568)	\$ 141,014
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	83,185	311,164	394,349
Change in:			
Accounts Receivable, Net	(2,734)	(450)	(3,184)
Unbilled Revenue	419	3,559	3,978
Accounts Payable	(1,952)	(4,865)	(6,817)
Accrued Salaries and Fringe Benefits	5,170	(6,032)	(862)
Deposits	14,025	-	14,025
Compensated Absences	(456)	565	109
Net Pension Liability	(8,449)	(19,822)	(28,271)
Deferred Pension Charges	(6,645)	(15,591)	(22,236)
Deferred Pension Credits	17,039	39,975	57,014
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 282,184</b>	<b>266,935</b>	<b>\$ 549,119</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

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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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.

Based on the criteria above, the Town does not have any blended or discretely presented component units.

##### 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.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

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

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.

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.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

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

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.

**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.

#### Significant New Accounting Standards Adopted – Change in Accounting Principle

The Town implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (“GASB #68”) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (“GASB #71”) and collectively “Statements”) in the year ended June 30, 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for their proportionate share of the net pension liability of that plan. It is GASB’s intention that these Statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the Town’s financial obligations to current and former employees for past services rendered. In particular, these Statements require the Town to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the South Carolina Retirement System, South Carolina Police Officers Retirement System, etc. (“Plans”), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the Town’s governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority (“PEBA”) who administers the Plans. However, the adoption has resulted in the restatement of the Town’s net position as of July 1, 2014 for its government-wide and enterprise fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the Town’s government-wide and enterprise fund financial statements as of July 1, 2014 was decreased by \$1,433,232 and \$666,727, respectively, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.A for more information regarding the Town’s retirement plans.



**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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

**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.

**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 cash 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, 2015.

**2. Receivables and Payables**

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 as of June 30, 2015, balances of interfund receivables or payables have been recorded.

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 valued at their estimated fair market value on the date donated. 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, 2015

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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	Business-Type Activities
	Estimated Lives	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, 2015

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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, 2015

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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 (if any) and liabilities and deferred inflows of resources (if any) 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, 2015

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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, 2015, none of the Town's bank deposits of \$4,147,623 (which had a carrying value of \$4,070,089) were exposed to custodial credit risk.

##### *Investments*

As of June 30, 2015, 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, 2015**

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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, 2015:

Debt Service Reserve	\$	350,945
Cemetery Fund		52,722
Drug Forfeiture		6,907
Victim's Advocate		8,357
Hospitality Tax		70,576
Grant Proceeds for Sewer Construction		21,500
Other		1,302
Total Restricted Cash and Cash Equivalents	\$	<u>512,309</u>

**B. Accounts Receivable and Unbilled Revenue**

The General Fund had accounts receivable of \$152,340 at June 30, 2015, which primarily represents the Duke Energy franchise fee, Charter franchise fee, sanitation receivables, resource officers receivable and the June hospitality taxes due to the Town at June 30, 2015 that were received subsequent to June 30, 2015.

The Water and Sewer Funds have accounts receivable of \$92,707 and \$88,769, respectively (net of an allowance for doubtful accounts of \$16,552 and \$9,519, respectively) at June 30, 2015, which primarily represents unpaid water and sewer charges through the June 15, 2015 billing period. In addition, the Water and Sewer Funds have \$40,634 and \$38,740 respectively, in unbilled revenues related to water and sewer usage by customers for the last two weeks of June 2015 that were not billed until July 2015.

**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 \$9,842,000 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, 2015, the Town reported property taxes receivable of \$67,639, of which \$7,640 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, 2015, the General Fund reported \$59,999 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 \$156,590, 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, 2015**

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

**E. Interfund Receivables and Payables**

Interfund receivables and payables at June 30, 2015 (all of which are expected to be repaid within one year), are summarized as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
<u>Governmental Funds:</u>		
General Fund	\$ 313,903	\$ 346,242
<u>Enterprise Funds:</u>		
Water Fund	346,242	537,102
Sewer Fund	537,102	313,903
Total	<u>\$ 1,197,247</u>	<u>\$ 1,197,247</u>

**F. Capital Assets**

Capital asset activity for the Town's governmental activities for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, Non-Depreciable				
Land	\$ 188,000	-	-	\$ 188,000
Total Capital Assets, Non-Depreciable	<u>188,000</u>	<u>-</u>	<u>-</u>	<u>188,000</u>
Capital Assets, Depreciable				
Buildings and Improvements	892,338	-	-	892,338
Motor Vehicles	1,272,477	31,304	109,726	1,194,055
Equipment	861,944	38,984	-	900,928
Infrastructure	3,221,312	-	-	3,221,312
Total Capital Assets, Depreciable	<u>6,248,071</u>	<u>70,288</u>	<u>109,726</u>	<u>6,208,633</u>
Less: Accumulated Depreciation for				
Buildings and Improvements	572,192	22,901	-	595,093
Motor Vehicles	905,454	63,506	109,726	859,234
Equipment	646,146	48,348	-	694,494
Infrastructure	2,350,830	76,170	-	2,427,000
Total Accumulated Depreciation	<u>4,474,622</u>	<u>210,925</u>	<u>109,726</u>	<u>4,575,821</u>
Total Capital Assets, Depreciable, Net	<u>1,773,449</u>	<u>(140,637)</u>	<u>-</u>	<u>1,632,812</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,961,449</u>	<u>(140,637)</u>	<u>-</u>	<u>\$ 1,820,812</u>



**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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

**F. Capital Assets (Continued)**

Depreciation expense for the year ended June 30, 2015 for governmental activities was charged to functions as follows:

<b>Governmental Activities:</b>	<b>Depreciation Expense</b>
General Government	\$ 10,160
Public Safety	65,209
Public Works	89,100
Recreation	46,456
Total Depreciation Expense - Governmental Activities	<u>\$ 210,925</u>

Capital asset activity for the Town's business-type activities for the year ended June 30, 2015 was as follows:

<b>Business-Type Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets, Not being Depreciated				
Land	\$ 372,667	-	-	\$ 372,667
Total Capital Assets, Not being Depreciated	<u>372,667</u>	<u>-</u>	<u>-</u>	<u>372,667</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	-	-	18,844,831
Total Capital Assets, Being Depreciated	<u>19,548,770</u>	<u>-</u>	<u>-</u>	<u>19,548,770</u>
Less: Accumulated Depreciation for				
Land Improvements	169,405	3,693	-	173,098
Buildings and Improvements	22,392	-	-	22,392
Motor Vehicles	88,596	5,779	-	94,375
Equipment	103,833	24,985	-	128,818
Utility Systems	7,839,179	359,892	-	8,199,071
Total Accumulated Depreciation	<u>8,223,405</u>	<u>394,349</u>	<u>-</u>	<u>8,617,754</u>
Total Capital Assets, Being Depreciated, Net	<u>11,325,365</u>	<u>(394,349)</u>	<u>-</u>	<u>10,931,016</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 11,698,032</u>	<u>(394,349)</u>	<u>-</u>	<u>\$ 11,303,683</u>

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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

**G. Long Term Obligations**

The Town's long term obligations were comprised of the following at June 30, 2015:

- 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.

The following is a summary of activity in the Town's long-term obligations for the year ended June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
2014 Capital Lease	\$ 100,000	-	24,426	75,574	\$ 24,805
Compensated Absences	31,130	54,015	51,169	33,976	16,988
Total Governmental Activities	<u>\$ 131,130</u>	<u>54,015</u>	<u>75,595</u>	<u>109,550</u>	<u>\$ 41,793</u>
<b>Business-Type Activities:</b>					
Bonded Indebtedness:					
Series 2010A Revenue Bond	\$ 972,628	-	14,708	957,920	\$ 15,281
Series 2010B Revenue Bond	2,612,002	-	40,257	2,571,745	41,239
Total Bonded Indebtedness	<u>3,584,630</u>	<u>-</u>	<u>54,965</u>	<u>3,529,665</u>	<u>56,520</u>
Compensated Absences	9,572	19,986	19,877	9,681	5,034
Total Business-Type Activities	<u>\$ 3,594,202</u>	<u>19,986</u>	<u>74,842</u>	<u>3,539,346</u>	<u>\$ 61,554</u>

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, 2015****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	Bonded Indebtedness		Capital Lease		
June 30,	Principal	Interest	Principal	Interest	Total
2016	\$ 56,519	105,235	24,805	1,171	\$ 187,730
2017	58,318	103,436	25,189	787	187,730
2018	60,092	101,662	25,580	396	187,730
2019	61,920	99,834	-	-	161,754
2020	63,731	98,023	-	-	161,754
2021-2025	349,272	459,499	-	-	808,771
2026-2030	405,747	403,023	-	-	808,770
2031-2035	471,355	337,416	-	-	808,771
2036-2040	547,538	261,233	-	-	808,771
2041-2045	636,123	172,648	-	-	808,771
2046-2050	738,984	69,787	-	-	808,771
2051	80,066	700	-	-	80,766
Total	<u>\$ 3,529,665</u>	<u>2,212,496</u>	<u>75,574</u>	<u>2,354</u>	<u>\$ 5,820,089</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, 2015, the Town had no bonded debt subject to the 8% limit, which was approximately \$787,000.

**IV. OTHER INFORMATION****A. Retirement Plan**

The Town participates in the state of South Carolina's retirement plans, which are administered by the 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, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the pension systems and the trust funds. By law, the Budget and Control Board (State Fiscal Accountability Authority as of July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board ("Board") decisions regarding the funding of the pension systems and serves as a co-trustee of the pension systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the South Carolina Retirement Systems' pension trust funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the Comprehensive Annual Financial Report of the State.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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### IV. OTHER INFORMATION (CONTINUED)

#### A. Retirement Plan (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.

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (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 contributions 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, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

*Plan Contributions*

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

As noted above, 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 as follows for the past three years:

	SCRS and State ORP Rates			PORS Rates		
	2013	2014	2015	2013	2014	2015
Employer Rate:						
Retirement *	10.45%	10.45%	10.75%	11.90%	12.44%	13.01%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.60%</u>	<u>10.60%</u>	<u>10.90%</u>	<u>12.30%</u>	<u>12.84%</u>	<u>13.41%</u>
Employee Rate	<u>7.00%</u>	<u>7.50%</u>	<u>8.00%</u>	<u>7.00%</u>	<u>7.84%</u>	<u>8.41%</u>

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
2015	\$ 79,640	100%	\$ 71,221	100%
2014	73,651	100%	64,470	100%
2013	\$ 81,941	100%	\$ 82,004	100%

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
2015	\$ 740,840	547,429	\$ 1,288,269
2014	704,796	518,250	1,223,046
2013	\$ 784,123	689,113	\$ 1,473,236

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

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. For the year ended June 30, 2014, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

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	\$ 42,955,205,796	25,738,521,026	\$ 17,216,684,770	59.92%
PORS	\$ 5,899,529,434	3,985,101,996	\$ 1,914,427,438	67.55%

At June 30, 2015, the Town reported liabilities of \$1,317,593 and \$799,216 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2014, 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, 2013 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 June 30, 2014, the Town's SCRS proportion was .007653 percent, which was equal to its proportion measured as of June 30, 2013. At June 30, 2014, the Town's PORS proportion was .04175 percent, which was equal to its proportion measured as of June 30, 2013.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

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

For the year ended June 30, 2015, the Town recognized pension expense of \$92,348 and \$69,922 for the SCRS and PORS, respectively. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources 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	\$ 37,335	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	111,083
Town's Contributions Subsequent to the Measurement Date	79,640	-
Total SCRS	<u>116,975</u>	<u>111,083</u>
<b>PORS</b>		
Differences Between Expected and Actual Experience	21,328	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	92,475
Town's Contributions Subsequent to the Measurement Date	71,221	-
Total PORS	<u>92,549</u>	<u>92,475</u>
Total SCRS and PORS	<u>\$ 209,524</u>	<u>\$ 203,558</u>

\$79,640 and \$71,221 that was 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 liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2016	\$ (16,223)	(17,588)	\$ (33,811)
2017	(16,223)	(17,588)	(33,811)
2018	(16,223)	(17,588)	(33,811)
2019	(25,079)	(18,383)	(43,462)
Total	<u>\$ (73,748)</u>	<u>(71,147)</u>	<u>\$ (144,895)</u>

*Actuarial Assumptions and Methods*

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



TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

*Actuarial Assumptions and Methods (Continued)*

The following table provides a summary of the actuarial cost method and assumptions used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Salary Increases	Levels off at 3.5%	Levels off at 4.0%
Includes Inflation at	2.75%	2.75%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

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

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

*Actuarial Assumptions and Methods (Continued)*

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	0.3%	0.01%
Short Duration	3.0%	0.6%	0.02%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	1.1%	0.08%
High Yield	2.0%	3.5%	0.07%
Bank Loans	4.0%	2.8%	0.11%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	0.8%	0.02%
Emerging Markets Debt	6.0%	4.1%	0.25%
Global Public Equity	31.0%	7.8%	2.42%
Global Tactical Asset Allocation Alternatives	10.0%	5.1%	0.51%
Hedge Funds (Low Beta)	32.0%		
Private Debt	8.0%	4.0%	0.32%
Private Equity	7.0%	10.2%	0.71%
Real Estate (Broad Market)	9.0%	10.2%	0.92%
Commodities	5.0%	5.9%	0.29%
Commodities	3.0%	5.1%	0.15%
Total Expected Real Return	100.0%		5.88%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.63%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the Town's proportionate share of the net pension liability of the Plans as of June 30, 2014 to changes in the discount rate, calculated using the discount rate of 7.5 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.5 percent) or 1% point higher (8.5 percent) than the current rate:

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Town's proportionate share of the net pension liability of the SCRS	\$ 1,705,047	1,317,593	\$ 994,345
Town's proportionate share of the net pension liability of the PORS	\$ 1,116,884	799,216	\$ 536,372

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Plans Fiduciary Net Position*

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

*Payable to Plans*

The Town reported payables of \$11,293 and \$9,841 to the PEBA as of June 30, 2015, representing required employer and employee contributions for the month of June 2015 for the SCRS and PORS, respectively. These amounts are included in Accounts Payable on the financial statements and were paid in July 2015.

**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, injuries to employees, and natural disasters. The Town carries commercial insurance for property and casualty insurance and worker's compensation claims. There has been no reduction in insurance coverage as compared to the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three 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.
- 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.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Contingent Liabilities (Continued)**

***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.

In June 2014, the Town received a CDBG grant award of \$445,487 through the South Carolina Department of Commerce to upgrade the sewer system. The total estimated cost of the project is \$505,135. The Town has not entered into any significant contracts related to this project as it is still in the design phase.

In August 2013, the Town entered into an operating lease for a backhoe. The monthly cost for the operating lease is \$1,142 a month for 24 months.

In August 2014, the Town entered into an operating lease for an excavator. The monthly cost for the operating lease is \$801 a month for 36 months.

**F. Subsequent Events**

In August 2015, the Town purchased one pre-owned police vehicle for a total of \$9,995.

## 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, 2015

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Property Taxes	\$ 939,000	939,000	1,034,550	\$ 95,550
Hospitality Taxes	160,000	160,000	212,541	52,541
Homestead Exemption	90,000	90,000	92,126	2,126
Manufacturer's Exemption	35,000	35,000	31,264	(3,736)
Merchant's Inventory	7,204	7,204	7,207	3
Franchise Fees	315,000	315,000	371,278	56,278
Licenses and Permits	295,000	295,000	347,910	52,910
Intergovernmental	72,000	72,000	86,346	14,346
Fines and Forfeitures	36,000	36,000	32,899	(3,101)
Sanitation Collection Fees	177,000	177,000	190,991	13,991
Other Charges for Services	14,500	14,500	26,225	11,725
Resource Officers	166,859	166,859	166,370	(489)
Investment Income	1,000	1,000	1,287	287
Grants	165,000	165,000	236,245	71,245
Other	29,400	29,400	32,308	2,908
<b>TOTAL REVENUE ALL SOURCES</b>	<b>2,502,963</b>	<b>2,502,963</b>	<b>2,869,547</b>	<b>366,584</b>
<b>EXPENDITURES</b>				
General Government:				
Salaries and Wages	94,658	94,658	131,315	(36,657)
Payroll Taxes	7,241	7,241	9,227	(1,986)
Retirement	10,176	10,176	15,932	(5,756)
Health Insurance	82,927	82,927	72,820	10,107
Transportation Expenditures	10,000	10,000	532	9,468
Consultants and Contract Services	8,000	8,000	9,460	(1,460)
Operating Expenditures	363,051	363,051	331,636	31,415
Total General Government	576,053	576,053	570,922	5,131
Public Safety:				
Police:				
Salaries and Wages	617,121	617,121	609,541	7,580
Payroll Taxes	59,086	59,086	56,866	2,220
Retirement	64,159	64,159	64,507	(348)
Health Insurance	140,112	140,112	143,700	(3,588)
Operating Expenditures	159,312	159,312	125,407	33,905
Total Police	1,039,790	1,039,790	1,000,021	39,769
Fire:				
Payroll Taxes	1,000	1,000	-	1,000
Transportation Expenditures	29,680	29,680	29,877	(197)
Operating Expenditures	57,320	57,320	41,201	16,119
Total Fire	88,000	88,000	71,078	16,922
Total Public Safety	\$ 1,127,790	1,127,790	1,071,099	\$ 56,691

(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, 2015

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
Public Works:				
Street Department:				
Salaries and Wages	\$ 198,657	198,657	197,081	\$ 1,576
Payroll Taxes	15,197	15,197	14,785	412
Retirement	18,644	18,644	21,086	(2,442)
Health Insurance	37,800	37,800	41,428	(3,628)
Transportation Expenditures	-	-	1,181	(1,181)
Operating Expenditures	135,939	135,939	182,095	(46,156)
Total Public Works	<u>406,237</u>	<u>406,237</u>	<u>457,656</u>	<u>(51,419)</u>
Recreation:				
Salaries and Wages	41,930	41,930	51,304	(9,374)
Payroll Taxes	3,208	3,208	3,856	(648)
Retirement	4,507	4,507	5,401	(894)
Health Insurance	5,622	5,622	7,870	(2,248)
Transportation Expenditures	-	-	39	(39)
Operating Expenditures	242,116	242,116	236,425	5,691
Total Recreation	<u>297,383</u>	<u>297,383</u>	<u>304,895</u>	<u>(7,512)</u>
Capital Outlay	<u>95,500</u>	<u>95,500</u>	<u>202,713</u>	<u>(107,213)</u>
Debt Service:				
Principal	-	-	24,426	(24,426)
Interest and Fiscal Changes	-	-	1,550	(1,550)
Total Debt Service	<u>-</u>	<u>-</u>	<u>25,976</u>	<u>(25,976)</u>
<b>TOTAL EXPENDITURES</b>	<u><b>2,502,963</b></u>	<u><b>2,502,963</b></u>	<u><b>2,633,261</b></u>	<u><b>(130,298)</b></u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>236,286</b></u>	<u><b>236,286</b></u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from the Sale of Capital Assets	-	-	8,447	8,447
<b>TOTAL OTHER FINANCING SOURCES</b>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>8,447</b></u>	<u><b>8,447</b></u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>244,733</b></u>	<u><b>244,733</b></u>
FUND BALANCE, Beginning of Year	<u>1,769,233</u>	<u>1,769,233</u>	<u>1,769,233</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 1,769,233</b></u>	<u><b>1,769,233</b></u>	<u><b>2,013,966</b></u>	<u><b>\$ 244,733</b></u>

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 TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
Town's Proportion of the Net Pension Liability	0.007653%	0.007653%
Town's Proportionate Share of the Net Pension Liability	\$ 1,317,593	\$ 1,372,675
Town's Covered-Employee Payroll	\$ 704,796	\$ 784,123
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	186.95%	175.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 79,640	\$ 73,651
Contributions in Relation to the Contractually Required Contribution:	79,640	73,651
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	\$ 740,840	\$ 704,796
Contributions as a Percentage of Covered-Employee Payroll:	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 TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
Town's Proportion of the Net Pension Liability	0.04175%	0.04175%
Town's Proportionate Share of the Net Pension Liability	\$ 799,216	\$ 865,404
Town's Covered-Employee Payroll	\$ 518,250	\$ 689,113
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	154.21%	125.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 71,221	\$ 64,470
Contributions in Relation to the Contractually Required Contribution:	71,221	64,470
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	\$ 547,429	\$ 518,250
Contributions as a Percentage of Covered-Employee Payroll:	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, 2015

	WATER ENTERPRISE FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
<b>OPERATING REVENUES</b>				
Water Services	\$ 839,000	839,000	958,353	\$ 119,353
Tap Fees	2,500	2,500	6,000	3,500
Reconnect Fees	7,000	7,000	7,500	500
Miscellaneous Revenues	4,500	4,500	12,404	7,904
<b>TOTAL OPERATING REVENUES</b>	<b>853,000</b>	<b>853,000</b>	<b>984,257</b>	<b>131,257</b>
<b>OPERATING EXPENSES</b>				
Water Operations:				
Salaries and Wages	27,600	27,600	83,518	(55,918)
Payroll Taxes	2,111	2,111	6,246	(4,135)
Retirement	2,967	2,967	10,892	(7,925)
Health Insurance	6,000	6,000	18,477	(12,477)
Transportation Expenses	5,000	5,000	2,026	2,974
Operating Expenses	809,322	809,322	597,331	211,991
Depreciation	-	-	83,185	(83,185)
Total Water Operating Expenses	853,000	853,000	801,675	51,325
<b>TOTAL OPERATING EXPENSES</b>	<b>853,000</b>	<b>853,000</b>	<b>801,675</b>	<b>51,325</b>
<b>OPERATING INCOME</b>	<b>-</b>	<b>-</b>	<b>182,582</b>	<b>182,582</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grant Revenue	-	-	27,783	27,783
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>-</b>	<b>-</b>	<b>27,783</b>	<b>27,783</b>
<b>CHANGE IN FUND NET POSITION</b>	<b>-</b>	<b>-</b>	<b>210,365</b>	<b>210,365</b>
NET POSITION, Beginning of Year, as Previously Reported	2,710,172	2,710,172	2,710,172	-
Cumulative Change in Accounting Principle - GASB #68/71	(199,258)	(199,258)	(199,258)	-
NET POSITION, Beginning of Year, Restated	2,510,914	2,510,914	2,510,914	-
<b>NET POSITION, End of Year</b>	<b>\$ 2,510,914</b>	<b>2,510,914</b>	<b>2,721,279</b>	<b>\$ 210,365</b>

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	SEWER ENTERPRISE FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
<b>OPERATING REVENUES</b>				
Sewer Services	\$ 798,000	798,000	918,162	\$ 120,162
Leachate Treatment	108,000	108,000	137,200	29,200
Tap Fees	1,000	1,000	-	(1,000)
Miscellaneous Revenues	18,500	18,500	14,937	(3,563)
<b>TOTAL OPERATING REVENUES</b>	<b>925,500</b>	<b>925,500</b>	<b>1,070,299</b>	<b>144,799</b>
<b>OPERATING EXPENSES</b>				
Sewer Operations:				
Salaries and Wages	168,223	168,223	114,507	53,716
Payroll Taxes	12,869	12,869	8,333	4,536
Retirement	18,084	18,084	16,742	1,342
Health Insurance	30,000	30,000	33,735	(3,735)
Operating Expenses	1,192,459	1,192,459	627,387	565,072
Depreciation	-	-	311,163	(311,163)
Other	1,421,635	1,421,635	1,111,867	309,768
<b>TOTAL OPERATING EXPENSES</b>	<b>1,421,635</b>	<b>1,421,635</b>	<b>1,111,867</b>	<b>309,768</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(496,135)</b>	<b>(496,135)</b>	<b>(41,568)</b>	<b>454,567</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grant Revenue	496,135	496,135	25,875	(470,260)
Investment Income	-	-	27	27
Interest and Fiscal Changes	-	-	(106,794)	(106,794)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>496,135</b>	<b>496,135</b>	<b>(80,892)</b>	<b>(577,027)</b>
<b>CHANGE IN FUND NET POSITION</b>	<b>-</b>	<b>-</b>	<b>(122,460)</b>	<b>(122,460)</b>
NET POSITION, Beginning of Year, as Previously Reported	7,059,931	7,059,931	7,059,931	-
Cumulative Change in Accounting Principle - GASB #68/71	(467,469)	(467,469)	(467,469)	-
NET POSITION, Beginning of Year, Restated	6,592,462	6,592,462	6,592,462	-
<b>NET POSITION, End of Year</b>	<b>\$ 6,592,462</b>	<b>6,592,462</b>	<b>6,470,002</b>	<b>\$ (122,460)</b>

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2015**

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**Court Fines and Assessments**

Court Fines and Assessments Collected	\$ 59,365
Court Fines and Assessments Retained by the Town	(32,645)
<b>Total Court Fines and Assessments Remitted to the State Treasurer</b>	<b>\$ 26,720</b>

**Court Surcharges**

Court Surcharges Collected	\$ 12,203
<b>Total Court Surcharges Remitted to State Treasurer</b>	<b>\$ 12,203</b>

**Victim Fund**

<b>Funds Available for Carryforward, Beginning of Year</b>	\$ 2,937
Court Assessments Allocated to Victim Assistance Fund - Current Year	5,420
<b>Funds Available for Carryforward, End of Year</b>	<b>\$ 8,357</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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 25, 2015.

**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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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  
Mauldin, South Carolina  
September 25, 2015