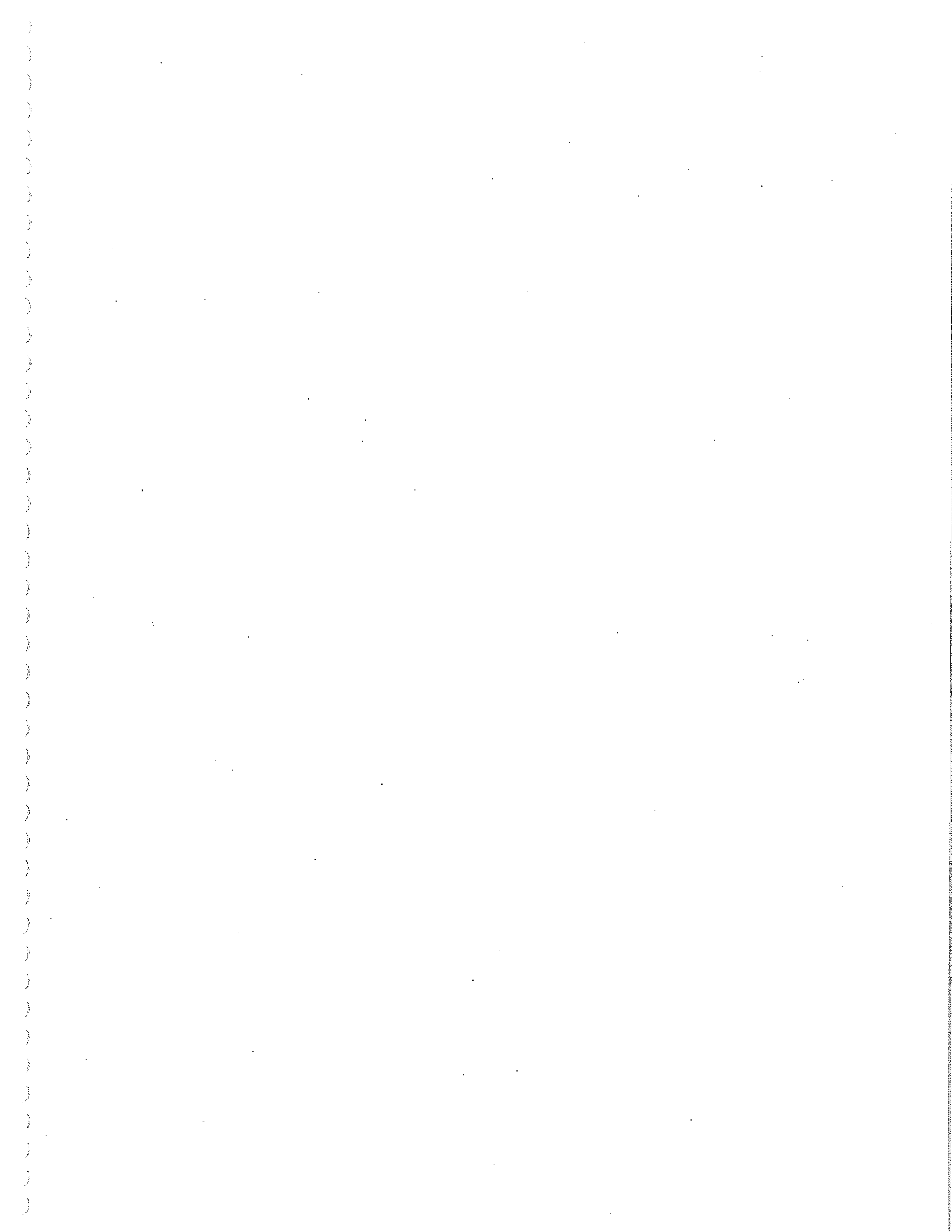


CHESTERFIELD COUNTY, SOUTH CAROLINA

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2016



**CHESTERFIELD COUNTY, SOUTH CAROLINA
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

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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, 2016, 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, 2016, 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.

To Chesterfield County Council
Page Two

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, and Schedules of the County's Contributions, 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
December 5, 2016

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, 2016. 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, 2016 by \$1,383,698 (net position). This is primarily due to the implementation of GASB No. 68 related to Accounting and Financial Reporting for Pensions in the prior year. For additional information, please refer to the notes to the financial statements.
- Governmental activities have a negative unrestricted net position balance of \$22,339,629. This is primarily due to the implementation of GASB No. 68 related to Accounting and Financial Reporting for Pensions in the prior year. For additional information, please refer to the notes to the financial statements.
- The County's net position increased by \$650,939 during the fiscal year.
- At the close of this fiscal year, the County's combined governmental funds reported ending fund balances of \$15,323,782, an increase of \$6,057,317 from the prior year.
- At June 30, 2016, unassigned fund balance for the General Fund was \$1,369,268, an increase of \$47,084 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 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 Industrial Spec Building Construction Fund, a capital project fund, which accounts for the expenditures related to the construction of industrial spec buildings to be held for resale, 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 exceeded liabilities and deferred inflows of resources by \$1,383,698 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, 2016:

Table 1
Chesterfield County's Net Position

	Governmental Activities		Total Percent Change
	2016	2015	2016-2015
Current and Other Assets	\$ 16,921,507	\$ 11,249,775	50.4%
Capital Assets	18,473,419	15,332,448	20.5%
Total Assets	35,394,926	26,582,223	33.2%
Total Deferred Outflows of Resources	2,210,923	1,184,771	86.6%
Total Assets and Deferred Outflows of Resources	\$ 37,605,849	\$ 27,766,994	35.4%
Current Liabilities	\$ 2,920,842	\$ 3,031,830	-3.7%
Non-Current Liabilities	35,219,705	25,612,851	37.5%
Total Liabilities	38,140,547	28,644,681	33.2%
Total Deferred Inflows of Resources	849,000	1,245,871	-31.9%
Net Position			
Net Investment in Capital Assets	7,351,972	8,462,878	-13.1%
Restricted	1,165,482	6,428,698	-81.9%
Unrestricted	(9,901,152)	(17,015,134)	41.8%
Total Net Position	(1,383,698)	(2,123,558)	34.8%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 37,605,849	\$ 27,766,994	35.4%

The County's total assets at year-end increased \$8,812,703 or 33.2% primarily due to the renovation of the new administration building, E-911 system upgrades, and unspent proceeds from the installment purchase revenue bonds issued in the current year.

Capital assets, net of depreciation increased \$3,140,971 or 20.5%. The increase was due to building projects and the replacement of various equipment.

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 \$9,606,857 or 37.5%, primarily due to an increase in the net pension liability and the issuance of the installment purchase revenue bonds. 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, 2016:

Table 2
Changes in Chesterfield County's Net Position

	Governmental Activities		Total Percent Change
	2016	2015	2016-2015
Revenues:			
Program Revenues:			
Charges for services	\$ 5,528,511	\$ 4,416,051	25.2%
Operating grants and contributions	1,625,345	1,860,058	-12.6%
Capital grants and contributions	355,000	204,834	0.0%
General Revenues:			
Property taxes	10,154,186	11,219,093	-9.5%
Other taxes	4,683,921	2,789,682	67.9%
Grants	1,732,862	1,737,154	-0.2%
Loss on sale of capital assets	(922,181)	(18,092)	
Other	403,776	206,334	95.7%
Total Revenues	23,561,420	22,415,114	5.1%
Expenses:			
General government	3,184,762	3,208,981	-0.8%
Public safety	8,838,172	8,521,230	3.7%
Public works	2,897,202	2,504,071	15.7%
Economic development	906,746	750,243	20.9%
Judicial administration	1,763,896	1,570,328	12.3%
Culture and recreation	603,262	575,502	4.8%
Rescue and fire protection	1,450,128	1,528,140	-5.1%
Non-departmental/other agencies	2,163,796	2,262,810	-4.4%
Legislative oversight	833,809	542,815	53.6%
Interest and other charges	268,708	207,879	29.3%
Total Expenses	22,910,481	21,671,999	5.7%
Change in net position	650,939	743,115	12.4%
Beginning net position	(2,123,558)	9,160,640	123.2%
Prior period adjustment	88,921	(12,027,313)	0.0%
Ending net position	\$ (1,383,698)	\$ (2,123,558)	-34.8%

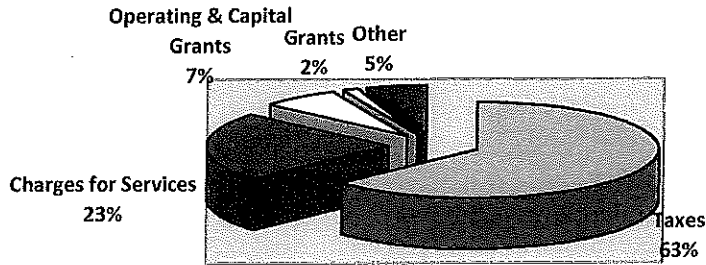
Governmental Activities

Governmental activities increased the County's net position by \$650,939 during the current fiscal year. The key elements were increases in charges for services and other taxes.

The costs for all governmental activities were \$22,910,481 for the fiscal year. Providing activities for public safety was the largest expense (\$8,838,172) to the County. The total cost to the County for providing general government administration was (\$3,184,762), which includes various administrative functions such as county administrator, assessor, auditor, and treasurer.

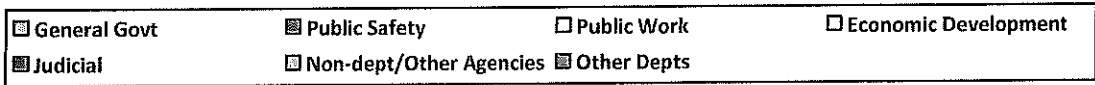
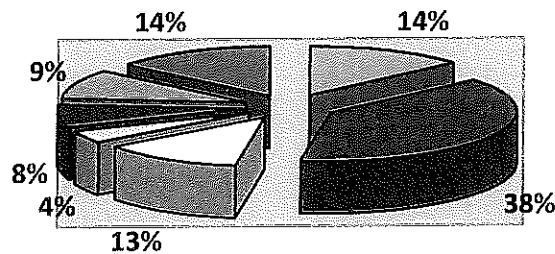
Total revenues increased \$1,146,306 or 5.1%, primarily due to the increase in property and other tax collections and charges for services.

Revenues by Source: Governmental Activities



Total expenses increased by \$1,238,482 or 5.7%, primarily due to building projects, 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 \$1,369,268 in the General Fund. Total fund balance for all the governmental funds was \$15,323,782. As a measure of the General Fund's liquidity, the total unassigned fund balance represents 7.08% of total general fund expenditures.

The County has sixteen special revenue funds. Ten 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 five capital project funds. Two of these funds, the Industrial Spec Building Construction 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 \$452,218, primarily due to an increase in local option sales tax and grants for economic development projects. Actual expenditures exceeded budgeted expenditures by \$539,361, primarily due to economic development projects and capital expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Chesterfield County's investment in capital assets for its governmental activities as of June 30, 2016, totaled \$18,473,419 net of accumulated depreciation. This investment in capital assets includes land, buildings and building improvements, vehicles, furniture and equipment. The roads (i.e. infrastructure assets) added during the fiscal year are also included.

Some of the major capital asset expenditures during the current fiscal year included renovations to the new administration building and the new animal shelter, E-911 system upgrades and various other new equipment.

Net capital assets at June 30, 2016 and 2015 included:

	Governmental Activities		Total Percent
	2016	2015	Change 2016-2015
Land	\$ 539,884	\$ 488,660	10.5%
Construction in Progress	338,866	1,939,704	-82.5%
Buildings and Improvements	12,527,917	9,224,422	35.8%
Intangible Assets	-	5,148	-100.0%
Vehicles/Machinery/Equipment	5,066,752	3,674,514	37.9%
	<u>\$ 18,473,419</u>	<u>\$ 15,332,448</u>	<u>20.5%</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 \$16,953,789. General obligation bonds constitute 39.5% 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 (40.1%). The remaining long-term debt for the County is seven capital leases (20.2%) and a notes payable (0.2%).

	Governmental Activities		Total Percent
	2016	2015	Change 2016-2015
General obligation bonds	\$ 6,694,613	\$ 7,185,000	-6.8%
Installment purchase revenue bonds	6,800,000	-	0.0%
Capital leases	3,420,176	1,763,442	93.9%
Notes payable	39,000	78,000	-50.0%
	<u>\$ 16,953,789</u>	<u>\$ 9,026,442</u>	<u>87.8%</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) in the current year. 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 capital leases increased \$1,656,734 from the prior fiscal year. During fiscal year 2016, the County entered into three new lease purchase agreements of \$2,374,320 for the purchase of E-911 upgrades, five motor graders, two dump trucks and one roll-off truck. The County also made payments totaling \$717,586 on existing capital leases, paying off three during the year.

Other long-term obligations of the County include accrued compensated absences of \$562,840 and landfill closure and post closure costs of \$1,107,619.

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 2016, the unemployment rate for Chesterfield County was 4.9%. Statewide unemployment was at 4.9%, while the nationwide average was 4.8%.
- 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 2017, the County did not reassess property valuations and added an additional 9.4 mills for the reserve fund.

County Council adopted a budget for fiscal year 2017, where budgeted expenditures are projected to be \$19,290,557, an increase of approximately \$387,009 or 2% over the fiscal year 2016 budgeted expenditures, as to approximately reflect fiscal year 2016 actual expenditures. The County has added no major new programs or initiatives to the fiscal year 2017 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, 200 West Main Street, Chesterfield, SC 29709.

CHESTERFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 13,123,465
Taxes receivable - net	635,621
Other receivables	333,749
Due from other governments	725,991
Asset held for resale	2,102,681
Capital assets - net of accumulated depreciation	18,473,419
	35,394,926
 Deferred Outflows of Resources	
Deferred amounts related to pensions	2,210,923
 Liabilities	
Accounts payable and accrued expenses	1,215,783
Accrued interest payable	144,461
Non-current liabilities:	
Due within one year:	
General obligation bonds	500,862
Installment purchase revenue bonds	53,000
Capital leases	892,736
Notes payable	39,000
Landfill post-closure costs	75,000
Due in more than one year:	
General obligation bonds	6,193,751
Installment purchase revenue bonds	6,747,000
Capital leases	2,527,440
Compensated absences	562,840
Landfill post-closure costs	1,032,619
Other post-employment benefit obligation	4,521,539
Net pension liability	13,634,516
	38,140,547
 Deferred Inflows of Resources	
Unearned revenue	62,708
Deferred amounts related to pensions	786,292
	849,000
 Net Position	
Net investment in capital assets	7,351,972
Restricted for:	
Public safety	779,076
Public works	386,406
Economic development	
Expendable	614,860
Nonexpendable	2,102,681
Capital projects	9,136,754
Debt service	584,182
Unrestricted	(22,339,629)
	\$ (1,383,698)

The accompanying notes are an integral part of these statements.

CHESTERFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities				
General government	\$ 3,184,762	\$ 234,570	\$ 71,046	\$ -
Public safety	8,838,172	1,571,121	315,683	-
Public works	2,897,202	1,498,984	117,786	-
Economic development	906,746	-	691,231	355,000
Judicial administration	1,763,896	1,086,358	183,023	-
Culture and recreation	603,262	32,205	246,576	-
Rescue and fire protection	1,450,128	563,462	-	-
Non-departmental/other agencies	2,163,796	-	-	-
Legislative oversight	833,809	541,811	-	-
Interest and other charges	268,708	-	-	-
	<u>22,910,481</u>	<u>5,528,511</u>	<u>1,625,345</u>	<u>355,000</u>
				<u>(15,401,625)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	\$ 8,882,829
Property taxes, levied for rural fire service	779,999
Property taxes, levied for debt service	491,358
Fees in lieu of taxes	1,701,829
Local option sales tax	2,982,092
Grants and contributions not restricted to specific programs	1,732,862
Unrestricted investment earnings	120
Loss on sale of capital assets	(922,181)
Miscellaneous	403,656
Total general revenues	<u>16,052,564</u>

Change in Net Position	650,939
Net Position - Beginning of Year	<u>(2,123,558)</u>
Prior Period Adjustment	<u>88,921</u>
Net Position - End of Year	<u>\$ (1,383,698)</u>

The accompanying notes are an integral part of these statements

CHESTERFIELD COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Industrial Spec Building Construction	Capital Projects Fund- Public Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows of Resources					
Assets:					
Cash and cash equivalents	\$ 5,853,952	\$ -	\$ 5,350,585	\$ 1,918,928	\$ 13,123,465
Taxes receivable - net	441,726	-	-	193,895	635,621
Due from other funds	53,826	493,980	-	3,827,063	4,374,869
Due from other governments	725,991	-	-	-	725,991
Other receivables	296,108	-	-	37,641	333,749
Asset held for resale	-	2,102,681	-	-	2,102,681
	<u>\$ 7,371,603</u>	<u>\$ 2,596,661</u>	<u>\$ 5,350,585</u>	<u>\$ 5,977,527</u>	<u>\$ 21,296,376</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable and accrued expenses	\$ 413,987	\$ -	\$ 32,047	\$ 384,137	\$ 830,171
Accrued payroll	385,612	-	-	-	385,612
Due to other funds	4,321,043	-	21,846	31,980	4,374,869
	<u>5,120,642</u>	<u>-</u>	<u>53,893</u>	<u>416,117</u>	<u>5,590,652</u>
Deferred Inflows of Resources:					
Unearned revenue	293,759	-	-	88,183	381,942
	<u>293,759</u>	<u>-</u>	<u>-</u>	<u>88,183</u>	<u>381,942</u>
Fund Balances:					
Nonspendable					
Asset held for resale	-	2,102,681	-	-	2,102,681
Restricted					
Public safety	26,056	-	-	753,020	779,076
Public works	386,406	-	-	-	386,406
Economic development	120,880	493,980	-	-	614,860
Judicial administration	-	-	-	320,182	320,182
Capital projects	-	-	5,296,692	3,840,062	9,136,754
Debt service	-	-	-	584,182	584,182
Assigned					
Public safety	26,759	-	-	-	26,759
Culture and recreation	27,833	-	-	-	27,833
Unassigned	1,369,268	-	-	(24,219)	1,345,049
	<u>1,957,202</u>	<u>2,596,661</u>	<u>5,296,692</u>	<u>5,473,227</u>	<u>15,323,782</u>
	<u>\$ 7,371,603</u>	<u>\$ 2,596,661</u>	<u>\$ 5,350,585</u>	<u>\$ 5,977,527</u>	<u>\$ 21,296,376</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, 2016**

Fund Balance - Total Governmental Funds \$ 15,323,782

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. 18,473,419

Uncollected delinquent tax revenue is not available in the current period and therefore not reported in the funds. 319,234

Pension related deferred outflows 2,210,923

Pension related deferred inflows (786,292)

Non-current liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds:

Other post-employment benefit obligation	(4,521,539)
Accrued interest payable	(144,461)
Net pension liability	(13,634,516)
Long-term debt	<u>(18,624,248)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ (1,383,698)

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, 2016

	General Fund	Industrial Spec Building Construction	Capital Projects Fund- Public Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 7,942,584	\$ -	\$ -	\$ 3,880,742	\$ 11,823,326
Local option sales tax	2,982,092	-	-	-	2,982,092
Fees and fines	338,273	-	-	57,191	395,464
Licenses and permits	1,372,768	-	-	-	1,372,768
Intergovernmental	3,115,100	355,000	-	718,248	4,188,348
Charges for services	1,201,554	-	-	774,414	1,975,968
Investment earnings	-	-	-	122	122
Miscellaneous	265,823	-	-	130,746	396,569
Fire department dues	563,465	-	-	-	563,465
Grants	710,837	-	-	-	710,837
Contributions	21,556	-	-	71,295	92,851
	<u>18,514,052</u>	<u>355,000</u>	<u>-</u>	<u>5,632,758</u>	<u>24,501,810</u>
Expenditures					
Current:					
General government	3,019,738	69,482	-	30,715	3,119,935
Public safety	7,880,296	-	-	2,874,834	10,755,130
Public works	2,475,895	-	-	134,100	2,609,995
Economic development	262,020	-	-	-	262,020
Judicial administration	1,751,602	-	-	399,047	2,150,649
Culture and recreation	596,363	-	-	-	596,363
Rescue and fire protection	656,631	-	-	735,590	1,392,221
Grant programs	2,251,547	-	-	-	2,251,547
Legislative oversight	434,763	-	1,603,308	1,673,807	3,711,878
Debt Service:					
Principal	-	-	-	1,246,989	1,246,989
Interest and other charges	-	-	-	206,143	206,143
	<u>19,328,855</u>	<u>69,482</u>	<u>1,603,308</u>	<u>7,301,225</u>	<u>28,302,870</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(814,803)</u>	<u>285,518</u>	<u>(1,603,308)</u>	<u>(1,668,467)</u>	<u>(3,801,060)</u>
Other Financing Sources (Uses)					
Proceeds from long-term debt, net	-	-	6,800,000	-	6,800,000
Proceeds from capital leases	-	-	-	2,374,320	2,374,320
Proceeds from sale of capital assets	582,057	-	-	102,000	684,057
Transfers in	805,493	-	100,000	44,632	950,125
Transfers out	(144,632)	-	-	(805,493)	(950,125)
	<u>1,242,918</u>	<u>-</u>	<u>6,900,000</u>	<u>1,715,459</u>	<u>9,858,377</u>
Net Change in Fund Balances	428,115	285,518	5,296,692	46,992	6,057,317
Fund Balances - Beginning of Year, As Restated	1,529,087	2,311,143	-	5,426,235	9,266,465
Fund Balances - End of Year	<u>\$ 1,957,202</u>	<u>\$ 2,596,661</u>	<u>\$ 5,296,692</u>	<u>\$ 5,473,227</u>	<u>\$ 15,323,782</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, 2016

Net Change in Fund Balances - Total Governmental Funds: \$ 6,057,317

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 \$5,970,280 exceeded depreciation expense of \$1,223,071. 4,747,209

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. (1,606,238)

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

Property taxes (18,209)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases non-current liabilities in the Statement of Net Position. (9,174,320)

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. 1,246,989

In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is recognized as an expenditure when due. (62,564)

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. (110,325)

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 90,006
 Compensated absences (29,382)
 Other post-employment benefit obligation (489,544)

Change in Net Position of Governmental Activities \$ 650,939

The accompanying notes are an integral part of these statements.

CHESTERFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 11,244,811
Investments	7,271,852
	<u>\$ 18,516,663</u>
Liabilities	
Due to other governments	\$ 17,060,060
Due to taxpayers	386,939
Due to other claimants	1,069,664
	<u>\$ 18,516,663</u>

The accompanying notes are an integral part of these statements.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation - Continued

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.

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 Chesterfield County Public Facilities Corporation has been classified as major funds.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

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.

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, 2016, the amount deferred was \$386,939.

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.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, 2016, was \$404,889.

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.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Capital Assets – Continued

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's only deferred outflows of resources were related to pensions. The County has deferred inflows of resources related to unearned revenue and pensions.

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.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Fund Equity - Continued

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.

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.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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	\$	226,557
Judicial Administration	\$	495,426
Culture and Recreation	\$	32,471
Grant Programs	\$	71,546
Legislative Oversight	\$	77,400

Deficit Fund Balance

The following funds had a deficit fund balance as of June 30, 2016:

Lottery Fund	\$	146
Courthouse Expansion Fund	\$	24,073

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, 2016, the County had the following deposits:

	Carrying Amount	Bank Balance
Demand deposits	\$ 24,365,851	\$ 23,872,586

Of the County's bank balance, \$1,058,967 was covered by FDIC insurance and \$18,493,109 was collateralized by securities held by the pledging bank's trust department or agent in the County's name. The remaining \$4,320,510 was uninsured and uncollateralized.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – CASH AND INVESTMENTS - CONTINUED

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, 2016, the County's investments has the following recurring fair value measurements (Level 1 inputs):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
State Treasurer's Investment Pool	\$ 7,271,852	<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.

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

Unrestricted cash, including time deposits	\$ 13,123,465
Agency fund cash (not included in government-wide statement)	11,244,811
Less: Petty cash	<u>(2,425)</u>
	<u>\$ 24,365,851</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities:					
<i>Capital Assets Not Being Depreciated:</i>					
Land	\$ 488,660	\$ 51,224	\$ -	\$ -	\$ 539,884
Construction in progress	1,939,704	4,167,335	-	(5,768,173)	338,866
	<u>2,428,364</u>	<u>4,218,559</u>	<u>-</u>	<u>(5,768,173)</u>	<u>878,750</u>
<i>Capital Assets Being Depreciated:</i>					
Buildings and improvements	13,743,475	-	(1,234,725)	4,675,961	17,184,711
Intangible assets	220,377	-	(48,000)	-	172,377
Vehicles/machinery/equipment	9,910,582	1,751,721	(1,018,371)	1,092,212	11,736,144
	<u>23,874,434</u>	<u>1,751,721</u>	<u>(2,301,096)</u>	<u>5,768,173</u>	<u>29,093,232</u>
<i>Accumulated Depreciation:</i>					
Buildings and improvements	(4,519,053)	(260,063)	122,322	-	(4,656,794)
Intangible assets	(215,229)	(4,800)	47,652	-	(172,377)
Vehicles/machinery/equipment	(6,236,068)	(958,208)	524,884	-	(6,669,392)
	<u>(10,970,350)</u>	<u>(1,223,071)</u>	<u>694,858</u>	<u>-</u>	<u>(11,498,563)</u>
Net Assets Being Depreciated	<u>12,904,084</u>	<u>528,650</u>	<u>(1,606,238)</u>	<u>5,768,173</u>	<u>17,594,669</u>
Net Capital Assets - Governmental Activities	<u>\$ 15,332,448</u>	<u>\$ 4,747,209</u>	<u>\$ (1,606,238)</u>	<u>\$ -</u>	<u>\$ 18,473,419</u>

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 134,751
Public safety	497,463
Public works	511,370
Culture and recreation	6,076
Judicial administration	15,504
Rescue and fire protection	57,907
	<u>\$ 1,223,071</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 – SHORT-TERM DEBT

Short-term debt activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Tax Anticipation Note	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt of the County for the year ended June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Non-Current Liabilities					
General obligation bonds	\$ 7,185,000	\$ -	\$ 490,387	\$ 6,694,613	\$ 500,862
Installment purchase revenue bonds	-	6,800,000	-	6,800,000	53,000
Capital leases	1,763,442	2,374,320	717,586	3,420,176	892,736
Notes payable	78,000	-	39,000	39,000	39,000
Compensated absences	533,458	29,382	-	562,840	-
Landfill post-closure costs	1,197,625	-	90,006	1,107,619	75,000
Total Non-Current Liabilities for Governmental Activities	\$ 10,757,525	\$ 9,203,702	\$ 1,336,979	\$ 18,624,248	\$ 1,560,598

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%	\$ 6,531,000
2015 GO Bond	02/05/2023	2.22%	163,613
			<u>\$ 6,694,613</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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
2017	\$ 500,862	\$ 152,539	\$ 653,401
2018	512,347	141,133	653,480
2019	523,844	129,465	653,309
2020	536,351	117,534	653,885
2021	548,869	105,319	654,188
2022-2026	2,857,340	335,075	3,192,415
2027-2028	1,215,000	41,700	1,256,700
	<u>\$ 6,694,613</u>	<u>\$ 1,022,765</u>	<u>\$ 7,717,378</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 District, 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.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 – LONG-TERM DEBT – CONTINUED

Installment Purchase Revenue Bonds - Continued

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, 2016, no arbitrage liability exists.

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
2017	\$ 53,000	\$ 137,603	\$ 190,603
2018	207,000	189,745	396,745
2019	424,000	183,915	607,915
2020	436,000	171,998	607,998
2021	448,000	159,742	607,742
2022-2026	2,435,000	576,491	3,011,491
2027-2030	2,797,000	266,583	3,063,583
	<u>\$ 6,800,000</u>	<u>\$ 1,686,077</u>	<u>\$ 8,486,077</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	\$ 4,851,205
Less: Accumulated Depreciation	(2,181,442)
	<u>\$ 2,669,763</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 – LONG-TERM DEBT – CONTINUED

Capital Leases - Continued

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, are as follows:

Year Ended June 30,	Amount
2017	\$ 951,027
2018	862,988
2019	756,176
2020	497,251
2021	498,404
Total minimum lease payments	3,565,846
Less, amount representing interest	(145,670)
Present value of minimum lease payments	\$ 3,420,176

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

Notes Payable

In prior years, the County entered into an agreement to purchase a building that is now the Voter's Registration office. The original amount of the note was \$195,000 and is secured by the building. This note is due in annual installments of \$39,000 for five years with no interest, maturing July 31, 2016.

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 \$1,107,619 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.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – UNEARNED REVENUE

At June 30, 2016, unearned revenue consisted of the following:

Victims of Crime Escrow	\$	49,905
Deferred Tax Revenue		319,234
Sheriff's Drug Escrow		8,678
Other		4,125
		4,125
	\$	381,942

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, 2016, were as follows:

Receivable Fund	Payable Fund	Amount
Emergency Preparedness	General Fund	\$ 109,907
General Fund	Public Defender Fund	21,345
Industrial Spec Building Construction	General Fund	493,980
Lottery Fund	General Fund	3,688
General Fund	Courthouse Expansion Fund	10,635
General Fund	Capital Projects Fund - PFC	21,846
Capital Reserve	General Fund	2,408,668
E-911 Fund	General Fund	78,156
Alligator Fire District	General Fund	14,334
Cash Fire District	General Fund	127,283
Harris Creek Fire District	General Fund	6,302
Cheraw Fire District	General Fund	110,211
Pageland Rescue Squad	General Fund	13,975
Cheraw Rescue Squad	General Fund	24,552
Chesterfield Rescue Squad	General Fund	1,878
Jefferson Rescue Squad	General Fund	3,789
McBee Rescue Squad	General Fund	35,349
Patrick Rescue Squad	General Fund	20,440
Capital Equipment Fund	General Fund	868,531
		\$ 4,374,869

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

Transfers To/From Other Funds

The following transfers were made during the year:

Transfers To	Transfers From	Amount
General Fund	Capital Reserve	\$ 627,977
General Fund	Sheriff's Department	9,347
General Fund	Federal Prisoner Fund	168,169
Capital Projects Fund - PFC	General Fund	100,000
Public Defender Fund	General Fund	29,632
Alligator Fire District	General Fund	5,000
Cash Fire District	General Fund	5,000
Harris Creek Fire District	General Fund	5,000
		<u>\$ 950,125</u>

NOTE 9 – PENSION PLANS

A. 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 administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA). 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 on the Retirement Benefits link on PEBA's website at www.peba.sc.gov.

Benefits Provided

SCRS provides retirement and disability benefits, and an incidental death benefit is 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 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 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 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A 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 member's age and the member's creditable service equals at least 90 years. Both the 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.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 – PENSION PLANS – CONTINUED

A. South Carolina Retirement System - Continued

Benefits Provided - Continued

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.

Contributions

Contribution requirements of the Plan are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9% of earnable compensation. Employees and employers (both Class II and III) are required to contribute 8.16% and 10.91%, respectively, of earnable compensation for the year ended June 30, 2016. Employers also contribute an additional .15% of earnable compensation, if participating in the death benefit program.

Contributions to the Plan from the County were \$557,449.

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

At June 30, 2016, the County reported a net pension liability of \$8,510,760 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2015. The June 30, 2015 total pension liability, net pension liability and sensitivity information are based on the July 1, 2014 actuarial valuation, which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015 using generally accepted actuarial procedures. The County's proportion of the collective net pension liability is based on the County's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2015. Based upon this information, the County's proportion of the collective net pension liability is 0.044875%, a decrease of 0.001284% since June 30, 2014, the prior measurement date.

For the year ended June 30, 2016, the County recognized pension expense of \$11,158. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows related to the pension:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 696,692	\$ -
Net difference between projected and actual earnings on pension plan investments	-	681,273
County contributions subsequent to the measurement date	557,449	
Total	\$ 1,254,141	\$ 681,273

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 – PENSION PLANS – CONTINUED

A. South Carolina Retirement System - Continued

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

Deferred outflows of resources of \$557,449 related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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		
2017	\$	19,675
2018		19,675
2019		71,612
2020		<u>(126,381)</u>
	\$	<u>(15,419)</u>

Actuarial Assumptions

The total pension liability, determined by the July 1, 2014 valuation, used the following actuarial assumptions and methods:

Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	3.5% to 12.5% (varies on service and includes 2.75% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.50% (includes 2.75% inflation)

Mortality assumptions are dependent upon the member's job category and gender (RP-2000). This assumption includes base rates which were automatically adjusted for future improvements in mortality using published Scale AA projected from year 2000.

Actuarial assumptions and methods used in the July 1, 2014, valuation were based on results of an actuarial experience study performed on data through June 30, 2010, and the next experience study performed on data through June 30, 2015, is currently underway.

The long-term expected rate of return on pension plan investments is based on the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems' Investment Commission in collaboration with its investment consultant. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. Long-term assumptions for the other asset classes are based on historical results, current market characteristics, and professional judgment. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding expected inflation, and is summarized in the following table:

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 – PENSION PLANS – CONTINUED

A. South Carolina Retirement System - Continued

Actuarial Assumptions - Continued

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Short Term	5%	0.10%
Domestic Fixed Income	13%	0.42%
Global Fixed Income	9%	0.39%
Global Public Equity	31%	2.20%
Global Tactical Asset Allocation	10%	0.49%
Alternatives	32%	2.40%
Total Expected Real Return	<u>100%</u>	6.00%
Inflation for Actuarial Purposes		<u>2.75%</u>
Total Expected Nominal Return		<u>8.75%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina Code of Laws will remain unchanged in future years. Based on those assumptions, the plan'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 presents the County's proportionate share of collective net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the collective net pension liability	\$ 10,729,637	\$ 8,510,760	\$ 6,651,060

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR of the Pension Trust Funds publically available on PEBA's Retirement Benefits' website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 – PENSION PLANS – CONTINUED

B. 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 administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA). 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 on the Retirement Benefits link on PEBA's website at www.peba.sc.gov.

Benefits Provided

PORS provides retirement and disability benefits, and an incidental death benefit 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 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 65 or with 28 years credited 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 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 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.

Contributions

Contribution requirements of the Plan are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 5.0% of earnable compensation.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 – PENSION PLANS – CONTINUED

B. South Carolina Police Officers Retirement System - Continued

Contributions - Continued

Employees and employers (both Class II and III) are required to contribute 8.74% and 13.34%, respectively, of earnable compensation for the year ended June 30, 2016. 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 death benefit program.

Contributions to the Plan from the County were \$421,197.

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

At June 30, 2016, the County reported a net pension liability of \$5,123,756 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2015. The June 30, 2015 total pension liability, net pension liability and sensitivity information are based on the July 1, 2014 actuarial valuation, which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015 using generally accepted actuarial procedures. The County's proportion of the collective net pension liability is based on the County's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2015. Based upon this information, the County's proportion of the collective net pension liability is 0.235090%, an increase of 0.01658% since June 30, 2014, the prior measurement date.

For the year ended June 30, 2016, the County recognized pension expense of \$99,167. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows related to the pension:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 535,585	\$ -
Net difference between projected and actual earnings on pension plan investments	-	105,019
County contributions subsequent to the measurement date	421,197	
Total	<u>\$ 956,782</u>	<u>\$ 105,019</u>

Deferred outflows of resources of \$421,197 related to pensions resulting from the County contributions subsequent to the measurement date is recognized as a reduction of the net pension liability in the year ended June 30, 2016.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 – PENSION PLANS – CONTINUED

B. South Carolina Police Officers Retirement System - Continued

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

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		
2017	\$	(87,839)
2018		(87,839)
2019		(83,354)
2020		(171,534)
	<u>\$</u>	<u>(430,566)</u>

Actuarial Assumptions

The total pension liability, determined by the July 1, 2014 valuation, used the following actuarial assumptions and methods:

Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	4.0% to 10.0% (varies on service and includes 2.75% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.50% (includes 2.75% inflation)

Mortality assumptions are dependent upon the member's job category and gender (RP-2000). This assumption includes base rates which were automatically adjusted for future improvements in mortality using published Scale AA projected from year 2000.

Actuarial assumptions and methods used in the July 1, 2014, valuation were based on results of an actuarial experience study performed on data through June 30, 2010, and the next experience study performed on data through June 30, 2015, is currently underway.

The long-term expected rate of return on pension plan investments is based on the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems' Investment Commission in collaboration with its investment consultant. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. Long-term assumptions for the other asset classes are based on historical results, current market characteristics, and professional judgment. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding expected inflation, and is summarized in the following table:

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 – PENSION PLANS – CONTINUED

B. South Carolina Police Officers Retirement System - Continued

Actuarial Assumptions - Continued

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Short Term	5%	0.10%
Domestic Fixed Income	13%	0.42%
Global Fixed Income	9%	0.39%
Global Public Equity	31%	2.20%
Global Tactical Asset Allocation Alternatives	10% 32%	0.49% 2.40%
Total Expected Real Return	<u>100%</u>	6.00%
Inflation for Actuarial Purposes		<u>2.75%</u>
Total Expected Nominal Return		<u>8.75%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina Code of Laws will remain unchanged in future years. Based on those assumptions, the plan'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 presents the County's proportionate share of collective net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the collective net pension liability	\$ 6,979,752	\$ 5,123,756	\$ 3,464,596

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR of the Pension Trust Funds publically available on PEBA's Retirement Benefits' website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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.

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, 2016, the County paid \$331,731 to provide these benefits to seventy-two eligible retirees.

Annual Other Post-Employment Benefits (OPEB) Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an actuarially determined amount. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The County's annual OPEB cost at June 30, 2016, is as follows:

Annual required contribution	\$ 808,512
Interest on OPEB obligation	173,624
Adjustment to annual required contribution	<u>(160,861)</u>
Annual OPEB cost (expense)	821,275
Contributions made	<u>(331,731)</u>
Increase (decrease) in net OPEB obligation	489,544
Net OPEB obligation - beginning of year	<u>4,031,995</u>
 Net OPEB obligation - end of year	 <u><u>\$ 4,521,539</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2016, and the two preceding fiscal years were as follows:

For the Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$994,615	37.50%	\$3,543,886
2015	\$796,227	43.10%	\$4,031,995
2016	\$821,275	47.90%	\$4,521,539

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 – POST RETIREMENT HEALTHCARE BENEFITS – CONTINUED

Funding Status and Progress

As of June 30, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$10,122,199. The covered payroll (annual payroll of active employees covered by the plan) was \$6,818,758 and the ratio of the UAAL to the covered payroll was 148.45%.

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based upon the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Inflation Rate	3.00%
Investment Rate of Return	4.50%, net of expenses
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level as a percentage of employee payroll
Amortization Period	30-year open amortization
Payroll Growth	3.00%
Medical and Drug Trends	Initial rate of 6.00%, declining to an ultimate rate of 4.50% after 9 years

NOTE 11 – 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.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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.

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 13 – PRIOR PERIOD ADJUSTMENT

The accompanying financial statements reflect an adjustment resulting from a restatement of the governmental funds as of June 30, 2016. There was a net increase in fund balance of the General Fund of \$88,921 to reflect an adjustment for an accounting error. The County erroneously left a bank account off the general ledger in relation to the detention center. In addition, this adjustment reflected in the governmental funds resulted in a restatement of the net position of the governmental activities of \$88,921.

The following schedule summarized the effect of the prior period adjustment to the beginning fund balance and beginning net position as of June 30, 2016:

	Governmental Activities	General Fund
Net Position/Fund Balance at beginning of year, as previously reported	\$ (2,123,558)	\$ 1,440,166
Increase to net position/fund balance for inclusion of bank account	<u>88,921</u>	<u>88,921</u>
Net Position/Fund Balance at beginning of year, as restated	<u>\$ (2,034,637)</u>	<u>\$ 1,529,087</u>

NOTE 14 – SUBSEQUENT EVENTS

Subsequent to June 30, 2016, County Council authorized the following transactions:

- A \$3,000,000 Tax Anticipation Note, with an interest rate of 1.20% and a maturity date of March 15, 2017.

Management has evaluated subsequent events through December 5, 2016, 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, 2016

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 8,189,974	\$ 8,189,974	\$ 7,942,584	\$ (247,390)
Local option sales tax	2,700,000	2,700,000	2,982,092	282,092
Fees and fines	395,715	395,715	338,273	(57,442)
Licenses and permits	1,435,000	1,435,000	1,372,768	(62,232)
Intergovernmental	3,052,799	3,052,799	3,115,100	62,301
Charges for services	1,452,442	1,452,442	1,201,554	(250,888)
Miscellaneous	207,197	207,197	265,823	58,626
Fire department dues	558,000	558,000	563,465	5,465
Grants	61,707	61,707	710,837	649,130
Contributions	9,000	9,000	21,556	12,556
Total Revenues	18,061,834	18,061,834	18,514,052	452,218
Expenditures				
General Government				
Register of deeds	60,000	60,000	31,621	28,379
Voter registration	199,151	199,151	221,430	(22,279)
County administrator	540,309	540,309	562,377	(22,068)
Assessor	443,162	443,162	366,388	76,774
Auditor	223,003	223,003	211,984	11,019
Treasurer / delinquent tax collector	490,522	490,522	486,231	4,291
Building codes	266,140	266,140	246,036	20,104
Public buildings	718,252	718,252	715,634	2,618
Data processing	214,173	214,173	178,037	36,136
	3,154,712	3,154,712	3,019,738	134,974
Public Safety				
Victim's advocate	56,973	56,973	56,025	948
Sheriff	2,830,700	2,830,700	2,838,458	(7,758)
Detention center	1,621,366	1,621,366	1,683,661	(62,295)
Coroner	122,590	122,590	149,775	(27,185)
Ambulance	1,403,124	1,403,124	1,403,124	-
School resource officers	329,942	329,942	310,512	19,430
Civil processors	20,777	20,777	11,454	9,323
Jefferson law enforcement	141,383	141,383	119,187	22,196
Telecommunicators	586,020	586,020	587,030	(1,010)
Animal shelter	380,503	380,503	555,107	(174,604)
Emergency preparedness	160,361	160,361	165,963	(5,602)
	7,653,739	7,653,739	7,880,296	(226,557)
Public Works				
Road department	2,169,034	2,169,034	2,035,465	133,569
Landfill	404,406	404,406	440,430	(36,024)
	2,573,440	2,573,440	2,475,895	97,545
Economic Development	350,171	350,171	262,020	88,151

SCHEDULE 1 - CONTINUED

CHESTERFIELD COUNTY, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Judicial Administration				
Clerk of court	403,258	403,258	320,030	83,228
Probate court	219,077	219,077	215,356	3,721
Magistrates	447,210	447,210	414,484	32,726
Family court	186,631	186,631	194,314	(7,683)
Solicitor	-	-	78,196	(78,196)
Public defender	-	-	529,222	(529,222)
	<u>1,256,176</u>	<u>1,256,176</u>	<u>1,751,602</u>	<u>(495,426)</u>
Culture and Recreation				
Veterans' affairs	93,635	93,635	87,066	6,569
Library	470,257	470,257	509,297	(39,040)
	<u>563,892</u>	<u>563,892</u>	<u>596,363</u>	<u>(32,471)</u>
Rescue and Fire Protection	<u>700,000</u>	<u>700,000</u>	<u>656,631</u>	<u>43,369</u>
Grant Programs				
Other agencies	2,118,294	2,118,294	1,519,290	599,004
Other pass through funds	61,707	61,707	732,257	(670,550)
	<u>2,180,001</u>	<u>2,180,001</u>	<u>2,251,547</u>	<u>(71,546)</u>
Legislative Oversight				
County council members and attorney	320,216	320,216	397,455	(77,239)
Delegation	37,147	37,147	37,308	(161)
	<u>357,363</u>	<u>357,363</u>	<u>434,763</u>	<u>(77,400)</u>
Total Expenditures	<u>18,789,494</u>	<u>18,789,494</u>	<u>19,328,855</u>	<u>(539,361)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(727,660)</u>	<u>(727,660)</u>	<u>(814,803)</u>	<u>(87,143)</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	438,000	438,000	582,057	144,057
Transfers in	199,680	199,680	805,493	605,813
Transfers out	-	-	(144,632)	(144,632)
	<u>637,680</u>	<u>637,680</u>	<u>1,242,918</u>	<u>605,238</u>
Net Change in Fund Balance	<u>\$ (89,980)</u>	<u>\$ (89,980)</u>	428,115	<u>\$ 518,095</u>
Fund Balance - Beginning of Year			<u>1,529,087</u>	
Fund Balance - End of Year			<u>\$ 1,957,202</u>	

**CHESTERFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded Actuarial Accrued Liability (UAAL) (B-A)	Ratio of Funded Obligation (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
June 30, 2008	\$ -	\$ 9,423,551	\$ 9,423,551	0.00%	\$ 6,761,434	139.37%
June 30, 2010	-	9,376,303	9,376,303	0.00%	7,150,278	131.13%
June 30, 2012	-	10,945,954	10,945,954	0.00%	6,119,699	178.86%
June 30, 2014	-	10,122,199	10,122,199	0.00%	6,818,758	148.45%

SCHEDULE 3

**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***

	<u>2016</u>	<u>2015</u>
County's Proportion of the Collective Net Pension Liability	0.044875%	0.046159%
County's Proportionate Share of the Collective Net Pension Liability	\$ 8,510,760	\$ 7,947,050
County's Covered Payroll	\$ 4,267,195	\$ 4,190,233
County's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	199.45%	189.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 4

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

	<u>2016</u>	<u>2015</u>
Statutorially Required Contributions	\$ 557,449	\$ 458,627
Contributions in Relation to the Statutorially Required Contributions	<u>557,449</u>	<u>458,627</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 5,040,222	\$ 4,267,195
Contributions as a Percentage of Covered-Employee Payroll	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 5

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*

	<u>2016</u>	<u>2015</u>
County's Proportion of the Collective Net Pension Liability	0.235090%	0.218510%
County's Proportionate Share of the Collective Net Pension Liability	\$ 5,123,756	\$ 4,183,254
County's Covered Payroll	\$ 2,854,805	\$ 2,628,525
County's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	179.48%	159.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 6

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

	<u>2016</u>	<u>2015</u>
Statutorially Required Contributions	\$ 421,197	\$ 390,557
Contributions in Relation to the Statutorially Required Contributions	<u>421,197</u>	<u>390,557</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 3,065,478	\$ 2,854,805
Contributions as a Percentage of Covered-Employee Payroll	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.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 7

CHESTERFIELD COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Public Defender	Emergency Preparedness	Federal Prisoner Fund	Lottery Fund	E-911 Fund	Sheriff's Department	Total Fire Districts & Rescue Squads	Total Special Revenue Funds
\$	306,726	\$ -	\$ -	\$ -	122,679	\$ 137,630	\$ -	\$ 567,035
	-	-	-	-	-	-	23,715	23,715
	-	109,907	-	3,688	78,156	-	358,113	549,864
	37,641	-	-	-	-	-	-	37,641
\$	344,367	\$ 109,907	\$ -	\$ 3,688	\$ 200,835	\$ 137,630	\$ 381,828	\$ 1,178,255
\$	2,840	\$ 43,028	\$ -	\$ 3,834	\$ 9,003	\$ -	\$ 15,380	\$ 74,085
	21,345	-	-	-	-	-	-	21,345
	24,185	43,028	-	3,834	9,003	-	15,380	95,430
	-	-	-	-	-	-	9,769	9,769
	-	-	-	-	-	-	9,769	9,769
	-	66,879	-	-	191,832	137,630	356,679	753,020
	320,182	-	-	-	-	-	-	320,182
	-	-	-	-	-	-	-	-
	-	-	-	(146)	-	-	-	(146)
	320,182	66,879	-	(146)	191,832	137,630	356,679	1,073,056
\$	344,367	\$ 109,907	\$ -	\$ 3,688	\$ 200,835	\$ 137,630	\$ 381,828	\$ 1,178,255

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
 Judicial administration
 Capital projects
 Assigned
 Debt service
 Unassigned

SCHEDULE 7 - CONTINUED

CHESTERFIELD COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Capital Reserve Fund	Courthouse Expansion Fund	Capital Equipment Fund	Total Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets and Deferred Outflows of Resources						
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 778,367	\$ 778,367	\$ 573,526	\$ 1,918,928
Taxes receivable - net	98,560	-	49,288	147,848	22,332	193,895
Due from other funds	2,408,668	-	868,531	3,277,199	-	3,827,063
Other receivables	-	-	-	-	-	37,641
	\$ 2,507,228	\$ -	\$ 1,696,186	\$ 4,203,414	\$ 595,858	\$ 5,977,527
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued expenses	\$ -	\$ 13,438	\$ 296,614	\$ 310,052	\$ -	\$ 384,137
Due to other funds	-	10,635	-	10,635	-	31,980
	-	24,073	296,614	320,687	-	416,117
Deferred Inflows of Resources:						
Unearned revenue	44,514	-	22,224	66,738	11,676	88,183
	44,514	-	22,224	66,738	11,676	88,183
Fund balances:						
Restricted	-	-	-	-	-	753,020
Public safety	-	-	-	-	-	320,182
Judicial administration	-	-	-	-	-	-
Capital projects	2,462,714	-	1,377,348	3,840,062	-	3,840,062
Assigned	-	-	-	-	-	-
Debt service	-	(24,073)	-	(24,073)	584,182	584,182
Unassigned	2,462,714	(24,073)	1,377,348	3,815,989	584,182	(24,219)
	\$ 2,507,228	\$ -	\$ 1,696,186	\$ 4,203,414	\$ 595,858	\$ 5,977,527

SCHEDULE 8

CHESTERFIELD COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Public Defender	Emergency Preparedness	Federal Prisoner Fund	Lottery Fund	E-911 Fund	Sheriff's Department	Total Fire Districts & Rescue Squads	Total Special Revenue Funds
Revenues								
Property taxes	-	-	-	-	-	-	691,510	\$ 691,510
Fees and fines	-	-	-	-	-	57,191	-	57,191
Intergovernmental	687,679	-	-	30,569	-	-	-	718,248
Charges for services	-	-	1,544	-	772,870	-	-	774,414
Investment earnings	-	-	7	-	-	90	-	97
Miscellaneous	1,918	-	-	-	-	78,086	14,506	94,510
Contributions	-	70,455	-	-	-	840	-	71,295
	689,597	70,455	1,551	30,569	772,870	136,207	706,016	2,407,265
Expenditures								
Current:								
General government	-	-	-	30,715	-	-	-	30,715
Public safety	-	93,636	348	-	872,352	46,733	-	1,013,069
Public works	-	-	-	-	-	-	-	-
Judicial administration	399,047	-	-	-	-	-	-	399,047
Rescue and fire protection	-	-	-	-	-	-	735,590	735,590
Legislative oversight	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	21,387	21,387
Interest and other charges	-	-	-	-	-	-	4,107	4,107
	399,047	93,636	348	30,715	872,352	46,733	761,084	2,203,915
Excess (Deficiency) of Revenues Over Expenditures	290,550	(23,181)	1,203	(146)	(99,482)	89,474	(55,068)	203,350
Other Financing Sources (Uses)								
Proceeds from capital leases	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	29,632	-	-	-	-	-	15,000	44,632
Transfers out	-	-	(168,169)	-	-	(9,347)	-	(177,516)
	29,632	-	(168,169)	-	-	(9,347)	15,000	(132,884)
Net Change in Fund Balances	320,182	(23,181)	(166,966)	(146)	(99,482)	80,127	(40,068)	70,466
Fund Balances - Beginning of Year	-	90,060	166,966	-	291,314	57,503	396,747	1,002,590
Fund Balances - End of Year	\$ 320,182	\$ 66,879	\$ -	\$ (146)	\$ 191,832	\$ 137,630	\$ 356,679	\$ 1,073,056

CHESTERFIELD COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Capital Reserve Fund	Courthouse Expansion Fund	Capital Equipment Fund	Total Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues						
Property taxes	\$ 1,793,747	\$ -	\$ 903,489	\$ 2,697,236	\$ 491,996	\$ 3,880,742
Fees and fines	-	-	-	-	-	57,191
Intergovernmental	-	-	-	-	-	718,248
Charges for services	-	-	-	-	-	774,414
Investment earnings	-	-	25	25	-	122
Miscellaneous	-	1,400	-	1,400	34,836	130,746
Contributions	-	-	-	-	-	71,295
	<u>1,793,747</u>	<u>1,400</u>	<u>903,514</u>	<u>2,698,661</u>	<u>526,832</u>	<u>5,632,758</u>
Expenditures						
Current:						
General government	-	-	-	-	-	30,715
Public safety	-	-	1,861,765	1,861,765	-	2,874,834
Public works	-	-	134,100	134,100	-	134,100
Judicial administration	-	-	-	-	-	399,047
Rescue and fire protection	-	-	-	-	-	735,590
Legislative oversight	-	1,673,807	-	1,673,807	-	1,673,807
Debt Service:						
Principal	-	39,000	717,602	756,602	469,000	1,246,989
Interest and other charges	-	-	42,436	42,436	159,600	206,143
	<u>-</u>	<u>1,712,807</u>	<u>2,755,903</u>	<u>4,468,710</u>	<u>628,600</u>	<u>7,301,225</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,793,747</u>	<u>(1,711,407)</u>	<u>(1,852,389)</u>	<u>(1,770,049)</u>	<u>(101,768)</u>	<u>(1,668,467)</u>
Other Financing Sources (Uses)						
Proceeds from capital leases	-	-	2,374,320	2,374,320	-	2,374,320
Proceeds from sale of capital assets	-	-	102,000	102,000	-	102,000
Transfers in	-	-	-	-	-	44,632
Transfers out	(627,977)	-	-	(627,977)	-	(805,493)
	<u>(627,977)</u>	<u>-</u>	<u>2,476,320</u>	<u>1,848,343</u>	<u>-</u>	<u>1,715,459</u>
Net Change in Fund Balances	<u>1,165,770</u>	<u>(1,711,407)</u>	<u>623,931</u>	<u>78,294</u>	<u>(101,768)</u>	<u>46,992</u>
Fund Balances - Beginning of Year	<u>1,296,944</u>	<u>1,687,334</u>	<u>753,417</u>	<u>3,737,695</u>	<u>685,950</u>	<u>5,426,236</u>
Fund Balances - End of Year	<u>\$ 2,462,714</u>	<u>\$ (24,073)</u>	<u>\$ 1,377,348</u>	<u>\$ 3,815,989</u>	<u>\$ 584,182</u>	<u>\$ 5,473,227</u>

CHESTERFIELD COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
FIRE DISTRICTS & RESCUE SQUADS
JUNE 30, 2016

Alligator Fire District	Cash Fire District	Harris Creek Fire District	Cheraw Fire District	Pageland Rescue Squad	Cheraw Rescue Squad	Chesterfield Rescue Squad	Jefferson Rescue Squad	McBee Rescue Squad	Patrick Rescue Squad	Total
\$ 7,817	\$ 2,392	\$ 947	\$ 12,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,715
14,334	127,283	6,302	110,211	13,975	24,552	1,878	3,789	35,349	20,440	358,113
<u>\$ 22,151</u>	<u>\$ 129,675</u>	<u>\$ 7,249</u>	<u>\$ 122,770</u>	<u>\$ 13,975</u>	<u>\$ 24,552</u>	<u>\$ 1,878</u>	<u>\$ 3,789</u>	<u>\$ 35,349</u>	<u>\$ 20,440</u>	<u>\$ 381,828</u>
\$ 14,948	\$ 432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,380
14,948	432	-	-	-	-	-	-	-	-	15,380
3,092	773	360	5,544	-	-	-	-	-	-	9,769
3,092	773	360	5,544	-	-	-	-	-	-	9,769
4,111	128,470	6,889	117,226	13,975	24,552	1,878	3,789	35,349	20,440	356,679
4,111	128,470	6,889	117,226	13,975	24,552	1,878	3,789	35,349	20,440	356,679
<u>\$ 22,151</u>	<u>\$ 129,675</u>	<u>\$ 7,249</u>	<u>\$ 122,770</u>	<u>\$ 13,975</u>	<u>\$ 24,552</u>	<u>\$ 1,878</u>	<u>\$ 3,789</u>	<u>\$ 35,349</u>	<u>\$ 20,440</u>	<u>\$ 381,828</u>

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, 2016

	Alligator Fire District	Cash Fire District	Harris Creek Fire District	Cheraw Fire District	Pageland Rescue Squad	Cheraw Rescue Squad	Chesterfield Rescue Squad	Jefferson Rescue Squad	McBee Rescue Squad	Patrick Rescue Squad	Total
Revenues											
Property taxes	\$ 227,109	\$ 37,457	\$ 21,503	\$ 270,303	\$ 22,523	\$ 22,523	\$ 22,523	\$ 22,523	\$ 22,523	\$ 22,523	\$ 681,510
Miscellaneous	-	14,506	-	-	-	-	-	-	-	-	14,506
	<u>227,109</u>	<u>51,963</u>	<u>21,503</u>	<u>270,303</u>	<u>22,523</u>	<u>22,523</u>	<u>22,523</u>	<u>22,523</u>	<u>22,523</u>	<u>22,523</u>	<u>706,016</u>
Expenditures											
Current:											
Rescue and fire protection	229,514	49,257	19,545	305,000	19,555	18,445	45,314	28,457	-	20,503	735,590
Debt Service:											
Principal	-	21,387	-	-	-	-	-	-	-	-	21,387
Interest and other charges	-	4,107	-	-	-	-	-	-	-	-	4,107
	<u>229,514</u>	<u>74,751</u>	<u>19,545</u>	<u>305,000</u>	<u>19,555</u>	<u>18,445</u>	<u>45,314</u>	<u>28,457</u>	<u>-</u>	<u>20,503</u>	<u>761,084</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,405)	(22,788)	1,958	(34,697)	2,968	4,078	(22,791)	(5,934)	22,523	2,020	(55,068)
Other Financing Sources (Uses)											
Transfers In	5,000	5,000	5,000	-	-	-	-	-	-	-	15,000
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Net Change in Fund Balances	2,595	(17,788)	6,958	(34,697)	2,968	4,078	(22,791)	(5,934)	22,523	2,020	(40,068)
Fund Balances - Beginning of Year	1,516	146,258	(69)	151,923	11,007	20,474	24,669	9,723	12,826	18,420	396,747
Fund Balances - End of Year	\$ 4,111	\$ 128,470	\$ 6,889	\$ 117,226	\$ 13,975	\$ 24,552	\$ 1,878	\$ 3,789	\$ 35,349	\$ 20,440	\$ 356,679

**CHESTERFIELD COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2016**

	<u>Clerk of Court</u>	<u>Magistrates</u>	<u>Treasurer's Office</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 201,943	\$ 116,428	\$ 10,926,440	\$ 11,244,811
Investments	-	-	7,271,852	7,271,852
	<u>\$ 201,943</u>	<u>\$ 116,428</u>	<u>\$ 18,198,292</u>	<u>\$ 18,516,663</u>
Liabilities				
Due to other governments	-	-	\$ 17,060,060	\$ 17,060,060
Due to taxpayers	-	-	386,939	386,939
Due to other claimants	201,943	116,428	751,293	1,069,664
	<u>\$ 201,943</u>	<u>\$ 116,428</u>	<u>\$ 18,198,292</u>	<u>\$ 18,516,663</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES BY FUNDING SOURCE
LIBRARY
FOR THE YEAR ENDED JUNE 30, 2016**

Source of Funds	Beginning Balance	Revenues	Expenditures	Ending Balance
Local Sources:				
County or tax appropriation	\$ -	\$ 396,535	\$ 396,535	\$ -
Fees, fines, and other local revenue	28,236	32,205	32,462	27,979
Gifts & Donations	-	-	-	-
Other Local	-	-	-	-
	<u>28,236</u>	<u>428,740</u>	<u>428,997</u>	<u>27,979</u>
State Sources:				
* State aid	-	75,000	75,000	-
* Education Lottery	-	30,569	30,715	(146)
* Other state	-	5,300	5,300	-
	<u>-</u>	<u>110,869</u>	<u>111,015</u>	<u>(146)</u>
Total All Sources of Funds	<u>\$ 28,236</u>	<u>\$ 539,609</u>	<u>\$ 540,012</u>	<u>\$ 27,833</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, 2016**

Clerk of Court:	Total Collections	Amount Retained by County Treasurer	Amount Remitted to State Treasurer	Amount Allocated to Victims' Services
Fines and fees	\$ 380,756	\$ 173,978	\$ 206,778	\$ -
Assessments	2,467	-	1,718	749
Surcharges	20,200	-	6,574	13,626
	<u>\$ 403,423</u>	<u>\$ 173,978</u>	<u>\$ 215,070</u>	<u>\$ 14,375</u>

Magistrates Court:				
Fines and fees	\$ 214,253	\$ 213,162	\$ 1,091	\$ -
Assessments	177,917	-	153,800	24,117
Surcharges	83,664	-	74,086	9,578
	<u>\$ 475,834</u>	<u>\$ 213,162</u>	<u>\$ 228,977</u>	<u>\$ 33,695</u>

Victim's Advocate

Amount reserved for victim's advocate, beginning of year				\$ 40,264
Plus: Amount allocated to victim's advocate				48,070
Less: Amounts spent for victim's advocate from assessments and surcharges:				
Salaries and benefits		\$ 50,505		
Operating expenditures		5,533		
Unearned revenue		(802)		
				<u>(55,236)</u>
Amount reserved for victim's advocate, end of year				<u>\$ 33,098</u>

SUPPLEMENTARY INFORMATION REQUIRED BY THE STATE OF SOUTH CAROLINA