

**TOWN OF MONCK'S CORNER,  
SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

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



TOWN OF MONCKS CORNER, SOUTH CAROLINA

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YEAR ENDED SEPTEMBER 30, 2015

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members of Town Council  
Town of Moncks Corner  
Moncks Corner, 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 Moncks Corner, South Carolina (the "Town"), as of and for the year ended September 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, each major fund, and the aggregate remaining fund information of the Town of Moncks Corner, South Carolina, as of September 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 September 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 schedule of revenues, expenditures, and changes in fund balance – budgets and actual – general fund, the other postemployment benefit plan – defined benefit healthcare plan – schedules of employer contributions and funding progress, and the 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.

#### *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 February 26, 2016 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  
February 26, 2016

## TOWN OF MONCK'S CORNER, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### YEAR ENDED SEPTEMBER 30, 2015

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As management of the Town of Moncks Corner (Town), South Carolina, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2015 as compared to fiscal year ended September 30, 2014.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of fiscal year by \$7,341,180 (net position). Of the total net position, \$5,233,751 is the net investment in capital assets, \$3,157,880 is restricted, and the remaining (\$1,050,451) is unrestricted net position.
- The government's total net position decreased \$2,779,267 (28%) due to an adjustment related to the cumulative change in accounting principle discussed below of \$4,507,992 partially offset by the current year increase in net position of \$1,728,725.
- Total revenues of \$8,311,618 exceeded total expenses of \$6,582,893 for an increase in net position related to current year operations of \$1,728,725.
- At close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,666,782, an increase of \$1,446,317 (28%) in comparison with prior fiscal year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$3,258,329, or 56%, of total General Fund expenditures for the year ended September 30, 2015.
- The Town's total capital assets were \$12,985,302, increasing by \$876,726 (7%) during the current fiscal year, due to additions of \$1,225,783 partially offset by depreciation expense of \$339,781 and net disposals of \$9,276.
- The Town's total long-term obligations increased \$658,518 (8%) during the current fiscal year. The Town issued \$1,780,000 in Series 2014 General Obligation bonds for the purpose of funding the principal payment due on the June 2013 note payable and funding various capital projects. This increase was partially offset by principal payments on outstanding debt of \$1,118,483, amortization of the bond discount of \$3,601 and the net decrease in the compensated absences liability of \$6,600.
- 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 September 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, 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 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 October 1, 2014 for its government-wide financial statements to reflect the reporting of net pension liabilities, deferred inflows of resources, 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 as of October 1, 2014 was decreased by \$4,507,992, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.B in the notes to the financial statements for more information regarding the Town's retirement plans.

# TOWN OF MONCKS CORNER, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

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### OVERVIEW OF THE FINANCIAL STATEMENTS

#### Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the financial statements, this report contains supplementary information that will enhance the reader's understanding of the financial condition of the Town.

The financial statements include two kinds of financial 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 and are presented using the accrual basis of accounting. In addition, the *fund financial statements* provide a more detailed look at the Town's activities and are presented using the modified accrual basis of accounting.

#### *Government-Wide Financial Statements*

The *statement of net position* presents the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences between them 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 Town's net position changed during the fiscal year. The statement presents all underlying events which give rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items, such as uncollected taxes or earned but unused annual leave that will produce changes in cash flows in future fiscal periods.

Typically, both *government-wide financial statements* distinguish functions 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 administrative, planning, police, fire, public services, and recreation. The Town has no business-type activity.

#### *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, like all other governmental entities in South Carolina, uses fund accounting to ensure and demonstrate 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 two categories: governmental funds and fiduciary funds.

**Governmental Funds** - *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, *governmental fund financial statements* focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The relationship between the *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* is described in reconciliations that are a part of the fund financial statements.

Governmental funds individually presented in the Town of Moncks Corner's statements include three major funds: the General Fund, the Franchise Fund, and the Recreation Complex Project Fund. The Town also maintains eight non-major governmental funds presented in a total column termed as "Other Governmental Funds".

**Fiduciary Funds** - *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government in a trustee or agency capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

*Agency Funds* are used to account for assets the Town holds on behalf of others. The Firefighter's Fund is used to account for the receipt and disbursement of funds received from the State relating to the payment of one percent of the premiums received by out of state fire insurance companies.

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

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OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**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 following the basic financial statements.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that is presented immediately following the notes to the financial statements. The Town adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The combining statements referred to earlier in connection with the non-major special revenue, debt service and capital improvements funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended September 30, 2015 are prepared using the financial statement-reporting model as mandated by the Governmental accounting Standards Board (GASB).

STATEMENT OF NET POSITION

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current and other assets	\$ 10,608,000	\$ 8,871,132
Capital assets	12,985,302	12,108,576
<b>Total Assets</b>	<u>23,593,302</u>	<u>20,979,708</u>
<b>Deferred Outflows of Resources</b>		
Deferred pension charges	214,883	-
<b>Total Deferred Outflows of Resources</b>	<u>214,883</u>	<u>-</u>
<b>Liabilities</b>		
Long term	13,284,838	8,000,978
Other liabilities	816,996	708,930
<b>Total Liabilities</b>	<u>14,101,834</u>	<u>8,709,908</u>
<b>Deferred Inflows of Resources</b>		
Deferred revenue	2,237,539	2,149,353
Deferred pension credits	127,632	-
<b>Total Deferred Inflows of Resources</b>	<u>2,365,171</u>	<u>2,149,353</u>
<b>Net Position</b>		
Net invested in capital assets	5,233,751	4,222,826
Restricted for		
Tourism	56,964	52,100
Capital projects	1,616,394	1,080,832
Debt service	765,317	864,069
Other	719,205	685,779
Unrestricted	(1,050,451)	3,214,841
<b>Total Net Position</b>	<u>\$ 7,341,180</u>	<u>\$ 10,120,447</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$7,341,180 as of September 30, 2015.

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

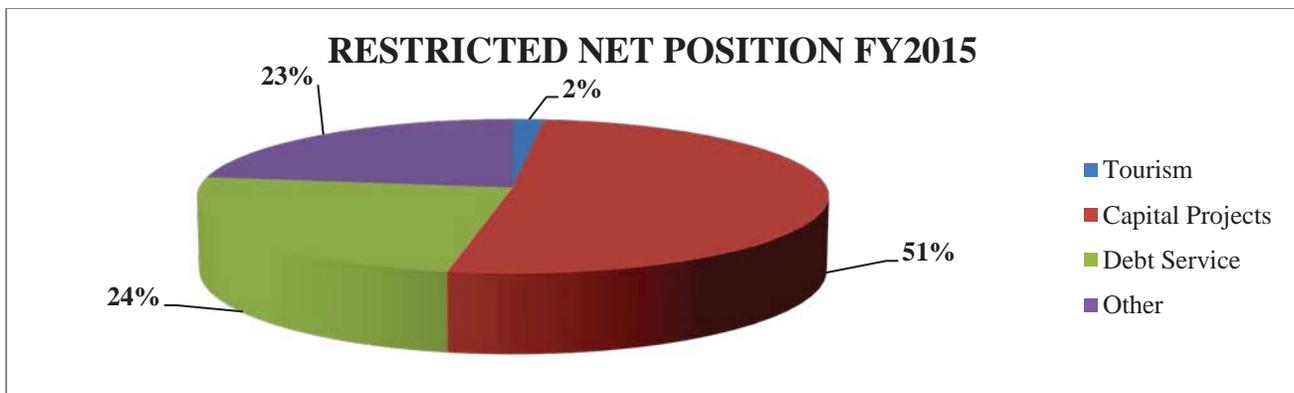
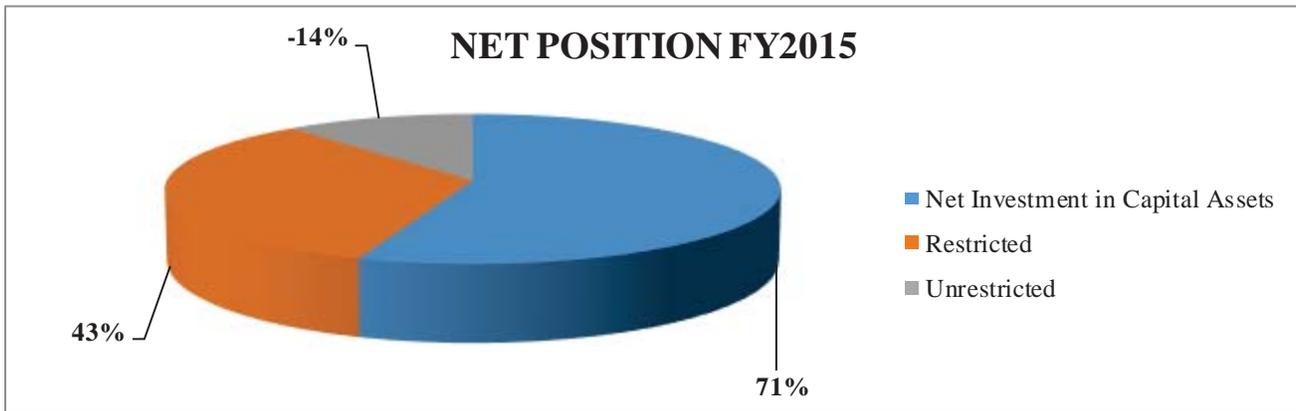
YEAR ENDED SEPTEMBER 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Total assets increased \$2,613,594 (12%) primarily due to a \$1,736,868 (20%) increase in current and other assets and an \$876,726 (7%) increase in capital assets. Current assets increased \$1,736,868 primarily due to an increase in cash and cash equivalents due to the results of operations and the net unspent debt proceeds from the new debt issued during the year as discussed above. The Town's total capital assets were \$12,985,302, increasing by \$876,726 (7%) during the current fiscal year, due to additions of \$1,225,783 partially offset by depreciation expense of \$339,781 and net disposals of \$9,276. Major additions included construction in progress of \$743,411 for the Town's new recreation complex, mowing equipment, technology, portable fencing, and five police cruisers. Total deferred outflows of resources increased \$214,883 (100%) due to the implementation of new accounting standards as discussed previously. Total liabilities at September 30, 2015 increased \$5,391,926 (62%) primarily due to a \$5,283,860 (66%) increase in long-term obligations resulting from the recognition of \$4,625,342 in net pension liability as a result of the implementation of new accounting standards discussed previously as well as the net increase in debt and compensated absences of \$658,518 as discussed previously. Deferred inflows of resources increased \$215,818 (10%) due to an increase in deferred revenue of \$88,186 and the recognition of \$127,632 in deferred pension credits related to the implementation of new accounting standards discussed previously.

Assets exceeded liabilities and deferred inflows of resources by approximately \$7,341,180 (net position). The largest portion of the Town's net position, \$5,233,751 (71%), is invested in capital assets (i.e., land, buildings, equipment, infrastructure, etc.) less any related outstanding debt, including capital leases, 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 be provided from other sources since the capital assets themselves cannot generally be used to liquidate these liabilities.

An additional portion of the Town's net position, (\$1,050,451), represents the deficit in unrestricted net position. Net position represents the amount that may be used to meet the government's ongoing obligation to citizens and creditors.



TOWN OF MONCK'S CORNER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The remaining balance of \$3,157,880 (43%) is restricted for tourism, capital projects, debt service and other obligations. The major portion of restricted net position, \$1,616,394, is to be expended for capital projects such as the completion of the Moncks Corner Regional Recreation Complex. Another significant portion, \$765,317, is to be used for debt service including the Town's annual general and revenue bond payments. The remainder, \$776,169, is restricted for tourism and other obligations.

STATEMENT OF ACTIVITIES

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
<b>Program Revenues</b>		
Charges for services	\$ 2,904,486	\$ 2,722,925
Operating grants and contributions	173,099	137,266
Capital grants and contributions	419,774	527,612
<b>General Revenues</b>		
Property taxes, including fee in lieu of taxes	1,760,586	1,683,438
Local option sales taxes	1,113,627	1,114,817
Hospitality taxes	795,762	726,693
Accommodations taxes	74,920	75,601
Franchise fees	658,164	687,710
Unrestricted revenue from use of money and property	135,471	178,040
Intergovernmental	165,098	119,050
Miscellaneous	110,631	111,933
Gain on Disposal on Capital Assets	-	3,025
<b>Total Revenues</b>	<u><b>8,311,618</b></u>	<u><b>8,088,110</b></u>
<b>EXPENSES</b>		
Administration	1,314,658	1,303,069
Planning	249,981	263,617
Police	1,979,090	1,935,847
Fire	947,507	949,909
Public service	922,234	881,361
Recreation	677,941	765,694
Interest and other charges	491,482	541,408
<b>Total Expenses</b>	<u><b>6,582,893</b></u>	<u><b>6,640,905</b></u>
<b>Change in Net Position</b>	<b>1,728,725</b>	<b>1,447,205</b>
<b>Net Position</b>		
Beginning of year, as restated (Note I.B)	5,612,455	8,673,242
<b>Net Position - End of Year</b>	<u><b>\$ 7,341,180</b></u>	<u><b>\$ 10,120,447</b></u>

The Town's net position increased \$1,728,725 (31%) from the prior year restated beginning net position due to revenues exceeding expenses as discussed below.

Total revenues increased \$223,508 (3%) from FY 2014 with key elements of this increase as follows:

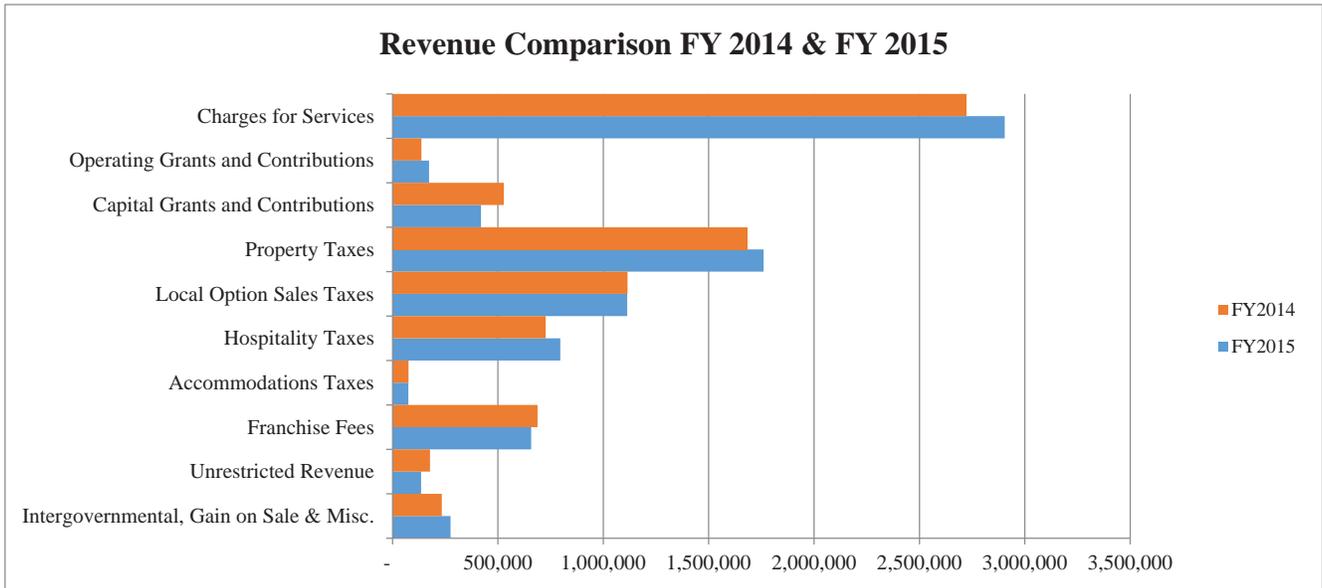
- Charges for services increased \$181,561 (7%) due to business license fees, building permits and plan review receipts.
- Capital grants and contributions decreased \$107,838 (20%) due to a \$450,000 grant received from the SC Department of Parks, Recreation and Tourism in the prior year partially offset by a \$162,500 reimbursement from Berkeley County's Transportation Sales Tax Fund in the current year.
- Other revenue changes are highlighted in the table below.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

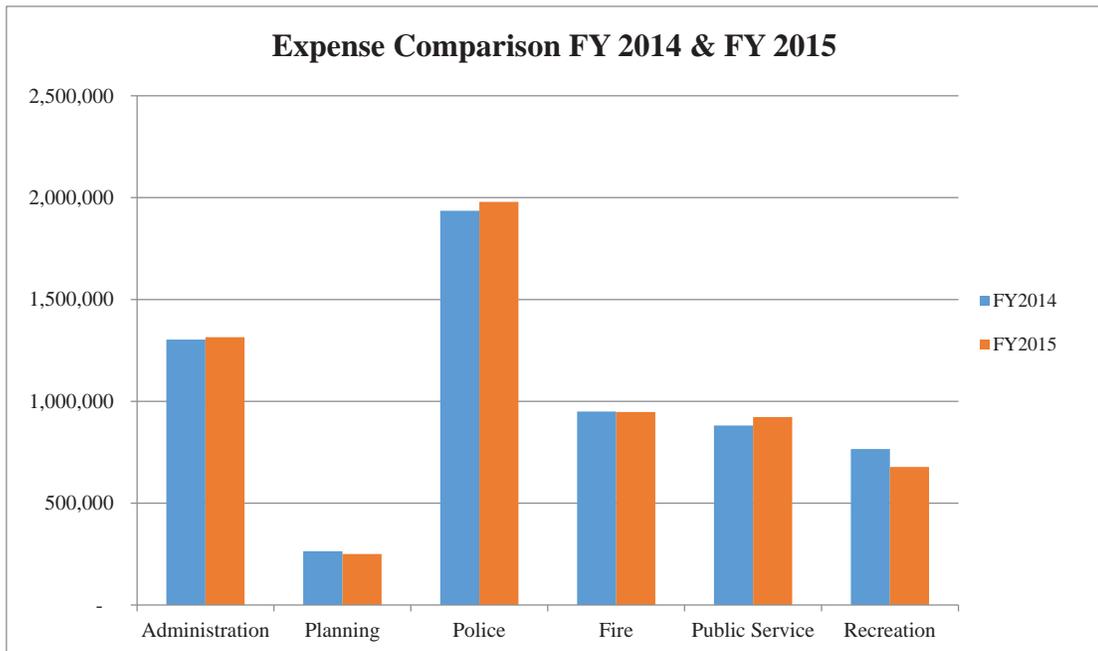
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED SEPTEMBER 30, 2015**

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



The Town's total departmental expenses, not including interest and fiscal charges, decreased \$8,086 (less than 1%) from FY 2014. Changes are highlighted in the table below.



# TOWN OF MONCKS CORNER, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

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### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

**Governmental Funds** - The focus of the Town's governmental funds 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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year 2015, the Town's governmental funds reported combined ending fund balances of \$6,666,782. Of this amount, \$1,507,744 is restricted for capital projects and will be used for the development of the recreation complex. Other restricted amounts are as follows: \$56,964 restricted for tourism to promote the Town; \$884,937 restricted for debt payments on the revenue and general obligation bonds; the remaining restricted amount of \$718,795 is to reimburse Foxbank Commercial Development, LLC for traffic impact fees associated with the development of Foxbank Plantation. The nonspendable amount of \$61,275 is for prepaid items. The assigned amount includes \$123,344 assigned to fund budget carryovers in the fiscal year 2016 budget and \$55,394 is to be used for capital improvements per Council's designation. The remainder of the total governmental fund balance of \$3,258,329 is unassigned fund balance in the General Fund.

**General Fund** - The General Fund is the chief operating fund of the Town. As of September 30, 2015, the total fund balance was \$3,442,538. As a measure of liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund of \$3,258,329 represents approximately 56% of the total General Fund expenditures for the year ended September 30, 2015. This total represents about seven months of general operating funds. The net increase in the fund balance of the General Fund was \$911,812 (36%) during fiscal year 2015. Some of the highlights for the increase in fund balance for the General Fund are as follows:

- General Fund revenues increased by \$310,273 (5%) over the prior year primarily due to the following:
  - Licenses, permits and franchise fees increased by \$174,087 (7%) primarily related to the permit fees related to Foxbank Plantation being recorded in the General Fund as a result of the Berkeley County Council eliminating the transportation impact fees in December 2014.
  - Fines and forfeitures increased \$64,941 (31%) due to increased court fines.

**Franchise Fund** - The Town of Moncks Corner and Santee Cooper have an agreement that states 20% of the total franchise fees paid by Santee Cooper will be allocated to a fund held by Santee Cooper and solely used to construct underground power line projects within the Town. In addition to the franchise fees allocated to the fund, Santee Cooper also contributes an additional amount equal to 20% of the franchise fees. These funds are retained by Santee Cooper until allowable expenditures are incurred. The Town's Franchise Fund records revenues and related expenditures used to construct underground power line projects such as the underground facilities at the Recreation Complex and SC6 / US 17A intersection conversion. Total project expenditures were \$36,852 for fiscal year 2015.

**Recreation Complex Project Fund** - The Recreation Complex Project Fund is used to allocate revenue from local accommodation taxes and local hospitality taxes for the construction of the Moncks Corner Regional Recreation Complex. The restricted fund balance of \$708,427 decreased \$372,405 from fiscal year 2014 due to expenditures and other financing uses exceeding revenues. The fund's revenues decreased \$119,668 (10%) primarily due to a \$450,000 state grant received in the prior year partially offset by a \$162,500 reimbursement from the Berkeley County Transportation Sales Tax Fund in the current year. Fiscal year 2015 expenditures increased by \$492,070 (36%) primarily due to the \$800,000 principal payment made on the note payable, partially offset by decreased construction expenditures as construction nears completion. Transfers in increased \$808,000 (100%) due to bond proceeds transferred into the fund in order to make the principal payment on the note payable discussed above. Transfers out remained consistent at \$432,000.

# TOWN OF MONCK'S CORNER, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

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

**Other Governmental Funds** - The Other Governmental Funds are non-major funds which have a combined total fund balance of \$2,515,817, an increase of \$906,910 (56%) from last year. The other governmental funds consist of four special revenue funds, two debt service funds and two capital projects funds. The special revenue funds account for proceeds of specific revenue sources that are restricted or assigned to specified expenditures. The Town's special revenue funds are comprised of the Victims' Assistance Fund, Accommodations Tax Fund, Moncks Corner Depot Fund, and Foxbank Fund. The Debt Service Fund is used to allocate the 3 mills of property tax collections to pay the Town's general obligation bond debt and the Community Recreation Complex Debt Service Fund is used to accumulate resources to make the debt service payments on the revenue bonds. The Capital Improvements Fund represents the portion of local option sales tax that Town Council voted to use for capital improvements. The Construction Fund is used to account for the capital projects expenditures related to the proceeds from the Series 2014 General Obligation Bonds.

#### General Fund Budgetary Highlights

By state statute, Town Council adopts an annual operating budget for the Town by the last day of September. The General Funds actual revenues were \$6,555,044 and were \$313,477 greater than budgeted revenues. Actual expenditures were \$5,787,620 and were \$470,673 less than budgeted expenditures. As a result of management's decisions, all departments were under budget for FY 2015.

Overall, the Town's fund balance increased \$911,812. A budgetary comparison schedule can be found as listed in the table of contents.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** - The Town's capital assets for its governmental activities as of September 30, 2015, amount to \$12,985,302 (net of accumulated depreciation). This amount is an increase of \$876,726 (7%) from fiscal year 2014 as additions of \$1,225,783 exceeded depreciation expense of \$339,781 and net disposals of \$9,276. Major additions included construction in progress of \$743,411 for the Town's new recreation complex, mowing equipment, technology, portable fencing, and five police cruisers.

Additional information on the Town's capital assets can be found in Note III.D in the notes to the financial statements.

**Long Term Debt** - At fiscal year end, the Town's total long term debt was \$8,659,496 (including compensated absences). Of this amount, \$2,149,654 is general obligation bond debt. General obligation bonds are secured by the Town's full faith, credit and taxing power. Principal and interest are paid out from the Debt Service Fund from three mills of property tax collections for debt service. State statutes limit the amount of general obligation debt a governmental entity may issue to eight percent (8%) of its total assessed value. As of September 30, 2015, the debt limitation for the Town was approximately \$3,378,000. Total assessed value of real, personal, and vehicle taxes within the Town's taxing jurisdiction is approximately \$40,228,000. The Town is currently at sixty-four percent (64%) of its general obligation bond debt limit resulting in an unused legal debt margin of approximately \$1,228,000.

Other long term debt consists of \$6,279,950 (net of unamortized discounts) of revenue bonds that were issued October 2010 for the land acquisition and construction of the recreation complex. The revenue bond debt payments are secured by the local hospitality and local accommodations tax revenue collected in the Recreation Complex Project Fund and transferred to the Community Recreation Complex Debt Service Fund for principal and interest payments.

Remaining debt of \$229,892 consists of notes payable, lease purchases and compensated absences. Included in the amount is notes payable of \$60,000 to obtain land on White Street. Other debt includes lease purchases of \$61,264 for a fire squad and compensated absences payable of \$108,628.

## TOWN OF MONCKS CORNER, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2015

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

The Town's total long-term obligations increased \$658,518 (8%) during the current fiscal year. The Town issued \$1,780,000 in Series 2014 General Obligation Bonds for the purpose of funding the principal payment on the June 2013 note payable and funding various other capital projects. This increase was partially offset by principal payments on outstanding debt of \$1,118,483, amortization of the bond discount of \$3,601 and the net decrease in the compensated absences liability of \$6,600.

Additional information on the Town's long term debt can be found in Note III. E in the notes to the financial statements.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

- Hospitality tax revenues are expected to increase as three commercial developments have obtained permits for construction.
- Parking improvements on Railroad Avenue and White Street will provide space for customers of local businesses.
- Property tax credits of \$675,000 will be allocated to the municipal taxpayers on their tax bills as part of the fiscal year 2016 budget.
- The operating property tax millage and debt millage will remain the same at 56.4 mills and 3 mills, respectively, for fiscal year 2016.
- Business license revenues are anticipated to remain revenue neutral due to the implementation of the Municipal Association Business License rate code changes effective January 2016.
- Google is awarding a \$75,000 grant to the Town to support WIFI at the Moncks Corner Regional Complex over the next three years.
- The Town's was accepted by the SC Municipal Association for participation in the Main Street SC program. Several local businesses, such as Santee Cooper, Berkeley Electric Co-op and Home Telephone have agreed to donate to the project.
- The Moncks Corner Regional Recreation Complex and Farmer's Market will be open for the first full year in fiscal year 2016. According to a fiscal impact analysis, the Complex is estimated to capture approximately 15,400 visitors in its first year. The Town will host 23 travel ball tournaments at the Complex, estimating revenues of approximately \$4,500 each weekend from gate fees and concessions. As a result, hotel stays and restaurant traffic will increase, benefitting our local businesses and increasing hospitality and accommodations taxes for the Town.

#### Requests for Information

The financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lisa Hancock, Town Accountant, [lisa.hancock@twn-mc.com](mailto:lisa.hancock@twn-mc.com) or mailed to 118 Carolina Avenue, Moncks Corner, South Carolina 29461.



# Basic Financial Statements

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,986,926
Receivables:	
Due from other governments	1,498,364
Taxes receivable	2,331,103
Accounts receivable	301,241
Prepaid expenses	61,275
Cash and cash equivalents - restricted	2,395,739
OPEB asset	33,352
Capital assets:	
Non-depreciable	9,749,456
Depreciable, net	3,235,846
<b>TOTAL ASSETS</b>	<b>23,593,302</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension charges	214,883
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>214,883</b>
<b>LIABILITIES</b>	
Accounts payable	343,459
Bail and bonds posted	4,048
Accrued salaries and wages	89,041
Retainage payable	212,736
Accrued interest payable	167,712
Long-term obligations:	
Net pension liability	4,625,342
Due within one year	461,220
Due in more than one year	8,198,276
<b>TOTAL LIABILITIES</b>	<b>14,101,834</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue	2,237,539
Deferred pension credits	127,632
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,365,171</b>
<b>NET POSITION</b>	
Net investment in capital assets	5,233,751
Restricted for:	
Tourism	56,964
Capital projects	1,616,394
Debt service	765,317
Other	719,205
Unrestricted	(1,050,451)
<b>TOTAL NET POSITION</b>	<b>\$ 7,341,180</b>

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

TOWN OF MONCKS CORNER, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE)
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Contributions	REVENUE AND CHANGES IN NET POSITION
<b>PRIMARY GOVERNMENT</b>					<b>Governmental Activities</b>
Governmental Activities:					
Administrative	\$ 1,314,658	1,562,170	-	-	\$ 247,512
Planning	249,981	398,785	-	-	148,804
Police	1,979,090	318,848	139,592	-	(1,520,650)
Fire	947,507	-	-	-	(947,507)
Public service	922,234	472,820	33,507	-	(415,907)
Recreation	677,941	151,863	-	419,774	(106,304)
Interest Expense	491,482	-	-	-	(491,482)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,582,893</b>	<b>2,904,486</b>	<b>173,099</b>	<b>419,774</b>	<b>(3,085,534)</b>
General Revenues:					
Taxes:					
					1,760,586
					1,113,627
					795,762
					74,920
					658,164
					135,471
					165,098
					110,631
					<u>4,814,259</u>
					<b>1,728,725</b>
					NET POSITION, Beginning of Year - As Previously Reported 10,120,447
					Cumulative Change in Accounting Principle - See Note I.B (4,507,992)
					<u>NET POSITION, Beginning of Year - Restated 5,612,455</u>
					<b>NET POSITION, End of Year \$ 7,341,180</b>

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

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2015**

	<b>GENERAL FUND</b>	<b>FRANCHISE FUND</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,118,125	-
Receivables:		
Due from other governments	279,356	907,967
Taxes receivable	2,200,204	-
Accounts receivable	244,016	-
Prepaid items	60,865	-
Due from other funds	955	-
Cash and cash equivalents - restricted	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,903,521</b>	<b>907,967</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 192,169	-
Bail and bonds posted	4,048	-
Accrued salaries and wages	87,094	-
Retainage payable	-	-
Due to other funds	1,383	-
<b>TOTAL LIABILITIES</b>	<b>284,694</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	64,984	907,967
Deferred revenue	2,111,305	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,176,289</b>	<b>907,967</b>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid items	60,865	-
Restricted:		
Tourism	-	-
Capital projects	-	-
Debt service	-	-
Other	-	-
Assigned:		
Budget carryovers	123,344	-
Capital projects	-	-
Unassigned	3,258,329	-
<b>TOTAL FUND BALANCES</b>	<b>3,442,538</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,903,521</b>	<b>907,967</b>

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

RECREATION COMPLEX PROJECT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
813,407	55,394	\$ 3,986,926
233,269	77,772	1,498,364
-	130,899	2,331,103
14,002	-	258,018
-	410	61,275
-	1,383	2,338
-	2,395,739	2,395,739
<b>1,060,678</b>	<b>2,661,597</b>	<b>\$ 10,533,763</b>
138,147	13,143	\$ 343,459
-	-	4,048
413	1,534	89,041
212,736	-	212,736
955	-	2,338
<b>352,251</b>	<b>14,677</b>	<b>651,622</b>
-	4,869	977,820
-	126,234	2,237,539
-	131,103	3,215,359
-	410	61,275
-	56,964	56,964
708,427	799,317	1,507,744
-	884,937	884,937
-	718,795	718,795
-	-	123,344
-	55,394	55,394
-	-	3,258,329
<b>708,427</b>	<b>2,515,817</b>	<b>6,666,782</b>
<b>1,060,678</b>	<b>2,661,597</b>	<b>\$ 10,533,763</b>



**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION  
OF GOVERNMENTAL ACTIVITIES**

**SEPTEMBER 30, 2015**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 6,666,782</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 governmental funds. The cost of the assets was \$16,247,432 and the accumulated depreciation was \$3,262,130.	12,985,302
Other long-term assets are not available to pay for current period expenditures and therefore are not reported or are reported as unavailable revenues in the funds:	
Property tax	69,853
Franchise fees	907,967
OPEB asset	33,352
Interest receivable	43,223
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.	(4,538,091)
Long-term obligations, including debt, lease purchase obligations and compensated absences, are not due or payable in the current period and therefore are not reported in the governmental funds. Long-term obligations consisted of:	
Debt and lease purchase obligations	(8,640,918)
Bond discount	90,050
Compensated absences	(108,628)
Accrued interest payable	(167,712)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 7,341,180</b>

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

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	GENERAL FUND	FRANCHISE FUND
<b>REVENUES</b>		
Taxes	\$ 2,667,002	-
Licenses, permits, and franchise fees	2,577,788	16,664
Intergovernmental revenue	359,611	-
Charges for services	608,013	-
Fines and forfeitures	271,761	-
Miscellaneous revenues	70,869	20,188
<b>TOTAL REVENUES</b>	<b>6,555,044</b>	<b>36,852</b>
<b>EXPENDITURES</b>		
Current:		
Administrative	1,225,339	-
Planning	249,316	-
Police	1,734,770	-
Fire	859,505	-
Public service	905,626	-
Recreation	414,765	36,852
Capital Outlay	305,260	-
Debt Service:		
Principal	90,036	-
Interest	3,003	-
Debt issuance costs	-	-
<b>TOTAL EXPENDITURES</b>	<b>5,787,620</b>	<b>36,852</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>767,424</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from issuance of debt	-	-
Transfers in	160,812	-
Transfers out	(16,424)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>144,388</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>911,812</b>	<b>-</b>
FUND BALANCES, Beginning of Year	2,530,726	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 3,442,538</b>	<b>-</b>

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

RECREATION COMPLEX PROJECT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
822,545	207,211	\$ 3,696,758
-	45,837	2,640,289
-	48,137	407,748
-	-	608,013
-	38,098	309,859
304,152	153,078	548,287
<b>1,126,697</b>	<b>492,361</b>	<b>8,210,954</b>
-	61,934	1,287,273
-	-	249,316
-	45,736	1,780,506
-	-	859,505
-	-	905,626
161,605	15	613,237
906,675	49,092	1,261,027
800,000	228,447	1,118,483
6,822	421,800	431,625
-	38,039	38,039
1,875,102	845,063	8,544,637
<b>(748,405)</b>	<b>(352,702)</b>	<b>(333,683)</b>
-	1,780,000	1,780,000
808,000	463,802	1,432,614
(432,000)	(984,190)	(1,432,614)
376,000	1,259,612	1,780,000
<b>(372,405)</b>	<b>906,910</b>	<b>1,446,317</b>
1,080,832	1,608,907	5,220,465
<b>708,427</b>	<b>2,515,817</b>	<b>\$ 6,666,782</b>

**TOWN OF MONCKS CORNER, SOUTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED SEPTEMBER 30, 2015**

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**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 1,446,317**

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

Because some revenues will not be collected for several months after the Town's fiscal year ends, they are not considered to be available and are therefore deferred in the governmental funds.	100,854
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the Statement of Net Position.	(1,780,000)
Bond principal payments and lease purchase payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,118,483
Bond discounts are recorded in the year the debt is issued in the governmental funds, but are amortized over the life of the debt in the Statement of Activities.	(3,601)
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.	(30,099)
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and payable and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and payable. This amounts represents the change in accrued interest from the prior year.	(18,407)
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 amount represents the change in the accrual for compensated absences and the OPEB asset compared to prior year.	18,452
In the Statement of Activities the loss on the disposal of fixed assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets disposed.	(9,276)
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 amount represents the amount by which capital asset additions exceeded depreciation in the current period.	886,002

**TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 1,728,725**

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

TOWN OF MONCKS CORNER, SOUTH CAROLINA

STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUND - AGENCY FUND

SEPTEMBER 30, 2015

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 29,201
Accounts receivable	117
<b>TOTAL ASSETS</b>	<b><u><u>\$ 29,318</u></u></b>
<b>LIABILITIES</b>	
Assets held for others	\$ 29,318
<b>TOTAL LIABILITIES</b>	<b><u><u>\$ 29,318</u></u></b>

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

# TOWN OF MONCKS CORNER, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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The Town of Moncks Corner, South Carolina (the "Town") operates under a charter originally granted by the State of South Carolina on December 26, 1885. The Mayor and six council members (the "Council") establish policy for the Town. Administrative functions are directed by the Town Administrator. The Town's major operations, as provided by its charter, include general administrative services, planning, public safety (police and fire), public service and recreation.

### 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 must present the Town's financial information with any of its component units. 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, 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 for being fiscally independent 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 has one blended component unit.

**Blended Component Unit.** The Moncks Corner Regional Recreation Corporation (the "Corporation") is a tax-exempt, 501(c)(3) not-for-profit organization. The Corporation was organized exclusively for public and charitable purposes, specifically for the acquisition and construction of the Moncks Corner Regional Recreation Complex, issuance of bonds to finance the construction, and ownership of the facility. The Corporation leases the facility to the Town for essential governmental functions through a tax-exempt lease purchase agreement which commenced in the year ended September 30, 2013. The Corporation is governed by a three member Board of Directors. Separate financial statements for the Corporation are not issued. The activities of the Corporation are reported in the Town's financial statements as a non-major debt service fund and a major capital projects fund.

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Town does not have any business-type activities.

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 governmental function is self-financing or draws from the general revenues of the Town.

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. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide financial 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 reconciliations 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 fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government generally considers revenues to be available if they are collected within sixty (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 payments are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease purchase are reported as other financing sources.

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. Nonmajor funds are aggregated and reported in a single 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 as an aid to management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the Town.

TOWN OF MONCKS CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*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 are accounted for through governmental funds.

The Town's governmental fund types and major funds are as follows:

The *General Fund, a major fund* and a budgeted 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 other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned 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.

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Town has the following major special revenue funds:

The *Franchise Fund, a major fund* and an unbudgeted fund, is used to account for the accumulation of resources from the Town's underground utilities franchise fee. These funds are to be spent only for support of the underground utilities.

Non-major special revenue funds consist of the following: Victims' Assistance, Accommodations Tax, Moncks Corner Depot, and Foxbank.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned for (a) the acquisition, construction, or renovation of major capital facilities, (b) ongoing major improvement projects which usually span more than one year, and (c) major equipment or other capital asset acquisitions which are not financed by another fund. The Town has the following major capital projects fund:

The *Recreation Complex Project Fund, a major fund* and an unbudgeted fund is used to account for and report the accumulation of resources, including local accommodations and hospitality taxes, which will be used to construct a new recreation center in the Town.

The Town also reports two non-major capital projects funds.

*Debt service funds* are used to account for the accumulation of resources and payments of long-term bond principal and interest from government resources.

The Town reports two non-major debt service funds that are used to service the Town's outstanding general obligation bonds and the Corporation's outstanding bonds.

*Fiduciary fund types* include the *Agency Fund*. This fund is used to account for assets held by the Town on behalf of individuals, other governments, and/or other funds. The Town of Moncks Corner Fire Department Fund is accounted for as an agency fund. The Agency Fund is custodial in nature and does not present results of operations.

TOWN OF MONCKS CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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

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

*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 September 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 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 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 October 1, 2014 for its government-wide 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 as of October 1, 2014 was decreased by approximately \$4,508,000, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.B for more information regarding the Town’s retirement plans.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity**

**1. Cash, Cash Equivalents, and Investments**

**Cash and Cash Equivalents**

The Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not money market mutual funds are reported as investments.

**Investments**

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.

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Investments (Continued)

- (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.
- (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. The Town reports its cash and investments at fair value which is normally determined by quoted market prices. The Town currently or in the past year has primarily used the following investments:

- Open-end mutual funds which are primarily invested in money market funds which invest in short-term obligations of the United States and related agencies.
- Repurchase agreements, as described in (f) above.

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. To the extent that certain transactions between funds had not been paid or received as of year end, balances of interfund amounts or payables have been recorded.

Taxes receivable shown are comprised of delinquent real property taxes and the January 2015 property tax assessment levied for the 2016 fiscal year, which is deferred in the General Fund and Debt Service Fund.

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditures are reported in the year in which services are consumed.

4. *Capital Assets*

Capital 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.

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 of donation. As allowed by GASB #34, the Town has elected to prospectively report public domain ("infrastructure") general capital assets. Therefore, infrastructure capital assets acquired prior to July 1, 2003 have not been recorded. 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 minimum capitalization threshold of \$5,000 for all capital assets.

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

Description	Years
Land Improvements	10-30 years
Buildings	10-50 years
Equipment	3-15 years
Vehicles	5-12 years

5. *Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees terminating or retiring are paid for accumulated vacation leave based on their hourly rate of pay earned at the time of termination or retirement. Sick leave can only be paid for illness while employed with the Town. 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.

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The entire compensated absence liability and expense is reported in the government-wide financial statements. The governmental funds will also recognize compensated absences for terminations and retirements (matured liabilities) that occurred prior to year end that are expected to be paid within a short time subsequent to year end (if material).

6. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities, and long-term obligations are reported in the government-wide 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, debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are recognized during the period in which they are incurred.

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *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 expenditures.

7. *Deferred Outflows and 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 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 three types of deferred inflows of resources: (1) The Town reports *unavailable revenue* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The Town also reports deferred revenue not only in the governmental funds Balance Sheet but also in the government-wide Statement of Net Position; it is deferred and recognized as an inflow of resources (property tax revenue) in the period for which is intended to finance. (3) In addition, the Town reports *deferred pension credits* in its Statement 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.

8. *Fund Balance*

The Town implemented GASB #54 *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB #54") in fiscal year 2011. The objective of GASB #54 was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. GASB #54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The Town classifies governmental fund balances as follows:

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

**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.

# TOWN OF MONCK'S CORNER, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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

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

##### 8. Fund Balance (Continued)

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

**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. Town Council assigns fund balance by an approved motion 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 within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The Town generally requires restricted amounts to be spent 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 incurred.

##### 9. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows 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 its use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

##### 10. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B 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 MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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

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

*11. Other Postemployment Benefits*

Other Postemployment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.C and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

*12. 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 and liabilities and deferred inflows of resources 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.

*13. Comparative Data*

Comparative data (i.e. presentation of prior year totals by fund type) has 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 has elected to present its budgetary comparison information for the General Fund as a separate schedule and not as a financial statement. The Town does not have a legally adopted budget for the major special revenue or capital project funds. See the Notes to the Budgetary Comparison Schedule following the notes to the financial statements for details regarding the Town's budgetary information and process.

**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 September 30, 2015, none of the Town's bank balances of \$2,817,065 (with a carrying value of \$2,780,002) were uncollateralized and exposed to custodial credit risk.

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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

A. Deposits and Investments (Continued)

*Investments*

As of September 30, 2015, the Town had the following investments and maturities (as defined by GASB #40):

Investment Type	Fair Value	Weighted Average Maturity	S&P	Credit Ratings	
				Moody's	Fitch
Advantage Government Money Market Fund	\$ 412,495	< 1 year	AAAm	Aaa-mf	Unrated
Repurchase Agreement	3,219,369	< 1 year	Unrated	Unrated	Unrated
	<u>\$ 3,631,864</u>				

**Interest Rate Risk:** The Town does not have a formal investment policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates; however, its investments are generally short-term, which limits its interest rate risk.

**Custodial Credit Risk for Investments:** Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2015, the Town was not exposed to custodial credit risk for its investments.

**Credit Risk for Investments:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town minimizes this risk by investing in instruments that consist of U.S. Government obligations and/or repurchase agreements collateralized by U.S. Government obligations.

**Concentration of Credit Risk for Investments:** The Town places no limit on the amount the Town may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosures.

Certain cash and cash equivalents of the Town are legally restricted for specified purposes. The major types of restrictions at September 30, 2015 were those imposed by the revenue source (i.e. hospitality tax, accommodations tax, etc.) and unspent bond proceeds.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

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

**A. Deposits and Investments (Continued)**

*Investments (Continued)*

**Reconciliation to Statement of Net Position**

<u>Statement of Net Position</u>	<u>Amount</u>
Unrestricted Current Assets:	
Cash and Cash Equivalents	\$ 3,986,926
Restricted Current Assets:	
Cash and Cash Equivalents, Restricted	<u>2,395,739</u>
	6,382,665
<u>Statement of Assets and Liabilities - Fiduciary Fund - Agency Fund</u>	
Unrestricted Current Assets:	
Cash and Cash Equivalents	<u>29,201</u>
<b>Total per the financial statements</b>	<b><u><u>\$ 6,411,866</u></u></b>
<u>Notes</u>	
Carrying Value of Deposits	\$ 2,780,002
Investments	<u>3,631,864</u>
<b>Total per the notes</b>	<b><u><u>\$ 6,411,866</u></u></b>

**B. Receivables and Deferred Inflows of Resources**

The Town's 2014 property taxes were levied on October 1, 2014 and were due beginning on this date based on the assessed valuation as of January 1, 2014. Property taxes were considered late on January 16, 2015. Motor vehicle property tax is levied and collected on a portion of taxable vehicles monthly. Penalties and charges are assessed if taxes are not paid by the following dates:

January 16 through February 1	- 3% penalty for tax due
February 2 through March 15	- 10% penalty for tax due
March 16 - Lien Date	- 15% penalty for tax due plus \$15 for a delinquent execution charge

Assessed values are established by the Berkeley County Tax Assessor and the South Carolina Tax Commission. The Town's operating and debt service tax rates for the 2014 property tax year were 56.4 mills and 3.0 mills, respectively. Town property taxes are billed and collected by Berkeley County under a joint billing and collection agreement.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

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

**B. Receivables and Deferred Inflows of Resources (Continued)**

The Town had net receivables related to governmental funds at September 30, 2015, of the following:

Description	General Fund	Franchise Fund	Recreation Complex Project Fund	Community Rec Complex Debt Service Fund	Accommodations Fund	Debt Service Fund	Totals
Property taxes	\$ 2,200,204	-	-	-	-	130,899	\$ 2,331,103
Local Option Sales Tax	194,013	-	-	-	-	-	194,013
Accommodations Taxes	-	-	5,876	-	12,652	-	18,528
Hospitality Taxes	-	-	64,893	-	-	-	64,893
Franchise Fees	187,301	907,967	-	-	-	-	1,095,268
State Aid to Subdivisions Berkeley County	50,024	-	-	-	-	-	50,024
Transportation Tax	-	-	162,500	-	-	-	162,500
Other	92,034	-	14,002	65,120	-	-	171,156
<b>Net Receivables</b>	<b>\$ 2,723,576</b>	<b>907,967</b>	<b>247,271</b>	<b>65,120</b>	<b>12,652</b>	<b>130,899</b>	<b>\$ 4,087,485</b>

There were no material allowances for uncollectible amounts.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2015, the governmental funds had \$977,820 in deferred inflows of resources related to property taxes and franchise fees that were not available and \$2,237,539 in deferred inflows of resources related to property taxes that were levied for fiscal year 2016.

**C. Interfund Receivables, Payables, and Transfers**

Interfund balances at September 30, 2015, consisted of the following:

Fund	Receivables	Payables
General Fund	\$ 955	\$ 1,383
Recreation Complex Project Fund	-	955
Nonmajor Governmental Funds	1,383	-
<b>Totals</b>	<b>\$ 2,338</b>	<b>\$ 2,338</b>

Interfund balances generally result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

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

**C. Interfund Receivables, Payables, and Transfers (Continued)**

Transfers between funds for the year ended September 30, 2015, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 160,812	\$ 16,424
Recreation Complex Project Fund	808,000	432,000
Nonmajor Governmental Funds	463,802	984,190
Totals	<u>\$ 1,432,614</u>	<u>\$ 1,432,614</u>

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

**D. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 4,482,960	96,069	-	-	\$ 4,579,029
Construction In Progress	4,889,529	743,411	-	(462,513)	5,170,427
Total Capital Assets, Non-Depreciable	<u>9,372,489</u>	<u>839,480</u>	<u>-</u>	<u>(462,513)</u>	<u>9,749,456</u>
Capital Assets, Depreciable:					
Land Improvements	565,227	37,552	-	462,513	1,065,292
Buildings	1,867,342	16,002	-	-	1,883,344
Equipment	696,731	138,829	-	-	835,560
Vehicles	2,563,220	193,920	43,360	-	2,713,780
Total Capital Assets, Depreciable	<u>5,692,520</u>	<u>386,303</u>	<u>43,360</u>	<u>462,513</u>	<u>6,497,976</u>
Less: Accumulated Depreciation for:					
Land Improvements	214,879	17,107	-	-	231,986
Buildings	665,026	31,936	-	-	696,962
Equipment	530,923	33,301	-	-	564,224
Vehicles	1,545,605	257,437	34,084	-	1,768,958
Total Accumulated Depreciation	<u>2,956,433</u>	<u>339,781</u>	<u>34,084</u>	<u>-</u>	<u>3,262,130</u>
Total Capital Assets, Depreciable, Net	<u>2,736,087</u>	<u>46,522</u>	<u>9,276</u>	<u>462,513</u>	<u>3,235,846</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,108,576</u>	<u>886,002</u>	<u>9,276</u>	<u>-</u>	<u>\$ 12,985,302</u>

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

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

**D. Capital Assets (Continued)**

Depreciation expense for the Town's governmental activities was charged to functions/programs as follows:

Functions/Programs	Amount
Governmental Activities:	
Administrative	\$ 25,808
Police	183,853
Fire	85,428
Public service	15,926
Recreation	28,766
Total Depreciation Expense - Governmental Activities	<u>\$ 339,781</u>

As of September 30, 2015, the cost of vehicles under lease purchase was approximately \$145,550 and accumulated amortization on these assets was approximately \$37,090. Amortization of these assets has been included with depreciation expense.

**E. Long-Term Obligations**

The Town generally issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. Revenue bonds are obligations of the Town that are secured by revenue from a specific source. Lease purchase obligations are special obligations of the Town payable from the general revenues of the Town. The full faith, credit and taxing powers of the Town are not pledged for the payment of revenue bonds or lease purchase obligations nor the interest thereon.

Details on the Town's outstanding debt issues and lease purchase obligations for the governmental activities as of September 30, 2015 are as follows:

	Principal Outstanding at Year End
<b><u>General Obligation Bonds</u></b>	
\$368,000 General Obligation Bonds (June 2011) were issued to finance the acquisition of a fire truck. Principal is payable annually and interest is payable semi-annually at a rate of 2.65%. Debt service requirements range from \$36,752 - 67,749 per year through September 1, 2021 and are funded with resources from the General Fund.	\$ 284,000
\$257,000 General Obligation Bonds (October 2008) were issued to finance the acquisition of property. Annual payments of \$30,930, including interest at a rate of 4.07% are required through February 15, 2018 and are funded with resources from the General Fund.	85,654
\$1,780,000 General Obligation Bonds (December 2014) were issued to fund the \$800,000 principal payment on the note payable due in June 2015 and to finance various projects and equipment purchases. Annual payments, including interest at a rate of 2.45% are required through March 1, 2029 and are funded with resources from the Debt Service Fund.	1,780,000
<b><u>Revenue Bonds</u></b>	
\$6,925,000 Installment Purchase Revenue Bond, Series 2010 (October 2010) were issued to finance the construction of the Moncks Corner Regional Recreation Facility. Principal is payable annually, and interest is due semi-annually at a rate of 4.225%. Debt service requirements range from \$396,512 to \$411,955 per year through December 1, 2039.	\$ 6,370,000

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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

E. Long-Term Obligations (Continued)

<u>Notes Payable</u>	Principal Outstanding at Year End
<p>\$180,000 Note Payable (December 2013) was obtained to finance the purchase of land. Principal payments of \$60,000 are payable annually plus interest at a rate of 3.00% through December 2015 and are funded with resources from the General Fund.</p>	\$ 60,000
<p><u>Lease Purchases</u></p> <p>\$152,000 Lease Purchase (May 2012) was obtained to finance the purchase of vehicles for the fire department. These assets serve as collateral for this lease. Principal and interest are payable annually with interest at a rate of 1.30%. Total debt service requirements are \$31,427 annually through December 2016 and are funded with resources from the General Fund.</p>	\$ 61,264

A summary of changes in long-term obligations for the Town's governmental activities for the year ended September 30, 2015 is presented below.

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds:					
GO Bond Series 2008	\$ 111,982	-	26,328	85,654	\$ 27,410
GO Bond Series 2011	313,000	-	29,000	284,000	30,000
GO Bond Series 2014	-	1,780,000	-	1,780,000	72,000
Total General Obligation Bond Debt	424,982	1,780,000	55,328	2,149,654	129,410
Revenue Bonds:					
Series 2010	6,520,000	-	150,000	6,370,000	155,000
Discount - Series 2010	(93,651)	-	(3,601)	(90,050)	-
Net Revenue Bond Debt	6,426,349	-	146,399	6,279,950	155,000
Notes Payable:					
October 2012	23,119	-	23,119	-	-
June 2013	800,000	-	800,000	-	-
December 2013	120,000	-	60,000	60,000	60,000
Total Notes Payable	943,119	-	883,119	60,000	60,000
Lease Purchases:					
May 2012	91,300	-	30,036	61,264	30,615
Total Lease Purchases	91,300	-	30,036	61,264	30,615
Compensated Absences	115,228	84,832	91,432	108,628	86,195
Total Governmental Activities	\$ 8,000,978	1,864,832	1,206,314	8,659,496	\$ 461,220

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 eight percent (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. As of September 30, 2015, the Town had approximately \$2,150,000 of bonded debt subject to the 8% limit of approximately \$3,378,000 resulting in an unused legal debt margin of approximately \$1,228,000.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

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

**E. Long-Term Obligations (Continued)**

Presented below are the debt service requirements to maturity as of September 30, 2015.

Year Ending September 30,	Principal	Interest	Total
2016	\$ 375,025	449,704	\$ 824,729
2017	324,185	435,854	760,039
2018	301,708	423,420	725,128
2019	310,000	411,047	721,047
2020	319,000	398,771	717,771
2021-2025	1,765,000	1,775,105	3,540,105
2026-2030	1,906,000	1,330,412	3,236,412
2031-2035	1,495,000	856,758	2,351,758
2036-2040	1,845,000	311,241	2,156,241
Totals	<u>\$ 8,640,918</u>	<u>6,392,312</u>	<u>\$ 15,033,230</u>

**IV. OTHER INFORMATION**

**A. Risk Management**

*Participation in Public Entity Risk Pools for Property and Casualty Insurance*

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. For all of these risks, the Town is a member of the South Carolina Municipal Insurance Reserve Fund (“SCMIRF”), a public entity risk pool operating as a common risk management and insurance program for local governments for general risk. The Town pays an annual premium for this coverage. For the year ended September 30, 2015, the Town made premium payments totaling approximately \$73,000. SCMIRF’s net position from its most recently issued audited financial statements at December 31, 2014 totaled approximately \$21,590,000.

The Town has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust (“SCMIT”), a public entity risk pool operating as a common risk management and insurance program for worker’s compensation. The Town pays an annual premium to SCMIT. For the year ended September 30, 2015, the Town made premium payments totaling approximately \$212,000. SCMIT uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net position from its most recently issued audited financial statements at December 31, 2014 totaled approximately \$52,879,000.

For the above public entity risk pools, there were no significant reductions in coverage in the past fiscal year and settled claims in excess of insurance coverage for the last three years were immaterial.

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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IV. OTHER INFORMATION (CONTINUED)

**B. Retirement Plans**

*State Retirement Plans* 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 systems and the trust funds. By law, the Budget and Control Board (State Fiscal Accountability Authority effective July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board ("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](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

*Plan 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 Towns, and political subdivisions.

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

*Plan Membership*

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

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

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

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IV. OTHER INFORMATION (CONTINUED)

**B. Retirement Plans (Continued)**

*Plan Benefits*

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

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

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

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

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

*Plan Contributions*

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase the SCRS and PORS employer and employee contribution rates, 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.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

*Plan Contributions (Continued)*

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		
	2013	2014	2015	2013	2014	2015
Employer Rate:						
Retirement	10.45%	10.75%	10.91%	12.44%	13.01%	13.34%
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>10.90%</u>	<u>11.06%</u>	<u>12.84%</u>	<u>13.41%</u>	<u>13.74%</u>
Employee Rate	<u>7.50%</u>	<u>8.00%</u>	<u>8.16%</u>	<u>7.84%</u>	<u>8.41%</u>	<u>8.74%</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 September 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2015	\$ 107,326	100%	\$ 202,263	100%
2014	113,997	100%	186,740	100%
2013	\$ 107,800	100%	\$ 176,708	100%

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

Year Ended September 30,	SCRS Payroll	PORS Payroll	Total Payroll
2015	\$ 980,770	1,498,230	\$ 2,479,000
2014	1,067,275	1,437,316	2,504,591
2013	\$ 1,016,977	1,420,859	\$ 2,437,836

*Actuarial Assumptions and Methods*

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

The June 30, 2015 total pension liability, net pension liability, and sensitivity information were determined by the PEBA's consulting actuary, Gabriel, Roeder, Smith and Company and are based on the July 1, 2014 actuarial valuations as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015 using generally accepted actuarial principles.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

*Actuarial Assumptions and Methods (Continued)*

The following table provides a summary of the actuarial cost method and assumptions used in the July 1, 2014, 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	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Includes Inflation at	2.75%	2.75%
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

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

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

*Net Pension Liability*

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals as of June 30, 2015 for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 44,097,310,230	25,131,828,101	\$ 18,965,482,129	56.99%
PORS	\$ 6,151,321,222	3,971,824,838	\$ 2,179,496,384	64.57%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*Net Pension Liability (Continued)*

At September 30, 2015, the Town reported liabilities of approximately \$2,033,000 and \$2,592,000 for its proportionate share of the net pension liabilities for the SCRS and PORS ("Plans"), respectively. The net pension liabilities were measured as of June 30, 2015, 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, 2014 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, 2015, the Town's SCRS proportion was .01072 percent, which was a decrease of 0.001 from its proportion measured as of June 30, 2014. At June 30, 2015, the Town's PORS proportion was .1189 percent, which was a decrease of 0.0005 from its proportion measured as of June 30, 2014.

*Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014 actuarial valuations, was based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission ("RSIC") in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted by the RSIC for fiscal year 2015. 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 below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and 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.

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

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

*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 the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the Town's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.5 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%)
The Town's proportionate share of the net pension liability of the SCRS	\$ 2,563,397	2,033,289	\$ 1,588,992
The Town's proportionate share of the net pension liability of the PORS	\$ 3,530,982	2,592,053	\$ 1,752,702

*Pension Expense and Deferred Outflows/Inflows Related to Pensions*

For the year ended September 30, 2015, the Town recognized pension expense of approximately \$111,000 and \$229,000 for the SCRS and PORS, respectively. At September 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	\$ 36,125	\$ 3,636
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	13,610	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	-	116,220
The Town's Contributions Subsequent to the Measurement Date	29,188	-
Total SCRS	<u>78,923</u>	<u>119,856</u>
<b>PORS</b>		
Differences Between Expected and Actual Experience	51,375	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	28,361	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	-	7,776
The Town's Contributions Subsequent to the Measurement Date	56,224	-
Total PORS	<u>135,960</u>	<u>7,776</u>
Total SCRS and PORS	<u>\$ 214,883</u>	<u>\$ 127,632</u>

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*Pension Expense and Deferred Outflows/Inflows Related to Pensions (Continued)*

Approximately \$29,000 and \$56,000 that were reported as deferred outflows of resources related to the Town's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended September 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	\$ (28,027)	6,013	\$ (22,014)
2017	(28,027)	6,013	(22,014)
2018	(40,435)	3,744	(36,691)
2019	26,368	56,190	82,558
Total	\$ (70,121)	71,960	\$ 1,839

*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 approximately \$15,000 and \$27,000 to the PEBA as of September 30, 2015, representing required employer and employee contributions for the month of September 2015 for the SCRS and PORS, respectively. These amounts are included in Accounts Payable on the financial statements and were paid in October 2015.

C. Other Postemployment Benefits

*Plan Description*

The Town sponsors a single-employer defined benefit healthcare plan (the "Plan") that provides health insurance for retirees. The Plan covers all employees provided that: (1) the person is employed by the Town at the time of retirement, (2) the employee is eligible to retire under SCRS or SCPORS, (3) the employee is at least age 55, and (4) the employee has served at least the last ten years as an employee of the Town at the time of retirement. The amount the Town contributes to the retirees' health insurance is approved in the annual budget. These contributions are neither guaranteed nor mandatory. Benefit provisions are established and amended by Town Council. The Plan does not issue a stand-alone financial report.

As of July 1, 2013, the measurement date, there were 72 covered members, including 5 retired participants receiving benefits.

*Funding Policy*

The Town contributes a fixed dollar amount toward the retiree's health insurance premium. In the year ended September 30, 2015, the Town contributed, on a monthly basis, up to \$212 for retiree only and retiree family healthcare coverage. For the Plan, the retiree contributes the balance between the actuarially calculated costs less the fixed dollar amount.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefits (Continued)**

*Funding Policy (Continued)*

The Town's annual other postemployment benefits ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

*Actuarial Methods and Assumptions*

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

Projections of benefits for financial reporting purposes are based on the substantive Plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table summarizes the key actuarial assumptions and cost method:

Actuarial Valuation Date:	July 1, 2013
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Dollar Method, Open
Amortization Period:	30 Years
Actuarial Assumptions:	
Investment Rate of Return:	5.00%, including inflation at 2.75%
Health Cost Trend:	8.50% to 5.00%
Coverage Elections:	50% of eligible retirees and 20% of spouses will elect to receive coverage upon retirement
Active Participant Marriage Assumption:	100% of all active employees are assumed to be married with female spouses assumed to be 3 years younger.
Mortality Table:	RP 2000 Employee Mortality Table
Implicit Rate Subsidy:	Total cost of coverage for pre-65 retirees is 50% higher than the average premium rate to account for the implicitly subsidized costs.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefits (Continued)**

*Annual OPEB Cost, Net OPEB Obligation, Funded Status and Funding Progress*

For the fiscal year ended September 30, 2015, the annual OPEB cost (expense) and the progression of the net OPEB obligation in the Plan was as follows:

1.	Net OPEB Obligation (Asset), Beginning of the Plan Year	\$ (21,500)
2.	One Year's Interest on the Net OPEB Obligation (Asset)	(1,075)
3.	ARC (Normal Cost Plus Any Amortization Payments)	18,732
4.	Annual OPEB Cost	<u>17,657</u>
5.	Contributions Made for the Plan Year	(29,509)
6.	Increase (Decrease) in Net OPEB Obligation	<u>(11,852)</u>
7.	Net OPEB Obligation (Asset), End of the Plan Year	<u><u>\$ (33,352)</u></u>

*Schedule of Employer Contributions*

Contributions to the Plan include the Town's contributions to pre-fund benefits as well as implicit and explicit contributions made by the Town through payment of covered participants' subsidized benefits.

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for the past three years were as follows:

<b>Schedule of Employer Contributions</b>				
Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
September 30, 2015	\$ 17,657	29,509	167.12%	\$ (33,352)
September 30, 2014	18,544	26,666	143.80%	(21,500)
September 30, 2013	\$ 16,743	24,566	146.72%	\$ (13,378)

*Funding Progress*

Funding progress for the OPEB Plan as of September 30, 2015 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
July 1, 2013	\$ 70,088	223,011	\$ 152,923	31.43%

The schedule of funding progress following the Notes to the Financial Statements presents multiyear trend information regarding the actuarial value of plan assets relative to the actuarial accrued liability for benefits.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Commitments and Contingencies**

The Town receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Town at September 30, 2015.

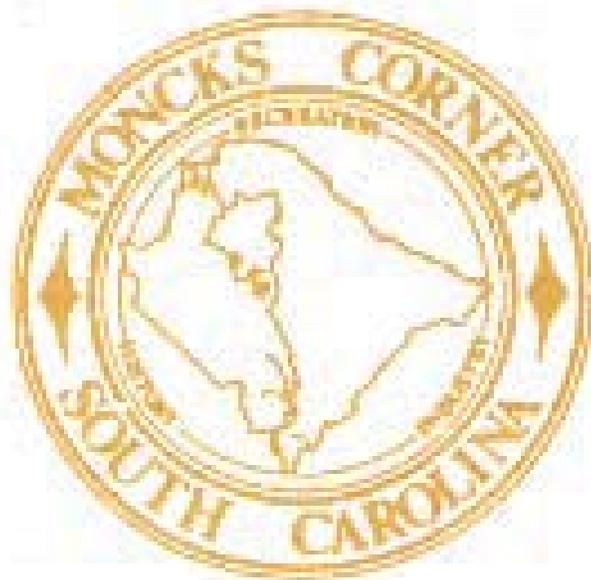
The Town is periodically the subject of litigation by a variety of plaintiffs. The Town management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

In October 2008, the Town entered into an agreement with Foxbank Commercial Development LLC ("Foxbank"). The agreement has a term of five years with two automatic five year renewals, absent material breach of the agreement by Foxbank. The agreement provides that all building permit fees assessed for residential and commercial construction in the 800 acre Foxbank Plantation subdivision be restricted to reimburse Foxbank for the cost of the transportation impact fees incurred in a 41 acre area designated in the development agreement for commercial property as they are incurred. Resources accumulated under the terms of this agreement are reported as restricted fund balance in the Foxbank Fund, and totaled \$710,446 as of September 30, 2015. Cumulative reimbursements to Foxbank as of September 30, 2015 were \$40,113.

As of September 30, 2015, the Town had construction commitments outstanding totaling approximately \$134,000, excluding retainage payable, related to the construction of the recreation facility.

**E. Conduit Debt Obligations**

In May 2007, the Town, as project sponsor, entered into a loan agreement with the South Carolina Water Quality Revolving Fund Authority for the purpose of providing financial assistance to the Combined Waterworks and Sewer System of the Town of Moncks Corner, South Carolina ("Waterworks") for construction projects related to the water and sewer system. The note is secured by a pledge of the net revenues of Waterworks, and is payable from those revenues. In April 2007, Waterworks resolved to adopt the representations, covenants, and agreements set forth in the note, and to carry forth the duties so imposed. The Town is not obligated in any manner for repayment of the note beyond the resources to be provided by Waterworks. Accordingly, the note is not reported as a liability in the accompanying financial statements. As of September 30, 2015, the aggregate principal outstanding was approximately \$4,113,000.



## Required Supplementary Information

TOWN OF MONCKS CORNER, SOUTH CAROLINA

**BUDGETARY COMPARISON SCHEDULE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL -  
GENERAL FUND**

**YEAR ENDED SEPTEMBER 30, 2015**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 2,554,059	2,554,059	2,667,002	\$ 112,943
Licenses, permits, and franchise fees	2,502,500	2,502,500	2,577,788	75,288
Intergovernmental revenue	331,958	331,958	359,611	27,653
Charges for services	566,800	566,800	608,013	41,213
Fines and forfeitures	240,000	240,000	271,761	31,761
Miscellaneous revenues	46,250	46,250	70,869	24,619
<b>TOTAL REVENUES ALL SOURCES</b>	<b>6,241,567</b>	<b>6,241,567</b>	<b>6,555,044</b>	<b>313,477</b>
<b>EXPENDITURES</b>				
Current				
Administrative	1,433,085	1,433,085	1,225,339	207,746
Planning	267,989	267,989	249,316	18,673
Police	1,875,394	1,875,394	1,734,770	140,624
Fire	920,723	920,723	859,505	61,218
Public service	969,658	969,658	905,626	64,032
Recreation	435,400	435,400	414,765	20,635
Capital outlay	324,804	324,804	305,260	19,544
Debt service				
Principal	31,240	31,240	90,036	(58,796)
Interest and other charges	-	-	3,003	(3,003)
<b>TOTAL EXPENDITURES</b>	<b>6,258,293</b>	<b>6,258,293</b>	<b>5,787,620</b>	<b>470,673</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(16,726)</b>	<b>(16,726)</b>	<b>767,424</b>	<b>784,150</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of assets	1,000	1,000	-	(1,000)
Transfers in	25,750	25,750	160,812	135,062
Transfers out	(269,424)	(269,424)	(16,424)	253,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(242,674)</b>	<b>(242,674)</b>	<b>144,388</b>	<b>387,062</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(259,400)</b>	<b>(259,400)</b>	<b>911,812</b>	<b>1,171,212</b>
FUND BALANCES, Beginning of Year	2,530,726	2,530,726	2,530,726	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 2,271,326</b>	<b>2,271,326</b>	<b>3,442,538</b>	<b>\$ 1,171,212</b>

Note: This schedule has been presented on the modified accrual of accounting, which is consistent with accounting principles generally accepted in the United States of America.

Note: The Town's original and final budget both reflected the use of appropriated fund balance of \$259,400.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**NOTES TO THE BUDGETARY COMPARISON SCHEDULE**

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

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**A. BASIS OF ACCOUNTING**

The budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**B. BUDGETARY INFORMATION**

The Town follows the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule:

1. The Town Administrator and Town Accountant submit to the Town Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to inform and obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance prior to September 30.
4. Town Council must approve any revisions that alter the total expenditures of a fund. The legal level of budgetary authority is at the fund level.
5. Legally adopted budgets are employed as a management control device during the year for the General Fund and certain non-major special revenue funds.
6. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP.
7. The budgets at the end of the year for these funds represent the budgets adopted and amended by the Town Council.
8. Encumbrances accounting is employed in the Town's funds. Encumbrances outstanding at year-end are included in restricted, committed, or assigned fund balance, as applicable, and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**OTHER POSTEMPLOYMENT BENEFIT PLAN – DEFINED BENEFIT HEALTHCARE PLAN –  
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS**

**YEAR ENDED SEPTEMBER 30, 2015**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Applicable to Fiscal Year Ending	Annual OPEB Cost	Contribution for Fiscal Year	Annual Percentage Contributed	Net OPEB Obligation (Asset)
September 30, 2015	\$ 17,657	29,509	167.12%	\$ (33,352)
September 30, 2014	18,544	26,666	143.80%	(21,500)
September 30, 2013	16,743	24,566	146.72%	(13,378)
September 30, 2012	15,410	18,520	120.18%	(5,555)
September 30, 2011	15,597	18,042	115.68%	(2,445)
September 30, 2010	\$ 15,400	15,400	100.00%	\$ -

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
July 1, 2013	\$ 70,088	223,011	\$ 152,923	31.43%
July 1, 2011	32,709	131,201	98,492	24.93%
July 1, 2009	\$ -	102,500	\$ 102,500	0.00%

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**LAST TWO FISCAL YEARS**

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	<b>Year Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
Town of Moncks Corner's Proportion of the Net Pension Liability	0.01072%	0.01156%
Town of Moncks Corner's Proportionate Share of the Net Pension Liability	\$ 2,033,289	\$ 1,990,593
Town of Moncks Corner's Covered-Employee Payroll	\$ 1,005,514	\$ 1,049,663
Town of Moncks Corner's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	202.21%	189.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.992%	59.919%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the year presented. Only two years of data were available; thus, only two years were presented.

**TOWN OF MONCKS CORNER, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**LAST TWO FISCAL YEARS**

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	<b>Year Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 107,326	\$ 113,997
Contributions in Relation to the Contractually Required Contribution	107,326	113,997
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Town of Moncks Corner's Covered-Employee Payroll	\$ 980,770	\$ 1,067,275
Contributions as a Percentage of Covered-Employee Payroll	10.94%	10.68%

**Notes to Schedule:**

Only two years of data were available; thus, only two years were presented.

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**LAST TWO FISCAL YEARS**

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	<b>Year Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
Town of Moncks Corner's Proportion of the Net Pension Liability	0.11893%	0.11938%
Town of Moncks Corner's Proportionate Share of the Net Pension Liability	\$ 2,592,053	\$ 2,285,482
Town of Moncks Corner's Covered-Employee Payroll	\$ 1,473,033	\$ 1,435,868
Town of Moncks Corner's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	175.97%	159.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.57%	67.55%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the year presented. Only two years of data were available; thus, only two years were presented.

**TOWN OF MONCKS CORNER, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**LAST TWO FISCAL YEARS**

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	<b>Year Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 202,263	\$ 186,740
Contributions in Relation to the Contractually Required Contribution	202,263	186,740
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Town of Moncks Corner's Covered-Employee Payroll	\$ 1,498,230	\$ 1,437,316
Contributions as a Percentage of Covered-Employee Payroll	13.50%	12.99%

**Notes to Schedule:**

Only two years of data were available; thus, only two years were presented.

## Supplementary Information

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	VICTIMS' ASSISTANCE FUND	ACCOMMODATIONS TAX FUND	MONCK'S CORNER DEPOT FUND
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	-	-
Receivables:			
Due from other governments	-	12,652	-
Taxes receivable	-	-	-
Prepaid expenses	410	-	-
Due from other funds	-	-	-
Cash and cash equivalents - restricted	9,380	1,218	56,740
<b>TOTAL ASSETS</b>	<b>\$ 9,790</b>	<b>13,870</b>	<b>56,740</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 138	7,098	5,907
Accrued salaries and wages	893	-	641
<b>TOTAL LIABILITIES</b>	<b>1,031</b>	<b>7,098</b>	<b>6,548</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	-	-	-
Deferred revenues	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	410	-	-
Restricted:			
Tourism	-	6,772	50,192
Capital projects	-	-	-
Debt service	-	-	-
Other	8,349	-	-
Assigned:			
Capital projects	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>8,759</b>	<b>6,772</b>	<b>50,192</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 9,790</b>	<b>13,870</b>	<b>56,740</b>

<b>FOXBANK FUND</b>	<b>DEBT SERVICE FUND</b>	<b>COMMUNITY RECREATION COMPLEX DEBT SERVICE FUND</b>	<b>CAPITAL IMPROVEMENT FUND</b>	<b>CONSTRUCTION FUND</b>	<b>TOTAL NON-MAJOR FUNDS</b>
-	-	-	55,394	-	\$ 55,394
-	-	65,120	-	-	77,772
-	130,899	-	-	-	130,899
-	-	-	-	-	410
-	1,383	-	-	-	1,383
710,446	87,962	730,676	-	799,317	2,395,739
<b>710,446</b>	<b>220,244</b>	<b>795,796</b>	<b>55,394</b>	<b>799,317</b>	<b>\$ 2,661,597</b>
-	-	-	-	-	\$ 13,143
-	-	-	-	-	1,534
-	-	-	-	-	14,677
-	4,869	-	-	-	4,869
-	126,234	-	-	-	126,234
-	131,103	-	-	-	131,103
-	-	-	-	-	410
-	-	-	-	-	56,964
-	-	-	-	799,317	799,317
-	89,141	795,796	-	-	884,937
710,446	-	-	-	-	718,795
-	-	-	55,394	-	55,394
<b>710,446</b>	<b>89,141</b>	<b>795,796</b>	<b>55,394</b>	<b>799,317</b>	<b>2,515,817</b>
<b>710,446</b>	<b>220,244</b>	<b>795,796</b>	<b>55,394</b>	<b>799,317</b>	<b>\$ 2,661,597</b>

TOWN OF MONCK'S CORNER, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	VICTIMS' ASSISTANCE FUND	ACCOMMODATIONS TAX FUND	MONCK'S CORNER DEPOT FUND
<b>REVENUES</b>			
Taxes	\$ -	-	-
Licenses, permits, and franchise fees	-	-	21,170
Intergovernmental revenue	-	48,137	-
Fines and forfeitures	38,098	-	-
Miscellaneous revenues	-	25	23,589
<b>TOTAL REVENUES</b>	<b>38,098</b>	<b>48,162</b>	<b>44,759</b>
<b>EXPENDITURES</b>			
Current:			
Administrative	-	7,097	54,777
Police	45,736	-	-
Recreation	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Debt issuance costs	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>45,736</b>	<b>7,097</b>	<b>54,777</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(7,638)</b>	<b>41,065</b>	<b>(10,018)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from issuance of debt	-	-	-
Transfers In	16,424	-	15,378
Transfers Out	-	(41,561)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>16,424</b>	<b>(41,561)</b>	<b>15,378</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>8,786</b>	<b>(496)</b>	<b>5,360</b>
FUND BALANCE, Beginning of Year	(27)	7,268	44,832
<b>FUND BALANCES, End of Year</b>	<b>\$ 8,759</b>	<b>6,772</b>	<b>50,192</b>

<b>FOXBANK FUND</b>	<b>DEBT SERVICE FUND</b>	<b>COMMUNITY RECREATION COMPLEX DEBT SERVICE FUND</b>	<b>CAPITAL IMPROVEMENT FUND</b>	<b>CONSTRUCTION FUND</b>	<b>TOTAL NON-MAJOR FUNDS</b>
-	109,711	-	97,500	-	\$ 207,211
24,667	-	-	-	-	45,837
-	-	-	-	-	48,137
-	-	-	-	-	38,098
-	-	129,464	-	-	153,078
<b>24,667</b>	<b>109,711</b>	<b>129,464</b>	<b>97,500</b>	<b>-</b>	<b>492,361</b>
-	-	60	-	-	61,934
-	-	-	-	-	45,736
-	-	-	-	15	15
-	-	-	49,092	-	49,092
-	78,447	150,000	-	-	228,447
-	22,914	398,886	-	-	421,800
-	-	-	-	38,039	38,039
-	101,361	548,946	49,092	38,054	845,063
<b>24,667</b>	<b>8,350</b>	<b>(419,482)</b>	<b>48,408</b>	<b>(38,054)</b>	<b>(352,702)</b>
-	-	-	-	1,780,000	1,780,000
-	-	432,000	-	-	463,802
-	-	-	-	(942,629)	(984,190)
-	-	432,000	-	837,371	1,259,612
<b>24,667</b>	<b>8,350</b>	<b>12,518</b>	<b>48,408</b>	<b>799,317</b>	<b>906,910</b>
685,779	80,791	783,278	6,986	-	1,608,907
<b>710,446</b>	<b>89,141</b>	<b>795,796</b>	<b>55,394</b>	<b>799,317</b>	<b>\$ 2,515,817</b>

**TOWN OF MONCK'S CORNER, SOUTH CAROLINA**

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

**SEPTEMBER 30, 2015**

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**COURT FINES**

Court Fines Collected	\$ 271,761
Court Fines Retained by the Town	(271,761)
<b>Total Court Fines Remitted to State Treasurer</b>	<b>\$ -</b>

**COURT ASSESSMENTS**

Court Assessments Collected	\$ 284,028
Court Assessments Retained by the Town	(32,061)
<b>Total Court Assessments Remitted to the State Treasurer</b>	<b>\$ 251,967</b>

**COURT SURCHARGES**

Court Surcharges Collected	\$ 101,342
Court Surcharges Retained by the Town	(6,037)
<b>Total Court Surcharges Remitted to the State Treasurer</b>	<b>\$ 95,305</b>

**VICTIMS SERVICES**

<b>Funds Available for Carryforward, Beginning of Year</b>	<b>\$ (27)</b>
Court Assessments and Surcharges Allocated to Victim Services	38,098
Victims' Assistance Fund Expenditures	(45,736)
Victims' Assistance Fund Transfers In	16,424
<b>Funds Available for Carryforward, End of Year</b>	<b>\$ 8,759</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**

The Honorable Mayor and Members of the Town Council  
Town of Moncks Corner  
Moncks Corner, 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, each major fund, and the aggregate remaining fund information of the Town of Moncks Corner, South Carolina (the "Town"), as of and for the year ended September 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 February 26, 2016.

**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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
February 26, 2016