

CHESTERFIELD COUNTY, SOUTH CAROLINA

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

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AND SUPPLEMENTARY INFORMATION
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To Chesterfield County Council
Chesterfield, South Carolina

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chesterfield County, South Carolina (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Chesterfield County, South Carolina, as of June 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 14 to the financial statements, Chesterfield County, SC adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during fiscal year ended June 30, 2018. The implementation of GASB Statement No. 75 resulted in the restatement of beginning net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule - General Fund, Schedule of Funding Progress for Retiree Health Plan, Schedules of County's Proportionate Share of the Net Pension Liability, Schedules of the County's Contributions, and Schedule of Changes in the County's Total OPEB Liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and the supplementary information required by the State of South Carolina are presented for purposes of additional analysis and are not a required part of the financial statements.

This 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 combining and individual nonmajor fund financial statements and the supplementary information required by the State of South Carolina are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McAbee, Schwartz, Halliday & Co.

Spartanburg, South Carolina
November 26, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Chesterfield County, South Carolina ("the County"), we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of Chesterfield County, South Carolina for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

The following are key financial highlights for the fiscal year:

- Chesterfield County's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources as of June 30, 2018 by \$8,718,757 (net position). This is primarily due to the implementation of GASB No. 75 related to Accounting and Financial Reporting for Other Post-Employment Benefits. For additional information, please refer to the notes to the financial statements.
- Governmental activities have a negative unrestricted net position balance of \$30,434,212. This is primarily due to the implementation of GASB No. 68 related to Accounting and Financial Reporting for Pensions in prior years and GASB No. 75 related to Accounting and Financial Reporting for Other Post-Employment Benefits in the current year. For additional information, please refer to the notes to the financial statements.
- The County's net position increased by \$287,254 during the fiscal year, primarily due to an increase in millage rates, increasing tax collections.
- At the close of this fiscal year, the County's combined governmental funds reported ending fund balances of \$13,202,574, a decrease of \$3,166,878 from the prior year. This is primarily due to the sale of the industrial spec building, which was previously reported as an asset held for sale.
- At June 30, 2018, unassigned fund balance for the General Fund was \$1,217,319, an increase of \$10,084 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the County's basic financial statements as they are presented. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements consist of a statement of net position and a statement of activities, which report information about the overall financial position and activities of the County government as a whole.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between all four reported as net position. One can think of the County's net position as a measure of financial health. Over time, increases or decreases in the County's net position is one indicator of whether financial health is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. The focus of the statement of activities is on the net cost of activities provided by the County.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, economic development, judicial administration, culture and recreation, rescue and fire protections, legislative oversight and other.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds. 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. Chesterfield County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for the County's general government activities. Unlike the government-wide financial statements, governmental fund financial statements are reported using current financial resources. Revenues are recognized to the degree that they are available to finance expenditures of the fiscal period being reported.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information provided for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are accompanied by a reconciliation that facilitates this comparison.

The County maintains twenty-two individual governmental funds. The General Fund, which is considered to be a major fund, accounts for all financial resources except those required to be accounted for in another fund. The Capital Reserve Fund, a capital project fund, which sets aside a portion of property tax collections for future use of capital asset purchases, is also considered to be a major fund. The Capital Projects Fund - Public Facilities Corporation accounts for the debt issuance and expenditures related to the renovations of the current courthouse, and is also considered to be a major fund. The County's remaining funds are presented as non-major funds.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the general fund as required supplementary information.

Fiduciary Funds – Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. The resources of the fiduciary funds are not available to support the County's programs and are therefore excluded from the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report presents a combining balance sheet and combining statement of revenues, expenditures and changes in fund balance for the non-major governmental funds, a combining balance sheet for the agency funds, and several other schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the statement of net position presents the difference between the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources and over time may serve as an indicator of its financial position. In the case of Chesterfield County, assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by \$8,718,757 at the close of the most recent fiscal year.

The following table presents a summary of the statement of net position as of June 30, 2018:

Table 1
Chesterfield County's Net Position

	Governmental Activities		Total Percent Change
	2018	2017	2018-2017
Current and Other Assets	\$ 14,966,917	\$ 18,132,991	-17.5%
Capital Assets	21,212,139	18,146,943	16.9%
Total Assets	36,179,056	36,279,934	-0.3%
Total Deferred Outflows of Resources	4,322,270	4,087,052	5.8%
Total Assets and Deferred Outflows of Resources	\$ 40,501,326	\$ 40,366,986	0.3%
Current Liabilities	\$ 3,227,101	\$ 3,140,051	2.8%
Non-Current Liabilities	44,442,522	37,394,392	18.8%
Total Liabilities	47,669,623	40,534,443	17.6%
Total Deferred Inflows of Resources	1,550,460	97,429	1491.4%
Net Position			
Net Investment in Capital Assets	9,802,444	7,739,451	26.7%
Restricted	11,913,011	15,099,625	-21.1%
Unrestricted	(30,434,212)	(23,103,962)	-31.7%
Total Net Position	(8,718,757)	(264,886)	-3191.5%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 40,501,326	\$ 40,366,986	0.3%

The County's current and other assets at year-end decreased \$3,166,074 or 17.5% primarily due to the sale of the industrial spec building, which was previously reported as an asset held for sale.

Capital assets, net of depreciation increased \$3,065,196 or 16.9%. The increase was primarily due to the construction/renovations for the new Judicial Center.

The County's long-term liabilities are comprised mainly of three components: general obligation bonds, installment purchase revenue (IPR) bonds and capital leases. Long-term liabilities increased \$7,048,130 or 18.8%, primarily due to an increase in the total OPEB liability (due to the implementation of GASB 75). More detailed information on the capital assets and long-term debt activity are provided in the notes to the financial statements.

The following table summarizes the change in net position of the County for the year ended June 30, 2018:

Table 2
Changes in Chesterfield County's Net Position

	Governmental Activities		Total Percent Change
	2018	2017	2018-2017
Revenues:			
Program Revenues:			
Charges for services	\$ 5,672,165	\$ 5,233,024	8.4%
Operating grants and contributions	3,930,416	1,615,218	143.3%
Capital grants and contributions	715,000	190,000	276.3%
General Revenues:			
Property taxes	11,529,275	11,210,098	2.8%
Other taxes	5,553,590	4,946,121	12.3%
Grants	1,781,800	1,813,002	-1.7%
Gain/(Loss) on sale of capital assets	53,825	66,265	18.8%
Other	414,287	380,814	8.8%
Total Revenues	<u>29,650,358</u>	<u>25,454,542</u>	<u>16.5%</u>
Expenses:			
General government	4,859,333	3,898,932	24.6%
Public safety	9,132,973	9,436,746	-3.2%
Public works	3,132,560	2,691,811	16.4%
Economic development	2,397,382	266,163	800.7%
Judicial administration	2,315,175	2,186,038	5.9%
Culture and recreation	662,477	620,837	6.7%
Rescue and fire protection	1,504,074	1,497,747	0.4%
Non-departmental/other agencies	4,715,294	2,891,699	63.1%
Legislative oversight	285,226	410,208	-30.5%
Interest and other charges	358,610	388,437	-7.7%
Total Expenses	<u>29,363,104</u>	<u>24,288,618</u>	<u>20.9%</u>
Change in net position	287,254	1,165,924	75.4%
Beginning net position	(264,886)	(1,383,698)	80.9%
Prior period adjustment	<u>(8,741,125)</u>	<u>(47,112)</u>	<u>-18453.9%</u>
Ending net position	<u>\$ (8,718,757)</u>	<u>\$ (264,886)</u>	<u>3191.5%</u>

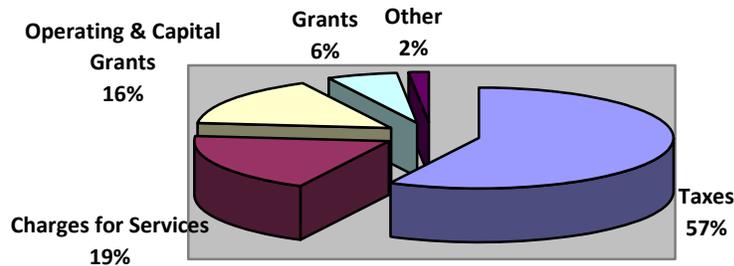
Governmental Activities

Governmental activities increased the County's net position by \$287,254 during the current fiscal year. The key elements were increases in property taxes and other taxes due to an increase in millage rates.

The costs for all governmental activities were \$29,363,104 for the fiscal year. Providing activities for public safety was the largest expense (\$9,132,973) to the County. The total cost to the County for providing general government administration was (\$4,859,333), which includes various administrative functions such as county administrator, assessor, auditor, and treasurer.

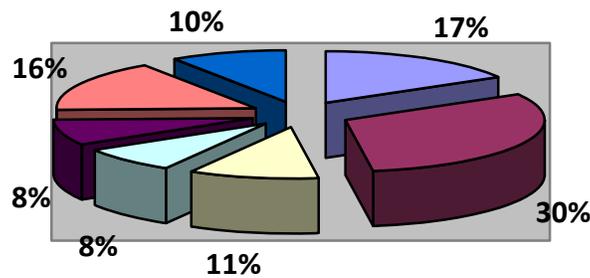
Total revenues increased \$4,195,816 or 16.5%, primarily due to the increase in other tax collections and operating and capital grants and contributions.

Revenues by Source: Governmental Activities



Total expenses increased by \$5,074,486 or 20.9%, primarily due to construction/renovations for the new Judicial Center, coupled with increases in personnel costs.

Expenses by Category: Governmental Activities



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

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

The General Fund is the major governmental fund of the County. At the end of the fiscal year, Chesterfield County reported an unassigned fund balance of \$1,217,319 in the General Fund. Total fund balance for all the governmental funds was \$13,202,574. As a measure of the General Fund's liquidity, the total unassigned fund balance represents 5.5% of total general fund expenditures.

The County has sixteen special revenue funds. Eleven special revenue funds account for fire protection and rescue squad services provided to various sections of the County. The other funds account for revenues provided from various funding sources for grants, public defender, E-911, and the sheriff's department drug law enforcement activities.

During the year, the County also operated four capital project funds. Two of these funds, the Capital Reserve Fund and the Capital Projects Fund - Public Facilities Corporation, were determined to be major funds.

The County also maintains a Debt Service Fund that accounts for the property taxes levied and collected to pay principal and interest on the outstanding general obligation bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

A budgetary comparison schedule for the General Fund is provided in the Required Supplementary Information. The schedule shows the original adopted budget, the final budget, the actual results on GAAP basis, and the variance between budget and actual. After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, new bond or loan proceeds, new grant awards, or other unanticipated revenues. The General Fund budget was not revised during the current fiscal year.

Actual revenues exceeded budgeted revenues by \$2,871,939, primarily due to an increase in intergovernmental revenues for state road paving projects and grants for economic development projects. Actual expenditures were more than budgeted expenditures by \$1,989,343, primarily due to a large increase in state road paving projects and expending grant monies for economic development.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Chesterfield County's investment in capital assets for its governmental activities as of June 30, 2018, totaled \$21,212,139, net of accumulated depreciation. This investment in capital assets includes land, construction in progress, buildings and building improvements, and vehicles, furniture and equipment.

Majority of capital asset expenditures during the current fiscal year were related to the construction/renovations for the new Judicial Center and the purchase of various equipment.

Net capital assets at June 30, 2018 and 2017 included:

	Governmental Activities		Total Percent
	2018	2017	Change 2018-2017
Land	\$ 1,628,148	\$ 539,884	201.6%
Construction in Progress	3,593,389	571,306	529.0%
Buildings and Improvements	11,846,849	12,186,703	-2.8%
Vehicles/Machinery/Equipment	4,143,753	4,849,050	-14.5%
	<u>\$ 21,212,139</u>	<u>\$ 18,146,943</u>	<u>16.9%</u>

Additional information on the County's capital assets can be found in Note 4.

Long-Term Debt

The legal limit on the amount of general obligation bond indebtedness that a County can incur is 8% of their assessed value. At the end of the current fiscal year, the County had total long-term debt outstanding of \$13,924,816. General obligation bonds constitute 40.8% of long-term debt and are backed by the full faith and credit of the County. The next largest long-term debt for the County is comprised of two installment purchase revenue bonds (47.0%). The remaining long-term debt for the County is five capital leases (12.2%).

	Governmental Activities		Total Percent
	2018	2017	Change 2018-2017
General obligation bonds	\$ 5,681,404	\$ 6,193,751	-8.3%
Installment purchase revenue bonds	6,540,000	6,747,000	-3.1%
Capital leases	1,703,412	2,527,441	-32.6%
	<u>\$ 13,924,816</u>	<u>\$ 15,468,192</u>	<u>-10.0%</u>

During fiscal year 2016, the County entered into an Installment Purchase and Use Agreement with the SCAGO Public Facilities Corporation for Chesterfield County (the Corporation). This 501(c)3 is a blended component unit of the County due to the specific charitable purpose of the Corporation to serve as a "support organization" for the capital projects of the County. Because of this, the installment purchase revenue bonds issued by the Corporation is blended with that of the County.

The County's long-term debt from bonds and capital leases decreased \$1,543,376 from the prior fiscal year. During fiscal year 2018, the County did not issue any new debt or enter into any new lease agreements.

Other long-term obligations of the County include accrued compensated absences of \$562,361 and landfill closure and post closure costs of \$574,125.

Additional information on the County's long-term debt can be found in Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the County's revenues. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction, and assessed valuation.

- As of September 2018, the unemployment rate for Chesterfield County was 3.2%. Statewide unemployment was at 3.3%, while the nationwide average was 3.6%.
- In 2006, the South Carolina General Assembly enacted property tax reform legislation. The legislation imposed limitations on the millage rate increase and on increased in assessed valuations due to reassessment at 15%. For the tax year 2018, the County did not reassess property valuations and added an additional 1.73 mills for county operations and 4.50 mills for debt service.

County Council adopted a budget for fiscal year 2019, where budgeted expenditures are projected to be \$19,257,574 an increase of approximately \$166,000 or 1% over the fiscal year 2018 budgeted expenditures, as to approximately reflect fiscal year 2018 actual expenditures. The County has added no major new programs or initiatives to the fiscal year 2019 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Chesterfield County, South Carolina's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Administrator, Chesterfield County, 178 Mill Street, Chesterfield, SC 29709.

CHESTERFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 12,815,250
Taxes receivable - net	720,277
Other receivables	688,033
Due from other governments	743,357
Capital assets - net of accumulated depreciation	21,212,139
	<u>36,179,056</u>
Deferred Outflows of Resources	
Deferred amounts related to pensions	331,029
Deferred amounts related to OPEB	3,991,241
	<u>4,322,270</u>
Liabilities	
Accounts payable and accrued expenses	1,192,944
Retainage payable	114,630
Accrued interest payable	167,281
Non-current liabilities:	
Due within one year:	
General obligation bonds	523,844
Installment purchase revenue bonds	424,000
Capital leases	729,402
Landfill post-closure costs	75,000
Due in more than one year:	
General obligation bonds	5,157,560
Installment purchase revenue bonds	6,116,000
Capital leases	974,010
Compensated absences	562,361
Landfill post-closure costs	499,125
Net pension liability	17,950,113
Total OPEB liability	13,183,353
	<u>47,669,623</u>
Deferred Inflows of Resources	
Unearned revenue	67,556
Deferred amounts related to pensions	1,142,849
Deferred amounts related to OPEB	340,055
	<u>1,550,460</u>
Net Position	
Net investment in capital assets	9,802,444
Restricted for:	
Public safety	800,823
Public works	386,277
Economic development	514,951
Judicial administration	611,610
Capital projects	9,431,672
Debt service	167,678
Unrestricted	(30,434,212)
	<u>\$ (8,718,757)</u>

The accompanying notes are an integral part of these statements.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 4,859,333	\$ 224,471	\$ 35,485	\$ -	\$ (4,599,377)
Public safety	9,132,973	2,342,165	928,923	-	(5,861,885)
Public works	3,132,560	1,906,153	2,493,089	-	1,266,682
Economic development	2,397,382	-	137,138	715,000	(1,545,244)
Judicial administration	2,315,175	468,979	246,876	-	(1,599,320)
Culture and recreation	662,477	64,202	88,905	-	(509,370)
Rescue and fire protection	1,504,074	666,195	-	-	(837,879)
Non-departmental/other agencies	4,715,294	-	-	-	(4,715,294)
Legislative oversight	285,226	-	-	-	(285,226)
Interest and other charges	358,610	-	-	-	(358,610)
	<u>29,363,104</u>	<u>5,672,165</u>	<u>3,930,416</u>	<u>715,000</u>	<u>(19,045,523)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	\$ 9,716,328
Property taxes, levied for rural fire service	861,626
Property taxes, levied for debt service	951,321
Fees in lieu of taxes	2,388,144
Local option sales tax	3,165,446
Grants and contributions not restricted to specific programs	1,781,800
Unrestricted investment earnings	20,661
Gain on sale of capital assets	53,825
Miscellaneous	393,626
Total general revenues	<u>19,332,777</u>

Change in Net Position	287,254
Net Position - Beginning of Year, as Restated	<u>(9,006,011)</u>
Net Position - End of Year	<u><u>\$ (8,718,757)</u></u>

The accompanying notes are an integral part of these statements:

CHESTERFIELD COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Capital Reserve Fund	Capital Projects Fund- Public Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows of Resources					
Assets:					
Cash and cash equivalents	\$ 9,262,735	\$ -	\$ 2,515,121	\$ 1,037,394	\$ 12,815,250
Taxes receivable - net	441,741	160,326	-	118,210	720,277
Due from other funds	80,682	6,774,974	3,035	1,353,114	8,211,805
Due from other governments	743,357	-	-	-	743,357
Other receivables	586,662	-	-	101,371	688,033
	<u>\$ 11,115,177</u>	<u>\$ 6,935,300</u>	<u>\$ 2,518,156</u>	<u>\$ 2,610,089</u>	<u>\$ 23,178,722</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable and accrued expenses	\$ 261,452	\$ -	\$ 397,822	\$ 21,041	\$ 680,315
Accrued payroll	512,629	-	-	-	512,629
Due to other funds	8,131,123	-	-	80,682	8,211,805
Retainage payable	-	-	114,630	-	114,630
	<u>8,905,204</u>	<u>-</u>	<u>512,452</u>	<u>101,723</u>	<u>9,519,379</u>
Deferred Inflows of Resources:					
Unearned revenue	316,521	77,639	-	62,609	456,769
	<u>316,521</u>	<u>77,639</u>	<u>-</u>	<u>62,609</u>	<u>456,769</u>
Fund Balances:					
Restricted					
Public safety	35,408	-	-	765,415	800,823
Public works	386,277	-	-	-	386,277
Economic development	181,114	-	-	333,837	514,951
Judicial administration	-	-	-	611,610	611,610
Capital projects	-	6,857,661	2,005,704	568,307	9,431,672
Debt service	-	-	-	167,678	167,678
Assigned					
Public safety	35,767	-	-	-	35,767
Culture and recreation	37,567	-	-	-	37,567
Unassigned	1,217,319	-	-	(1,090)	1,216,229
	<u>1,893,452</u>	<u>6,857,661</u>	<u>2,005,704</u>	<u>2,445,757</u>	<u>13,202,574</u>
	<u>\$ 11,115,177</u>	<u>\$ 6,935,300</u>	<u>\$ 2,518,156</u>	<u>\$ 2,610,089</u>	<u>\$ 23,178,722</u>

The accompanying notes are an integral part of these statements.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018**

Fund Balance - Total Governmental Funds	\$ 13,202,574
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	21,212,139
Uncollected delinquent tax revenue is not available in the current period and, therefore, are deferred in the funds.	389,213
Deferred outflows and inflows of resources are not available to use in the current period and, therefore, are not reported in the funds:	
Pension related deferred outflows	331,029
OPEB related deferred outflows	3,991,241
Pension related deferred inflows	(1,142,849)
OPEB related deferred inflows	(340,055)
Non-current liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds:	
Accrued interest payable	(167,281)
General obligation bonds	(5,681,404)
Installment purchase revenue bonds	(6,540,000)
Capital leases	(1,703,412)
Compensated absences	(562,361)
Landfill post-closure costs	(574,125)
Net pension liability	(17,950,113)
Total OPEB liability	<u>(13,183,353)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ (8,718,757)</u></u>

The accompanying notes are an integral part of these statements.

CHESTERFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Reserve Fund	Capital Projects Fund- Public Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 8,273,580	\$ 2,956,228	\$ -	\$ 2,626,170	\$ 13,855,978
Local option sales tax	3,165,446	-	-	-	3,165,446
Fees and fines	341,800	-	-	12,860	354,660
Licenses and permits	1,646,521	-	-	-	1,646,521
Intergovernmental	5,063,531	-	-	1,860,928	6,924,459
Charges for services	1,392,689	-	-	356,138	1,748,827
Investment earnings	20,048	-	-	613	20,661
Miscellaneous	329,806	-	-	63,820	393,626
Fire department dues	666,195	-	-	-	666,195
Grants	762,836	-	-	-	762,836
Contributions	7,788	-	-	71,321	79,109
	<u>21,670,240</u>	<u>2,956,228</u>	<u>-</u>	<u>4,991,850</u>	<u>29,618,318</u>
Expenditures					
Current:					
General government	3,375,821	-	-	1,067,260	4,443,081
Public safety	7,963,263	-	-	508,392	8,471,655
Public works	2,413,370	-	-	183,840	2,597,210
Economic development	417,442	-	-	2,102,681	2,520,123
Judicial administration	1,244,134	-	-	1,172,209	2,416,343
Culture and recreation	659,126	-	-	-	659,126
Rescue and fire protection	752,559	-	-	716,840	1,469,399
Grant programs	5,038,413	-	-	-	5,038,413
Legislative oversight	353,041	-	2,954,268	-	3,307,309
Debt Service:					
Principal	-	-	-	1,543,376	1,543,376
Interest and other charges	-	-	-	374,666	374,666
	<u>22,217,169</u>	<u>-</u>	<u>2,954,268</u>	<u>7,669,264</u>	<u>32,840,701</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(546,929)</u>	<u>2,956,228</u>	<u>(2,954,268)</u>	<u>(2,677,414)</u>	<u>(3,222,383)</u>
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	8,305	-	-	47,200	55,505
Transfers in	583,624	-	-	45,000	628,624
Transfers out	(45,000)	(573,754)	-	(9,870)	(628,624)
	<u>546,929</u>	<u>(573,754)</u>	<u>-</u>	<u>82,330</u>	<u>55,505</u>
Net Change in Fund Balances	-	2,382,474	(2,954,268)	(2,595,084)	(3,166,878)
Fund Balances - Beginning of Year	<u>1,893,452</u>	<u>4,475,187</u>	<u>4,959,972</u>	<u>5,040,841</u>	<u>16,369,452</u>
Fund Balances - End of Year	<u>\$ 1,893,452</u>	<u>\$ 6,857,661</u>	<u>\$ 2,005,704</u>	<u>\$ 2,445,757</u>	<u>\$ 13,202,574</u>

The accompanying notes are an integral part of these statements.

CHESTERFIELD COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Total Governmental Funds: \$ (3,166,878)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$4,489,757 exceeded depreciation expense of \$1,422,881. 3,066,876

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the difference between the proceeds received from the sale of assets and the gain or loss on the sale. (1,680)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Property taxes 61,441

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces non-current liabilities in the Statement of Net Position. 1,543,376

In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is recognized as an expenditure when due. 16,056

The cost of pension benefits earned net of employee contributions is reported in the Statement of Activities as an element of pension expense. The fund financial statements report pension contributions as expenditures. (1,109,102)

The cost of OPEB benefits earned net of employee contributions is reported in the Statement of Activities as an element of OPEB expense. The fund financial statements report OPEB contributions as expenditures. (309,301)

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:

Landfill post-closure costs (5,625)
 Compensated absences 192,091

Change in Net Position of Governmental Activities \$ 287,254

The accompanying notes are an integral part of these statements.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 11,369,849
Investments	<u>12,532,809</u>
	<u>\$ 23,902,658</u>
Liabilities	
Due to other governments	\$ 22,303,656
Due to taxpayers	315,292
Due to other claimants	<u>1,283,710</u>
	<u>\$ 23,902,658</u>

The accompanying notes are an integral part of these statements.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Chesterfield County, South Carolina (the County), is a political subdivision of the State of South Carolina. The County operates under the “Council-Administrator” form of government and is governed by an elected nine-member council. The council employs an administrator who is responsible for the day-to-day management of the County’s operations.

The County has one blended component unit, the Chesterfield County Public Facilities Corporation (PFC), which is a not-for-profit 501(c)(3) organization incorporated for the specific charitable purpose of serving as a “support organization” for the capital projects of the County. The Corporation’s board members are selected as follows: three shall be elected from among members of Chesterfield County Council and three are appointed by Chesterfield County Council. Because the Corporation exclusively benefits the County, the Corporation’s financial information is blended with that of the County in these basic financial statements. Separate financial statement information for the Corporation is included in individual columns throughout the financial statements. The Corporation does not issue separate financial statements.

The County’s financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

Basis of Presentation

Financial statements for governments like that of Chesterfield County are presented from two perspectives, the government-wide perspective and the fund perspective.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component units. Net position is calculated based on information on all the County’s assets, deferred outflows/inflows of resources, and liabilities, including capital assets and long-term debt. For the most part, the effect of inter-fund activity, if any, has been removed from these statements. In these statements, governmental activities, which are normally supported by taxes and intergovernmental revenues, are distinguished from any business-type activities in which the government may be engaged and which rely on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses, including depreciation of capital assets, are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items which are not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental and fiduciary funds, groupings of accounts used to control resources that have been segregated for specific activities or objectives. Major individual governmental funds are reported as separate columns in the fund financial statements. The governmental fund balance sheet includes a reconciliation of the total fund balance for all governmental funds to total net position of governmental activities reported in the government-wide statement of net position. In addition, the governmental statement of revenues, expenditures, and changes in fund balances also includes a reconciliation of the changes in fund balances of the governmental funds to the government-wide statement of activities.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The funds of the reporting entity are described below:

Governmental Funds

The following governmental funds are included in these financial statements:

General Fund - The general fund is the government's primary operating fund and is always classified as a major fund. It is used to account for all activities except those required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account and report the proceeds for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds – The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned for the payment of general long-term debt principal and interest.

Capital Projects Funds – Capital project funds are used to account for the resources that are restricted, committed, or assigned for the acquisition and construction of major capital facilities. The Industrial Spec Building Construction Fund and the Capital Projects Fund - Public Facilities Corporation have been classified as major funds.

Fiduciary Funds (not included in the government-wide statements)

Agency Funds – Agency funds account for assets held by the County as an agent for other governmental units and courts in accordance with the Acts of the General Assembly of South Carolina. The County's only category of fiduciary funds is agency funds for education, clerk of court, magistrates, and property taxes.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues, Exchange, and Nonexchange Transactions

In the government-wide financial statements, revenue is recognized when earned. Property taxes are recognized when levied. By referendum the County has adopted the provisions of State statutes which allow the collection of a one-percent sales tax on essentially all consumer goods sold at retail in the County. In addition, as a “small” county, Chesterfield County shares a portion of the one-percent sales tax collected in the “larger” counties which have elected to participate. The State collects the revenue and distributes it monthly to the County. By ordinance, the County has decreed that all monies received will be used to reduce *ad valorem* taxes. Revenue is recognized when credits are applied to the taxpayers’ property tax bills. Sales tax revenue received in advance of these credit applications is deferred and held in an agency fund until earned. At June 30, 2018, the amount deferred was \$315,292.

Property taxes on licensed motor vehicles are collected on a monthly basis in the month in which individual motor vehicle licenses are renewed and revenue is recognized as collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Service and fee revenue is recognized as it is earned. In governmental funds, the recognition of property tax revenue not collected within sixty days is deferred since they are not available to finance current activities. Grants from other governments are recognized when qualifying expenditures are incurred. Other revenues are recorded when received in cash because they are generally not measurable until actually received.

Property taxes on real and personal property, other than licensed motor vehicles, are levied on July 1 based on the assessed value of property lists on the previous January 1. Assessed values are an approximation of market value. Periodic revaluation of all real property is made in accordance with state statutes. Property taxes are due January 15, after which penalties accrue. At March 15, delinquent costs accrue and uncollected taxes are assigned into execution for collection.

Unearned Revenue

The County reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, resources received that are “intended to finance” a future period are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenditures/Expenses

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Cash and Investments

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

State statutes authorize the primary government and its component units to invest in (1) obligations of the United States and its agencies, (2) general obligations of the State of South Carolina and its political subdivisions, (3) savings and loan associations if their deposits are insured by an agency of the federal government, (4) certificates of deposit which are collaterally secured by securities of the type described at (1) and (2) held by a third party, and (5) the State Treasurer’s Investment Pool.

Investments are stated at fair value, which approximates costs.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Investments – Continued

The County Treasurer collects, receives, and holds funds belonging to the County (internal) and to external entities (e.g., other governments). Internal and external funds are not commingled. For the purposes of these financial statements the cash and investments belonging to the County funds are reported as cash and investments on the statements of net position and governmental fund balance sheets. The funds belonging to external entities are reported in an agency fund.

Receivables and Payables

Property tax receivables are shown net of all allowance for uncollectibles. The County reserves all property taxes that did not arise from the latest tax levy year. For collection purposes, taxes receivable are written off at the end of ten years in accordance with South Carolina law. All other levies are recognized as revenue on the government-wide financial statements, while all those not collected within sixty days are deferred on the governmental funds statements. The uncollectible reserve at June 30, 2018, was \$540,746.

Outstanding balances between funds are reported as “due to/from other funds”.

All other receivables are reported at amounts management expects to collect and are considered delinquent when not collected within one year. All delinquent receivables are reserved.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items) and are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects that are constructed.

In accordance with U.S. generally accepted accounting principles, the County has elected to implement only prospective reporting of infrastructure assets. Accordingly, only infrastructures acquired or constructed after June 30, 2003, are included in capital assets.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: infrastructure assets-50 years; buildings-20 to 50 years; improvements-5 to 50 years; equipment-5 to 15 years.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position includes separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as revenue until that time. The County has deferred outflows/inflows of resources related to unearned revenue, pensions and other post-employment benefits.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pension Plans

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of South Carolina Retirement Systems (SCRS) and additions to/deductions from the SCRS' fiduciary net position have been determined on the accrual basis of accounting, are reported by the SCRS in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments of the plan are reported at fair value.

Compensated Absences

The County permits employees to accumulate earned but unused vacation (up to thirty days) and sick pay benefits (up to ninety days). There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service from the County. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for that amount is reported in the governmental funds only if they have matured and are material.

Long - Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond issue premiums and discounts 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.

Fund Equity

The governmental fund financial statements present fund balances based on classifications that compose a hierarchy that is based primarily on the extent the County is bound to honor constraints on a specific purpose for which amounts in the respective governmental funds can be spent. The following classifications are used in the governmental fund financial statements.

Nonspendable - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. The County has classified assets held for resale as being nonspendable because they are not expected to be converted to cash within the next current year.

Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

Committed - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - amounts that are available for any purpose; positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balances of any governmental fund that cannot be eliminated by the offsetting assigned fund balance amounts.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Equity - Continued

County Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by County Council through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, etc.).

Although the County has not formally adopted a fund balance spending policy, the County would typically use restricted funds balances first, followed by committed resources, and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these classified funds. Where applicable, these classifications are presented on the face of the governmental fund balance sheet.

Net Position

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

Restricted Sources

When both restricted and unrestricted resources are available, it is the County's policy to use restricted resources first, and then unrestricted resources as needed.

Use of Estimates

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted on a basis consistent with U.S. generally accepted accounting principles for the General Fund. Each year, all County departments submit requests for appropriations to the county finance director. After the department requests are submitted, the finance director prepares a draft budget. The proposed budget is presented to County Council for review and approval. County Council holds public hearings and adopts the budget no later than June 30. The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control is the departmental level.

Excess of Expenditures over Appropriations

The following departments presented in the budgetary comparison schedule had excess expenditures over appropriations:

Public Safety	\$	56,618
Culture and Recreation	\$	71,011
Grant Programs	\$	2,821,916
Legislative Oversight	\$	37,483

Deficit Fund Balance

The Lottery Fund had a deficit fund balance as of June 30, 2018 of \$1,090.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 – CASH AND INVESTMENTS

Cash

The County does not have a formal deposit policy for custodial credit risk, which is the risk that in the event of bank failure, the deposits may not be returned to the County.

As of June 30, 2018, the County had the following deposits:

	Carrying Amount	Bank Balance
Demand deposits	\$ 24,182,674	\$ 24,333,937

Of the County's bank balance, \$956,881 was covered by FDIC insurance and \$21,614,951 was collateralized by securities held by the pledging bank's trust department or agent in the County's name. The remaining \$1,762,105 was not collateralized.

Investments

The County's investments are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of June 30, 2018, the County's investments consisted of the following:

Investment Type	Fair Value	Maturity	Rating
State Treasurer's Investment Pool	\$ 12,532,809	<60 days	Not Rated

The County Treasurer has invested, in accordance with their instructions, funds belonging to the Chesterfield County School District in the South Carolina State Treasurer's Investment Pool. The State Treasurer's Investment Pool is a 2a 7-like pool, which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. Although the County does not have a formal investment policy, the County minimizes interest rate risk by investing operating funds in money market funds or similar investment pools and limiting the average maturity in accordance with the County's cash requirements.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a nationally recognized statistical rating organization. The County's policy is to invest only in those securities allowed by state statute and that are highly rated. The State Treasurer's Investment Pool is not rated, but generally investments in the pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality, and in federal agency securities.

Custodial credit risk for an investment is the risk that, in the event in the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County minimizes credit risk by limiting investments to the types of securities allowed by state statute.

Concentration of credit risk is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The risk is mitigated by diversifying the investment portfolio so that the impact of potential losses from any one type of security or investor will be minimized. The County places no limits on the amount that may be invested in any one issuer.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – CASH AND INVESTMENTS – CONTINUED

Reconciliation of cash to the Government-wide Statement of Net Position:

Unrestricted cash, including time deposits	\$ 12,815,250
Agency fund cash (not included in government-wide statement)	11,369,849
Less: Petty cash	<u>(2,425)</u>
	<u><u>\$ 24,182,674</u></u>

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 539,884	\$ 1,088,264	\$ -	\$ 1,628,148
Construction in progress	571,306	3,022,083	-	3,593,389
	<u>1,111,190</u>	<u>4,110,347</u>	<u>-</u>	<u>5,221,537</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings and improvements	17,184,711	-	-	17,184,711
Intangible assets	172,377	-	-	172,377
Vehicles/machinery/equipment	<u>12,402,728</u>	<u>379,410</u>	<u>(113,907)</u>	<u>12,668,231</u>
	<u>29,759,816</u>	<u>379,410</u>	<u>(113,907)</u>	<u>30,025,319</u>
<i>Accumulated Depreciation:</i>				
Buildings and improvements	(4,998,008)	(339,854)	-	(5,337,862)
Intangible assets	(172,377)	-	-	(172,377)
Vehicles/machinery/equipment	<u>(7,553,678)</u>	<u>(1,083,027)</u>	<u>112,227</u>	<u>(8,524,478)</u>
	<u>(12,724,063)</u>	<u>(1,422,881)</u>	<u>112,227</u>	<u>(14,034,717)</u>
Net Assets Being Depreciated	<u>17,035,753</u>	<u>(1,043,471)</u>	<u>(1,680)</u>	<u>15,990,602</u>
Net Capital Assets - Governmental Activities	<u><u>\$ 18,146,943</u></u>	<u><u>\$ 3,066,876</u></u>	<u><u>\$ (1,680)</u></u>	<u><u>\$ 21,212,139</u></u>

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 170,872
Public safety	456,279
Public works	712,187
Culture and recreation	6,059
Judicial administration	42,809
Rescue and fire protection	34,675
	<u>\$ 1,422,881</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – SHORT-TERM DEBT

Short-term debt activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Tax Anticipation Note	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -
2017 GO Bond	-	411,000	411,000	-
	<u>\$ -</u>	<u>\$ 3,411,000</u>	<u>\$ 3,411,000</u>	<u>\$ -</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt of the County for the year ended June 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Non-Current Liabilities					
General obligation bonds	\$ 6,193,751	\$ -	\$ 512,347	\$ 5,681,404	\$ 523,844
Installment purchase revenue bonds	6,747,000	-	207,000	6,540,000	424,000
Capital leases	2,527,441	-	824,029	1,703,412	729,402
Notes payable	-	-	-	-	-
Compensated absences	754,452	-	192,091	562,361	-
Landfill post-closure costs	568,500	72,000	66,375	574,125	75,000
	<u>\$ 16,791,144</u>	<u>\$ 72,000</u>	<u>\$ 1,801,842</u>	<u>\$ 15,061,302</u>	<u>\$ 1,752,246</u>
Total Non-Current Liabilities for Governmental Activities					

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition, construction, and major improvement to its buildings and other facilities. The original amount of general obligation bonds issued in prior years was \$7,615,000. General obligation bonds are direct obligations and pledged with the full faith and credit of the County. These bonds are issued as multi-year (13 to 15 years) serial bonds with varying amounts of principal maturing each year. Payments on general obligation bonds are made by the debt service fund.

General obligations bonds currently outstanding are:

Description	Maturity Date	Interest Rates	Amounts
2013 GO Bond	05/01/2028	2.28%	\$ 5,562,000
2015 GO Bond	02/05/2023	2.22%	119,404
			<u>\$ 5,681,404</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 – LONG-TERM DEBT – CONTINUED

General Obligation Bonds - Continued

Annual debt service requirements to maturity for general obligations bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 523,844	\$ 129,465	\$ 653,309
2020	536,351	117,534	653,885
2021	548,869	105,319	654,188
2022	561,399	92,819	654,218
2023	573,941	80,035	653,976
2024-2028	2,937,000	203,922	3,140,922
	<u>\$ 5,681,404</u>	<u>\$ 729,094</u>	<u>\$ 6,410,498</u>

Installment Purchase Revenue Bonds

The Chesterfield County Public Facilities Corporation (the Corporation) Installment Purchase Revenue Bonds were issued pursuant to an Installment Purchase and Use Agreement and evidence proportionate interest of owners in certain rental payments to be made by the County under the terms of a Base Lease Agreement between the County and the Corporation dated December 1, 2015. The County leased certain real property and conveyed the improvements to the Corporation so that the Corporation may finance the cost of renovating, remodeling and improving the County's main administration building, the County's main animal shelter and the County's main Judicial Center, to be sold to the County pursuant to a Purchase and Use Agreement dated December 1, 2015. The Purchase and Use Agreement, which will obligate the County to make annual installment payments of the purchase price to the Corporation in amounts calculated to be sufficient to enable the Corporation to pay the principal and interest on the outstanding bonds and amounts budgeted as reserves for the repair and replacement of the facilities. The County's obligations under the Purchase and Use Agreement are from year to year only and do not constitute a mandatory payment obligation by the County in any fiscal year in which funds are not appropriated by the County to pay the installment payments due in such fiscal year. The County has no continuing obligation to appropriate funds to pay the installment payments under the Purchase and Use Agreement and may terminate its obligations under the Purchase and Use Agreement on an annual basis without penalty. However, the County would forfeit possession of the facilities for the remainder of the lease term.

The Chesterfield County Public Facilities Corporation (the Corporation) Installment Purchase Revenue Bonds are not a debt of the County; however, as the Corporation is blended with the operations of the County, the debt of the Corporation is included with the County's other obligations as required by generally accepted accounting principles.

On December 18, 2015, the Corporation issued a \$3,000,000 Installment Purchase Revenue Bond, Series 2015, due in annual installments with varying amounts of principal maturing each year, beginning December 1, 2016 through December 1, 2030, with an interest rate of 2.99%. On May 26, 2016, the Corporation issued a \$3,800,000 Installment Purchase Revenue Bond, Series 2016, due in annual installments with varying amounts of principal maturing each year, beginning December 1, 2016 through December 1, 2030, with an interest rate of 2.67%. Both bonds were issued to finance the costs of County renovations, as listed above.

Arbitrage is the difference between the yield on the issuer's tax exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be relayed to the U.S. Treasury. The Chesterfield County Public Facilities Corporation (the Corporation) Installment Purchase Revenue Bonds are subject to an arbitrage calculation. As of June 30, 2018, no arbitrage liability exists.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 – LONG-TERM DEBT – CONTINUED

Installment Purchase Revenue Bonds - Continued

Annual debt service requirements for the Chesterfield County Public Facilities Corporation Installment Purchase Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 424,000	\$ 183,915	\$ 607,915
2020	436,000	171,998	607,998
2021	448,000	159,742	607,742
2022	460,000	147,150	607,150
2023	473,000	127,970	600,970
2024-2028	2,575,000	470,050	3,045,050
2029-2031	1,724,000	97,904	1,821,904
	<u>\$ 6,540,000</u>	<u>\$ 1,358,729</u>	<u>\$ 7,898,729</u>

Capital Leases

The County has entered into seven lease agreements as lessee to finance equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Assets	Governmental Activities
Equipment	\$ 5,259,752
Less: Accumulated Depreciation	(3,299,933)
	<u>\$ 1,959,819</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, are as follows:

Year Ended June 30,	Amount
2019	\$ 756,176
2020	497,251
2021	498,404
Total minimum lease payments	1,751,831
Less, amount representing interest	(48,419)
Present value of minimum lease payments	<u>\$ 1,703,412</u>

Payments for lease purchase agreements are made by the general fund, special revenue funds, capital project funds, and debt service fund.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 – LONG-TERM DEBT – CONTINUED

Landfill Closure and Post Closure Care Costs

The South Carolina Department of Health and Environmental Control (DHEC) requires landfill operators to provide for the inspection and maintenance of the physical characteristics of the site, as well as monitoring and maintenance of the groundwater and gas monitoring systems and the leachate collection and treatment system for a period of thirty years following the closing of the landfill. DHEC also requires that operators cover the landfill with a minimum cover of certain permeability. The County’s liability for closure and post-closure care costs is based on landfill capacity used to date. The County’s landfill has been closed and is considered to be at 100 percent of capacity. Remaining post-closure care costs are \$574,125 and the long-term liabilities in the statement of net position include that amount. Post-closure care costs are based on engineering estimates and are subject to change due to inflation, deflation, technology, and/or applicable laws and regulations and are reported in the General Fund.

Conduit Debt Obligations

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State of South Carolina, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Such debt exceeded \$6,000,000 when originally issued.

Payments on general obligation bonds are made by the debt service fund. Governmental activities lease purchase agreements are paid for by the general fund, special revenue funds, capital project funds, and debt service fund. Compensated absences are liquidated by the general fund.

NOTE 7 – UNEARNED REVENUE

At June 30, 2018, unearned revenue consisted of the following:

Victims of Crime Escrow	\$	58,817
Deferred Tax Revenue		389,213
Sheriff’s Drug Escrow		4,613
Other		4,126
		4,126
	\$	456,769

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES

Due To/From Other Funds

Interfund balances arise because the County Treasurer utilizes a cash pool to maximize earnings. Interfund balances at June 30, 2018, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Public Defender Fund	\$ 29,563
General Fund	Lottery Fund	1,090
General Fund	Debt Service Fund	50,029
Capital Reserve	General Fund	6,774,974
Capital Projects Fund - PFC	General Fund	3,035
Emergency Preparedness	General Fund	57,307
E-911 Fund	General Fund	77,708
Industrial Site Fund	General Fund	333,837
Capital Equipment Fund	General Fund	540,629
Alligator Fire District	General Fund	854
Cash Fire District	General Fund	103,154
Cheraw Fire District	General Fund	19,109
Cheraw Rescue Squad	General Fund	40,112
Chesterfield Fire District	General Fund	105,418
Chesterfield Rescue Squad	General Fund	14,834
Harris Creek Fire District	General Fund	15,411
Jefferson Rescue Squad	General Fund	486
McBee Rescue Squad	General Fund	22,449
Pageland Rescue Squad	General Fund	13,150
Patrick Rescue Squad	General Fund	8,656
		<u>\$ 8,211,805</u>

Transfers To/From Other Funds

The following transfers were made during the year:

Transfers To	Transfers From	Amount
General Fund	Capital Reserve	\$ 573,754
General Fund	Sheriff's Department	9,870
Alligator Fire District	General Fund	15,000
Cash Fire District	General Fund	15,000
Harris Creek Fire District	General Fund	15,000
		<u>\$ 628,624</u>

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – PENSION PLANS

South Carolina Retirement System

Plan Description

The County as the employer, participates in the South Carolina Retirement System (SCRS) Plan - a cost-sharing multiple-employer defined benefit pension plan, 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 to employees of the state, its public school districts and political subdivisions. The plan is administered by the South Carolina Public Employee Benefit Authority (PEBA), a division of the primary government of the state of South Carolina, and managed by PEBA's Retirement Division. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR that is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Benefits Provided/Membership

SCRS provides retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws, and PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current year salary.

This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with 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. 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.

An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member. 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.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 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.

As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – PENSION PLANS – CONTINUED

South Carolina Retirement System – Continued

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in the employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9% of earnable compensation. An increase in the contribution rates adopted by the Board may not provide for an increase of more than 0.5% 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 30-year amortization schedule of the unfunded liability of the plan, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; and this increase is not limited to 0.5% per year. Employees and employers (both Class II and III) are required to contribute 9.0% and 13.41%, respectively, of earnable compensation for the year ended June 30, 2018. Employers also contribute an additional .15% of earnable compensation, if participating in the death benefit program.

Employee and employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (9.0%) and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (8.41%) and an incidental death benefit contribution (.15%), if applicable, which is retained by SCRS. Contributions to the Plan from the County were \$659,986.

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

At June 30, 2018, the County reported a net pension liability of \$11,580,196 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability, net pension liability and sensitivity information are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2017, using generally accepted actuarial principles. The allocation of the County's proportionate share of the collective net pension liability and pension expense were calculated on the basis of the County's contributions actually remitted to the plan relative to the total contributions remitted to the plan for all participating employers, less employer contributions that are not representative of future contribution efforts, as of June 30, 2017. Based upon this information, the County's proportion of the collective net pension liability is 0.051441%, a decrease of 0.00079% since June 30, 2016, the prior measurement date.

For the year ended June 30, 2018, the County recognized pension expense of \$1,410,831. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of
Differences between expected and actual experience	\$ 51,624	\$ 6,419
Changes in assumptions	677,896	-
Net difference between projected and actual earnings on pension plan investments	323,264	-
Changes in proportion and differences between County contributions and proportionate share of contributions	700,506	181,698
County contributions subsequent to the measurement date	659,986	-
Total	\$ 2,413,276	\$ 188,117

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – PENSION PLANS – CONTINUED

South Carolina Retirement System – Continued

Deferred outflows of resources of \$659,986 related to pensions resulted from County contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2018	\$ (553,747)
2019	(773,846)
2020	(329,816)
2021	92,236
	<u>\$ (1,565,173)</u>

Actuarial Assumptions

The June 30, 2017 total pension liability, net pension liability, and sensitivity information determined by the July 1, 2016 valuation, which used the following actuarial assumptions and methods:

Actuarial cost method	Entry age normal
Inflation	2.25%
Salary increases	3.0% to 12.5% (varies by service and includes 2.25% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.25%

The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, which included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, the actuaries made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina mortality table (2016 PRSC), was developed using the Systems' mortality experience. The base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Actuarial assumptions and methods used in the July 1, 2016 valuation were based on the results of an actuarial experience study, as required to be completed at least once in each five-year period by S.C. state statute. An experience report on the System was most recently issued as of July 1, 2015.

The long-term expected rate of return on pension plan investments is based upon the 30 year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees. Expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation, and is summarized in the following table. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes 5.00% real rate of return and a 2.25% inflation component.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – PENSION PLANS – CONTINUED

South Carolina Retirement System – Continued

Asset Class	Target Allocation	Long-term Expected Portfolio Real Rate of Return
Global Equity	45%	3.23%
Real Assets	8%	0.41%
Opportunistic	17%	0.69%
Diversified Credit	18%	0.80%
Conservative Fixed Income	12%	0.18%
Total Expected Real Return	<u>100%</u>	<u>5.31%</u>
Inflation for Actuarial Purposes		<u>2.25%</u>
Total Expected Nominal Return		<u><u>7.56%</u></u>

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on actuarially determined rates based on the provisions of the South Carolina State Code of Laws. Based on those assumptions, the 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.

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

The following table presents the County's proportionate share of the collective net pension liability calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the collective net pension liability	\$ 14,580,196	\$ 11,580,196	\$ 9,550,515

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plan, administered by PEBA, is available in the Systems' audited financial statements for the fiscal year ended June 30, 2017 (including the unmodified opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of Jun 30, 2017. The additional information is publically available on PEBA's Retirement Benefits' website at www.peba.sc.gov.

South Carolina Police Officers Retirement System

Plan Description

The County as the employer, participates in the South Carolina Police Officers Retirement System (PORS) Plan - a cost-sharing multiple-employer defined benefit pension plan 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. The plan is administered by the South Carolina Public Employee Benefit Authority (PEBA), a division of the primary government of the state of South Carolina, and managed by PEBA's Retirement Division. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – PENSION PLANS – CONTINUED

South Carolina Police Officers Retirement System – Continued

Benefits Provided/Membership

PORS provides retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions. 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. Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws, and PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws.

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. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary.

An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. 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. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member. 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.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in the employer and employee contribution rates on the basis of actuarial valuations, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 5.0% of earnable compensation. An increase in the contributions rates adopted by the Board may not provide for an increase of more than 0.5% 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 30-year amortization schedule of the unfunded liability of the plan, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; and this increase is not limited to 0.5% per year. Employees and employers (both Class II and III) are required to contribute 9.75% and 15.84%, respectively, of earnable compensation for the year ended June 30, 2018. Employers also contribute an additional .20% of earnable compensation for the accidental death program and an additional .20% of earnable compensation, if participating in the incidental and/or accidental death benefit program, respectively. Contributions to the Plan from the County were \$485,642.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – PENSION PLANS – CONTINUED

South Carolina Police Officers Retirement System – Continued

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

At June 30, 2018, the County reported a net pension liability of \$6,369,917 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability, net pension liability and sensitivity information are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2017, using generally accepted actuarial principles. The allocation of the County's proportional share of the collective net pension liability and pension expense were calculated on the basis of the County's contributions actually remitted to the plan relative to the total contributions remitted to the plan for all participating employers, less employer contributions that are not representative of future contribution efforts, as of June 30, 2017. Based upon this information, the County's proportion of the collective net pension liability is 0.232520%, a decrease of 0.00878% since June 30, 2016, the prior measurement date.

For the year ended June 30, 2018, the County recognized pension expense of \$843,779. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 56,802	\$ -
Changes in assumptions	604,564	-
Net difference between projected and actual earnings on pension plan investments	226,987	-
Changes in proportion and differences between County contributions and proportionate share of contributions	203,970	151,938
County contributions subsequent to the measurement date	485,642	-
Total	\$ 1,577,965	\$ 151,938

Deferred outflows of resources of \$485,642 related to pensions resulted from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2018	\$ (317,954)
2019	(405,009)
2020	(223,385)
2021	5,963
	\$ (940,385)

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – PENSION PLANS – CONTINUED

South Carolina Police Officers Retirement System – Continued

Actuarial Assumptions

The June 30, 2017 total pension liability, net pension liability, and sensitivity information is determined by the July 1, 2016 valuation, which used the following actuarial assumptions and methods:

Actuarial cost method	Entry age normal
Inflation	2.25%
Salary increases	3.5% to 9.5% (varies by service and includes 2.25% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.25%

The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, which included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, the actuaries made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina mortality table (2016 PRSC), was developed using the Systems' mortality experience. The base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Actuarial assumptions and methods used in the July 1, 2016 valuation were based on the results of an actuarial experience study, as required to be completed at least once in each five-year period by S.C. state statute. An experience report on the System was most recently issued as of July 1, 2015.

The long-term expected rate of return on pension plan investments is based upon the 30 year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectation and market based inputs. Expected-returns are net of investment fees. Expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation, and is summarized in the following table. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes 5.00% real rate of return and a 2.25% inflation component.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Global Equity	45%	3.23%
Real Assets	8%	0.41%
Opportunistic	17%	0.69%
Diversified Credit	18%	0.80%
Conservative Fixed Income	12%	0.18%
Total Expected Real Return	<u>100%</u>	<u>5.31%</u>
Inflation for Actuarial Purposes		<u>2.25%</u>
Total Expected Nominal Return		<u><u>7.56%</u></u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – PENSION PLANS – CONTINUED

South Carolina Police Officers Retirement System – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in PORS will be made based on actuarially determined rates based on the provisions of the South Carolina State Code of Laws. Based on those assumptions, the 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.

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

The following table presents the County’s proportionate share of the collective net pension liability calculated using the discount rate of 7.25%, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the collective net pension liability	\$ 8,600,600	\$ 6,369,917	\$ 4,612,838

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plan, administered by PEBA, is available in the Systems’ audited financial statements for the fiscal year ended June 30, 2017 (including the unmodified opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2017. The additional information is publically available through PEBA’s Retirement Benefits’ website at www.peba.sc.gov.

NOTE 10 – POST RETIREMENT HEALTHCARE BENEFITS

Plan Description

Chesterfield County maintains a single-employer defined benefit plan to provide certain post-retirement healthcare benefits, in accordance with County ordinances, to all employees hired before July 1, 2009, that retire from service with at least ten years of service. Employees must meet one or more of the SCRS eligibility requirements, such as age, length of service, and hire date. Benefits are effective at the date of retirement or when the employee is eligible for retirement benefits. The County does not issue separate audited financial statements for this plan.

Benefits Provided/Funding Policy

The County currently pays 100% of employer’s share of premiums towards eligible retirees’ health insurance premiums to the State of South Carolina Insurance Benefits Program. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis through an annual appropriation. For the year ended June 30, 2018, the County paid \$323,119 to provide these benefits to eligible retirees. Membership in the plan as of June 30, 2016, the date of the last actuarial valuation was:

Inactive plan members or beneficiaries receiving benefits	66
Active plan members	<u>236</u>
Total plan members	<u><u>302</u></u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – POST RETIREMENT HEALTHCARE BENEFITS – CONTINUED

Total OPEB Liability

The County's total OPEB liability of \$13,183,353 was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including the measurement date, unless otherwise specified:

Actuarial Cost Method:	Individual Entry-Age
Discount Rate:	3.56%, as of June 30, 2017
Inflation:	2.25%
Salary Increases:	3.50% to 9.50% for PORS and 3.00% to 7.00% for SCRS, including inflation
Healthcare Costs Trends:	7.00% decreasing to an ultimate rate of 4.15% over 15 yrs; ultimate trend rate includes a 0.15% adjustment for the exise tax
Retirees' Share of Benefit	7.00% to 30.00% of projected health insurance premiums
Related Costs:	based on coverage and whether under or over the age of 65

The discount rate was based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2017.

Mortality rates were based on the 2016 Public Retirees of South Carolina Mortality Table for Males and Females with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members, 111% for female SCRS members, 125% for male PORS members, and 111% for female PORS members.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study used for the valuations of the SCRS. The experience report on the SCRS was most recently issued as of July 1, 2015, and are required to be completed at least once in each five-year period by S.C. state statute.

Changes in the Total OPEB Liability

Balance as of June 30, 2017	\$ 14,000,871
Changes During the Year:	
Service Cost	392,819
Interest on Total OPEB Liability	409,962
Difference between expected and actual experience of the Total OPEB Liability	9,097
Changes of Assumptions	(1,314,397)
Benefit Payments	<u>(314,999)</u>
Balance as of June 30, 2018	<u><u>\$ 13,183,353</u></u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – POST RETIREMENT HEALTHCARE BENEFITS – CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate of 1% lower (2.56%) or 1% higher (4.56%) than the current discount rate:

	1% Decrease 2.56%	Current Discount Rate Assumption 3.56%	1% Increase 4.56%
Total OPEB Liability	\$ 15,293,879	\$ 13,183,353	\$ 11,452,266

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a healthcare cost trend rates of 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Trend Rate
Total OPEB Liability	\$ 11,045,676	\$ 13,183,353	\$ 15,908,117

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$632,420. At June 30, 2018, the County's contributions subsequent to the measurement date of \$323,119 are reported as deferred outflows of resources, and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. The County reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,910	\$ -
Changes in assumptions	-	1,142,849
County contributions subsequent to the measurement date	323,119	-
Total	\$ 331,029	\$ 1,142,849

NOTE 11 – TAX ABATEMENTS

The County enters into property tax abatement agreements with local businesses under Title 4, Chapter 12 and Title 12, Chapter 44 of the Code of Laws of South Carolina of 1976, as amended (the "Act"). Under the Act, localities may grant property tax abatements for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the County.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 – TAX ABATEMENTS – CONTINUED

For the fiscal year ended June 30, 2018, the County abated property taxes totaling \$4,151,367 under this law, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- An ad valorem property tax abatement to Schaeffler Group USA, Inc. for investing at least \$65 million into the County and creating new jobs. The agreement states the fee payment will be determined using an assessment ratio of 6%, a fixed millage rate, and a fair market value estimate of original cost less allowable depreciation for personal property under SC law. For fiscal year 2018, the total abated taxes amounted to \$1,213,754.
- An ad valorem property tax abatement to Conbraco Industries, Inc. for investing at least \$5 million into the County and creating new jobs. The agreement states the fee payment will be determined using an assessment ratio of 6%, a fixed millage rate, and a fair market value estimate of original cost less allowable depreciation for personal property under SC law. For fiscal year 2018, the total abated taxes amounted to \$511,211, of which \$47,521 was abated under the SSRC program.
- An ad valorem property tax abatement to Wal Mart Stores, Inc. for investing at least \$45 million into the County and creating new jobs. The agreement states the fee payment will be determined using an assessment ratio of 6%, a fixed millage rate, and a fair market value estimate of original cost less allowable depreciation for personal property under SC law. For fiscal year 2018, the total abated taxes amounted to \$815,806.
- An ad valorem property tax abatement to Nestle Waters North America, Inc. for investing at least \$45 million into the County and creating new jobs. The agreement states the fee payment will be determined using an assessment ratio of 6%, a fixed millage rate, and a fair market value estimate of original cost less allowable depreciation for personal property under SC law. For fiscal year 2018, the total abated taxes amounted to \$714,010, of which \$451,348 was abated under the SSRC program.

NOTE 12 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Total contractual commitments of the Capital Projects Fund – EFC at June 30, 2018 are as follows:

Project	Contract Amount	Job to Date Expenditures	Outstanding Commitments
Judicial Center - Phase II	\$ 1,762,000	\$ 1,146,300	\$ 615,700

Grants

Amounts received or receivable from grant programs are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 13 – COMMITMENTS AND CONTINGENCIES – CONTINUED

Litigation

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County’s legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

The County implemented GASB Statement No. 75 during the fiscal year ending June 30, 2018. Beginning net position was restated as follows:

	Governmental Activities
Net Position at beginning of year, as previously reported	\$ (264,886)
Implementation of GASB Statement No. 75:	
Total OPEB Liability	(9,056,124)
Deferred Outflows of Resources	314,999
Net Position at beginning of year, as restated	\$ (9,006,011)

NOTE 15 – SUBSEQUENT EVENTS

Subsequent to June 30, 2018, County Council authorized the following transactions:

- A \$2,000,000 Tax Anticipation Note, with an interest rate of 2.68% and a maturity date of March 15, 2019.

Management has evaluated subsequent events through November 26, 2018, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

CHESTERFIELD COUNTY, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 8,365,580	\$ 8,365,580	\$ 8,273,580	\$ (92,000)
Local option sales tax	2,870,000	2,870,000	3,165,446	295,446
Fees and fines	355,715	355,715	341,800	(13,915)
Licenses and permits	1,770,000	1,770,000	1,646,521	(123,479)
Intergovernmental	3,270,261	3,255,989	5,063,531	1,807,542
Charges for services	1,191,431	1,191,431	1,392,689	201,258
Investment earnings	-	-	20,048	20,048
Miscellaneous	200,800	200,800	329,806	129,006
Fire department dues	730,000	730,000	666,195	(63,805)
Grants	28,413	38,786	762,836	724,050
Contributions	20,000	20,000	7,788	(12,212)
Total Revenues	18,802,200	18,798,301	21,670,240	2,871,939
Expenditures				
General Government				
Register of deeds	151,052	151,052	135,631	15,421
Voter registration	220,406	220,406	216,821	3,585
County administrator	511,965	511,965	517,246	(5,281)
Assessor	408,420	408,420	342,142	66,278
Auditor	232,013	232,013	230,903	1,110
Treasurer / delinquent tax collector	510,826	510,826	523,707	(12,881)
Building codes	261,259	261,259	249,156	12,103
Public buildings	1,106,734	1,106,734	985,723	121,011
Data processing	191,806	191,806	174,492	17,314
	3,594,481	3,594,481	3,375,821	218,660
Public Safety				
Victim's advocate	55,872	55,872	61,040	(5,168)
Sheriff	2,652,691	2,652,691	2,672,417	(19,726)
Detention center	1,734,275	1,734,275	1,723,387	10,888
Coroner	133,922	133,922	142,288	(8,366)
Ambulance	1,468,800	1,468,800	1,452,000	16,800
School resource officers	353,431	353,431	346,810	6,621
Town of McBee officers	115,000	115,000	106,845	8,155
Civil processors	21,427	21,427	21,262	165
Jefferson law enforcement	115,000	115,000	96,541	18,459
Telecommunicators	646,717	646,717	636,614	10,103
Animal shelter	410,546	410,546	508,125	(97,579)
Emergency preparedness	198,964	198,964	195,934	3,030
	7,906,645	7,906,645	7,963,263	(56,618)
Public Works				
Road department	2,008,199	2,008,199	1,951,922	56,277
Landfill	465,061	465,061	461,448	3,613
	2,473,260	2,473,260	2,413,370	59,890

SCHEDULE 1 - CONTINUED

CHESTERFIELD COUNTY, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Economic Development	963,212	963,212	417,442	545,770
Judicial Administration				
Clerk of court	361,628	361,628	340,690	20,938
Probate court	229,806	229,806	225,295	4,511
Magistrates	462,964	462,964	414,484	48,480
Family court	183,296	183,296	194,750	(11,454)
Solicitor	-	61,664	68,279	(6,615)
Public defender	61,664	700	636	64
	<u>1,299,358</u>	<u>1,300,058</u>	<u>1,244,134</u>	<u>55,924</u>
Culture and Recreation				
Veterans' affairs	98,467	98,467	94,685	3,782
Library	489,648	489,648	564,441	(74,793)
	<u>588,115</u>	<u>588,115</u>	<u>659,126</u>	<u>(71,011)</u>
Rescue and Fire Protection	870,000	870,000	752,559	117,441
Grant Programs				
Other agencies	2,082,711	2,082,711	4,057,031	(1,974,320)
Other pass through funds	123,413	133,786	981,382	(847,596)
	<u>2,206,124</u>	<u>2,216,497</u>	<u>5,038,413</u>	<u>(2,821,916)</u>
Legislative Oversight				
County council members and attorney	276,299	276,299	311,658	(35,359)
Delegation	39,259	39,259	41,383	(2,124)
	<u>315,558</u>	<u>315,558</u>	<u>353,041</u>	<u>(37,483)</u>
Total Expenditures	<u>20,216,753</u>	<u>20,227,826</u>	<u>22,217,169</u>	<u>(1,989,343)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,414,553)</u>	<u>(1,429,525)</u>	<u>(546,929)</u>	<u>882,596</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	403,199	10,000	8,305	(1,695)
Transfers in	1,404,553	1,404,553	583,624	(820,929)
Transfers out	(393,199)	-	(45,000)	(45,000)
	<u>1,414,553</u>	<u>1,414,553</u>	<u>546,929</u>	<u>(867,624)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (14,972)</u>	<u>-</u>	<u>\$ 14,972</u>
Fund Balance - Beginning of Year			<u>1,893,452</u>	
Fund Balance - End of Year			<u>\$ 1,893,452</u>	

SCHEDULE 2

CHESTERFIELD COUNTY, SOUTH CAROLINA
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
 OF THE COLLECTIVE NET PENSION LIABILITY
 SOUTH CAROLINA RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS*

	2018	2017	2016	2015
County's Proportion of the Collective Net Pension Liability	0.051441%	0.052231%	0.044875%	0.046159%
County's Proportionate Share of the Collective Net Pension Liability	\$ 11,580,196	\$ 11,156,465	\$ 8,510,760	\$ 7,947,050
County's Covered Payroll	\$ 5,195,004	\$ 5,040,222	\$ 4,267,195	\$ 4,190,233
County's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Payroll	222.91%	221.35%	199.45%	189.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.30%	52.90%	57.00%	59.90%

Note to Schedule:
 June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not available yet.

* The amounts presented were determined as of the prior fiscal year ending June 30.

SCHEDULE 3

CHESTERFIELD COUNTY, SOUTH CAROLINA
 SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
 SOUTH CAROLINA RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Statutorially Required Contributions	\$ 659,986	\$ 600,542	\$ 557,449	\$ 458,627
Contributions in Relation to the Statutorially Required Contributions	659,986	600,542	557,449	458,627
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 5,247,623	\$ 5,195,004	\$ 5,040,222	\$ 4,267,195
Contributions as a Percentage of Covered Payroll	12.58%	11.56%	11.06%	10.75%

Note to Schedule:
 June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not available yet.

SCHEDULE 4

CHESTERFIELD COUNTY, SOUTH CAROLINA
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
 OF THE COLLECTIVE NET PENSION LIABILITY
 SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS*

	2018	2017	2016	2015
County's Proportion of the Collective Net Pension Liability	0.232520%	0.241300%	0.235090%	0.218510%
County's Proportionate Share of the Collective Net Pension Liability	\$ 6,369,917	\$ 6,120,412	\$ 5,123,756	\$ 4,183,254
County's Covered Payroll	\$ 3,128,197	\$ 3,065,478	\$ 2,854,805	\$ 2,628,525
County's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Payroll	203.63%	199.66%	179.48%	159.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.90%	60.40%	64.60%	67.50%

Note to Schedule:
 June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not available yet.

* The amounts presented were determined as of the prior fiscal year ending June 30.

SCHEDULE 5

CHESTERFIELD COUNTY, SOUTH CAROLINA
 SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
 SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Statutorially Required Contributions	\$ 485,642	\$ 445,455	\$ 421,197	\$ 390,557
Contributions in Relation to the Statutorially Required Contributions	485,642	445,455	421,197	390,557
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 3,185,197	\$ 3,128,197	\$ 3,065,478	\$ 2,854,805
Contributions as a Percentage of Covered Payroll	15.25%	14.24%	13.74%	13.68%

Note to Schedule:
 June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not available yet.

SCHEDULE 6

**CHESTERFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS**

	2018
Total OPEB Liability	
Service cost	\$ 392,819
Interest on total OPEB liability	409,962
Changes in benefit terms	-
Effect of economic/demographic gains or (losses)	9,097
Effect of assumption changes or inputs	(1,314,397)
Benefit payments	(314,999)
Net Change in Total OPEB Liability	(817,518)
Total OPEB Liability - Beginning of Year	14,000,871
Total OPEB Liability - End of Year	\$ 13,183,353
Covered Payroll	\$ 7,229,129
Total OPEB Liability as a % of Covered Payroll	182.36%

Note to Schedule:

There are no assets accumulated in a trust to pay the related benefits.

June 30, 2018 was the first year of GASB 75 implementation, therefore 10-year data is not available yet.

OTHER SUPPLEMENTARY INFORMATION

CHESTERFIELD COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Public Defender	Emergency Preparedness	Lottery Fund	E-911 Fund	Sheriff's Department	Total Fire Districts & Rescue Squads	Total Special Revenue Funds	Industrial Site Fund	Capital Equipment Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 585,262	\$ -	\$ -	\$ -	\$ 174,699	\$ 77,010	\$ -	\$ 836,971	\$ -	\$ -	\$ 200,423	\$ 1,037,394
-	-	-	-	-	-	24,883	24,883	-	51,290	42,037	118,210
-	57,307	-	77,708	-	-	343,633	478,648	333,837	540,629	-	1,353,114
60,205	38,854	-	2,312	-	-	-	101,371	-	-	-	101,371
\$ 645,467	\$ 96,161	\$ -	\$ 254,719	\$ 77,010	\$ 368,516	\$ 1,441,873	\$ 591,919	\$ 242,460	\$ 2,610,089		
\$ 4,294	\$ 1,341	\$ -	\$ 7,528	\$ -	\$ 7,878	\$ 21,041	\$ -	\$ -	\$ -	\$ -	\$ 21,041
29,563	-	1,090	-	-	-	30,653	-	-	-	50,029	80,682
33,857	1,341	1,090	7,528	-	7,878	51,694	-	-	-	50,029	101,723
-	-	-	-	-	14,244	14,244	-	-	23,612	24,753	62,609
-	-	-	-	-	14,244	14,244	-	-	23,612	24,753	62,609
-	94,820	-	247,191	77,010	346,394	765,415	-	-	-	-	765,415
-	-	-	-	-	-	-	-	333,837	-	-	333,837
611,610	-	-	-	-	-	611,610	-	-	-	-	611,610
-	-	-	-	-	-	-	-	-	568,307	-	568,307
-	-	-	-	-	-	-	-	-	-	167,678	167,678
-	-	(1,090)	-	-	-	(1,090)	-	-	-	-	(1,090)
611,610	94,820	(1,090)	247,191	77,010	346,394	1,375,935	333,837	568,307	167,678	2,445,757	
\$ 645,467	\$ 96,161	\$ -	\$ 254,719	\$ 77,010	\$ 368,516	\$ 1,441,873	\$ 591,919	\$ 242,460	\$ 2,610,089		

Assets and Deferred Outflows of Resources

Assets:
Cash and cash equivalents
Taxes receivable - net
Due from other funds
Other receivables

Liabilities, Deferred Inflows of Resources, and Fund Balances

Liabilities:
Accounts payable
and accrued expenses
Due to other funds

Deferred Inflows of Resources:
Unearned revenue

Fund balances:

Restricted
Public safety
Economic development
Judicial administration
Capital projects
Assigned
Debt service
Unassigned

**CHESTERFIELD COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Public Defender	Emergency Preparedness	Lottery Fund	E-911 Fund	Sheriff's Department	Total Fire Districts & Rescue Squads	Total Special Revenue Funds	Industrial Site Fund	Capital Equipment Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 774,496	\$ 774,496	\$ -	\$ 914,414	\$ 937,260	\$ 2,626,170
Fees and fines	-	-	-	-	12,860	-	12,860	-	-	-	12,860
Intergovernmental	1,128,537	-	17,391	-	-	-	1,145,928	715,000	-	-	1,860,928
Charges for services	-	-	-	356,138	-	-	356,138	-	-	-	356,138
Investment earnings	-	-	-	347	73	-	420	-	-	193	613
Miscellaneous	9,762	-	-	-	53,746	312	63,820	-	-	-	63,820
Contributions	-	70,221	-	-	1,100	-	71,321	-	-	-	71,321
	1,138,299	70,221	17,391	356,485	67,779	774,808	2,424,983	715,000	914,414	937,453	4,991,850
Expenditures											
Current:											
General government	-	-	18,021	-	-	-	18,021	1,049,239	-	-	1,067,260
Public safety	-	49,312	-	405,504	53,576	-	508,392	-	-	-	508,392
Public works	-	-	-	-	-	-	-	-	183,840	-	183,840
Economic development	-	-	-	-	-	-	-	2,102,681	-	-	2,102,681
Judicial administration	1,172,209	-	-	-	-	-	1,172,209	-	-	-	1,172,209
Rescue and fire protection	-	-	-	-	-	716,840	716,840	-	-	-	716,840
Debt Service:											
Principal	-	-	-	-	-	22,347	22,347	-	824,029	697,000	1,543,376
Interest and other charges	-	-	-	-	-	3,147	3,147	-	43,538	327,981	374,666
	1,172,209	49,312	18,021	405,504	53,576	742,334	2,440,956	3,151,920	1,051,407	1,024,981	7,669,264
	(33,910)	20,909	(630)	(49,019)	14,203	32,474	(15,973)	(2,436,920)	(136,993)	(87,528)	(2,677,414)
Excess (Deficiency) of Revenues Over Expenditures											
Other Financing Sources (Uses)											
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	47,200	-	47,200
Transfers in	-	-	-	-	(9,870)	45,000	45,000	-	-	-	45,000
Transfers out	-	-	-	-	(9,870)	-	(9,870)	-	-	-	(9,870)
	-	-	-	-	(9,870)	45,000	35,130	-	47,200	-	82,330
Net Change in Fund Balances	(33,910)	20,909	(630)	(49,019)	4,333	77,474	19,157	(2,436,920)	(89,793)	(87,528)	(2,595,084)
Fund Balances - Beginning of Year	645,520	73,911	(460)	296,210	72,677	268,920	1,356,778	2,770,757	658,100	255,206	5,040,841
Fund Balances - End of Year	\$ 611,610	\$ 94,820	\$ (1,090)	\$ 247,191	\$ 77,010	\$ 346,394	\$ 1,375,935	\$ 333,837	\$ 568,307	\$ 167,678	\$ 2,445,757

CHESTERFIELD COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
FIRE DISTRICTS & RESCUE SQUADS
JUNE 30, 2018

	Alligator Fire District	Cash Fire District	Cheraw Fire District	Chesterfield Fire District	Harris Creek Fire District	Cheraw Rescue Squad	Chesterfield Rescue Squad	Jefferson Rescue Squad	McBee Rescue Squad	Pageland Rescue Squad	Patrick Rescue Squad	Total
\$	9,417	2,322	11,689	109	1,346	\$	\$	\$	\$	\$	\$	\$
	854	103,154	19,109	105,418	15,411	40,112	14,834	486	22,449	13,150	8,656	343,633
\$	10,271	105,476	30,798	105,527	16,757	40,112	14,834	486	22,449	13,150	8,656	368,516
\$	1,616	6,262	-	-	-	-	-	-	-	-	-	7,878
	1,616	6,262	-	-	-	-	-	-	-	-	-	7,878
	5,827	899	6,779	-	739	-	-	-	-	-	-	14,244
	5,827	899	6,779	-	739	-	-	-	-	-	-	14,244
	2,828	98,315	24,019	105,527	16,018	40,112	14,834	486	22,449	13,150	8,656	346,394
	2,828	98,315	24,019	105,527	16,018	40,112	14,834	486	22,449	13,150	8,656	346,394
\$	10,271	105,476	30,798	105,527	16,757	40,112	14,834	486	22,449	13,150	8,656	368,516

Assets and Deferred Outflows of Resources

Assets:

Taxes receivable - net
Due from other funds

Liabilities, Deferred Inflows of Resources, and Fund Balances

Liabilities:

Accounts payable
and accrued expenses

Deferred Inflows of Resources:

Unearned revenue

Fund Balances:

Restricted
Public safety

**CHESTERFIELD COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FIRE DISTRICTS & RESCUE SQUADS
FOR THE YEAR ENDED JUNE 30, 2018**

	Alligator Fire District	Cash Fire District	Cheraw Fire District	Cheraw Fire District	Harris Creek Fire District	Cheraw Rescue Squad	Chesterfield Rescue Squad	Jefferson Rescue Squad	McBee Rescue Squad	Pageland Rescue Squad	Patrick Rescue Squad	Total
Revenues												
Property taxes	\$ 183,063	\$ 38,122	\$ 222,803	\$ 170,606	\$ 22,195	\$ 22,952	\$ 22,951	\$ 22,951	\$ 22,951	\$ 22,951	\$ 22,951	\$ 774,496
Miscellaneous	-	312	-	-	-	-	-	-	-	-	-	312
	<u>183,063</u>	<u>38,434</u>	<u>222,803</u>	<u>170,606</u>	<u>22,195</u>	<u>22,952</u>	<u>22,951</u>	<u>22,951</u>	<u>22,951</u>	<u>22,951</u>	<u>22,951</u>	<u>774,808</u>
Expenditures												
Current:												
Rescue and fire protection	191,792	34,777	236,481	125,000	23,647	10,647	8,734	30,681	11,992	27,082	16,007	716,840
Debt Service:												
Principal	-	22,347	-	-	-	-	-	-	-	-	-	22,347
Interest and other charges	-	3,147	-	-	-	-	-	-	-	-	-	3,147
	<u>191,792</u>	<u>60,271</u>	<u>236,481</u>	<u>125,000</u>	<u>23,647</u>	<u>10,647</u>	<u>8,734</u>	<u>30,681</u>	<u>11,992</u>	<u>27,082</u>	<u>16,007</u>	<u>742,334</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,729)	(21,837)	(13,678)	45,606	(1,452)	12,305	14,217	(7,730)	10,959	(4,131)	6,944	32,474
Other Financing Sources (Uses)												
Transfers in	15,000	15,000	-	-	15,000	-	-	-	-	-	-	45,000
	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
Net Change in Fund Balances	6,271	(6,837)	(13,678)	45,606	13,548	12,305	14,217	(7,730)	10,959	(4,131)	6,944	77,474
Fund Balances - Beginning of Year	(3,443)	105,152	37,697	59,921	2,470	27,807	617	8,216	11,490	17,281	1,712	268,920
Fund Balances - End of Year	\$ 2,828	\$ 98,315	\$ 24,019	\$ 105,527	\$ 16,018	\$ 40,112	\$ 14,834	\$ 486	\$ 22,449	\$ 13,150	\$ 8,656	\$ 346,394

**CHESTERFIELD COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2018**

	<u>Clerk of Court</u>	<u>Magistrates</u>	<u>Treasurer's Office</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 272,539	\$ 98,599	\$ 10,998,711	\$ 11,369,849
Investments	-	-	12,532,809	12,532,809
	<u>\$ 272,539</u>	<u>\$ 98,599</u>	<u>\$ 23,531,520</u>	<u>\$ 23,902,658</u>
Liabilities				
Due to other governments	\$ -	\$ -	\$ 22,303,656	\$ 22,303,656
Due to taxpayers	-	-	315,292	315,292
Due to other claimants	272,539	98,599	912,572	1,283,710
	<u>\$ 272,539</u>	<u>\$ 98,599</u>	<u>\$ 23,531,520</u>	<u>\$ 23,902,658</u>

SUPPLEMENTARY INFORMATION REQUIRED BY THE STATE OF SOUTH CAROLINA

**CHESTERFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES BY FUNDING SOURCE
LIBRARY
FOR THE YEAR ENDED JUNE 30, 2018**

Source of Funds	Beginning Balance	Revenues	Expenditures	Ending Balance
Local Sources:				
County or tax appropriation	\$ -	\$ 420,272	\$ 420,272	\$ -
Fees, fines, and other local revenue	35,089	64,202	60,634	38,657
	<u>35,089</u>	<u>484,474</u>	<u>480,906</u>	<u>38,657</u>
State Sources:				
* State aid	-	82,785	82,785	-
* Education Lottery	(460)	17,391	18,021	(1,090)
* Other state	-	750	750	-
	<u>(460)</u>	<u>100,926</u>	<u>101,556</u>	<u>(1,090)</u>
Total All Sources of Funds	<u>\$ 34,629</u>	<u>\$ 585,400</u>	<u>\$ 582,462</u>	<u>\$ 37,567</u>

* Indicates funds administered through the South Carolina State Library.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES
FOR THE YEAR ENDED JUNE 30, 2018**

	Total Collections	Amount Retained by County Treasurer	Amount Remitted to State Treasurer	Amount Allocated to Victims' Services
Clerk of Court:				
Fines and fees	\$ 355,798	\$ 164,629	\$ 191,169	\$ -
Assessments	1,770	-	1,145	625
Surcharges	10,197	-	3,845	6,352
	<u>\$ 367,765</u>	<u>\$ 164,629</u>	<u>\$ 196,159</u>	<u>\$ 6,977</u>
 Magistrates Court:				
Fines and fees	\$ 224,792	\$ 222,902	\$ 1,890	\$ -
Assessments	198,421	-	160,356	38,065
Surcharges	81,406	-	75,636	5,770
	<u>\$ 504,619</u>	<u>\$ 222,902</u>	<u>\$ 237,882</u>	<u>\$ 43,835</u>
 Victim's Advocate				
Amount reserved for victim's advocate, beginning of year				\$ 52,278
Plus: Amount allocated to victim's advocate				50,812
Less: Amounts spent for victim's advocate from assessments and surcharges:				
Salaries and benefits			\$ 54,544	
Operating expenditures			6,506	
Unearned revenue			245	
			<u> </u>	(61,295)
Amount reserved for victim's advocate, end of year				<u>\$ 41,795</u>