

TOWN OF AYNOR
SOUTH CAROLINA
BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

**TOWN OF AYNOR, SOUTH CAROLINA
ANNUAL FINANCIAL STATEMENTS
JUNE 30, 2017**

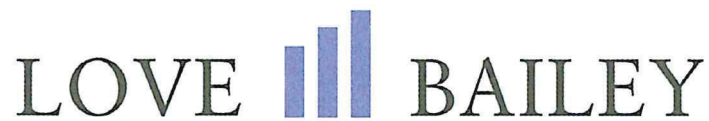
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ANNUAL FINANCIAL STATEMENTS
JUNE 30, 2017**

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Town Council
Town of Aynor, South Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Aynor, South Carolina, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 13 to the financial statements, the Town recorded a prior period adjustment to the net pension liability and net position due to an error in the implementation of GASB 68 and other incorrect accrual balances. Additionally, the Town recorded a prior period adjustment to the unassigned fund balance due to erroneously recorded accruals.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension 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.

Other 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 budgetary comparison information for hospitality tax fund and the cemetery fund, are presented for purposes of additional analysis and are 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 February 2, 2018, 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 Town's internal control over financial reporting and compliance.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
February 2, 2018

TOWN OF AYNOR, SOUTH CAROLINA
FY 2017
MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of The Town of Aynor's financial performance provides an overall review of the Town's financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the additional information in the Town's financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The Town's assets and deferred outflows exceeded its liabilities and deferred inflows at June 30, 2017 by \$731,617 (net position).
- The Town's total net position increased \$172,599 from the prior year net position with fiscal year revenues of \$1,184,432 and expenses of \$1,011,833.
- At June 30, 2017, the Town's governmental fund balance sheet reported a combined ending fund balance of \$936,534, an increase of \$144,568 from the previous fiscal year. Of this amount, \$160,907 is restricted to the Cemetery Fund and \$180,308 is restricted to the Hospitality Fund and remaining \$595,319 is unrestricted in the General Fund.
- The General Fund revenues for the year ended June 30, 2017 was \$1,063,294 which was under budget due to the "other revenues" budget line; total change in fund balance was \$139,264 for the yearend June 30, 2017.
- At June 30, 2017, the Town had a note payable for a vehicle of \$33,250. Also, the Town's net pension liability at June 30, 2017 was \$853,589.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

Government-wide Financial Statements: 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. These statements outline functions of the Town that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, street and sanitation, recreation, hospitality and tourism, community development, and economic development. The government-wide financial statements can be found on pages 9 and 10 of this report.

Statement of Net Assets: The statement of net assets presents information on all of the Town's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Statement of Activities: The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets 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 periods (e.g., uncollected taxes and earned but unused compensated absences).

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be classified as governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spend-able resources, as well as on balances of spend-able resources available at the end of the fiscal year. Such information may be useful in evaluating the Town'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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 12 and 14 of this report.

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. The notes to the financial statements can be found on pages 15-35 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents a General Fund Budgetary Comparison Schedule as required supplementary information. Required supplementary information can be found on pages 36-37 of this report.

Combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

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 \$731,617 as of June 30, 2017.

Of the Town's total net position, 68% is its investment in capital assets. The Town uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	2017	2016
Current and other assets	\$ 475,098	\$ 1,112,334
Non Current Assets	1,580,443	628,017
Total assets	\$ 2,055,541	\$ 1,740,351
Current liabilities	\$ 375,853	\$ 331,718
Long-term liabilities	948,071	849,615
Total liabilities	\$ 1,323,924	\$ 1,181,333
Net position:		
Invested in capital assets, net of Related debt	\$ 499,548	\$ 438,191
Restricted	825,445	408,404
Unrestricted	(593,376)	(287,577)
Total net position	\$ 731,617	\$ 559,018

The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2017 and June 30, 2016.

	2017	2016
Revenues:		
Program revenues		
Charges for services	\$ 392,222	\$ 491,131
Operating grants and contributions	25,154	25,036
General revenue		
Property taxes	197,590	177,143
Hospitality taxes	90,700	76,797
Franchise Fees	111,947	103,528
State share revenue and fees in lieu of taxes	125,243	21,859
Unrestricted investment earnings	889	903
Gain on disposal of capital assets	-	-
Miscellaneous revenues	240,687	118,170
Total revenues	<u>1,184,432</u>	<u>1,014,567</u>
Expenses and transfers:		
General government	215,317	237,986
Public safety	397,779	500,494
Street and sanitation	393,600	292,811
Recreation	<u>5,137</u>	<u>19,056</u>
Total expenses	1,011,833	1,050,347
Increase (decrease) in net position	172,599	(35,780)
Net position, beginning	<u>559,018</u>	<u>594,798</u>
Net position, ending	\$ <u>731,617</u>	\$ <u>559,018</u>

Governmental activities: The following table presents the cost of the six major Town functional activities: general government, public safety, street and sanitation, recreation for the fiscal years ended June 30, 2017 and June 30, 2016. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

	2017 Total Expenses	Net (Expense) Revenue	2016 Total Expenses	Net (Expense) Revenue
General Government	\$ 215,317	\$ (88,126)	\$ 237,986	\$ (25,343)
Public Safety	397,779	(262,365)	500,494	(339,244)
Street and Sanitation	393,600	(238,829)	292,811	(150,537)
Recreation	5,137	(5,137)	19,056	2,063
	<u>\$ 1,011,833</u>	<u>\$ (594,457)</u>	<u>\$ 1,050,347</u>	<u>\$ (534,180)</u>

As seen from the above table, the total cost of the Town's activities for 2016-2017 was \$1,011,833. Because some of the costs were paid by those who directly benefited from the activities or by contributions and grants, the amount that the taxpayers financed through ad valorem taxes amounted to \$197,590. The Town paid the remaining costs of governmental activities with hospitality fees, franchise fees, and state shared revenues and fees in lieu of taxes.

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 funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The General Fund is the principal operating fund of the Town. The General Fund's fund balance increased from \$456,055 as of June 30, 2016 to \$595,319 as of June 30, 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgeted revenues exceeded actual revenues by \$199,294 for the year ended June 30, 2017.

Actual expenditures exceeded budgeted expenditures by \$80,953.

It should be noted that the Town did amend the original budget during the fiscal year for grants or activity variances.

A more complete report of the budgeted vs. actual revenues and expenditures for the General Fund is included in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: As of June 30, 2017, the Town had invested \$1,276,816 in capital assets, including land, buildings and improvements, and other vehicles and equipment. Accumulated depreciation was \$744,018 including current depreciation expense of \$54,221 for the year.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2017 and June 30, 2016.

	<u>2017</u>	<u>2016</u>
Land	\$ 16,085	\$ 16,085
Buildings and Improvements	438,612	412,946
Vehicles and equipment	78,101	9,160
	<u>\$ 532,798</u>	<u>\$ 438,191</u>

Additional information on the Town's capital assets can be found in Note 5 of this report.

Debt Administration: At year,-end, the Town did not have any debt outstanding. Additional information on the Town's long-term liabilities can be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

It is not anticipated that the 2017-2018 fiscal year will result in substantial growth.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives. If you have questions about this report or need additional information, contact The Town of Aynor, Post Office Box 66, Aynor, South Carolina 29511-0066.

**TOWN OF AYNOR,
SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 283,272
Short-term investments	101,916
Receivables, net	89,910
Total current assets	<u>475,098</u>
Non-current assets	
Restricted cash and cash equivalents	825,445
Capital assets, non-depreciable	16,085
Capital assets, net of accumulated depreciation	516,713
Total non-current assets	<u>1,358,243</u>
Total assets	<u>1,833,341</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	222,200
Total deferred outflows of resources	<u>222,200</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	22,265
Deferred revenue	341,744
Current portion of long-term debt - note payable	11,844
Total current liabilities	<u>375,853</u>
Long-term liabilities	
Accrued compensated absences	20,421
Note payable	21,406
Net pension liability	853,589
Total long-term liabilities	<u>895,416</u>
Total liabilities	<u>1,271,269</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension charges	52,655
Total deferred inflows of resources	<u>52,655</u>
NET POSITION	
Invested in capital assets, net of related debt	499,548
Restricted for:	
Victims rights	87,516
Public safety	46,762
Hospitality and tourism	173,168
Cemetery	160,607
Drainage Project	357,392
Unrestricted	(593,376)
Total net position	<u>\$ 731,617</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF AYNOR, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating		
PRIMARY GOVERNMENT					
Governmental activities					
General government	\$ 215,317	\$ 127,191	\$ -	\$ -	\$ (88,126)
Public safety	397,779	110,260	25,154	-	(262,365)
Street and sanitation	393,600	154,771	-	-	(238,829)
Recreation	5,137	-	-	-	(5,137)
Total governmental activities	<u>\$ 1,011,833</u>	<u>\$ 392,222</u>	<u>\$ 25,154</u>	<u>\$ -</u>	<u>(594,457)</u>
GENERAL REVENUES					
Property taxes, levied for general purposes					197,590
Hospitality taxes					90,700
Franchise fees					111,947
State shared revenues and fees in lieu of taxes					125,243
Investment income					889
Miscellaneous revenue					240,687
Total general revenues					767,056
Change in net position					172,599
Net position, beginning of year (restated)					559,018
Net position, end of year					<u>\$ 731,617</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF AYNOR, SOUTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Hospitality Tax	Cemetery	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 283,272	\$ -	\$ -	\$ 283,272
Short-term Investments	101,916	-	-	101,916
Accounts receivable	81,844	7,766	300	89,910
Restricted cash and cash equivalents	491,670	173,168	60,438	725,276
Restricted short-term Investments	-		100,169	100,169
Total assets	<u>\$ 958,702</u>	<u>\$ 180,934</u>	<u>\$ 160,907</u>	<u>\$ 1,300,543</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 21,639	\$ 626	\$ -	\$ 22,265
Deferred revenue	341,744	-	-	341,744
Total liabilities	<u>363,383</u>	<u>626</u>	<u>-</u>	<u>364,009</u>
FUND BALANCES				
Restricted:				
Cemetery upkeep	-	-	160,907	160,907
Hospitality and tourism	-	180,308	-	180,308
Unassigned, reported in				
General fund	595,319	-	-	595,319
Total fund balances	<u>595,319</u>	<u>180,308</u>	<u>160,907</u>	<u>936,534</u>
Total liabilities and fund balances	<u>\$ 958,702</u>	<u>\$ 180,934</u>	<u>\$ 160,907</u>	<u>\$ 1,300,543</u>

The accompanying notes are an integral part of these financial statements.

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

Total fund balance		\$	936,534
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets was \$1,276,816 and the accumulated depreciation was \$744,018			532,798
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 plan are not recorded in the government funds but are recorded in the statement of net position.			(684,044)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Note payable	\$	(33,250)	
Compensated absences		<u>(20,421)</u>	<u>(53,671)</u>
Total net position		\$	<u><u>731,617</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF AYNOR, SOUTH CAROLINA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General	Hospitality Tax	Cemetery	Debt Service	Total Governmental Funds
REVENUE					
Property taxes	\$ 197,590	\$ -	\$ -	\$ -	\$ 197,590
Hospitality taxes	-	90,700	-	-	90,700
Penalties and interest	889	-	-	-	889
State shared revenue	125,243	-	-	-	125,243
Franchise fees	111,947	-	-	-	111,947
Business licenses and permits	127,191	-	-	-	127,191
Fines and forfeitures	110,260	-	-	-	110,260
Garbage collection	154,771	-	-	-	154,771
Cemetery sales	-	-	10,795	-	10,795
Grants	25,154	-	-	-	25,154
Miscellaneous	210,249	-	-	-	210,249
Total revenues	1,063,294	90,700	10,795	-	1,164,789
EXPENDITURES					
General governmental	169,430	-	-	-	169,430
Public safety	323,655	-	-	-	323,655
Streets and sanitation	364,501	-	-	-	364,501
Recreation	2,341	-	-	-	2,341
Non-departmental	47,610	11,148	-	-	58,758
Cemetery upkeep	-	-	5,221	-	5,221
Capital outlay					
Public safety	86,418	-	-	-	86,418
Street and Sanitation	21,600	-	-	-	21,600
Cemetery upkeep	-	-	7,455	-	7,455
Tourism	-	33,355	-	-	33,355
Debt service:					
Principal	-	-	-	2,900	2,900
Interest	-	-	-	230	230
Total expenditures	1,015,555	44,503	12,676	3,130	1,075,864
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	47,739	46,197	(1,881)	(3,130)	88,925
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of equipment	19,493	-	-	-	19,493
Proceeds from loan	36,150	-	-	-	36,150
Transfers in (out)	35,882	(35,318)	(3,694)	3,130	-
Total other financing sources (uses)	91,525	(35,318)	(3,694)	3,130	55,643
Net changes in fund balances	139,264	10,879	(5,575)	-	144,568
Fund balances, beginning of year (restated)	456,055	169,429	166,482	-	791,966
Fund balances, end of year	\$ 595,319	\$ 180,308	\$ 160,907	\$ -	\$ 936,534

The accompanying notes are an integral part of these financial statements.

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

Net change in fund balances	\$	144,568
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays 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 capital outlays exceeded depreciation expense in the current period.		
Capital asset additions	\$	148,828
Depreciation expense		(54,221)
		<u>94,607</u>
Decrease in compensated absences recorded in the statement of activities but not in the governmental funds		16,639
Changes in the Town's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities		(49,965)
Issuance of loan proceeds		(36,150)
Principal payments on note payable		<u>2,900</u>
Change in net position	\$	<u><u>172,599</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Aynor, South Carolina conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Town of Aynor, South Carolina (the Town) was incorporated on May 21, 1941 as a municipal corporation under the laws of the State of South Carolina. The Town's governing body consists of an elected mayor and four-member council.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Based on this criterion the Town has determined it has no component units and is not a component unit of any other organization. Therefore, the Town reports as a primary entity.

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 primary government. For the most part, the effect of inter fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of 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. Indirect expense allocations are eliminated for the statement of activities. 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. Internally dedicated resources are also reported as general revenues.

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Major individual governmental funds are reported as separate columns in the fund financial statements. All non-major funds are aggregated and reported in a single column on each of the fund financial statements.

The 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.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, franchise fees, fines and forfeitures, garbage collection, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The Town utilizes the following governmental funds:

General Fund – The general fund is the primary operating fund of the Town. The general fund accounts for all financial resources except those that are required to be reported in another fund.

Special Revenue Fund – The special revenue fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town uses the following special revenue funds:

Cemetery Fund – Used to account for the sale of cemetery plots and the expense of upkeep and maintenance.

Hospitality Tax Fund – Used to account for the collection of the 1% hospitality tax which finances the preservation of the general health, safety, and welfare of the general public within the Town and other costs associated with tourism related promotion and marketing of the Town.

The Town reports the General as major governmental funds.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Cash Equivalents and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the United States and its agencies, general obligations of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal depository insurance, certificates of deposit collaterally secured, and repurchase agreements secured by the foregoing obligations.

Receivables and Payables

All receivables are shown at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Such allowances are estimated based upon such factors as length of delinquency, historical analysis, and available means for collection enforcement.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund receivables and payables outstanding at year end are eliminated upon consolidation of governmental activities in the government-wide statement of net assets.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The Town had no item of this nature at June 30, 2017.

Restricted assets

Certain assets of the Town are classified as restricted on the balance sheet when specific limitations are placed upon their use. Restricted assets of the Town include cash and certificates of deposit set aside as required by state statute for providing services to victims and witnesses of crimes, cemetery upkeep, preservation and improvements related to tourism and hospitality, and special projects.

During 1982, the Mayor and Council adopted an ordinance to provide for cemetery upkeep. A savings account was established of which the interest is to be deposited into the Cemetery Fund bank account to provide for the upkeep of the cemetery, while the principal is to remain intact.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings & Improvements	10 – 40
Land Improvements	10 – 40
Equipment & Furnishings	5 – 10
Vehicles	5

Depreciation for capital assets that can be specifically identified with a function is included in the direct expenses for that function. Depreciation for capital assets that serve essentially all functions is included in the statement of activities as a separate line item “depreciation - unallocated.”

In the case of the initial capitalization of general infrastructure assets, the Town elected not to implement the retroactive reporting provisions of GASB Statement No. 34. However, as the Town acquires or constructs additional infrastructure assets each period, they are capitalized and reported at historical cost.

Compensated Absences

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Town does not have a policy to pay any amounts when employees separate from service with the Town.

All vacation pay and salary related expenses are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Revenue

Deferred revenues arise when potential revenue does not meet the criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the government has a legal claim to the resources, or the revenue has been earned, the liability is removed and revenue is recognized.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the related obligations. Obligations are reported net of applicable premiums or discounts. Issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize premiums and discounts, as well as 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.

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 the consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (except expenses) until then. The Town currently has one type of deferred outflow of resources: deferred pension charges. It is reported in the Statement 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 (1) recognized in the subsequent period as a reduction in the net pension liability (including pension contributions made after the measurement date) or (2) 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 (government-wide) and the Balance Sheet (governmental funds) 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 (revenues) until that time. The Town currently has two types of inflows of deferred resources: (1) unavailable revenue-property taxes only in the government funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenue) in the periods the amounts become available, and (2) the Town also reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement Systems and South Carolina Police Officers Retirement System. These deferred pension credits are amortized in a systemic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

Fund Balance

Non-spendable – This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Committed – This classification includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the Town. Such formal action may be in the form of an ordinance or resolution and may be modified or rescinded by subsequent formal action.

Assigned – This classification includes amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the governing body or official.

Unassigned – This classification represents the residual balance with the General Fund, which has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

The Town uses restricted amounts first when both restricted and unrestricted fund balances are available.

Property Taxes

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

Property taxes are assessed and collected under a joint billing and collection agreement with Horry County. Property taxes are levied each October on the assessed value listed as of the prior January 1 for all real and business personal property located within the Town. The tax levy is considered due upon receipt by the taxpayer; however, the actual due date is January 15th. Automobile property taxes attach a lien and are levied throughout the year depending on when the vehicle's license tag expires. Property taxes are recognized under the standards established by GASB Statement No. 33 for Imposed Nonexchange Revenues.

Nonexchange Transactions

The standards established by GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", provide accounting and reporting for the following four categories of nonexchange transactions: 1) Derived tax revenues, 2) Imposed nonexchange revenues, 3) Government-mandated nonexchange transactions, and 4) Voluntary nonexchange transactions. Nonexchange transactions involve financial or capital resources in which the government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.

Assets from Derived Tax Revenues are recognized when the underlying exchange has occurred and resources are available to the government.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets from Imposed Nonexchange Revenues are recognized when an enforceable legal claim has arisen or when resources are received, whichever occurs first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available to the government.

Assets, liabilities, revenues, and expenditures from Government-Mandated and Voluntary Nonexchange Transactions are generally recognized when all eligibility requirements have been met. Resources received before the eligibility requirements are fulfilled are reported as deferred revenues. Eligibility requirements can include one or more of the following:

- 1) The recipient has the characteristics specified by the provider.
- 2) Time requirements specified by the provider have been met.
- 3) The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
- 4) The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and revenues, expenditures/expenses, and other sources and uses recognized during the reporting period. Actual results could differ from those amounts.

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial credit risk 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 formal policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2017, none of the Town's bank balances of \$1,249,805 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

NOTE 3 – RESTRICTED ASSETS

The balances of restricted asset accounts are as follows:

	<u>General</u>	<u>Non-major</u>	<u>Total</u>
Cash and Certificates of Deposit:			
Fines and Fees	\$ 134,278	\$ -	\$ 134,278
Roads and Streets	357,392	-	357,392
Cemetery	-	160,607	160,607
Hospitality	-	173,168	173,168
Total Restricted Assets	<u>\$ 491,670</u>	<u>\$ 333,775</u>	<u>\$ 825,445</u>

TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 4 – RECEIVABLES

Receivables as of year-end for individual major funds and non-major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Non-major</u>	<u>Total</u>
Receivables:			
Taxes	\$ 1,894	\$ -	\$ 1,894
Garbage	13,095	-	13,095
Franchise Fees	8,873	-	8,873
Fines and Fees	23,653	-	23,653
Cemetery fees	-	300	300
Hospitality Taxes	-	7,766	7,766
Other	34,329	-	34,329
Gross Receivables	<u>81,844</u>	<u>8,066</u>	<u>89,910</u>
Less: Allowance for Uncollectible	-	-	-
Net Receivables	<u>\$ 81,844</u>	<u>\$ 8,066</u>	<u>\$ 89,910</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2017, the Town had a total of \$341,744 of deferred revenue in the general fund.

TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
Non-depreciable assets:				
Land	\$ 16,085	\$ -	\$ -	\$ 16,085
Total non-depreciable assets	16,085	-	-	16,085
Depreciable:				
Land Improvements	50,364	-	-	50,364
Buildings and Improvements	555,370	40,810	-	596,180
Vehicles and Equipment	506,169	108,018	-	614,187
Total depreciable capital assets	1,111,903	148,828	-	1,260,731
Less accumulated depreciation:				
Land Improvements	3,385	-	-	3,385
Buildings and Improvements	188,403	16,144	-	204,547
Vehicles and Equipment	498,009	38,077	-	536,086
	689,797	54,221	-	744,018
Total depreciable capital assets, net	422,106	94,607	-	516,713
Total capital assets, net	\$ 438,191	\$ 94,607	\$ -	\$ 532,798

NOTE 6 – NOTE PAYABLE

Note payable consists of the following at June 30, 2017:

On February 22, 2017, the Town financed the purchase of a vehicle with a loan of \$36,150. The interest rate is 2.35 percent and payments are due quarterly with the final payment due March 01, 2020. The loan is secured by a certificate of deposit owned by the Town.

Principal maturities are as follows for the year ending June 30, 2017:

2018	\$ 11,844
2019	12,124
2020	9,282
Total	33,250
Less current	11,844
Total long-term	\$ 21,406

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 7 – PENSION PLANS

State Retirement Plan

The Town participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (PEBA), which was created 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 systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the 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, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan 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.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 7 – PENSION PLANS, Continued

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.

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 years earned service requirement, respectively. An incidental health 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.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 7 – PENSION PLANS, Continued

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

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates based on the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee 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 Rates			PORS Rates		
	2015	2016	2017	2015	2016	2017
Employer Rate:						
Retirement	10.75%	10.91%	11.41%	13.01%	13.40%	13.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Benefit	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
Total Employer Rate:	10.90%	11.06%	11.56%	13.41%	13.80%	14.24%
Employee Rate:	7.50%	8.16%	8.66%	7.84%	8.74%	9.75%

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 7 – PENSION PLANS, Continued

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

Year Ended	SCRS Contributions			PORS Contributions	
June 30,	Required	% Contributed		Required	% Contributed
2017	\$ 16,579	100%		\$ 31,000	100%
2016	23,681	100%		27,709	100%
2015	22,758	100%		26,689	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
2017	\$ 143,415	\$ 217,700	\$ 361,115
2016	204,167	201,663	405,830
2015	195,489	199,021	394,620

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

The June 30, 2016 total pension liability, net pension liability, and sensitivity information were determined by the PEBA's consulting actuary and are based on the July 1, 2015 actuarial valuations as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2015.

The total pension liability was rolled forward from the valuation date to the Plan's fiscal year ended June 30, 2016 using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by the Plan's actuary. The net pension liability (NPL) is calculated separately for each system and represents the particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position.

For the Plan year ended June 30, 2016, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

	Total	Plan	Employers'	Plan Fiduciary
	Pension	Fiduciary	Net Pension	Net Position as a
System	Liability	Net Position	Liability (Asset)	Percentage of the
				Total Pension Liability
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	52.90%
PORS	6,412,510,458	3,876,035,732	2,536,474,726	60.4%

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 7 – PENSION PLANS, Continued

At June 30, 2017, the Town reported liabilities of \$451,761 and \$401,828 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of July 1, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2015 that was projected forward to the measurement date.

The Town's proportions 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 employers, actuarially determined. At June 30, 2016, the Town's proportionate shares of the SCRS and PORS plans were 0.002115% and 0.01611%.

For the year ended June 30, 2017, the Town recognized pension expense for the SCRS and PORS plans of \$48,319 and \$49,235, respectively. At June 30, 2017, 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
SCRS		
Differences Between Expected and Actual Experience	\$ 4,683	\$ 491
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	20,970	14,763
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	53,357	15,350
Organization 's Contributions Subsequent to the Measurement Date	16,579	-
Total SCRS	<u>\$ 102,394</u>	<u>\$ 30,604</u>
PORS		
Differences Between Expected and Actual Experience	\$ 5,963	\$ -
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	19,733	4,505
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	63,110	17,546
Organization 's Contributions Subsequent to the Measurement Date	31,000	-
Total PORS	<u>\$ 119,806</u>	<u>\$ 22,051</u>

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 7 – PENSION PLANS, Continued

The \$16,579 and \$31,000 reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2017 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized as pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2017	\$ 18,573	\$ 17,430	\$ 36,003
2018	16,125	17,128	33,253
2019	12,516	22,619	35,135
2020	7,997	9,578	17,575
Total	\$ 55,211	\$ 66,758	\$ 121,966

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 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, 2016 annual valuation is complete.

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

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected 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

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 7 – PENSION PLANS, Continued

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

Former Job Class	Males	Females
Educators 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.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 7 – PENSION PLANS, Continued

			Long Term
	Target	Expected Arithmetic	Expected Portfolio
Asset Class	Allocation	Real Rate of Return	Real Rate of Return
Short Term	5%	-	-
Cash	2%	0.30%	0.01%
Short Duration	3%	0.60%	0.02%
Domestic Fixed Income	13%	-	-
Core Fixed Income	7%	1.10%	0.08%
Mixed Credit	6%	3.80%	0.07%
Bank Loans	4%	2.8%	0.11%
Global Fixed Income	9%	-	-
Global Fixed Income	3%	0.80%	0.02%
Emerging Markets Debit	6%	4.10%	0.25%
Global Public Equity	31%	7.80%	2.42%
Global Tactical Asset Allocation	10%	5.10%	0.51%
Alternatives	32%	-	-
Hedge Funds (Low Beta)	8%	4.00%	0.32%
Private Debt	7%	10.20%	0.71%
Private Equity	9%	10.20%	0.92%
Real Estate (Broad Market)	5%	5.90%	0.29%
Commodities	3%	5.10%	0.15%
Total Expected Real Return	100%	-	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 Town's proportionate share of the net pension liabilities of the respective plans calculated using the discount rate of 7.50 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 7 – PENSION PLANS, Continued

<u>System</u>	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Organization 's proportionate share of the net pension liability of the SCRS	\$ 563,559	\$ 451,761	\$ 358,693
Organization 's proportionate share of the net pension liability of the PORS	\$ 526,630	\$ 401,828	\$ 289,670

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 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, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

NOTE 8 – RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against casualty risks, the Town is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments in South Carolina. The Town pays annual premiums to the State Insurance Reserve Fund for its general insurance. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The Town acquires insurance for job related injury and illness (workers' compensation). Workers' Compensation is insured under a retrospectively rated policy where premiums paid are estimated throughout the year and adjusted subsequent to the policy period based on actual experience. Health insurance and general blanket and fidelity bond insurance were also maintained.

During June 30, 2017, the Town did not experience any uninsured claims. There is no liability or expenditure reordered for other actual claims and management does not believe any provision for unasserted claims is necessary.

There were no significant reductions in coverage from the previous year and no settlements have exceeded insurance coverage for the past three years ended June 30, 2017, 2016, and 2015.

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 9 – RESERVATIONS OF FUND BALANCE

Specific reservations of fund balances in the fund financial statements are summarized below:

Reserve for Prepaid Items – An account used to segregate a portion of fund balance to indicate that prepaid items do not represent available, spendable resources even though it is a component of current assets.

Reserve for Victim's Rights – An account used to segregate a portion of fund balance for resources legally restricted by State mandate for furniture expenditures for victim's rights.

Reserve for Cemetery Upkeep – An account used to segregate a portion of fund balance for resources legally restricted by Town ordinance to provide for the upkeep and maintenance of the Town's cemetery.

Reserve for Hospitality and Tourism – An account used to segregate a portion of fund balance for resources legally restricted by Town ordinance to provide for costs associated with tourism related promotion and marketing of the Town.

NOTE 10 – RESTRICTIONS ON NET POSITION

The Town has restricted net assets in the amount of \$824,445 through enabling legislation for future cemetery upkeep and hospitality/tourism related expenses.

NOTE 11 – CONTINGENCIES

In the opinion of Town management, after consultation with legal counsel, there are no material claims or lawsuits against the Town that are not covered by insurance or whose settlement would materially affect the Town's financial position. The Town also participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 12 – RELATED ORGANIZATION

Related organizations are potential component units for which the primary government is accountable because it appoints the voting majority of the organization's board, but for which it is not financially accountable because it does not have the ability to impose its will over the organization and does not have a financial benefit or burden relationship with it. Because the primary government does not have financial accountability for the organization, the organization is excluded from the financial reporting entity. Furthermore, certain legally separate tax-exempt organizations are required to be included in the financial reporting entity, even though the primary government may not be financially accountable for them, if certain criteria are met.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 12 – RELATED ORGANIZATION, Continued

Aynor Alliance, Inc. is a separately chartered legal tax-exempt entity whose activities are related to those of the Town whereby it exists primarily to facilitate the construction of Aynor Elderly Housing Project. Aynor Alliance, Inc. owns a 50% general partnership interest in Blue Jacket Housing, LP which is indebted to the Town for \$325,000, evidenced by a promissory note dated June 17, 2003. The loan was used to finance the renovations of the Aynor Elementary School to be used for a low-income elderly housing center. The Town has forgiven this loan and, as such, will not require payment for the note.

In conjunction with the implementation of GASB Statement No. 14, as amended by GASB Statement No. 39, management reviewed its relationship with Aynor Alliance, Inc. and determined that it should be excluded from the reporting entity.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The Town has recorded a prior period adjustment to the government-wide financial statements to adjust net pension liability and net position balance of prior years due to an error in the implementation of GASB Statement No. 68. Additionally, the Town recorded a prior period adjustment to adjust the net position balance of previous years due to several incorrect accruals. The adjustments are summarized as follows:

	Governmental Activities
Beginning net position, as previously reported at June 30, 2016	\$ 1,177,008
Prior period adjustment - GASB 68:	
Net pension liability	(688,588)
Deferred outflows	175,900
Deferred inflows	966
Prior period adjustment - other	(106,268)
Total prior period adjustment	(617,990)
Net position, as restated at July 1, 2016	\$ 559,018

The Town has recorded a prior period adjustment to the fund financial statements to adjust fund balance of prior years due to several incorrect accruals. The adjustment is summarized as follows:

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

NOTE 13 – PRIOR PERIOD ADJUSTMENT, Continued

	Governmental Funds
Beginning fund balance, as previously reported at June 30, 2016	<u>\$ 832,864</u>
Prior period adjustment:	
Accruals	<u>(40,898)</u>
Fund balance, as restated at July 1, 2016	<u><u>\$ 791,966</u></u>

NOTE 14 – SUBSEQUENTS EVENTS

The Town has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2017 through February 2, 2018 the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

TOWN OF AYNOR, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUE				
Property taxes	\$ 199,000	\$ 199,000	\$ 197,590	(1,410)
Franchise tax	100,000	100,000	111,947	11,947
State shared revenue	38,500	38,500	125,243	86,743
Business licenses and permits	177,750	177,750	127,191	(50,559)
Fines and forfeitures	105,000	105,000	110,260	5,260
Garbage collection	137,000	137,000	154,771	17,771
Other revenues	188,665	504,258	235,403	(268,855)
Interest income	1,080	1,080	889	(191)
Total revenues	946,995	1,262,588	1,063,294	(199,294)
EXPENDITURES				
General governmental				
Salaries	132,867	132,867	127,166	5,701
Office supplies and expense	1,900	1,900	5,848	(3,948)
Membership dues and subscriptions	1,000	1,000	2,672	(1,672)
Telephone	2,500	2,500	2,314	186
Conventions and meetings	2,000	2,000	865	1,135
Auditing	7,500	7,500	7,400	100
Travel	1,000	1,000	374	626
Fidelity bonds	250	250	240	10
Legal and professional	500	500	-	500
Planner	1,000	1,000	1,077	(77)
Postage	1,000	1,000	1,296	(296)
Miscellaneous	14,250	14,250	20,028	(5,778)
Total general government expenditures	165,767	165,767	169,280	(3,513)
Public Safety				
Salaries	235,230	244,169	244,783	(614)
Office supplies and expense	1,500	1,500	2,384	(884)
Membership dues and subscriptions	100	100	500	(400)
Automotive operating expense	22,000	22,000	21,057	943
Repairs and maintenance	500	500	628	(128)
Uniforms	2,500	2,500	2,809	(309)
Boarding prisoners	1,500	1,500	823	677
Operating supplies	2,000	2,000	1,076	924
Telephone	5,500	5,500	5,443	57
Postage	1,000	1,000	921	79
Employee training	-	-	50	(50)
School resource officer	32,422	32,422	29,718	2,704
Miscellaneous	37,920	49,020	13,463	35,557
Capital Outlay	-	-	86,418	(86,418)
Total public safety expenditures	342,172	362,211	410,073	(47,862)

TOWN OF AYNOR, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		
Streets and sanitation				
Salaries	78,154	79,489	88,871	(9,382)
Garbage residential	50,000	50,000	58,265	(8,265)
Garbage commercial	67,000	67,000	68,476	(1,476)
Solid waste authority	2,500	2,500	3,561	(1,061)
Electricity - town street lights	22,000	22,000	27,635	(5,635)
Repairs and maintenance	8,500	8,500	5,008	3,492
Miscellaneous	69,502	69,502	106,255	(36,753)
Automotive operating expense	6,500	6,500	6,430	70
Capital outlay	-	43,683	21,600	22,083
Total streets and sanitation expenditures	304,156	349,174	386,101	(36,927)
Parks and recreation				
Electricity - park	2,100	2,100	1,311	789
Repairs and maintenance	1,500	1,500	1,030	470
PARD/Improvements	4,900	4,900	-	4,900
Total parks and recreation expenditures	8,500	8,500	2,341	6,159
Non-Departmental				
Payroll taxes	-	-	2,281	(2,281)
Insurance and worker's compensation	35,800	35,800	33,218	2,582
Utilities	7,500	7,500	6,033	1,467
Equipment rental and maintenance	1,000	1,000	1,332	(332)
Senior citizens building	4,500	4,500	2,478	2,022
Payroll expenses	-	-	2,268	(2,268)
Total parks and recreation expenditures	48,800	48,800	47,610	1,190
Total expenditures	869,395	934,452	1,015,405	(80,953)
Excess (deficiency) of revenue over expenditures	77,600	328,136	47,889	(280,247)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of equipment	-	-	19,493	19,493
Proceeds from loan	-	-	36,000	36,000
Transfers in (out)	-	-	35,882	35,882
Total other financing sources (uses)	-	-	91,375	91,375
NET CHANGE IN FUND BALANCE	77,600	328,136	139,264	(188,872)
FUND BALANCES, BEGINNING OF YEAR (restated)	456,055	456,055	456,055	-
FUND BALANCES, END OF YEAR	\$ 533,655	\$ 784,191	\$ 595,319	\$ (188,872)

TOWN OF AYNOR, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN OF AYNOR'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM

Only three years of information is presented as only three years of data were available.

SCRS	2017	2016	2015
Town's proportion of the net pension liability	0.002115%	0.00222%	0.00193%
Town's proportionate share of the net pension liability	\$ 451,761	\$ 421,034	\$ 331,593
Town's covered-employee payroll	\$ 143,415	\$ 204,167	\$ 195,489
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	315.0%	206.2%	169.6%
Plan fiduciary net position as a percentage of the total pension liability	52.9%	57.0%	59.9%

Notes to schedule:

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

**TOWN OF AYNOR, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN OF AYNOR'S CONTRIBUTIONS
SOUTH CAROLINA RETIRMENT SYSTEM**

Only three years of information is presented as only three years of data were available.

SCRS	2017	2016	2015
Contractually required contribution	\$ 16,579	\$ 23,681	\$ 22,758
Contributions in relation to the contractually required contribution	<u>16,579</u>	<u>23,681</u>	<u>22,758</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 143,415	\$ 204,167	\$ 195,489
Contributions as a percentage of covered-employee payroll	11.56%	11.60%	11.64%

**TOWN OF AYNOR, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN OF AYNOR'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICER'S RETIREMENT SYSTEM**

Only three years of information is presented as only three years of data were available.

PORS	2017	2016	2015
Town's proportion of the net pension liability	0.01611%	0.00337%	0.01449%
Town's proportionate share of the net pension liability	\$ 401,828	\$ 351,182	\$ 277,343
Town's covered-employee payroll	\$ 217,700	\$ 201,663	\$ 199,021
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.6%	174.1%	139.4%
Plan fiduciary net position as a percentage of the total pension liability	60.4%	64.6%	67.5%

Notes to schedule:

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

**TOWN OF AYNOR, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN OF AYNOR'S CONTRIBUTIONS
POLICE OFFICER'S RETIREMENT SYSTEM**

Only three years of information is presented as only three years of data were available.

PORS	2017	2016	2015
Contractually required contribution	\$ 31,000	\$ 27,709	\$ 26,689
Contributions in relation to the contractually required contribution	31,000	27,709	26,689
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 217,700	\$ 201,663	\$ 199,021
Contributions as a percentage of covered-employee payroll	14.24%	13.74%	13.41%

TOWN OF AYNOR, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HOSPITALITY TAX FUND
YEAR ENDED 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUE				
Hospitality taxes	\$ 71,970	\$ 71,970	\$ 90,700	\$ 18,730
Interest	100	100	-	(100)
Total revenues	72,070	72,070	90,700	18,630
EXPENDITURES				
Park Improvement	37,070	37,070	35,032	(2,038)
4th of July Celebration	10,000	10,000	6,046	10,000
Capital outlay	35,000	35,000	-	35,000
Miscellaneous	-	-	3,424	(3,424)
Total expenditures	82,070	82,070	44,503	39,538
Excess (deficiency) of revenue over expenditures	(10,000)	(10,000)	46,197	(20,908)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	(35,318)	(35,318)
Total other financing sources (uses)	-	-	(35,318)	(35,318)
NET CHANGE IN FUND BALANCE	(10,000)	(10,000)	10,879	(56,226)
FUND BALANCES, BEGINNING OF YEAR	169,429	169,429	169,429	-
FUND BALANCES, END OF YEAR	\$ 159,429	\$ 159,429	\$ 180,308	\$ (56,226)

TOWN OF AYNOR, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CEMETERY FUND
YEAR ENDED 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUE				
Cemetery sales	\$ 5,300	\$ 5,300	\$ 10,700	\$ 5,400
Interest	230	230	95	(135)
Total revenues	5,530	5,530	10,795	5,265
EXPENDITURES				
Repairs and maintenance	5,530	7,030	12,391	5,361
Cemetery improvements	-	6,000	285	(5,715)
Total expenditures	5,530	13,030	12,676	(354)
Excess (deficiency) of revenue over expenditures	-	(7,500)	(1,881)	5,619
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	(3,694)	(3,694)
Total other financing sources (uses)	-	-	(3,694)	(3,694)
NET CHANGE IN FUND BALANCE	-	(7,500)	(5,575)	1,925
FUND BALANCES, BEGINNING OF YEAR	166,482	166,482	166,482	-
FUND BALANCES, END OF YEAR	\$ 166,482	\$ 158,982	\$ 160,907	\$ 1,925

TOWN OF AYNOR, SOUTH CAROLINA
SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
YEAR ENDED JUNE 30, 2017

TOTAL COURT FINES AND ASSESSMENTS (EXCLUDING VICTIMS' ASSESSMENTS):

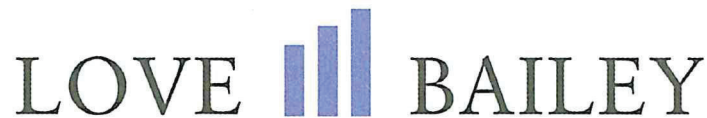
Total Court fines and assessments collected	\$ 239,929
Total Court fines and assessments retained by Town of Aynor	<u>78,795</u>
Total Court fines and assessments remitted to State Treasurer	<u><u>\$ 161,134</u></u>

VICTIMS' ASSESSMENTS COLLECTED:

Total victims' assessments collected	<u><u>\$ 12,468</u></u>
Total victims' assessments retained by Town of Aynor and used for victims' services	<u><u>\$ 12,468</u></u>

VICTIMS' SERVICES:

Victims' services funds at June 30, 2016	\$ 6,951
Victims' assessments received	12,468
Expenditures for victims services	<u>(3,020)</u>
Victims' services funds at June 30, 2017	<u><u>\$ 16,399</u></u>



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Town Council
Town of Aynor, 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 governmental activities, each major fund, and the aggregate remaining fund information of the Town of Aynor, South Carolina (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 2, 2018.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Love Bailey & Associates, LLC

Love Bailey & Associates

Laurens, South Carolina

February 2, 2018