

CHESTERFIELD COUNTY, SOUTH CAROLINA

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2017

**CHESTERFIELD COUNTY, SOUTH CAROLINA
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
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To Chesterfield County Council
Chesterfield, South Carolina

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chesterfield County, South Carolina (the "County"), as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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
November 27, 2017

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, 2017. 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, 2017 by \$264,886 (net position). This is primarily due to the implementation of GASB No. 68 related to Accounting and Financial Reporting for Pensions in prior years. For additional information, please refer to the notes to the financial statements.
- Governmental activities have a negative unrestricted net position balance of \$23,103,962. This is primarily due to the implementation of GASB No. 68 related to Accounting and Financial Reporting for Pensions in prior years. For additional information, please refer to the notes to the financial statements.
- The County's net position increased by \$1,165,924 during the fiscal year, primarily due to an increase in millage rates, increasing tax collections.
- At the close of this fiscal year, the County's combined governmental funds reported ending fund balances of \$16,369,452, an increase of \$1,092,782 from the prior year.
- At June 30, 2017, unassigned fund balance for the General Fund was \$1,207,235, a decrease of \$162,033 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 were less than liabilities and deferred inflows of resources by \$264,886 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, 2017:

**Table 1
Chesterfield County's Net Position**

	Governmental Activities		Total Percent Change
	2017	2016	2017-2016
Current and Other Assets	\$ 18,132,991	\$ 16,921,507	7.2%
Capital Assets	18,146,943	18,473,419	-1.8%
Total Assets	36,279,934	35,394,926	2.5%
Total Deferred Outflows of Resources	4,087,052	2,210,923	84.9%
Total Assets and Deferred Outflows of Resources	\$ 40,366,986	\$ 37,605,849	7.3%
Current Liabilities	\$ 3,140,051	\$ 2,920,842	7.5%
Non-Current Liabilities	37,394,392	35,219,705	6.2%
Total Liabilities	40,534,443	38,140,547	6.3%
Total Deferred Inflows of Resources	97,429	849,000	-88.5%
Net Position			
Net Investment in Capital Assets	7,739,451	7,351,972	5.3%
Restricted	15,099,625	1,165,482	1195.6%
Unrestricted	(23,103,962)	(9,901,152)	-133.3%
Total Net Position	(264,886)	(1,383,698)	80.9%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 40,366,986	\$ 37,605,849	7.3%

The County's total assets at year-end increased \$885,008 or 2.5% primarily due to renovations to the County's Judicial Center and the purchase of various equipment.

Capital assets, net of depreciation decreased \$326,476 or 1.8%. The decrease was primarily due to the items listed above, offset by current year depreciation.

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 \$2,174,687 or 6.2%, primarily due to an increase in the net pension liability. 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, 2017:

Table 2
Changes in Chesterfield County's Net Position

	Governmental Activities		Total Percent Change
	2017	2016	2017-2016
Revenues:			
Program Revenues:			
Charges for services	\$ 5,233,024	\$ 5,528,511	-5.3%
Operating grants and contributions	1,615,218	1,625,345	-0.6%
Capital grants and contributions	190,000	355,000	-46.5%
General Revenues:			
Property taxes	11,210,098	10,154,186	10.4%
Other taxes	4,946,121	4,683,921	5.6%
Grants	1,813,002	1,732,862	4.6%
Gain/(Loss) on sale of capital assets	66,265	(922,181)	107.2%
Other	380,814	403,776	-5.7%
Total Revenues	25,454,542	23,561,420	8.0%
Expenses:			
General government	3,898,932	3,184,762	22.4%
Public safety	9,436,746	8,838,172	6.8%
Public works	2,691,811	2,897,202	-7.1%
Economic development	266,163	906,746	-70.6%
Judicial administration	2,186,038	1,763,896	23.9%
Culture and recreation	620,837	603,262	2.9%
Rescue and fire protection	1,497,747	1,450,128	3.3%
Non-departmental/other agencies	2,891,699	2,163,796	33.6%
Legislative oversight	410,208	833,809	-50.8%
Interest and other charges	388,437	268,708	44.6%
Total Expenses	24,288,618	22,910,481	6.0%
Change in net position	1,165,924	650,939	-79.1%
Beginning net position	(1,383,698)	(2,123,558)	34.8%
Prior period adjustment	(47,112)	88,921	153.0%
Ending net position	\$ (264,886)	\$ (1,383,698)	-80.9%

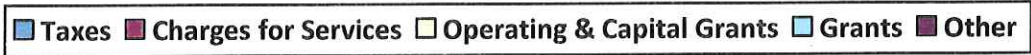
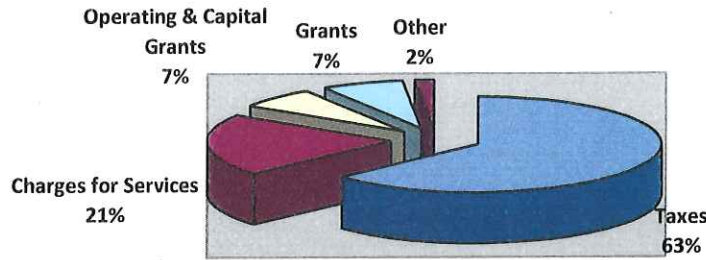
Governmental Activities

Governmental activities increased the County's net position by \$1,165,924 during the current fiscal year. The key elements were increases in property taxes and other taxes due to an increase in millage rates.

The costs for all governmental activities were \$24,288,618 for the fiscal year. Providing activities for public safety was the largest expense (\$9,436,746) to the County. The total cost to the County for providing general government administration was (\$3,898,932), which includes various administrative functions such as county administrator, assessor, auditor, and treasurer.

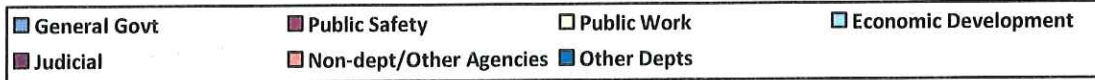
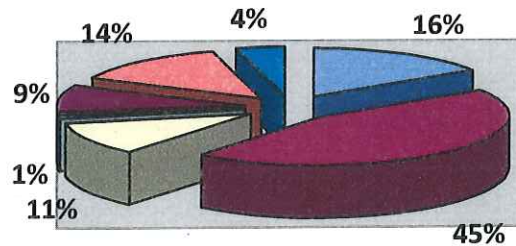
Total revenues increased \$1,893,122 or 8.0%, primarily due to the increase in property and other tax collections.

Revenues by Source: Governmental Activities



Total expenses increased by \$1,378,137 or 6.0%, primarily due to building renovations, 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 \$1,207,235 in the General Fund. Total fund balance for all the governmental funds was \$16,369,452. As a measure of the General Fund's liquidity, the total unassigned fund balance represents 6.3% of total general fund expenditures.

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

During the year, the County also operated five capital project funds. Three of these funds, the Capital Reserve Fund, 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 \$141,318, primarily due to an increase in charges for services and grants for economic development projects. Actual expenditures were less than budgeted expenditures by \$632,011, primarily due to not completing as many economic development projects as planned during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Chesterfield County's investment in capital assets for its governmental activities as of June 30, 2017, totaled \$18,146,943, 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 County's Judicial Center and the purchase of various equipment.

Net capital assets at June 30, 2017 and 2016 included:

	Governmental Activities		Total Percent
	2017	2016	Change 2017-2016
Land	\$ 539,884	\$ 539,884	0.0%
Construction in Progress	571,306	338,866	68.6%
Buildings and Improvements	12,186,703	12,527,917	-2.7%
Vehicles/Machinery/Equipment	4,849,050	5,066,752	-4.3%
	<u>\$ 18,146,943</u>	<u>\$ 18,473,419</u>	<u>-1.8%</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 \$15,468,192. General obligation bonds constitute 40.1% 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 (43.6%). The remaining long-term debt for the County is five capital leases (16.3%).

	Governmental Activities		Total Percent
	2017	2016	Change 2017-2016
General obligation bonds	\$ 6,193,751	\$ 6,694,613	-7.5%
Installment purchase revenue bonds	6,747,000	6,800,000	-0.8%
Capital leases	2,527,441	3,420,176	-26.1%
Notes payable	-	39,000	-100.0%
	<u>\$ 15,468,192</u>	<u>\$ 16,953,789</u>	<u>-8.8%</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). 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 decreased \$892,735 from the prior fiscal year. During fiscal year 2017, the County did not enter into any new lease agreements. The County made payments totaling \$892,735 on existing capital leases, paying off three during the year.

Other long-term obligations of the County include accrued compensated absences of \$754,452 and landfill closure and post closure costs of \$568,500.

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 July 2017, the unemployment rate for Chesterfield County was 4.4%. Statewide unemployment was at 3.9%, while the nationwide average was 4.3%.
- 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 1.01 mills for county operations and 3.95 mills for debt service.

County Council adopted a budget for fiscal year 2018, where budgeted expenditures are projected to be \$19,091,539, a decrease of approximately \$199,018 or 1% over the fiscal year 2017 budgeted expenditures, as to approximately reflect fiscal year 2017 actual expenditures. The County has added no major new programs or initiatives to the fiscal year 2018 budget.

REQUESTS FOR INFORMATION

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

EXHIBIT A

CHESTERFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 13,951,493
Taxes receivable - net	690,566
Other receivables	762,554
Due from other governments	625,697
Asset held for resale	2,102,681
Capital assets - net of accumulated depreciation	18,146,943
	36,279,934
Deferred Outflows of Resources	
Deferred amounts related to pensions	4,087,052
	4,087,052
Liabilities	
Accounts payable and accrued expenses	1,331,401
Retainage payable	6,937
Accrued interest payable	183,337
Non-current liabilities:	
Due within one year:	
General obligation bonds	512,347
Installment purchase revenue bonds	207,000
Capital leases	824,029
Landfill post-closure costs	75,000
Due in more than one year:	
General obligation bonds	5,681,404
Installment purchase revenue bonds	6,540,000
Capital leases	1,703,412
Compensated absences	754,452
Landfill post-closure costs	493,500
Other post-employment benefit obligation	4,944,747
Net pension liability	17,276,877
	40,534,443
Deferred Inflows of Resources	
Unearned revenue	97,429
	97,429
Net Position	
Net investment in capital assets	7,739,451
Restricted for:	
Public safety	769,712
Public works	386,277
Economic development	
Expendable	846,970
Nonexpendable	2,102,681
Judicial administration	645,520
Capital projects	10,093,259
Debt service	255,206
Unrestricted	(23,103,962)
	\$ (264,886)

The accompanying notes are an integral part of these statements.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	<u>Program Revenue</u>			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government					
Governmental activities					
General government	\$ 3,898,932	\$ 221,796	\$ 89,743	\$ -	\$ (3,587,393)
Public safety	9,436,746	2,403,938	375,808	-	(6,657,000)
Public works	2,691,811	1,624,317	677,365	-	(390,129)
Economic development	266,163	-	136,112	190,000	59,949
Judicial administration	2,186,038	474,001	179,308	-	(1,532,729)
Culture and recreation	620,837	33,372	156,882	-	(430,583)
Rescue and fire protection	1,497,747	475,600	-	-	(1,022,147)
Non-departmental/other agencies	2,891,699	-	-	-	(2,891,699)
Legislative oversight	410,208	-	-	-	(410,208)
Interest and other charges	388,437	-	-	-	(388,437)
	<u>24,288,618</u>	<u>5,233,024</u>	<u>1,615,218</u>	<u>190,000</u>	<u>(17,250,376)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	\$ 9,840,451
Property taxes, levied for rural fire service	879,970
Property taxes, levied for debt service	489,677
Fees in lieu of taxes	1,981,333
Local option sales tax	2,964,788
Grants and contributions not restricted to specific programs	1,813,002
Unrestricted investment earnings	101
Gain on sale of capital assets	66,265
Miscellaneous	380,713
Total general revenues	<u>18,416,300</u>

Change in Net Position	1,165,924
Net Position - Beginning of Year, as Restated	<u>(1,430,810)</u>
Net Position - End of Year	<u>\$ (264,886)</u>

The accompanying notes are an integral part of these statements.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Capital Reserve Fund	Industrial Spec Building Construction Fund	Capital Projects Fund- Public Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows of Resources						
Assets:						
Cash and cash equivalents	\$ 7,733,076	\$ -	\$ -	\$ 5,060,700	\$ 1,157,717	\$ 13,951,493
Taxes receivable - net	431,264	155,816	-	-	103,486	690,566
Due from other funds	38,983	4,386,436	668,076	-	1,113,417	6,206,912
Due from other governments	625,697	-	-	-	-	625,697
Other receivables	700,677	-	-	-	61,877	762,554
Asset held for resale	-	-	2,102,681	-	-	2,102,681
	<u>\$ 9,529,697</u>	<u>\$ 4,542,252</u>	<u>\$ 2,770,757</u>	<u>\$ 5,060,700</u>	<u>\$ 2,436,497</u>	<u>\$ 24,339,903</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable and accrued expenses	\$ 678,375	\$ -	\$ -	\$ 81,521	\$ 95,193	\$ 855,089
Accrued payroll	476,312	-	-	-	-	476,312
Due to other funds	6,167,929	-	-	12,270	26,713	6,206,912
Retainage payable	-	-	-	6,937	-	6,937
	<u>7,322,616</u>	<u>-</u>	<u>-</u>	<u>100,728</u>	<u>121,906</u>	<u>7,545,250</u>
Deferred Inflows of Resources:						
Unearned revenue	313,629	67,065	-	-	44,507	425,201
	<u>313,629</u>	<u>67,065</u>	<u>-</u>	<u>-</u>	<u>44,507</u>	<u>425,201</u>
Fund Balances:						
Nonspendable						
Asset held for resale	-	-	2,102,681	-	-	2,102,681
Restricted						
Public safety	54,551	-	-	-	715,161	769,712
Public works	386,277	-	-	-	-	386,277
Economic development	178,894	-	668,076	-	-	846,970
Judicial administration	-	-	-	-	645,520	645,520
Capital projects	-	4,475,187	-	4,959,972	658,100	10,093,259
Debt service	-	-	-	-	255,206	255,206
Assigned						
Public safety	31,866	-	-	-	-	31,866
Culture and recreation	34,629	-	-	-	-	34,629
Unassigned	1,207,235	-	-	-	(3,903)	1,203,332
	<u>1,893,452</u>	<u>4,475,187</u>	<u>2,770,757</u>	<u>4,959,972</u>	<u>2,270,084</u>	<u>16,369,452</u>
	<u>\$ 9,529,697</u>	<u>\$ 4,542,252</u>	<u>\$ 2,770,757</u>	<u>\$ 5,060,700</u>	<u>\$ 2,436,497</u>	<u>\$ 24,339,903</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, 2017**

Fund Balance - Total Governmental Funds	\$ 16,369,452
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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.	18,146,943
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Uncollected delinquent tax revenue is not available in the current period and therefore not reported in the funds.	327,772
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Pension related deferred outflows	4,087,052
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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	(4,944,747)
Accrued interest payable	(183,337)
Net pension liability	(17,276,877)
Long-term debt	<u>(16,791,144)</u>

Net Position of Governmental Activities in the Statement of Net Position	<u>\$ (264,886)</u>
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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, 2017

	General Fund	Capital Reserve Fund	Industrial Spec Building Construction Fund	Capital Projects Fund- Public Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 8,140,135	\$ 2,871,997	\$ -	\$ -	\$ 2,170,761	\$ 13,182,893
Local option sales tax	2,964,788	-	-	-	-	2,964,788
Fees and fines	353,964	-	-	-	969	354,933
Licenses and permits	1,377,428	-	-	-	-	1,377,428
Intergovernmental	3,095,553	-	190,000	-	1,237,942	4,523,495
Charges for services	1,290,885	-	-	-	483,753	1,774,638
Investment earnings	-	-	-	-	101	101
Miscellaneous	347,531	-	-	-	33,182	380,713
Fire department dues	475,600	-	-	-	-	475,600
Grants	261,098	-	-	-	-	261,098
Contributions	10,323	-	-	-	73,729	84,052
	<u>18,317,305</u>	<u>2,871,997</u>	<u>190,000</u>	<u>-</u>	<u>4,000,437</u>	<u>25,379,739</u>
Expenditures						
Current:						
General government	3,103,508	-	15,904	-	37,271	3,156,683
Public safety	7,996,018	-	-	-	521,448	8,517,466
Public works	2,500,399	-	-	-	744,132	3,244,531
Economic development	270,047	-	-	-	-	270,047
Judicial administration	1,218,505	-	-	-	885,586	2,104,091
Culture and recreation	612,615	-	-	-	-	612,615
Rescue and fire protection	569,570	-	-	-	889,554	1,459,124
Grant programs	2,468,491	-	-	-	-	2,468,491
Legislative oversight	410,448	-	-	297,720	-	708,168
Debt Service:						
Principal	-	-	-	39,000	1,446,597	1,485,597
Interest and other charges	-	-	-	-	349,561	349,561
	<u>19,149,601</u>	<u>-</u>	<u>15,904</u>	<u>336,720</u>	<u>4,874,149</u>	<u>24,376,374</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(832,296)</u>	<u>2,871,997</u>	<u>174,096</u>	<u>(336,720)</u>	<u>(873,712)</u>	<u>1,003,365</u>
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	11,317	-	-	-	78,100	89,417
Transfers in	873,414	-	-	-	89,073	942,487
Transfers out	(69,073)	(859,524)	-	-	(13,890)	(942,487)
	<u>815,658</u>	<u>(859,524)</u>	<u>-</u>	<u>-</u>	<u>133,283</u>	<u>89,417</u>
Net Change in Fund Balances	(16,638)	2,012,473	174,096	(336,720)	(740,429)	1,092,782
Fund Balances - Beginning of Year, as Restated	1,910,090	2,462,714	2,596,661	5,296,692	3,010,513	15,276,670
Fund Balances - End of Year	<u>\$ 1,893,452</u>	<u>\$ 4,475,187</u>	<u>\$ 2,770,757</u>	<u>\$ 4,959,972</u>	<u>\$ 2,270,084</u>	<u>\$ 16,369,452</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, 2017**

Net Change in Fund Balances - Total Governmental Funds: \$ 1,092,782

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 \$1,160,167 exceeded depreciation expense of \$1,463,491. (303,324)

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. (23,152)

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

Property taxes 8,538

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. 1,485,597

In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is recognized as an expenditure when due. (38,876)

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. (979,940)

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 539,119
Compensated absences (191,612)
Other post-employment benefit obligation (423,208)

Change in Net Position of Governmental Activities \$ 1,165,924

The accompanying notes are an integral part of these statements.

EXHIBIT E

CHESTERFIELD COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 11,865,139
Investments	10,591,888
	<u>\$ 22,457,027</u>
Liabilities	
Due to other governments	\$ 20,166,296
Due to taxpayers	1,215,183
Due to other claimants	1,075,548
	<u>\$ 22,457,027</u>

The accompanying notes are an integral part of these statements.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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 Capital Projects Fund - Public Facilities Corporation have been classified as major funds.

CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the amount deferred was \$1,215,183.

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, 2017

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, 2017, was \$471,668.

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, 2017

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, 2017**

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, 2017**

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	\$	108,633
Judicial Administration	\$	36,317
Culture and Recreation	\$	33,173
Grant Programs	\$	141,912
Legislative Oversight	\$	76,443

Deficit Fund Balance

The following funds had a deficit fund balance as of June 30, 2017:

Lottery Fund	\$	460
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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, 2017, the County had the following deposits:

	Carrying Amount	Bank Balance
Demand deposits	\$ 25,814,207	\$ 25,839,804

Of the County's bank balance, \$919,870 was covered by FDIC insurance and \$24,919,934 was collateralized by securities held by the pledging bank's trust department or agent in the County's name.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017, the County's investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
State Treasurer's Investment Pool	\$ 10,591,888	<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	\$ 13,951,493
Agency fund cash (not included in government-wide statement)	11,865,139
Less: Petty cash	<u>(2,425)</u>
	<u>\$ 25,814,207</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 539,884	\$ -	\$ -	\$ 539,884
Construction in progress	338,866	232,440	-	571,306
	<u>878,750</u>	<u>232,440</u>	<u>-</u>	<u>1,111,190</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings and improvements	17,184,711	-	-	17,184,711
Intangible assets	172,377	-	-	172,377
Vehicles/machinery/equipment	11,736,144	927,727	(261,143)	12,402,728
	<u>29,093,232</u>	<u>927,727</u>	<u>(261,143)</u>	<u>29,759,816</u>
<i>Accumulated Depreciation:</i>				
Buildings and improvements	(4,656,794)	(341,214)	-	(4,998,008)
Intangible assets	(172,377)	-	-	(172,377)
Vehicles/machinery/equipment	(6,669,392)	(1,122,277)	237,991	(7,553,678)
	<u>(11,498,563)</u>	<u>(1,463,491)</u>	<u>237,991</u>	<u>(12,724,063)</u>
Net Assets Being Depreciated	<u>17,594,669</u>	<u>(535,764)</u>	<u>(23,152)</u>	<u>17,035,753</u>
Net Capital Assets - Governmental Activities	<u>\$ 18,473,419</u>	<u>\$ (303,324)</u>	<u>\$ (23,152)</u>	<u>\$ 18,146,943</u>

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 177,726
Public safety	479,383
Public works	729,945
Culture and recreation	6,059
Judicial administration	31,755
Rescue and fire protection	38,623
	<u>\$ 1,463,491</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 – SHORT-TERM DEBT

Short-term debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Tax Anticipation Note	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -
2016 GO Bond	-	210,000	210,000	-
	<u>\$ -</u>	<u>\$ 3,210,000</u>	<u>\$ 3,210,000</u>	<u>\$ -</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt of the County for the year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Non-Current Liabilities					
General obligation bonds	\$ 6,694,613	\$ -	\$ 500,862	\$ 6,193,751	\$ 512,347
Installment purchase revenue bonds	6,800,000	-	53,000	6,747,000	207,000
Capital leases	3,420,176	-	892,735	2,527,441	824,029
Notes payable	39,000	-	39,000	-	-
Compensated absences	562,840	191,612	-	754,452	-
Landfill post-closure costs	1,107,619	-	539,119	568,500	75,000
	<u>\$ 18,624,248</u>	<u>\$ 191,612</u>	<u>\$ 2,024,716</u>	<u>\$ 16,791,144</u>	<u>\$ 1,618,376</u>
Total Non-Current Liabilities for Governmental Activities					

General Obligation Bonds

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

General obligations bonds currently outstanding are:

Description	Maturity Date	Interest Rates	Amounts
2013 GO Bond	05/01/2028	2.28%	\$ 6,052,000
2015 GO Bond	02/05/2023	2.22%	141,751
			<u>\$ 6,193,751</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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
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	561,399	92,819	654,218
2023-2027	2,896,941	269,959	3,166,900
2028	614,000	13,998	627,998
	<u>\$ 6,193,751</u>	<u>\$ 870,227</u>	<u>\$ 7,063,978</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, 2017**

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, 2017, 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
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	460,000	147,150	607,150
2023-2027	2,504,000	534,216	3,038,216
2028-2030	2,268,000	161,708	2,429,708
	<u>\$ 6,747,000</u>	<u>\$ 1,548,474</u>	<u>\$ 8,295,474</u>

Capital Leases

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

The assets acquired through capital leases are as follows:

Assets	Governmental Activities
Equipment	\$ 5,248,754
Less: Accumulated Depreciation	(2,656,183)
	<u>\$ 2,592,571</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017, are as follows:

Year Ended June 30,	Amount
2018	\$ 862,988
2019	756,176
2020	497,251
2021	498,404
Total minimum lease payments	2,614,819
Less, amount representing interest	(87,378)
Present value of minimum lease payments	\$ 2,527,441

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, and matured on 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 \$568,500 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, 2017**

NOTE 7 – UNEARNED REVENUE

At June 30, 2017, unearned revenue consisted of the following:

Victims of Crime Escrow	\$	69,080
Deferred Tax Revenue		327,772
Sheriff's Drug Escrow		24,223
Other		4,125
		<u>425,200</u>
	\$	<u>425,200</u>

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, 2017, were as follows:

Receivable Fund	Payable Fund	Amount
Capital Equipment Fund	General Fund	\$ 674,440
Capital Reserve	General Fund	4,386,436
Cash Fire District	General Fund	104,581
Cheraw Fire District	General Fund	32,144
Cheraw Rescue Squad	General Fund	32,027
Chesterfield Fire District	General Fund	51,392
Chesterfield Rescue Squad	General Fund	617
E-911 Fund	General Fund	77,426
Emergency Preparedness	General Fund	92,953
General Fund	Public Defender Fund	23,543
General Fund	Lottery Fund	2,640
General Fund	Capital Projects Fund - PFC	12,270
General Fund	Alligator Fire District	530
Harris Creek Fire District	General Fund	1,515
Industrial Spec Building Construction	General Fund	668,076
Jefferson Rescue Squad	General Fund	15,839
McBee Rescue Squad	General Fund	11,490
Pageland Rescue Squad	General Fund	17,281
Patrick Rescue Squad	General Fund	1,712
		<u>6,206,912</u>
		<u>\$ 6,206,912</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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	\$ 859,524
General Fund	Sheriff's Department	13,890
Courthouse Expansion Fund	General Fund	24,073
Alligator Fire District	General Fund	15,000
Cash Fire District	General Fund	15,000
Harris Creek Fire District	General Fund	15,000
		<u>\$ 942,487</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 South Carolina Public Employee Benefit Authority (PEBA), a division of the primary government of the state of South Carolina, and managed by PEBA's Retirement Division. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Benefits Provided/Membership

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

This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. 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.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 – PENSION PLANS – CONTINUED

A. South Carolina Retirement System - Continued

Benefits Provided/Membership - Continued

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.

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

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the State Fiscal Accountability Authority (SFAA) 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. An increase in the contributions rates adopted by the Board may not provide for an increase of more than 0.5% in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a 30 year amortization schedule of the unfunded liability of the plan, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30 year amortization period; and this increase is not limited to 0.5% per year. Employees and employers (both Class II and III) are required to contribute 8.66% and 11.41%, respectively, of earnable compensation for the year ended June 30, 2017. Employers also contribute an additional .15% of earnable compensation, if participating in the death benefit program.

Contributions to the Plan from the County were \$600,542.

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

At June 30, 2017, the County reported a net pension liability of \$11,156,465 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability, net pension liability and sensitivity information are based on the July 1, 2015 actuarial valuation, which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2016 using generally accepted actuarial procedures. The allocation of the County's proportion of the collective net pension liability and pension expense was determined using the County's actual contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2016. Based upon this information, the County's proportion of the collective net pension liability is 0.052231%, a increase of 0.007356% since June 30, 2015, the prior measurement date.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

For the year ended June 30, 2017, the County recognized pension expense of \$665,744. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows related to the pension as follows:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 655,724	\$ -
Net difference between projected and actual earnings on pension plan investments	1,296,562	-
County contributions subsequent to the measurement date	600,542	-
Total	\$ 2,552,828	\$ -

Deferred outflows of resources of \$557,449 related to pensions resulted from the County contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2018	\$ (533,654)
2019	(473,203)
2020	(695,961)
2021	(249,468)
	\$ (1,952,286)

Actuarial Assumptions

The June 30, 2016 total pension liability, net pension liability, and sensitivity information was determined by the July 1, 2015 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 by service and includes 2.75% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.50% (includes 2.75% inflation)

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 – PENSION PLANS – CONTINUED

A. South Carolina Retirement System - Continued

Actuarial Assumptions - Continued

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, 2015, valuation were based on results of an actuarial experience study, as required to be completed at least once in each five-year period by S.C. state statute. The experience report issued as of July 1, 2015 was performed on data through June 30, 2015.

The long-term expected rate of return on pension plan investments was based on the 30 year capital markets outlook at the end of the third quarter 2015, 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, primarily based on consensus expectations and market based inputs. Expected rate of returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Global Equity	43%	3.06%
Real Assets	8%	0.35%
Opportunistic	20%	0.78%
Diversified Credit	17%	0.73%
Conservative Fixed Income	12%	0.18%
Total Expected Real Return	<u>100%</u>	<u>5.10%</u>
Inflation for Actuarial Purposes		<u>2.75%</u>
Total Expected Nominal Return		<u>7.85%</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.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 – PENSION PLANS – CONTINUED

A. South Carolina Retirement System - Continued

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 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	\$ 13,917,384	\$ 11,156,465	\$ 8,858,103

Pension Plan Fiduciary Net Position

Detailed information regarding the pension plan's fiduciary net position, administered by PEBA, is available in the Systems' audited financial statements for the fiscal year ended June 30, 2016 (including the unmodified opinion on the financial statements. Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2016. The additional information is publically available on PEBA's Retirement Benefits' website at www.peba.sc.gov.

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 South Carolina Public Employee Benefit Authority (PEBA), a division of the primary government of the state of South Carolina, and managed by PEBA's Retirement Division. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Benefits Provided/Membership

PORS provides retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws, and PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 – PENSION PLANS – CONTINUED

B. South Carolina Police Officers Retirement System - Continued

Benefits Provided/Membership - Continued

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

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the State Fiscal Accountability Authority (SFAA) 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. An increase in the contributions rates adopted by the Board may not provide for an increase of more than 0.5% in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a 30 year amortization schedule of the unfunded liability of the plan, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30 year amortization period; and this increase is not limited to 0.5% per year. Employees and employers (both Class II and III) are required to contribute 9.24% and 13.84%, respectively, of earnable compensation for the year ended June 30, 2017. Employers also contribute an additional .20% of earnable compensation, if participating in the incidental and/or accidental death benefit program, respectively.

Contributions to the Plan from the County were \$445,455.

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

At June 30, 2017, the County reported a net pension liability of \$6,120,412 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability, net pension liability and sensitivity information are based on the July 1, 2015 actuarial valuation, which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2016 using generally accepted actuarial procedures. The allocation of the County's proportion of the collective net pension liability and pension expense was determined using the County's actual contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2016. Based upon this information, the County's proportion of the collective net pension liability is 0.241300%, an increase of 0.00621% since June 30, 2015, the prior measurement date.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

For the year ended June 30, 2017, the County recognized pension expense of \$314,196. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows related to the pension as follows:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 455,270	\$ -
Net difference between projected and actual earnings on pension plan investments	633,499	-
County contributions subsequent to the measurement date	445,455	-
Total	\$ 1,534,224	\$ -

Deferred outflows of resources of \$421,197 related to pensions resulted 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, 2018. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2018	\$ (276,688)
2019	(272,084)
2020	(362,982)
2021	(177,015)
	\$ (1,088,769)

Actuarial Assumptions

The June 30, 2016 total pension liability, net pension liability, and sensitivity information determined by the July 1, 2015 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 by service and includes 2.75% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.50% (includes 2.75% inflation)

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 – PENSION PLANS – CONTINUED

B. South Carolina Police Officers Retirement System - Continued

Actuarial Assumptions - Continued

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, 2015, valuation were based on results of an actuarial experience study, as required to be completed at least once in each five-year period by S.C. stat statute. The experience report issued as of July 1, 2015 was performed on data through June 30, 2015.

The long-term expected rate of return on pension plan investments was based on the 30 year capital markets outlook at the end of the third quarter 2015, 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, primarily based on consensus expectations and market based inputs. Expected rate of returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. 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:

Asset Class	Target Allocation	Long-term Expected Portfolio Real Rate of Return
Global Equity	43%	3.06%
Real Assets	8%	0.35%
Opportunistic	20%	0.78%
Diversified Credit	17%	0.73%
Conservative Fixed Income	12%	0.18%
Total Expected Real Return	<u>100%</u>	<u>5.10%</u>
Inflation for Actuarial Purposes		<u>2.75%</u>
Total Expected Nominal Return		<u><u>7.85%</u></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.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 – PENSION PLANS – CONTINUED

B. South Carolina Police Officers Retirement System - Continued

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

The following presents the County's proportionate share of the 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	\$ 8,021,324	\$ 6,120,412	\$ 4,412,086

Pension Plan Fiduciary Net Position

Detailed information regarding the pension plan's fiduciary net position, administered by PEBA, is available in the Systems' audited financial statements for the fiscal year ended June 30, 2016 (including the unmodified opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2016. The additional information is publically available on PEBA's Retirement Benefits' website at www.peba.sc.gov.

NOTE 10 – POST RETIREMENT HEALTHCARE BENEFITS

Plan Description

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

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, 2017, the County paid \$342,255 to provide these benefits to seventy-four 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, 2017, is as follows:

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10 – POST RETIREMENT HEALTHCARE BENEFITS – CONTINUED

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

Annual required contribution	\$ 766,074
Interest on OPEB obligation	160,721
Adjustment to annual required contribution	<u>(161,332)</u>
Annual OPEB cost (expense)	765,463
Contributions made	<u>(342,255)</u>
Increase (decrease) in net OPEB obligation	423,208
Net OPEB obligation - beginning of year	<u>4,521,539</u>
 Net OPEB obligation - end of year	 <u><u>\$ 4,944,747</u></u>

The County's annual OPEB cost, the amount contributed by the County, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017, 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
2015	\$796,227	43.10%	\$4,031,995
2016	\$821,275	47.90%	\$4,521,539
2017	\$765,463	47.90%	\$4,944,747

Funding Status and Progress

As of June 30, 2016, 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 \$12,352,342. The covered payroll (annual payroll of active employees covered by the plan) was \$8,105,700 and the ratio of the UAAL to the covered payroll was 152.39%.

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.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10 – POST RETIREMENT HEALTHCARE BENEFITS – CONTINUED

Actuarial Methods and Assumptions - Continued

Significant methods and assumptions were as follows:

Inflation Rate	2.25%
Investment Rate of Return	3.75%, net of expenses
Actuarial Cost Method	Individual entry Age Normal Cost Meth
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 7.00%, declining to an ultimate rate of 4.15% after 15 years

NOTE 11 – TAX ABATEMENTS

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

For the fiscal year ended June 30, 2017, the County abated property taxes totaling \$2,781,296 under this law, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- An ad valorem property tax abatement to Schaeffler Group USA, Inc. for investing at least \$65 million into the County and creating new jobs. The agreement states the fee payment will be determined using an assessment ratio of 6%, a fixed millage rate, and a fair market value estimate of original cost less allowable depreciation for personal property under SC law. For fiscal year 2017, the total abated taxes amounted to \$946,598.
- An ad valorem property tax abatement to Conbraco Industries, Inc. for investing at least \$5 million into the County and creating new jobs. The agreement states the fee payment will be determined using an assessment ratio of 6%, a fixed millage rate, and a fair market value estimate of original cost less allowable depreciation for personal property under SC law. For fiscal year 2017, the total abated taxes amounted to \$377,244.
- An ad valorem property tax abatement to Wal Mart Stores, Inc. for investing at least \$45 million into the County and creating new jobs. The agreement states the fee payment will be determined using an assessment ratio of 6%, a fixed millage rate, and a fair market value estimate of original cost less allowable depreciation for personal property under SC law. For fiscal year 2017, the total abated taxes amounted to \$785,806.

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 12 – RISK MANAGEMENT

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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 14 – PRIOR PERIOD ADJUSTMENT

The accompanying financial statements reflect an adjustment resulting from a restatement of the governmental funds as of June 30, 2017. There was a net decrease in fund balance of the General Fund of \$47,112 to reflect an adjustment for an accounting error. The County erroneously recorded prior year expenditures as a reduction to payroll liabilities. The adjustment, as shown below, also results in a reduction to the County's net position at the beginning of the year.

The following schedule summarized the effect of the prior period adjustment to the beginning fund balance and beginning net position as of June 30, 2017:

	Governmental Activities	General Fund
Net Position/Fund Balance at beginning of year, as previously reported	\$ (1,383,698)	\$ 1,957,202
Decrease to net position/fund balance for inclusion of expenditures	<u>(47,112)</u>	<u>(47,112)</u>
Net Position/Fund Balance at beginning of year, as restated	<u>\$ (1,430,810)</u>	<u>\$ 1,910,090</u>

**CHESTERFIELD COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 15 – SUBSEQUENT EVENTS

Subsequent to June 30, 2017, County Council authorized the following transactions:

- A \$3,000,000 Tax Anticipation Note, with an interest rate of 1.67% and a maturity date of March 15, 2018.

Management has evaluated subsequent events through November 27, 2017, 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, 2017

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 8,250,171	\$ 8,250,171	\$ 8,140,135	\$ (110,036)
Local option sales tax	2,991,609	2,991,609	2,964,788	(26,821)
Fees and fines	400,715	400,715	353,964	(46,751)
Licenses and permits	1,435,000	1,435,000	1,377,428	(57,572)
Intergovernmental	3,083,126	3,083,126	3,095,553	12,427
Charges for services	1,167,170	1,167,170	1,290,885	123,715
Miscellaneous	207,500	207,500	347,531	140,031
Fire department dues	550,000	550,000	475,600	(74,400)
Grants	61,707	70,696	261,098	190,402
Contributions	20,000	20,000	10,323	(9,677)
Total Revenues	18,166,998	18,175,987	18,317,305	141,318
Expenditures				
General Government				
Register of deeds	152,060	152,060	126,393	25,667
Voter registration	217,740	217,740	226,608	(8,868)
County administrator	569,221	565,721	519,500	46,221
Assessor	404,716	404,716	358,935	45,781
Auditor	225,726	225,726	218,361	7,365
Treasurer / delinquent tax collector	502,857	502,857	502,927	(70)
Building codes	260,674	260,674	231,553	29,121
Public buildings	742,436	742,436	716,771	25,665
Data processing	233,363	233,363	202,460	30,903
	3,308,793	3,305,293	3,103,508	201,785
Public Safety				
Victim's advocate	57,650	57,650	55,191	2,459
Sheriff	2,810,226	2,810,226	2,781,041	29,185
Detention center	1,682,875	1,682,875	1,709,826	(26,951)
Coroner	135,074	135,074	174,539	(39,465)
Ambulance	1,440,000	1,440,000	1,440,000	-
School resource officers	350,670	350,670	350,285	385
Town of McBee officers	-	-	9,849	(9,849)
Civil processors	21,088	21,088	11,841	9,247
Jefferson law enforcement	137,661	137,661	119,463	18,198
Telecommunicators	611,268	611,268	603,385	7,883
Animal shelter	442,707	442,707	543,959	(101,252)
Emergency preparedness	198,166	198,166	196,639	1,527
	7,887,385	7,887,385	7,996,018	(108,633)
Public Works				
Road department	2,119,184	2,119,184	2,031,821	87,363
Landfill	454,237	454,237	468,578	(14,341)
	2,573,421	2,573,421	2,500,399	73,022

SCHEDULE 1 - CONTINUED

CHESTERFIELD COUNTY, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Economic Development	903,299	903,299	270,047	633,252
Judicial Administration				
Clerk of court	309,445	309,445	280,084	29,361
Probate court	222,588	222,588	216,977	5,611
Magistrates	453,633	453,633	426,832	26,801
Family court	196,522	196,522	217,835	(21,313)
Solicitor	-	-	77,436	(77,436)
Public defender	-	-	(659)	659
	<u>1,182,188</u>	<u>1,182,188</u>	<u>1,218,505</u>	<u>(36,317)</u>
Culture and Recreation				
Veterans' affairs	96,699	96,699	86,611	10,088
Library	482,743	482,743	526,004	(43,261)
	<u>579,442</u>	<u>579,442</u>	<u>612,615</u>	<u>(33,173)</u>
Rescue and Fire Protection	690,000	690,000	569,570	120,430
Grant Programs				
Other agencies	2,165,633	2,165,633	2,215,965	(50,332)
Other pass through funds	151,957	160,946	252,526	(91,580)
	<u>2,317,590</u>	<u>2,326,579</u>	<u>2,468,491</u>	<u>(141,912)</u>
Legislative Oversight				
County council members and attorney	292,599	296,099	372,582	(76,483)
Delegation	37,906	37,906	37,866	40
	<u>330,505</u>	<u>334,005</u>	<u>410,448</u>	<u>(76,443)</u>
Total Expenditures	<u>19,772,623</u>	<u>19,781,612</u>	<u>19,149,601</u>	<u>632,011</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,605,625)</u>	<u>(1,605,625)</u>	<u>(832,296)</u>	<u>773,329</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	20,000	20,000	11,317	(8,683)
Transfers in	1,585,625	1,585,625	873,414	(712,211)
Transfers out	-	-	(69,073)	(69,073)
	<u>1,605,625</u>	<u>1,605,625</u>	<u>815,658</u>	<u>(789,967)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(16,638)</u>	<u>\$ (16,638)</u>
Fund Balance - Beginning of Year, as Restated			<u>1,910,090</u>	
Fund Balance - End of Year			<u>\$ 1,893,452</u>	

SCHEDULE 2

CHESTERFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
JUNE 30, 2017

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%
June 30, 2016	-	12,352,342	12,352,342	0.00%	8,105,700	152.39%

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

Note to Schedule:

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

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

SCHEDULE 4

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

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

Note to Schedule:

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

SCHEDULE 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>2017</u>	<u>2016</u>	<u>2015</u>
County's Proportion of the Collective Net Pension Liability	0.241300%	0.235090%	0.218510%
County's Proportionate Share of the Collective Net Pension Liability	\$ 6,120,412	\$ 5,123,756	\$ 4,183,254
County's Covered Payroll	\$ 3,065,478	\$ 2,854,805	\$ 2,628,525
County's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	199.66%	179.48%	159.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.40%	64.60%	67.50%

Note to Schedule:

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

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

SCHEDULE 6

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

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

Note to Schedule:

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

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 7

CHESTERFIELD COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Public Defender	Emergency Preparedness	Lottery Fund	E-911 Fund	Sheriff's Department	Total Fire Districts & Rescue Squads	Total Special Revenue Funds	Courthouse Expansion Fund	Capital Equipment Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 636,112	\$ -	\$ -	\$ -	\$ 204,580	\$ 72,677	\$ -	\$ 913,369	\$ -	\$ -	\$ 244,348	\$ 1,157,717
-	-	-	-	-	-	34,410	34,410	-	47,526	21,550	103,486
-	92,953	-	77,426	-	-	268,598	438,977	-	674,440	-	1,113,417
36,341	-	3,316	22,220	-	-	-	61,877	-	-	-	61,877
\$ 672,453	\$ 92,953	\$ 3,316	\$ 304,226	\$ 72,677	\$ 303,008	\$ 1,448,633	\$ -	\$ 721,966	\$ 265,898	\$ 2,436,497	
\$ 3,390	\$ 19,042	\$ 1,136	\$ 8,016	\$ -	\$ 20,078	\$ 51,662	\$ -	\$ 43,531	\$ -	\$ -	\$ 95,193
23,543	-	2,640	-	-	530	26,713	-	-	-	-	26,713
26,933	19,042	3,776	8,016	-	20,608	78,375	-	43,531	-	-	121,906
-	-	-	-	-	13,480	13,480	-	20,335	-	10,692	44,507
-	-	-	-	-	13,480	13,480	-	20,335	-	10,692	44,507
-	73,911	-	296,210	72,677	272,363	715,161	-	-	-	-	715,161
645,520	-	-	-	-	-	645,520	-	-	-	-	645,520
-	-	-	-	-	-	-	-	658,100	-	-	658,100
-	-	-	-	-	-	-	-	-	-	255,206	255,206
-	-	(460)	-	-	(3,443)	(3,903)	-	-	-	-	(3,903)
645,520	73,911	(460)	296,210	72,677	268,920	1,356,778	-	658,100	255,206	-	2,270,084
\$ 672,453	\$ 92,953	\$ 3,316	\$ 304,226	\$ 72,677	\$ 303,008	\$ 1,448,633	\$ -	\$ 721,966	\$ 265,898	\$ 2,436,497	

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

**CHESTERFIELD COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Public Defender	Emergency Preparedness	Lottery Fund	E-911 Fund	Sheriff's Department	Total Fire Districts & Rescue Squads	Total Special Revenue Funds	Courthouse Expansion Fund	Capital Equipment Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 782,289	\$ 782,289	\$ -	\$ 897,811	\$ 490,661	\$ 2,170,761
Fees and fines	-	-	-	-	969	-	969	-	-	-	969
Intergovernmental	1,200,985	-	36,957	-	-	-	1,237,942	-	-	-	1,237,942
Charges for services	-	-	-	483,753	-	-	483,753	-	-	-	483,753
Investment earnings	-	-	-	-	101	-	101	-	-	-	101
Miscellaneous	9,939	-	-	-	23,243	-	33,182	-	-	-	33,182
Contributions	-	73,434	-	-	295	-	73,729	-	-	-	73,729
	1,210,924	73,434	36,957	483,753	24,608	782,289	2,611,965	-	897,811	490,661	4,000,437
Expenditures											
Current:											
General government	-	-	-	37,271	-	-	37,271	-	-	-	37,271
Public safety	-	66,402	-	379,375	75,671	-	521,448	-	-	-	521,448
Public works	-	-	-	-	-	-	-	-	744,132	-	744,132
Judicial administration	885,586	-	-	-	-	889,554	885,586	-	-	-	885,586
Rescue and fire protection	-	-	-	-	-	-	889,554	-	-	-	889,554
Debt Service:											
Principal	-	-	-	-	-	21,862	21,862	-	892,735	532,000	1,446,597
Interest and other charges	-	-	-	-	-	3,632	3,632	-	58,292	287,637	349,561
	885,586	66,402	37,271	379,375	75,671	915,048	2,359,353	-	1,695,159	819,637	4,874,149
Excess (Deficiency) of Revenues Over Expenditures	325,338	7,032	(314)	104,378	(51,063)	(132,759)	252,612	-	(797,348)	(328,976)	(873,712)
Other Financing Sources (Uses)											
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	78,100	-	78,100
Transfers in	-	-	-	-	-	45,000	45,000	24,073	-	-	69,073
Transfers out	-	-	-	-	(13,890)	-	(13,890)	-	-	-	(13,890)
	-	-	-	-	(13,890)	45,000	31,110	24,073	78,100	-	133,283
Net Change in Fund Balances	325,338	7,032	(314)	104,378	(64,953)	(87,759)	283,722	24,073	(719,248)	(328,976)	(740,429)
Fund Balances - Beginning of Year	320,182	66,879	(146)	191,832	137,630	356,679	1,073,056	(24,073)	1,377,348	584,182	3,010,513
Fund Balances - End of Year	\$ 645,520	\$ 73,911	\$ (460)	\$ 296,210	\$ 72,677	\$ 268,920	\$ 1,356,778	\$ -	\$ 658,100	\$ 255,206	\$ 2,270,084

SCHEDULE 9

CHESTERFIELD COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 FIRE DISTRICTS & RESCUE SQUADS
 JUNE 30, 2017

	Cash Fire District	Cheraw Fire District	Cheraw Fire District	Harris Creek Fire District	Cheraw Rescue Squad	Chesterfield Rescue Squad	Jefferson Rescue Squad	McBee Rescue Squad	Pageland Rescue Squad	Patrick Rescue Squad	Total
\$ 6,620	\$ 2,958	\$ 10,905	\$ 12,523	\$ 1,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,410
-	104,581	32,144	51,392	1,515	32,027	617	15,839	11,490	17,281	1,712	268,598
\$ 6,620	\$ 107,539	\$ 43,049	\$ 63,915	\$ 2,919	\$ 32,027	\$ 617	\$ 15,839	\$ 11,490	\$ 17,281	\$ 1,712	\$ 303,008
\$ 6,923	\$ 1,312	\$ -	\$ -	\$ -	\$ 4,220	\$ -	\$ 7,623	\$ -	\$ -	\$ -	\$ 20,078
530	-	-	-	-	-	-	-	-	-	-	530
7,453	1,312	-	-	-	4,220	-	7,623	-	-	-	20,608
2,610	1,075	5,352	3,994	449	-	-	-	-	-	-	13,480
2,610	1,075	5,352	3,994	449	-	-	-	-	-	-	13,480
-	105,152	37,697	59,921	2,470	27,807	617	8,216	11,490	17,281	1,712	272,363
(3,443)	-	-	-	-	-	-	-	-	-	-	(3,443)
(3,443)	105,152	37,697	59,921	2,470	27,807	617	8,216	11,490	17,281	1,712	268,920
\$ 6,620	\$ 107,539	\$ 43,049	\$ 63,915	\$ 2,919	\$ 32,027	\$ 617	\$ 15,839	\$ 11,490	\$ 17,281	\$ 1,712	\$ 303,008

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
 Due to other funds

Deferred Inflows of Resources:

Unearned revenue

Fund Balances:

Restricted
 Public safety
 Unassigned

**CHESTERFIELD COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FIRE DISTRICTS & RESCUE SQUADS
FOR THE YEAR ENDED JUNE 30, 2017**

	Alligator Fire District	Cash Fire District	Cheraw Fire District	Chesterfield Fire District	Harris Creek Fire District	Cheraw Rescue Squad	Chesterfield Rescue Squad	Jefferson Rescue Squad	McBee Rescue Squad	Pageland Rescue Squad	Patrick Rescue Squad	Total
Revenues												
Property taxes	\$ 178,100	\$ 36,630	\$ 225,471	\$ 184,921	\$ 21,021	\$ 22,691	\$ 22,691	\$ 22,691	\$ 22,691	\$ 22,691	\$ 22,691	\$ 782,289
	178,100	36,630	225,471	184,921	21,021	22,691	22,691	22,691	22,691	22,691	22,691	782,289
Expenditures												
Current:												
Rescue and fire protection	200,654	49,454	305,000	125,000	40,440	19,436	23,952	18,264	46,550	19,385	41,419	889,554
Debt Service:												
Principal	-	21,862	-	-	-	-	-	-	-	-	-	21,862
Interest and other charges	-	3,632	-	-	-	-	-	-	-	-	-	3,632
	200,654	74,948	305,000	125,000	40,440	19,436	23,952	18,264	46,550	19,385	41,419	915,048
Excess (Deficiency) of Revenues Over Expenditures	(22,554)	(38,318)	(79,529)	59,921	(19,419)	3,255	(1,261)	4,427	(23,859)	3,306	(18,728)	(132,759)
Other Financing Sources (Uses)												
Transfers in	15,000	15,000	-	-	15,000	-	-	-	-	-	-	45,000
	15,000	15,000	-	-	15,000	-	-	-	-	-	-	45,000
Net Change in Fund Balances	(7,554)	(23,318)	(79,529)	59,921	(4,419)	3,255	(1,261)	4,427	(23,859)	3,306	(18,728)	(87,759)
Fund Balances - Beginning of Year	4,111	128,470	117,226	-	6,899	24,552	1,878	3,789	35,349	13,975	20,440	356,679
Fund Balances - End of Year	\$ (3,443)	\$ 105,152	\$ 37,697	\$ 59,921	\$ 2,470	\$ 27,807	\$ 617	\$ 8,216	\$ 11,490	\$ 17,281	\$ 1,712	\$ 268,920

**CHESTERFIELD COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2017**

	<u>Clerk of Court</u>	<u>Magistrates</u>	<u>Treasurer's Office</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 214,522	\$ 116,513	\$ 11,534,104	\$ 11,865,139
Investments	-	-	10,591,888	10,591,888
	<u>\$ 214,522</u>	<u>\$ 116,513</u>	<u>\$ 22,125,992</u>	<u>\$ 22,457,027</u>
Liabilities				
Due to other governments	-	-	\$ 20,166,296	\$ 20,166,296
Due to taxpayers	-	-	1,215,183	1,215,183
Due to other claimants	214,522	116,513	744,513	1,075,548
	<u>\$ 214,522</u>	<u>\$ 116,513</u>	<u>\$ 22,125,992</u>	<u>\$ 22,457,027</u>

SUPPLEMENTARY INFORMATION REQUIRED BY THE STATE OF SOUTH CAROLINA

CHESTERFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES BY FUNDING SOURCE
LIBRARY
FOR THE YEAR ENDED JUNE 30, 2017

Source of Funds	Beginning Balance	Revenues	Expenditures	Ending Balance
Local Sources:				
County or tax appropriation	\$ -	\$ 422,992	\$ 422,992	\$ -
Fees, fines, and other local revenue	27,979	33,372	26,262	35,089
	<u>27,979</u>	<u>456,364</u>	<u>449,254</u>	<u>35,089</u>
State Sources:				
* State aid	-	75,000	75,000	-
* Education Lottery	(146)	36,957	37,271	(460)
* Other state	-	1,750	1,750	-
	<u>(146)</u>	<u>113,707</u>	<u>114,021</u>	<u>(460)</u>
Total All Sources of Funds	<u>\$ 27,833</u>	<u>\$ 570,071</u>	<u>\$ 563,275</u>	<u>\$ 34,629</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, 2017**

	<u>Total Collections</u>	<u>Amount Retained by County Treasurer</u>	<u>Amount Remitted to State Treasurer</u>	<u>Amount Allocated to Victims' Services</u>
Clerk of Court:				
Fines and fees	\$ 372,995	\$ 170,295	\$ 202,700	\$ -
Assessments	611	-	501	110
Surcharges	13,377	-	5,066	8,311
	<u>\$ 386,983</u>	<u>\$ 170,295</u>	<u>\$ 208,267</u>	<u>\$ 8,421</u>
 Magistrates Court:				
Fines and fees	\$ 230,192	\$ 228,958	\$ 1,234	\$ -
Assessments	228,383	-	169,235	59,148
Surcharges	83,672	-	76,726	6,946
	<u>\$ 542,247</u>	<u>\$ 228,958</u>	<u>\$ 247,195</u>	<u>\$ 66,094</u>
 Victim's Advocate				
Amount reserved for victim's advocate, beginning of year				\$ 33,098
Plus: Amount allocated to victim's advocate				74,515
Less: Amounts spent for victim's advocate from assessments and surcharges:				
Salaries and benefits			\$ 51,003	
Operating expenditures			4,337	
Unearned revenue			(5)	
			<u>(55,335)</u>	
Amount reserved for victim's advocate, end of year				<u>\$ 52,278</u>