COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

INDEX

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The financial statements of the County of Charleston (County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds, governmental and business-type activities, and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainders of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2015.

B. Financial Reporting Entity

The County of Charleston, South Carolina, was established by the State of South Carolina on April 9, 1948, under the provisions of Act 681 of 1942. The County operates under a Council-Administrator form of government and provides the following services: public safety (sheriff and fire), highways and streets, sanitation, health and social services, cultural and recreational programs, public improvements, planning and zoning, courts, economic development and general administrative services. As required by GAAP, these financial statements present the County (the Primary Government) and its component units, entities for which the County is considered to be financially accountable or for which exclusion of a component unit would render the financial statements misleading.

The core of the financial reporting entity is the primary government, which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The financial reporting entity includes the County (a primary entity).

A primary government or entity is financially accountable if it appoints a voting majority of the organization's governing body, including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of decisions made by the primary government or agreements between the primary government and a component unit. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists:

(1) The primary government is legally entitled to or can otherwise access the organization's resources.
(2) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
(3) The primary government is obligated in some manner for the debt of the organization.

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Based on the criteria, component units are reported in the County's Comprehensive Annual Financial Report (CAFR) as shown in the following table:

<table>
<tr><th>Blended Component Units Reported with the Primary Government</th><th>Brief Description of Activities and Relationship to the County</th><th>Reporting Funds</th></tr>
<tr><td>Charleston Development Corporation
Administrative Office Address:
4045 Bridge View Drive
Suite B226
North Charleston, SC 29405
Telephone: (843) 958-4600</td><td>Non-Profit Corporate entity established September 16, 2004, to further human, social, and economic development in the County of Charleston, to promote a healthier and safer community, and apply for funding that the County would otherwise not be eligible to receive. The Corporation is governed by a Board of Directors which shall consist of one member of Charleston County Council, two Charleston County employees, and two Charleston County citizens. The Corporation exists solely for the benefit of Charleston County and Charleston County is the sole beneficiary of the corporation's funding.</td><td>Special Revenue Fund-
Charleston Development Corporation</td></tr>
<tr><th>Discretely Presented Component Units</th><th colspan="2">Brief Description of Activities and Relationship to the County</th></tr>
<tr><td>Charleston County Library (CCL)
Administrative Office Address:
68 Calhoun Street
Charleston, SC 29401
Telephone: (843) 805-6801</td><td colspan="2">The Charleston County Library System was created by South Carolina Legislation in 1979 as part of Charleston County Government. Its primary purpose is to provide library services to the citizens of Charleston County and bookmobile services in the rural areas of the County. The Library operates under an 11 member Board of Trustees which is appointed by County Council. County Council approves the budget and all general obligation debt for the Library.</td></tr>
</table>

Discretely Presented Component Units	Brief Description of Activities and Relationship to the County
Charleston County Parks and Recreation Commission (CCPRC) Administrative Office Address: 861 Riverland Drive Charleston, SC 29412 Telephone: (843) 762-2172	The Commission was created under the provisions of Act 1595 of the South Carolina Legislature on August 3, 1972. The Commission is empowered to acquire land, establish recreational facilities, and provide recreational activities within Charleston County. The Commission is governed by a seven member board which is appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.
Cooper River Park & Playground Commission (CRPPC) Administrative Office Address: PO Box 71846 N. Charleston, SC 29415 Telephone: (843) 764-3072	The Commission was created on April 27, 1942, under Act 640 of the South Carolina Legislature to provide parks and recreation facilities for use by citizens residing within the geographic boundaries of the Commission. The Commission is governed by a six member Board of Trustees appointed by the North Charleston District and the Cooper River School District. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.
North Charleston District (NCD) Administrative Office Address: P.O. Box 63009 Charleston, SC 29419 Telephone: (843) 764-3072	The District was created as a public service district in 1972 by Act 1768 of the South Carolina Legislature. The District provides fire, sanitation, street lighting, and cleaning services to the residents within its geographic boundaries. The District is governed by a nine member Commission appointed by the Governor through recommendations of the City of North Charleston and the Legislative Delegation. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the District.

Discretely Presented Component Units	Brief Description of Activities and Relationship to the County
St. Andrew's Parish Parks & Playground Commission (SAPPPC) Administrative Office Address: P.O. Box 31825 Charleston, SC 29407 Telephone: (843) 763-4360	The Commission was created by the General Assembly of the State of South Carolina in 1945. The Commission has the power to create, develop, maintain, and operate a system of parks and playgrounds for the use and benefit of the residents within its jurisdictional area. The Commission is governed by five members appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.
St. John's Fire District (SJFD) Administrative Office Address: P.O. Box 56 Johns Island, SC 29457 Telephone: (843) 559-9194	The Fire District was created by Act 369 of the South Carolina General Assembly on April 9, 1959. The Fire District provides fire protection services to residents within its geographic boundaries. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Fire District.
St. Paul's Fire District (SPFD) Administrative Office Address: P.O. Box 65 Hollywood, SC 29449 Telephone: (843) 889-6450	The Fire District was formed under Act 440 of the South Carolina General Assembly in 1949. The Fire District provides fire protection services to the western portion of the County. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Fire District.
Charleston County Volunteer Rescue Squad, Inc. (CCVRS) Administrative Office Address: P.O. Box 5012 North Charleston, SC 24906 Telephone: (843) 225-7728	The Rescue Squad received its Charter January 30, 1973, from the State of South Carolina. The primary purpose is to provide volunteer rescue services for the citizens of Charleston County. The rescue squad is exempt from federal and state income taxation under Section 501(c) (3) of the U.S. Internal Revenue Code and is not a private foundation. The rescue squad's operating budget is based on an annual appropriations approved by County Council during their budget process. The rescue squad is economically dependent on the County. In the event CCVRS is dissolved, Charleston County would be the beneficiary of any assets.

The complete financial statements for each component unit may be obtained from their administrative offices at the addresses stated above.

C. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The accounts of the County and its component units are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. There are three categories of funds: governmental, proprietary, and fiduciary.

Government-Wide Financial Statements
The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues and all taxes are presented as general revenues of the County, with certain limited exceptions.

The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements
The County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting - The major fund types are:

Governmental funds are used to account for general governmental activities. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund – This is the primary operating fund of the County. This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Special Source Revenue Bond Fund – This fund accounts for the financial resources to be used for the cost of designing and constructing an extension of South Aviation Avenue Project as part of the Charleston Airport Area Improvement Project.

Transportation and Road Sales Tax Special Revenue Fund – This fund accounts for revenues generated by the half cent sales tax for roads, public transportation, and greenbelts.

Proprietary funds reporting focus is on the determination of operating income, changes in net position, financial position, and cash flow. Proprietary funds are classified as either enterprise or internal service. These funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business. In the enterprise funds a fee is charged to external users. The County reports the following major proprietary funds:

Environmental Management – This fund is used to account for the County's solid waste disposal activities, currently consisting of the following:

1. Landfill to dispose of all county dry goods and construction materials.
2. Service contracts for hauling and transfer of municipal solid waste.

This fund is also used to account for the County's recycling operations, which consist of the following:

1. Curbside collection of recyclables in the urban areas of the County.
2. Drop-box collection in all areas of the County.
3. Operation of materials recovery facility.
4. Yard waste mulch facility.

These services are funded from collection of a countywide user fee, tipping fees at the landfill, and sale of recyclables.

Parking Garages – This fund is used to account for the operation, financing, and construction of parking facilities. The County currently owns and operates two parking garages in downtown Charleston.

Public Safety Systems – This fund accounts for the cost related to the implementation and maintenance of records management systems for the detention center, law enforcement, fire districts, and other public safety entities.

Internal Service Funds – These funds account for the financing of services provided by one department to other departments of the County, or to other governments, on a cost reimbursement basis.

Fleet Management – This fund is used to account for all operations of the County's centrally administered vehicle operation. Functions included within this operation are writing the specifications and assisting in the purchase of all on and off-road vehicles and equipment; owning all vehicles and equipment not specifically used in other County proprietary operation; maintaining all vehicles and equipment; operating a County-wide fuel distribution and monitoring system; operating a fleet of pool cars for those departments not directly assigned vehicles; and operating a vehicle parts warehouse.

Office Support Services – This fund is used to account for the centrally administered mail pick-up and delivery service, duplicating machines, postage metering service, and records management. Records management includes establishing records retention schedules for all County operations, centralized storage of records, and a centralized microfilming operation.

Telecommunications – This fund is used to account for the centrally administered telecommunications system, which includes pagers and cellular telephones.

Workers' Compensation – This fund is used to account for the costs of staffing a workers' compensation division as well as the cost of providing insurance through the S.C. Association of County Commissioners Self-Insurance Fund. Funding is provided by levying a percentage charge against all departmental payrolls. In fiscal year 1996, insurance was converted to self-insurance coverage for all claims less than $100,000.

Employee Benefits – This fund is used to account for costs of providing health and life insurance to the County's employees and retirees, as well as providing retirement benefits. Funding is provided by a percentage charge against all departmental payrolls and payments from retirees. The fund is administered by seven trustees; the Finance Director and Human Resources Director as permanent members, the Chairman of the Employee Insurance Committee for the duration of term in office, and for two year periods, trustees appointed by the 1) Elected Officials, 2) Appointed Officials, 3) County Administrator and 4) Assistant Administrator of Finance. As of January 1, 1993, the Trustees had contracted with the South Carolina Department of Insurance to provide all of the County's health and life insurance. To provide retirement benefits to its employees, the County also contracts with the South Carolina Public Employee Benefit Authority (PEBA) which administers the various retirement systems and retirement programs managed by its Retirement Division.

Fiduciary fund reporting focuses on net position and changes in net position. This fund accounts for assets held by the County as an agent on behalf of others. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The County's only fiduciary funds are agency funds.

Agency Funds – This fund primarily consists of monies collected and disbursed by the County Treasurer (an elected, constitutionally mandated official) for various governmental units and taxing entities within Charleston County's borders as defined by South Carolina law. These monies are not under the control of Charleston County Council. This fund also consists of monies administered by several elected, appointed and other officials who, by nature of their position, collect and disburse cash. These officials consist of the Revenue Collections Director, Clerk of Court (who administers both Clerk of Court and Family Court funds), Delinquent Tax Collector, Family Court, Magistrates, Master-In-Equity, Probate Court Judge, Sheriff, and Solicitor.

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Component unit disclosures represent a consolidation of various fund types.

D. Measurement Focus

Government-Wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the County are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise on the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year-end with respect to property taxes and one year after fiscal year-end for all other governmental revenues.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements in which the County must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes collected within 60 days of fiscal year end, sales tax, grants, interest, accommodations fees, intergovernmental revenue, and charges for services.

Unavailable and Unearned Revenues – Unavailable and unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied, and are not considered to be available to liquidate liabilities of the current period.

Property taxes for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance fiscal year 2016 operations have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

The County also defers revenue recognition in connection with resources received prior to meeting eligibility requirements (other than time requirements). As such, certain grants have been received, but not yet earned.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenues) until then. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

When committed, assigned and unassigned resources are available for use for the same purpose, it is the County's policy to use committed resources first, then assigned and unassigned, as needed for their intended purposes.

F. Assets, Liabilities and Equity

1. *Cash and Investments*

The County maintains and controls several major cash and investment pools which the funds of the primary government share. Each fund's portion of a pool is presented on its respective balance sheets as "pooled cash and cash equivalents." In addition, non-pooled cash and investments are separately held and reflected in the respective funds as "non-pooled cash and cash equivalents" and "investments," some of which are restricted assets.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. For purposes of the Proprietary Funds' statement of cash flows, all short-term highly liquid investments, including restricted assets, with original maturities of three months or less from the date of acquisition are considered to be cash equivalents.

South Carolina State law limits investments to those authorized by South Carolina Code of Laws Section 6-5-10. These state statues authorize investments in the following:

1. Obligations of the United States and agencies thereof.
2. General obligations of the State of South Carolina or any of its political units.
3. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation.
4. Certificates of deposits and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, at a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest.
5. No load open and closed-end portfolios of certain investment companies with issues of the US Government.

The County and its component units have certain funds invested with the South Carolina State Treasurer's Office which established the South Carolina Local Government Investment Pool (the Pool) pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs which are under the custody of any county treasurer or any governing body of a political subdivision of the State may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, 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. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools",* investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00. Separate financial statements can be requested from the South Carolina office of the State Treasurer at the Wade Hampton Office Building, 1200 Senate Street, Columbia, SC, 29201.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The allowance for trade accounts receivable is computed based upon an estimate of collections within each aging category. The allowance for property taxes receivable is based upon a composite average of each delinquent tax year's collections to the outstanding balance at the beginning of the fiscal year.

The County bills and collects property taxes for itself and all other taxing entities within the County. Property taxes are recognized in the period for which they are levied and available for financing current expenditures. Property taxes receivable represents current and delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year-end, except those collected within 60 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds. Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 – 3 percent, February 1 – an additional 7 percent, March 16 – an additional 5 percent. On March 16, the property tax bills are turned over to the delinquent tax office and the properties are subject to sale. Taxes on licensed motor vehicles are levied during the month when the taxpayer's vehicle license registration is up for renewal. The County must provide proof of payment to the South Carolina Department of Transportation before that agency will renew the taxpayer's vehicle license.

The County charges a user fee to real property owners and certain commercial and governmental entities providing revenues for a portion of the County's solid waste collection and disposal effort (e.g., incineration, landfill and recycling). Tipping fees charged to certain commercial and governmental entities are also included. Annual charges to real property owners are billed in the fall for the subsequent calendar year, but are recognized in full in the year of billing. An allowance for uncollectible accounts is established based upon an historical estimate of the collections within each customer category: residential, commercial, governmental or housing agencies.

The County also charges an annual storm water fee to real property owners in unincorporated areas and certain municipalities. This fee funds the County's storm water management program, which is now required under federal regulations. An allowance for uncollectible accounts is established based upon historical estimates.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

In the governmental fund statements, reported inventories and prepaid items are equally offset by a nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

4. Restricted Assets

Certain assets of the County's Special Source Revenue Bond Fund and component units derived from proceeds of various General Obligation Bonds and Special Source Revenue Bonds are set aside for their repayment or earmarked by the Trustee for specific purposes. These assets are classified as restricted assets on the balance sheet in both the government-wide and fund financial statements, because their use is limited by applicable bond covenants. All restricted assets are considered expendable.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 (amount not rounded) 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 life of the assets are not capitalized by governmental or business-type activities.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended June 30, 2015.

All reported capital assets except land and certain infrastructure assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Assets	Years
Buildings	45
Buildings Improvements	10-45
Improvements other than buildings	10-45
Public Domain Infrastructure	20-50
Vehicles	5
Office Equipment	5-10
Computer Equipment	3-5
Other Equipment	5-12
Landfill Land	10-20
Sewer Systems	25-50

6. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding represents the difference between the reacquisition price and the net carrying value of the refunded debt. This difference is reported as a deferred outflow of resources.

In the fund financial statements, governmental fund types recognize bond 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay is recorded when accrued by the employee in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of the employee resignations and retirements.

8. Fund Equity

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of the other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – A net position that does not meet the definition of "net investment in capital assets" or "restricted."

Fund Statements

The County has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. Fund balances are classified as follows:

Nonspendable fund balance cannot be spent because of its form.

Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Restrictions are placed on fund balances when legally enforceable legislation establishes the County's right to assess, levy, or charge fees to be used for a specific purpose. Legal enforceability means that the County can be compelled by an external party to use resources created by enabling legislation only the purpose specified by the legislation.

Committed fund balance has self-imposed limitations imposed at the highest level of decision making authority. County Council is the County's highest level of decision making that can, by adoption of an ordinance establish, modify or rescind a fund balance commitment. Committed amounts cannot be used for any other purpose unless Council removes those constraints by taking the same type of action. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Council.

Assigned fund balance are amounts intended to be used by the County for specific purposes. Assigned fund balance includes all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed and amounts in the General Fund that are intended to be used for a specific purpose. At this time, Council has elected not to delegate this authority.

Unassigned fund balance in the General Fund equals the net resources in excess of what can be properly classified in one of the above four categories. The County targets General Fund unassigned fund balance at a minimum of 1-1/2 to 2 months of the subsequent year's General Fund disbursements.

Unassigned – All amounts not included in other spendable classifications. The County permits funds to be expended in the following order: Committed, Assigned, and Unassigned.

9. Accounting Estimates

The preparation of financial statements in accordance with GAAP requires the County's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Net Position

Net position, net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Nonspendable fund balance cannot be spent because of its form.

Restricted fund balance has limitations imposed by creditors, grantors, or contributors of by enabling legislation or constitutional provisions. Restrictions are placed on fund balances when legally enforceable legislation establishes the County's right to assess, levy, or charge fees to be used for a specific purpose. Legal enforceability means that the County can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed fund balance has self-imposed limitations imposed at the highest level of decision making authority. Council is the County's highest level of decision making that can, by adoption of an ordinance establish, modify or rescind a fund balance commitment. Committed amounts cannot be used for any other purpose unless Council removes those constraints by taking the same type of action. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Council.

Assigned fund balanced are amounts intended to be used by the County for specific purposes. Assigned fund balance includes all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed and amounts in the General Fund that are intended to be used for a specific purpose.

Unassigned fund balance in the General Fund equals the net resources in excess of what can be properly classified in one of the above four categories.

11. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for solid waste disposal, recycling, parking garages, E-911 communication system, radio communication system, revenue collections, public safety systems, and the activity of the programs administered by the Department of Alcohol and Other Drug Abuse Services (DAODAS), vehicle maintenance, telephone service, and employee benefit programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

12. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported as general revenues as transfers.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

13. Significant New Accounting Standards Adopted – Change in Accounting Principle

The County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB #68") and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* ("GASB #71" and collectively "Statements") in the year ended June 30, 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple-employer plan are now required to recognize a liability for their proportionate share of the net pension liability of that plan. It is GASB's intention that these Statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the County's financial obligations to current and former employees for past services rendered. In particular, these Statements require the County to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the South Carolina Retirement System ("Plan"), a cost-sharing multiple-employer defined benefit pension plan, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the County's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the Plan. However, the adoption has resulted in the restatement of the County's net position as of July 1, 2014 for its government-wide, enterprise funds and internal service fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for its qualified Plan in accordance with the provisions of these Statements. Net position of the County's government-wide and internal service funds as of July 1, 2014 was decreased by $166,322,882 and the County's enterprise funds were decreased by $18,029,680, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note I.V.H. for more information regarding the County's retirement plan.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund and certain Special Revenue Funds including Accommodations, Child Support Enforcement, Economic Development, Education, Fire Districts, Hazardous Materials Enforcement, Public Defender, Storm Water Drainage, Sheriff, Solicitor, and Victim Notification Funds. The balance of the Special Revenue Funds and Capital Projects Funds are budgeted over the life of the grant or project. Formal budgetary policies are not employed for the Debt Service Funds because effective budgetary control is alternatively achieved through General Obligation Bond indenture provisions. Certain reclasses have been made to the general fund presentation of the budget.

All agencies of the County and its component units must submit requests for appropriations to the County Administrator by March 15 along with revenue estimates so that a budget may be prepared. By May 1, the proposed budgets are presented to County Council for review. The Council holds public hearings and adopts the final budgets by July 1 through passage of an ordinance.

The legal level of budgetary control is determined by County Council at the individual fund level. Expenditures by department, sub-organizational level and major category, i.e. personnel, non-personnel and capital outlay, are further defined in the budget document and are subject to County Administrator approval. The County Administrator is authorized to make transfers between major expenditure categories within departments and between departments within the same fund.

The Administrator has further delegated to the Assistant Administrators the authority to transfer between departments. The budget ordinance must be amended by Council to effect changes in fund totals.

Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations were necessary.

The results were increases and decreases within the individual departments within the funds. All annual appropriations lapse at year-end.

III. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits, Cash Equivalents and Investments

Custodial Credit Risk - Deposits
Custodial Credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County follows Section 6-5-15, *South Carolina Code of Law, 1976* (as amended) as its policy for custodial credit risk which states that to the extent that these deposits exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation, the bank or savings and loan association at the time of deposit must: (1) furnish an indemnity bond in a responsible surety company authorized to do business in this State; or (2) pledge as collateral: (a) obligations of the United States; (b) obligations fully guaranteed both as to principal and interest by the United States; (c) general obligations of this State or any political subdivision of this State; or (d) obligations of the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation, in which the local entity is named as beneficiary and the letter of credit otherwise meets the criteria established and prescribed by the local entity.

As of June 30, 2015, none of the County's bank balance of $385,302,937 was exposed to custodial credit risk.

Custodial Credit Risk – Investments
For an investment, custodial credit risk is the risk that, in the event of 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. As of June 30, 2015, the County had no exposed custodial credit risk on its investments which total $289,015,760. $234,563,158 is reported on the Statement of Net Position and $54,542,602 is reported with Agency Funds. The County does not have a formal investment policy to address custodial credit risk.

The State Treasurer sells participation in the South Carolina Local Government Investment Pool to political subdivisions of the State. Funds deposited into the South Carolina Local Government Investment Pool by legally qualified entities are used to purchase investment securities as follows:

1. U.S. Government Securities (direct obligations)
2. Federal Agency Securities
3. Repurchase Agreements Secured by U.S. Government Securities and/or Federal Agency Securities
4. A1/P1 Commercial Paper (Moody's/S&P highest rating)

Funds belonging to any entity that are on deposit with the South Carolina Local Government Investment Pool represent participation units in a portfolio comprised of the above referenced securities, and the external investment pool is not rated.

It is policy of the State Treasurer's Office that no derivatives of U.S. Government Securities and/or Federal Agency Securities and/or A1/P1 Commercial Paper are to be purchased by or for the South Carolina Local Government Investment Pool.

Credit Risk

The County had $50,524,480 invested in the South Carolina Local Government Investment Pool (SCLGIP). $1,415,064 has been invested in certificates of deposits and therefore by definition is not subject to credit risk. $40,743,470 has been invested in debt securities of the Federal Home Loan Mortgage Discount Note and $56,155,000 has been invested in Federal National Mortgage Assistance Pool. $2,155,000 has been invested in Federal Farm Credit Bank and $131,620,000 has been invested in Federal Home Loan Bank and $6,402,746 has been invested in Treasury STRIPS. They are rated AAA and Aaa for long-term unsecured debt by Standards & Poor's and Moodys, respectively. The County has no formal policy relating to the credit risk of investments.

Investment Policy

The County's Investments are carried at cost or amortized cost. Non-participating interest-earning investment contracts, such as bank certificates of deposit whose terms are not affected by changes in market rates, are stated at cost. Investment contracts that have a remaining maturity at the time of the purchase of one year or less are stated at amortized cost, provided the fair value of the investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Amortization of investment premiums and discounts is netted against investment income for financial statement purposes. Money market investments are short-term, highly liquid debt instruments including US Treasury obligations. Interest-earning investment contracts are contracts that a government enters into with a financial institution or other financial services company for which it receives interest payments.

As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy specifies limitations on instruments; diversification and maturity scheduling that are dependent upon whether the funds being invested are considered short term or long term funds. Investment maturities for operating funds are scheduled to coincide with projected cash flow needs, taking in to account large routine expenditures as well as considering sizeable blocks of anticipated revenue. Maturities in this category are timed to comply with the following guidelines:

Under 30 days	10% minimum
Under 90 days	25% minimum
Under 270 days	50% minimum
Under 1 year	90% minimum
Under 18 months	100% minimum

Long-term investment maturity scheduling is timed according to anticipated needs. The County's investments have a fair value of $289,015,760 as of June 30, 2015.

	Maturity Date		
Investments and Maturity:	Less than 1 year	1-5 years	Over 5 years
Certificates of Deposits	$ 128,000	$ 1,287,064	$ -
SCLGIP	50,524,480	-	-
Federal Home Loan Bank	35,000,000	96,620,000	-
Treasury Strips	6,402,746	-	-
Federal Farm Credit Bureau	-	2,155,000	-
Federal Home Loan Mortgage Discount Note	-	40,743,470	-
Federal National Mortgage Assistance Pool	-	56,155,000	-
	$ 92,055,226	$ 196,960,534	$ -

Concentrations of Credit Risk
More than 5 percent of the County's investments are listed as follows:

Certificates of Deposits	.49%
SCLGIP	17.48%
Federal Home Loan Bank	45.54%
Federal Farm Credit Bureau	.75%
Federal Home Loan Mortgage Discount Note	14.09%
Federal National Mortgage Assistance Pool	19.43%
Treasury Strips	2.22%
	100.00%

Component Units

Cash Deposits, Cash Equivalents and Investments

Interest Rate Risk
The Component Units have no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk
None of the component units' bank balances were exposed to custodial credit risk since the entire amount was either insured by FDIC or fully collateralized with securities held by the pledging financial institution's trust departments or agents in the component units' names.

Credit Risk
None of the component units' deposits or investments were subject to credit risk.

Concentrations of Credit Risk
The component units have no formal policies that limit the amounts that may be invested in any one issuer.

Custodial Credit Risk-Investments
None of the component units have a formal investment policy for managing custodial credit risk. As of June 30, 2015, St. John's Fire District had $52,521 and Charleston County Parks and Recreation Commission had $558,651 invested in the State Treasurer's Local Government Investment Pool.

Concentration of Risk

The Library and St. Paul's Fire District have no limit on the amount they may invest in any one issuer. The remaining component units have no formal investment policy that would limit its investment choices. None of the component units have more than 5 percent of their investments in any one issuer.

A reconciliation of cash and investments as shown on the Statement of Net Position for the primary government and the component units and Statement of Fiduciary Net Position for agency funds follows:

Cash on hand - primary government	$	102,578
Carrying amount of deposits - primary government		139,671,558
Carrying amount of deposits - component units		33,804,575
Carrying amount of investments - primary government		289,015,760
Carrying amount of investments - component units		38,315
Cash with fiscal agent - primary government		125,000
Total carrying amount of cash and investments	$	462,757,786
Non-pooled cash and cash equivalents	$	42,084,429
Pooled cash and cash equivalents		117,790,898
Restricted cash and cash equivalents		13,703,384
Pooled investments		282,483,379
Non-pooled investments		161,315
Restricted investments		6,409,381
Cash with fiscal agent		125,000
Total carrying amount of cash and investments	$	462,757,786

B. Receivables

Receivables as of June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

Primary government:	Governmental Funds: General	Debt Service	Transportation Special Revenue Fund	Special Source Revenue Bonds	Non-major Governmental Funds
Receivables:					
Current property taxes	$ 149,807,971	$ 20,443,593	$ -	$ -	$ 12,372,126
Delinquent property taxes	3,765,984	793,362	-	-	522,099
Accounts	25,436,986	-	11,894	-	1,269,760
Intergovernmental	19,357,475	33,989	30,208,080	805,983	6,123,195
Gross receivables	198,368,416	21,270,944	30,219,974	805,983	20,287,180
Less allowance for					
Current property taxes	7,040,975	889,296	-	-	653,298
Delinquent property taxes	1,553,453	321,650	-	-	206,228
Accounts	22,126,889	-	-	-	661,868
Gross allowance	30,721,317	1,210,946	-	-	1,521,394
Net total receivable	$ 167,647,099	$ 20,059,998	$ 30,219,974	$ 805,983	$ 18,765,786

	Proprietary: Governmental Activities-Internal Service Funds	Environmental Management	Parking Garages	Non-major Business-Type Activities	Totals: Primary Government
Receivables:					
Current property taxes	$ -	$ -	$ -	$ -	$ 182,623,690
Delinquent property taxes	-	-	-	-	5,081,445
Accounts	89,794	6,250,270	45,498	3,161,368	36,185,795
Intergovernmental	125,702	50,567	63,054	1,999,356	58,847,176
Gross receivables	215,496	6,300,837	108,552	5,160,724	282,738,106
Less allowance for uncollectable:					
Current property taxes	-	-	-	-	8,583,569
Delinquent property taxes	-	-	-	-	2,081,331
Accounts	-	3,272,362	-	1,378,035	27,439,154
Gross allowance	-	3,272,362	-	1,378,035	38,104,054
Net total receivable	$ 215,496	$ 3,028,475	$ 108,552	$ 3,782,689	$ 244,634,052

Component Units:

	CCL	CCPRC	CRPPC	NCD
Receivables:				
Current property taxes	$ -	$ 18,811,448	$ 144,116	$ 883,910
Delinquent property taxes	-	702,679	17,451	106,505
Accounts	43,242	575,225	-	-
Intergovernmental	192,627	335	3,886	190
Gross receivables	235,869	20,089,687	165,453	990,605
Less allowance for uncollectible:				
Current property taxes	-	822,060	10,838	66,470
Delinquent property taxes	-	105,402	6,288	33,820
Gross allowance	-	927,462	17,126	100,290
Net total receivable	$ 235,869	$ 19,162,225	$ 148,327	$ 890,315

	SAPPPC	SJFD	SPFD	Total Component Units
Receivables:				
Current property taxes	$ 1,358,704	$ 12,713,754	$ 5,475,046	$ 39,386,978
Delinquent property taxes	79,714	276,325	424,134	1,606,808
Accounts	2,000	-	-	620,467
Intergovernmental	5,387	-	-	202,425
Gross receivables	1,445,805	12,990,079	5,899,180	41,816,678
Less allowance for uncollectible:				
Current property taxes	98,230	434,811	465,379	1,897,788
Delinquent property taxes	21,870	73,128	100,371	340,879
Gross allowance	120,100	507,939	565,750	2,238,667
Net total receivable	$ 1,325,705	$ 12,482,140	$ 5,333,430	$ 39,578,011

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2015, was as follows:

Governmental Activities	Balance July 1, 2014	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	$ 21,210,704	$ 172,402	$ -	$ 21,383,106
Construction in progress	6,476,572	2,380,141	(8,769,710)	87,003
Infrastructure-easements, land	8,825,489	172,044	(2,656)	8,994,877
Total capital assets not being depreciated	36,512,765	2,724,587	(8,772,366)	30,464,986
Capital assets being depreciated:				
Buildings	322,603,577	8,687,931	-	331,291,508
Improvements other than buildings	3,655,913	340,590	-	3,996,503
Machinery and equipment	111,358,674	8,358,966	(4,409,492)	115,308,148
Infrastructure	37,414,237	1,173,225	-	38,587,462
Total capital assets being depreciated	475,032,401	18,560,712	(4,409,492)	489,183,621
Less accumulated depreciation:				
Buildings	(88,091,508)	(7,546,219)	-	(95,637,727)
Improvements other than buildings	(1,550,553)	(125,633)	-	(1,676,186)
Machinery and equipment	(68,828,755)	(13,848,079)	4,059,734	(78,617,100)
Infrastructure	(33,795,436)	(673,399)	-	(34,468,835)
Total accumulated depreciation	(192,266,252)	(22,193,330)	4,059,734	(210,399,848)
Total capital assets being depreciated, net	282,766,149	(3,632,618)	(349,758)	278,783,773
Governmental activities Total capital assets, net	$ 319,278,914	$ (908,031)	$ (9,122,124)	$ 309,248,759

	Balance July 1, 2014	Transfer/ Additions	Transfers/ Deletions	Balance June 30, 2015
Business-type Activities				
Capital assets not being depreciated:				
Land	$ 3,950,930	$ 2,963,952	$ -	$ 6,914,882
Construction in progress	-	3,823,607	-	3,823,607
Total capital assets not being depreciated	3,950,930	6,787,559	-	10,738,489
Capital assets being depreciated:				
Buildings	27,872,058	182,485	-	28,054,543
Improvements other than buildings	16,821,781	108,715	-	16,930,496
Machinery and equipment	29,095,584	3,542,578	(3,673,111)	28,965,051
Total capital assets being depreciated	73,789,423	3,833,778	(3,673,111)	73,950,090
Less accumulated depreciation:				
Buildings	(10,486,417)	(625,840)	-	(11,112,257)
Improvements other than buildings	(3,885,980)	(821,324)	-	(4,707,304)
Machinery and equipment	(15,817,045)	(3,659,997)	3,329,361	(16,147,681)
Total accumulated depreciated	(30,189,442)	(5,107,161)	3,329,361	(31,967,242)
Total capital assets being depreciated, net				
Business-type activities	43,599,981	(1,273,383)	(343,750)	41,982,848
Total capital assets, net	$ 47,550,911	$ 5,514,176	$ (343,750)	$ 52,721,337

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities	
General government	$ 8,784,423
Public safety	10,123,025
Judicial	1,529,507
Public works	730,568
Health and welfare	230,899
Economic development	11,393
Culture and recreation	783,515
Total	$ 22,193,330
Business-type Activities	
DAODAS	$ 246,009
E-911 Communications	854,394
Environmental Management	3,574,758
Parking Garages	380,011
Radio Communications	40,643
Revenue Collections	11,346
Total	$ 5,107,161

Component Units

Capital assets not being depreciated:	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Land	$ 85,406,318	$ 19,605,909	$ (87,886)	$ 104,924,341
Construction in progress	3,842,022	5,466,024	(6,865,630)	2,442,416
Artwork	11,000	-	-	11,000
Total capital assets not being depreciated	89,259,340	25,071,933	(6,953,516)	107,377,757
Capital assets being depreciated:				
Buildings	65,270,347	6,871,229	(780,263)	71,361,313
Improvements other than buildings	22,843,717	674,664	-	23,518,381
Machinery and equipment	28,829,635	1,174,047	(1,424,513)	28,579,169
Infrastructure	4,886,974	722,636	(144,266)	5,465,344
Library materials	18,083,565	1,301,652	(1,644,690)	17,740,527
Total capital assets being depreciated	139,914,238	10,744,228	(3,993,732)	146,664,734
Less accumulated depreciation	(77,097,199)	(6,849,029)	3,599,830	(80,346,398)
Total capital assets being depreciated, net	62,817,039	3,895,199	(393,902)	66,318,336
Component units total capital assets, net	$ 152,076,379	$ 28,967,132	$ (7,347,418)	$ 173,696,093

Depreciation expense was charged to functions of the component units as follows:

General government	$ 2,783,930
Public safety	1,521,800
Culture and recreation	2,543,299
Total	$ 6,849,029

Construction in progress in the Governmental and Business-type Activities as of June 30, 2015, is composed of the following:

Primary Government Governmental activities:	Project Authorization	Expended to June 30, 2015	Commitments Outstanding	Required Future Financing
Software Upgrade	$ 294,152	$ 87,003	$ 202,870	None
Total governmental activities	$ 294,152	$ 87,003	$ 202,870	

Business-type activities: Bees Ferry Construction	Project Authorization	Expended to June 30, 2015	Commitments Outstanding	Required Future Financing
Lined Landfill	$ 6,381,175	$ 3,823,607	$ 2,542,976	None
Total business-type activities	$ 6,381,175	$ 3,823,607	$ 2,542,976	

Commitments outstanding represent signed contracts and outstanding encumbrances of the County. As of June 30, 2015, the County has assets under capital lease with a total cost of $5,424,480 and a net book value of $3,530,093. The assets are computer equipment depreciated over a three to five year period, copier equipment depreciated over a five year period and two firefighting vehicles depreciated over an eight year period included in the County's machinery and equipment capital asset category.

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Component Unit	Project Authorization	Expended to June 30, 2015	Commitments Outstanding	Required Future Financing
CCPRC				
Bulow Bulkhead	$ 187,500	$ 4,631	$ 21,954	None
Old Towne Stabilization	156,543	24,600	86,600	None
West Ashley Phase I	223,268	117,575	24,000	None
Skate Park	3,618,670	1,303,126	194,122	None
Small Projects	2,850	2,850	-	None
Total CCPRC	4,188,831	1,452,782	326,676	
SPFD Fire Stations	1,223,660	989,634	234,026	General Obligation
Total SJFD	1,223,660	989,634	234,026	Bonds
Total Component Units	$ 5,412,491	$ 2,442,416	$ 560,702	

D. Interfund Receivables and Payables

The composition of primary government interfund balances at June 30, 2015, is as follows:

	Receivable Fund	Payable Fund
Major governmental funds: General Fund	$ 48,635	$ 1,069,658
Non-major governmental funds	-	48,635
Major enterprise funds: Environmental Management	-	7,853,419
Major enterprise funds: Parking Garages	-	1,179,856
Non-major enterprise funds	-	8,996,405
Internal service funds	19,099,338	-
Total	$ 19,147,973	$ 19,147,973

Interfund activity relates to funding from the County's General Fund related to County policies for cash flow and operating cash levels of governmental funds, and are expected to be collected within one year. The interfund activity related to the internal service funds and enterprise funds is due to the implementation of GASB 68.

E. Interfund Transfers

A summary of transfers is as follows:

	Transfer In	Transfer out
Major governmental funds:		
General Fund	$ 4,508,331	$ (11,784,947)
Debt Service Fund	7,482,819	-
Transportation and Road Sales Tax	20,483,414	(23,483,414)
Special Source Revenue Bonds	3,493,814	(6,597,925)
Non-major governmental funds	12,991,311	(11,216,490)
Major business-type activities:		
Parking Garage	-	(1,938,206)
Non-major business-type activities	3,695,833	(320,703)
Internal Service Funds	3,332,054	(645,891)
Total	$ 55,987,576	$ (55,987,576)

Transfers are used to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Leases

Operating Leases

In December 2012 the Charleston County Library entered into a lease agreement for non-public use computers. The original lease agreement was for a thirty-six month period commencing January 2013, with a minimum monthly charge of $8,468. In February 2014, this lease was extended another twelve months with a new monthly charge of $6,866 for a total minimum commitment of $130,456 over the lease term. In April 2014, the Library entered into an additional lease agreement for public computers. The lease agreement is for a forty-eight month period commencing May 2014 with a minimum monthly charge of $7,142 for a total minimum commitment of $242,812 over the lease term. Total rent expense associated with the computer lease for the year ended June 30, 2015, is $168,091. In addition to this lease, the Library holds other verbal agreements with various parties for the rental of Library branches and equipment. These leases run on a month-to-month basis and are cancelable by either party. Rental expense associated with the copier leases for the year ended June 30, 2015, is $175,843.

Future minimum lease payments under these non-cancelable operating leases are as follows:

Year Ending - June 30	CCL
2016	$ 168,091
2017	133,761
2018	71,416
	$ 373,268

St. Andrew's Parish Parks and Playground Commission currently leases certain equipment under non-cancelable operating leases. The future minimum lease payments due under this lease are:

Year Ending - June 30	SAPPPC
2016	$ 8,964
2017	8,964
2018	8,964
2019	1,494
	$ 28,386

G. Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the County to place a final cover on its Romney Street and Bees Ferry landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $6,855,400 reported as the accrual for landfill closure and post-closure at June 30, 2015, represents the estimated remaining cost reported of $24,440,200 less $17,584,800 deferred to date based on the following information:

		Estimated Costs Recognized			
Landfill Site	Percentage of Capacity Used	Closure	Post-closure	Total	Balance To Be Recognized
Romney Street	100%	$ 5,295,578	$ 476,800	$ 5,772,378	$ -
Bees Ferry					
Ash storage facility	100%	1,152,318	88,600	1,240,918	-
68 acres	100%	6,038,809	-	6,038,809	-
54 acres	100%	9,727,000	-	9,727,000	-
Bees Ferry lined landfill	20.20%	3,762,300	660,700	4,423,000	17,474,000
Bees Ferry C&D landfill	94.4%	1,199,300	667,700	1,867,000	110,800
Totals		$ 27,175,305	$ 1,893,800	$ 29,069,105	$ 17,584,800

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2015. The County began to close the Landfills in 1994. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The County anticipates that available resources will be the primary source of funds to pay the cost of closure.

The County has issued under separate cover, a certification signed by its Deputy Administrator for Finance stating compliance with final Environmental Protection Agency regulations regarding financial assurance for operators of Municipal Solid Waste Landfill Facilities, including a required statement from our independent auditors. The computations required under these regulations are included in page 210 in the statistical section of this report.

H. Short-term Debt

The County had one short-term borrowing during the fiscal year for Awendaw Fire District's capital additions. Some of the County's component units use short-term tax anticipation notes or lines of credit to finance general operating expenditures during the fiscal year ended June 30, 2015. The activity in short-term debt for the fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Primary Government	$ -	$ 2,500,000	$ -	$ 2,500,000
SPFD	$ 16,579	$ -	$ (16,579)	$ -
SJFD	-	2,000,000	(2,000,000)	-
	$ 16,579	$ 2,000,000	$ (2,016,579)	$ -

I. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2015.

Primary Government:	Balance July 1, 2014	Increase	Decrease	Balance June 30, 2015	Amounts Due In One Year
Governmental activities					
General obligation bonds	$ 599,365,712	$ -	$ (35,236,140)	$ 564,129,572	$ 35,496,372
Special source revenue bond	93,352,479	-	(329,086)	93,023,393	(343,135)
Intergovernmental note payable	28,357,118	-	(1,375,137)	26,981,981	1,453,933
Capital lease payable	2,480,565	565,889	(877,610)	2,168,844	810,166
Compensated absences	10,872,187	1,161,421	(856,238)	11,177,370	856,238
OPEB	25,203,859	3,982,944	-	29,186,803	-
Total	$ 759,631,920	$ 5,710,254	$ (38,674,211)	$ 726,667,963	$ 38,273,574
Business-type activities					
Accrual for landfill closure	$ 6,856,000	$ -	$ (600)	$ 6,855,400	$ 600
Compensated absences	1,212,675	126,960	(99,276)	1,240,359	99,276
Total	$ 8,068,675	$ 126,960	$ (99,876)	$ 8,095,759	$ 99,876

Internal Service Funds predominantly serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences, net pension obligations and net other post-employment benefit obligations are generally liquidated from the applicable governmental fund's budgeted operations monies.

General Obligation Bonds. The County and its component units issue General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. All other obligations are reported in the Governmental activities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the County.

Primary government General Obligation Bond's payable at June 30, 2015, is comprised of the following:

		Principal Amount	
Issue Date	Title of Issues	Original	Outstanding
April 2, 2004	General Obligation Refunding Bonds, Series 2004, 2.00 percent to 4.00 percent interest, semi-annual principal and interest payments beginning in 2004, matures 2021, the first principal payment was due in fiscal year 2005.	$ 63,740,000	$ 3,170,000
May 2, 2006	General Obligation Transportation Sales Tax Bonds, Series 2006 (referendum) 4.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2006, matures 2027; the first annual principal payment was due in fiscal year 2008.	65,000,000	2,695,000
December 5, 2007	General Obligation Bonds, Series 2007, 4.30 percent to 5.0 percent interest, semi-annual interest payments beginning in May 2008, matures 2028; the first annual principal payment was due in fiscal year 2010.	75,000,000	34,500,000
December 5, 2007	General Obligation Transportation Sales Tax Bonds, Series 2007 (referendum), 4.00 percent to 5.25 percent interest, semi-annual interest payments beginning in May 2008, matures 2027; the first annual principal payment was due in fiscal year 2010.	150,000,000	68,885,000
August 1, 2009	General Obligation Capital Improvement Bonds of 2009, Series A, 3.00 percent to 5.50 percent interest, annual principal payment beginning in fiscal year 2012, semi-annual interest payments beginning in fiscal year 2010, matures in fiscal year 2029.	50,000,000	44,735,000
August 1, 2009	General Obligation Refunding Bonds of 2009, Series B, 1.25 percent to 3.25 percent interest, annual principal payments beginning in fiscal year 2011, semi-annual interest payments beginning in fiscal year 2010, matures in fiscal year 2021.	20,775,000	4,450,000
July 27, 2011	General Obligation Capital Improvement Transportation Sales Tax Bonds of 2011, 3.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2011, first annual principal payment due in fiscal year 2013, matures in fiscal year 2030.	167,000,000	152,230,000

July 27, 2011	General Obligation Capital Improvement Bonds of 2011, 2.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2011, first annual principal payment due in fiscal year 2013, matures in fiscal year 2032.	27,100,000	24,490,000
March 22, 2012	General Obligation Transportation Sales Tax Refunding Bonds of 2012, 2.00 percent to 5.00 percent interest, semi-annual interest payments beginning in May 2012, first annual principal payment due in fiscal year 2013, matures in fiscal year 2025.	32,095,000	31,520,000
May 21, 2013	General Obligation Transportation Sales Tax Refunding Bond of 2013, 3.25 percent to 5.00 percent semi-annual interest payments beginning in November 2013, first annual principal payment due in fiscal year 2018, matures in fiscal year 2028.	70,135,000	70,135,000
May 21, 2013	General Obligation Refunding Bond Series A of 2013, 3.00 percent to 5.00 percent semi-annual interest payments beginning in November 2013, first annual principal payment due in fiscal year 2020, matures in fiscal year 2025.	28,940,000	28,940,000
May 21, 2013	General Obligation Refunding Bond Taxable Series B of 2013, 2.00 percent to 2.50 percent semi-annual interest payments beginning in November 2013, first annual principal payment due in fiscal year 2014, matures in fiscal year 2022.	30,695,000	29,660,000
May 15, 2014	General Obligation Refunding Bonds Series A of 2014, 2.00 percent to 5.00 percent semi-annual interest payments beginning in December 2014, first annual principal payment due in fiscal year 2015, matures in fiscal year 2022.	14,955,000	12,480,000
May 15, 2014	General Obligation Refunding Bonds Taxable Series B of 2014, 1.35 percent to 5.00 percent semi-annual interest payments beginning in December 2014, first annual principal payment due in fiscal year 2015, matures in fiscal year 2019.	14,235,000	9,945,000
Subtotal		$809,670,000	517,835,000
Add: Premium			46,294,572
General obligation debt per statement of net position			564,129,572
Less current portion, including premium			(35,496,372)
Long-term portion outstanding			$ 528,633,200

Special Source Revenue Bonds. The County issued $86,405,000 Special Source Revenue Bonds on December 11, 2013. The proceeds of this issue are to be used for the costs of designing and constructing an extension of South Aviation Avenue Project as part of the Charleston Airport Area Improvement Project. These bonds are expected to be repaid from a portion of the FILOT payments.

Primary government Special Source Revenue Bonds payable at June 30, 2015, is comprised of the following:

		Principal Amount	
Issue Date	Title of Issues	Original	Outstanding
December 11, 2013	Charleston County Special Source Revenue Bonds, Series 2013, 4.00 percent to 5.00 percent semi-annual interest payments beginning in June 2014, first annual principal payment due in fiscal year 2019, matures in fiscal year 2039.	$ 86,405,000	$ 86,405,000
Subtotal		$ 86,405,000	86,405,000
Add: Premium			6,618,393
Special source revenue debt per statement of net position			93,023,393
Less current portion, including premium			343,135
Long-term portion outstanding			$ 93,366,528

Intergovernmental Note Payable - In July 2001 the County entered into an intergovernmental loan agreement with the South Carolina Transportation Infrastructure Bank to fund a portion of the cost of the new Arthur Ravenel, Jr. Bridge over the Cooper River. The County has agreed to pay $3,000,000 per year for the next twenty-five years beginning January 2004. The County has recorded the obligation on its records at a net present value using the discount rate of 5.73 percent.

Annual requirements to amortize the intergovernmental note payable outstanding at June 30, 2015, are as follows:

Year Ending June 30	Intergovernmental Note Payable	Principal	Interest
2016	$ 3,000,000	$ 1,453,933	$ 1,546,067
2017	3,000,000	1,537,243	1,462,757
2018	3,000,000	1,625,327	1,374,673
2019	3,000,000	1,718,458	1,281,542
2020	3,000,000	1,816,926	1,183,074
2021-2025	15,000,000	10,770,832	4,229,168
2026-2028	9,000,000	8,059,262	940,738
Total	$ 39,000,000	$ 26,981,981	$ 12,018,019

Capital Lease Obligations - Several component units have utilized capital leases to finance the acquisition of various types of equipment. The details of each entity's capital leasing activities are summarized later in this note. The County uses capital lease funding to finance the purchase of various equipment. Capital leases outstanding at June 30, 2015, include the following:

Governmental Activities	Original	Outstanding
Leases dated July 2013 to March 2014 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight equal installments of $110,733 through December 2017, includes principal and interest at 5.485 percent to 5.993 percent per annum.	$ 794,923	500,466
Leases dated March 2015 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight equal semi-annual installments of $66,985 through December 2018, includes principal and interest at 5.285 percent to 5.680 percent per annum.	483,458	421,187
Leases dated June 2012, payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight semi-annual installments of $4,649 through April 2016 includes principal and interest at 7.181 percent per annum.	32,575	8,821
Leases dated June 2012 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in ten semi-annual installments of $31,338 through April 2017, includes principal and interest at 6.572 to 6.587 percent per annum.	267,075	115,687
Leases dated January 2013, payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight semi-annual installments of $94,841 through December 2016 includes principal and interest at 5.49 to 5.52 percent per annum.	712,055	269,557
Internal Service Fund Lease dated July 2013 payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in five annual installments of $298,832 through October 2017, and includes principal and interest at 7.085 percent per annum.	1,286,123	783,008
Leases dated October to November 2014 payable to Ontario Investments, Inc. for the purchase of new copiers. Payable in five payments ranging from $12,889 to $24,471 through July 2018 includes principal and interest at 4.378 to 7.836 percent per annum.	82,432	70,118
	$ 3,658,641	2,168,844
Less current portion		(810,166)
Long-term portion outstanding		$ 1,358,678

A summary of the annual requirements are as follows:

Year Ending June 30	Principal	Interest	Totals
2016	$ 810,166	$ 126,350	$ 936,516
2017	759,459	76,799	836,258
2018	522,934	33,114	556,048
2019	76,285	2,283	78,568
Total	$ 2,168,844	$ 238,546	$ 2,407,390

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Amortization of Long-term Debt. Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2015.

Year Ending June 30	General Obligation Bonds		Special Source Revenue Bonds		
	Principal	Interest	Principal	Interest	Totals
2016	$ 30,005,000	$ 22,206,318	$ -	$ 4,269,369	$ 56,480,687
2017	32,470,000	20,887,766	-	4,269,369	57,627,135
2018	34,915,000	19,522,148	-	4,269,369	58,706,517
2019	35,905,000	18,094,490	3,380,000	4,184,869	61,564,359
2020	36,995,000	16,632,999	3,570,000	4,011,119	61,209,118
2021	31,775,000	15,215,532	3,330,000	3,838,619	54,159,151
2022	33,035,000	13,672,131	3,080,000	3,678,368	53,465,499
2023	34,340,000	12,029,830	2,930,000	3,528,118	52,827,948
2024	37,380,000	10,311,940	3,030,000	3,379,118	54,101,058
2025	40,605,000	8,473,175	3,155,000	3,224,494	55,457,669
2026	45,335,000	6,475,362	3,315,000	3,062,744	58,188,106
2027	48,965,000	4,316,393	3,480,000	2,892,869	59,654,262
2028	33,550,000	2,478,065	3,655,000	2,714,494	42,397,559
2029	22,055,000	1,290,750	3,835,000	2,527,244	29,707,994
2030	16,535,000	489,500	4,030,000	2,350,769	23,405,269
2031	1,945,000	119,900	4,190,000	2,186,368	8,441,268
2032	2,025,000	40,500	4,355,000	2,012,747	8,433,247
2033	-	-	4,535,000	1,809,550	6,344,550
2034	-	-	4,765,000	1,577,050	6,342,050
2035	-	-	5,000,000	1,326,675	6,326,675
2036	-	-	5,265,000	1,057,219	6,322,219
2037	-	-	5,540,000	773,587	6,313,587
2038	-	-	5,830,000	475,125	6,305,125
2039	-	-	6,135,000	161,044	6,296,044
Totals	517,835,000	172,256,799	86,405,000	63,580,297	840,077,096
Add Premium	46,294,572	-	6,618,393	-	52,912,965
Total debt-governmental activity	$ 564,129,572	$ 172,256,799	$ 93,023,393	$ 63,580,297	$ 892,990,061

There are a number of limitations and restrictions contained in the various bond and certificate indentures, such as types of investments, promise to levy tax sufficient to cover debt service and establishment of a sinking fund. The County is in compliance with all significant limitations and restrictions as of June 30, 2015.

The following is a summary of the changes in long-term obligations of the component units for the year-ended June 30, 2015:

Component Units	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Amount Due in One Year
Accrued compensated absences	$ 3,483,995	$ 2,199,471	$ (1,826,254)	$ 3,857,212	$ 958,634
Net other post-employment benefits	558,958	-	(507,484)	51,474	8,630
General obligation bonds	47,062,082	-	(4,744,917)	42,317,165	3,755,367
Capital lease obligations	4,877,053	1,166,783	(1,950,540)	4,093,296	1,143,705
Revenue bonds	294,087	200,000	(119,448)	374,639	119,082
Notes payable	28,911	40,000	(6,229)	62,682	19,762
Total	$ 56,305,086	$ 3,606,254	$ (9,154,872)	$ 50,756,468	$ 6,005,180

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	Range of Maturity Dates	Range of Interest Rates	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
Accrued compensated absences:						
CCL			$ 1,151,690	$ 585,058	$ (593,738)	$ 1,143,010
CCPRC			1,165,067	606,472	(382,418)	1,389,121
SAPPPC			34,290	22,721	-	57,011
SJFD			842,293	716,149	(643,193)	915,249
SPFD			290,655	269,071	(206,905)	352,821
Total accrued compensated absences			3,483,995	2,199,471	(1,826,254)	3,857,212
Net other post-employment benefits:						
CCPRC			493,876	-	(491,534)	2,342
SPFD			65,082	-	(15,950)	49,132
Total net other post-employment benefits			558,958	-	(507,484)	51,474
General obligation bonds:						
CCPRC	2015 - 2028	2.00% - 4.00%	36,361,123	-	(4,016,633)	32,344,490
SPFD	2015 - 2025	2.315% - 3.45%	3,994,897	-	(323,678)	3,671,219
SJFD	2015 - 2024	2.00% - 2.125%	6,706,062	-	(404,606)	6,301,456
Total general obligation bonds			47,062,082	-	(4,744,917)	42,317,165
Capital lease obligations:						
CCL	2015 - 2020		-	166,783	-	166,783
CCPRC	2015 - 2017	1.16%	1,241,242	1,000,000	(1,241,242)	1,000,000
SAPPPC	2015	2.36% - 3.05%	29,461	-	(29,461)	-
SJFD	2015 - 2021	3.076% - 5.593%	3,606,350	-	(679,837)	2,926,513
Total capital lease obligations			4,877,053	1,166,783	(1,950,540)	4,093,296
Revenue Bonds:						
SAPPPC	2015 - 2019	1.77% - 3.95%	294,087	200,000	(119,448)	374,639
Notes payable:						
SAPPPC	2015 - 2019	1.46% - 3.89%	28,911	40,000	(6,229)	62,682
Total component units long-term obligations			$ 56,305,086	$ 3,606,254	$ (9,154,872)	$ 50,756,468

The annual debt service requirements to maturity for component unit long-term obligations, excluding compensated absences, are as follows:

General Obligation Bonds

Year Ending June 30	SJFD	SPFD	CCPRC	Total Component Units
2016	$ 652,713	$ 442,613	$ 3,987,198	$ 5,082,524
2017	537,212	442,811	3,982,748	4,962,771
2018	703,813	442,941	3,989,448	5,136,202
2019	701,912	443,001	3,974,148	5,119,061
2020	469,813	442,991	3,963,218	4,876,022
2021 - 2025	3,933,606	1,909,236	11,848,233	17,691,075
2026 - 2028	-	173,857	5,235,750	5,409,607
Total	6,999,069	4,297,450	36,980,743	48,277,262
Less interest and plus amortized premium included above	(697,613)	(626,231)	(4,636,253)	(5,960,097)
Debt per statement of net position	$ 6,301,456	$ 3,671,219	$ 32,344,490	$ 42,317,165

Future minimum capital lease payments

Year Ending June 30	CCL	CCPRC	SJFD	Total Component Units
2016	$ 38,443	$ 371,064	$ 734,198	$ 1,143,705
2017	38,443	371,064	734,198	1,143,705
2018	38,443	278,298	565,938	882,679
2019	38,443	-	565,938	604,381
2020	28,835	-	565,938	594,773
2021	-	-	214,401	214,401
Future minimum capital lease payments	182,607	1,020,426	3,380,611	4,583,644
Less amount representing interest	(15,824)	(20,426)	(454,098)	(490,348)
Debt per statement of net position	$ 166,783	$ 1,000,000	$ 2,926,513	$ 4,093,296

Revenue Bonds

Year Ending June 30		SAPPPC
2016	$	119,082
2017		88,770
2018		88,772
2019		73,147
2020		20,706
Total		390,477
Less interest included above		(15,838)
Debt per statement of net position	$	374,639

Notes Payable

Year Ending June 30		SAPPPC
2016	$	21,148
2017		21,153
2018		19,944
2019		3,251
Total		65,496
Less interest included above		(2,814)
Debt per statement of net position	$	62,682

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Prior Year Defeasance of Debt - In prior years, the primary government defeased various outstanding debt issues by placing proceeds of new debt or other funds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust accounts and the defeased debt are not included in these financial statements. At June 30, 2015, the following debt issues outstanding are considered defeased:

	Governmental Activities
Primary Government:	
General Obligation Bonds:	
Series 2006 - TST	30,910,000
Series 2006 - CIP	30,265,000
Series 2007 - TST	60,635,000
Total General Obligation Bonds	121,810,000
Total Primary Government	$ 121,810,000

Legal Debt Limit - The County's borrowing power is restricted by amended Article X, Section 14, of the State Constitution effective December 1, 1977. This section provides that a local unit cannot at any time have total general obligation debt outstanding in an amount that exceeds eight percent of its assessed property value. Excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness; levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing on December 1, 1977, the effective date of the constitutional amendment.

Beginning January 1, 1996, the South Carolina Legislature changed the definition of debt subject to the 8 percent limit to include all Certificates of Participation at the time of issue subsequent to December 31, 1995. The following computation reflects the County's compliance with this limitation:

Assessed value of real and personal property			$ 3,550,976,915
Value of merchants inventory and manufacturers depreciation			26,943,597
Total assessed value			$ 3,577,920,512
Debt limitation-8 percent of total assessed value			$ 286,233,641
Total bonded debt:			
General Obligation Bonds		$ 517,835,000	
Less:			
Series 2006 G.O. Bond Transportation Sales Tax	$ (2,695,000)		
Series 2007 G.O. Bond Transportation Sales Tax	(68,885,000)		
Series 2011 G.O. Bond Transportation Sales Tax	(152,230,000)		
Series 2012 G.O. Bond Transportation Sales Tax	(31,520,000)		
Series 2013 G.O. Bond Transportation Sales Tax	(70,135,000)	(325,465,000)	
Total debt subject to debt limit			192,370,000
Legal debt margin			$ 93,863,641

J. Fund Equity

Nonspendable for inventories and prepaid items. These amounts do not represent available spendable resources even though they are components of net current assets.

Restricted for debt service. Fund balance subject to the provision of various bond indenture and Certificate of Participation lease agreements as to restrictions on expenditures.

Committed for capital projects. All capital project fund balances, are committed for the acquisition of capital assets, for the completion of existing projects and for future projects.

Restricted for special revenue funds. Amounts restricted in accordance with the various use restrictions placed on their assets under applicable grant agreements and legislation.

I.V. OTHER INFORMATION

A. Risk Management

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. For all of these risks, the County and its component units are members of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The County and its component units pay an annual premium to the State Insurance Reserve Fund for its general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The County and its component units are also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The County has enrolled substantially all of its employees in the State's health insurance plans administered by the South Carolina Budget and Control Board. The County records contributions from employer funds, employees, and retirees in the Employee Benefits Trust Internal Service Fund which remits the premiums to the State. The State reinsures through commercial companies for these risks. The various component units of the County insure the health, life, accident, dental and other medical benefits to their employees and their dependents through commercial insurance companies.

Effective July 1, 1995, the County established a self-insured plan to fund risks associated with workers' compensation claims. Claims administration is handled by a third party with reinsurance through commercial insurance companies for all individual claims in excess of $100,000. All funds of the County participate in the program and make payments to the Workers' Compensation Internal Service Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of $3,420,000 reported in the Fund at June 30, 2015, is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County purchases insurance contracts from commercial insurers to satisfy certain liabilities under workers' compensation claims; accordingly, no liability is reported for those claims. The liability is included in the County's accounts payable as reported in the fund statement and statement of net position.

Changes in the Fund's estimated claims liability amount in fiscal year 2014 and 2015 were:

Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2014	$ 3,370,000	$ 4,603,148	$ (4,433,148)	$ 3,540,000
2015	$ 3,540,000	$ 4,070,475	$ (4,190,475)	$ 3,420,000

For all of the above risk management programs, except workers' compensation, the County and its component units have not significantly reduced insurance coverage from the previous year; settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the County and its Component units have effectively transferred all risk with no liability for unfunded claims.

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B. Subsequent Events

On October 30, 2015, Charleston County purchased a commercial building off of Leeds Avenue to be used for the Coroner's office and lab space.

In November 2015, Charleston County issued $123,805,000 aggregate principal amount of General Obligation Bonds, Series 2015. The Bonds were issued in four series in the following initial principal amounts: (1) $18,795,000 Capital Improvement General Obligation Bonds, Series 2015A; (2) $2,080,000 Fire Protection Services General Obligation Bonds, Series 2015B; (3) $56,680,000 General Obligation Refunding Bonds, Series 2015C; and (4) $46,250,000 General Obligation Transportation Sales Tax Refunding Bonds, Series 2015D.

The St. Paul's Fire District has evaluated subsequent events through October 1, 2015, the date their financial statements were issued. The following subsequent events have occurred:

An ordinance approved by Charleston County authorizing a tax anticipation note of $2.5 million was utilized in October for $1.3 million. Payment would be made from the general fund tax collection.

A five year arrangement in the amount of $793,000 for fire trucks and equipment was approved by the board at the October 1st meeting. Payment would be made through the debt service fund.

As part of the budgeting process for fiscal year 2016, the Charleston County Parks and Recreation Commission increased its operating millage from 4.1 mills to 4.5 mills.

In July 2015, the Charleston County Parks and Recreation Commission issued $6,000,000 in General Obligation Bonds with an interest rate of 0.65% in order to defray the costs of improving, expanding and renovating existing and new facilities, undertaking other capital expenditures identified in the Commission's capital improvement plan, and paying the costs of issuance of the bonds. Interest is due in two semi-annual installments on February 1, 2016 and August 1, 2016, with the full $6,000,000 in principal due on August 1, 2016.

Subsequent to June 30, 2015, the Charleston County Parks and Recreation Commission accepted a grant from the Roper Saint Francis Physicians' Endowment to provide funding for the Move IT! Program in the amount of $699,000.

During the year ending June 30, 2015, Charleston County Council approved the future issuance of a tax anticipation note (TAN) in the amount of $2,000,000 to St. John's Fire District. Subsequent to June 30, 2015, the District has borrowed $1,500,000 from this TAN as of the audit report date. As a result, $500,000 of the $2,000,000 TAN is still available to the District. Any advances received by the District against the TAN will bear interest at a rate equal to the interest rate paid by the South Carolina Investment Pool during the period the note is outstanding, and the principal and accrued interest, if any, is due and payable in March 2016.

C. Contingent Liabilities

Federal Grants - Amounts received or receivable from grants 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. Management has not been informed of any significant matters of non-compliance with grant provisions or planned grantor audits. The amount of grant expenditures which may be disallowed cannot be determined at this time, but the County believes that any amount will be immaterial.

Litigation - The County and its component units are party to various lawsuits that are normal in the operations of a county government. These lawsuits involve disputes arising from various matters, including the termination of employment, wrongful death and survival, personal injury and other tort actions, delinquent tax sales, contractual agreements, and civil rights violations. It is the opinion of legal counsel that it cannot be determined whether resolution of these matters, individually or in the aggregate in excess of insurance coverage, will have a material adverse effect on the financial condition of the County and its component units.

Annexation - Several of the component units serve geographic regions which are subject to annexation by the surrounding municipalities. Should these annexations continue, there could be a significant impact on the operations of the various component units. The South Carolina General Assembly is currently considering legislation which would require the municipality which annexes properties of another political subdivision to assume responsibility for payment of the pro-rata bonded debt outstanding on the date of annexation.

In May 2000, the South Carolina General Assembly passed legislation to address the loss of revenues by public service districts due to annexations by municipalities. The legislation calls for an agreed-upon plan between the annexing municipality and the public service district. This plan would protect the remaining unannexed area in the public service district from economic loss of revenue brought about by annexation.

This new legislation should lessen but not eliminate the impact on the operations of various component units due to annexations.

D. Commitments

The County and its various component units have various commitments to provide facilities or services under numerous agreements signed with third parties in addition to its construction commitments and recorded encumbrances.

In July 2001, the County entered into an intergovernmental agreement with the South Carolina Infrastructure Bank to make twenty-five annual payments of $3,000,000 beginning in January 2004 as a local match to help defray the cost of the Arthur Ravenel Jr. Bridge over the Cooper River built by the State to replace the existing bridges connecting the City of Charleston and the Town of Mt. Pleasant. This debt is shown as an inter-government note payable in Note I of these financial statements.

The County entered into an agreement with the South Carolina Transportation Infrastructure Bank (SCTIB) for the completion of the Mark Clark Expressway. This agreement was executed on June 8, 2007, between the County, the SCTIB, and The South Carolina Department of Transportation. The total project funding requested was $725 million. On December 15, 2015, the South Carolina Transportation Infrastructure Bank Board has passed a resolution which requires Charleston County to:

1. Develop a solid plan to cover the project’s $305 million to $353 million funding shortfall and adopt a binding resolution to fund or secure funding for it by March 30.

2. Complete a new three-party contract, known as an Intergovernmental Agreement, with the bank and the DOT by April 30.

3. Adopt and implement a legally enforceable ordinance putting the plan in place and making funds available on a schedule acceptable to the bank by December 16, 2016.

On September 15, 1997, the County entered into an intergovernmental agreement with the City of North Charleston to help fund the construction of a convention center adjacent to the North Charleston Coliseum. The agreement requires the County to be responsible for the pro-rata debt service on $18,095,000 of a total $48,045,000 in Certificates of Participation issued by the City on September 15, 1997. The debt service is to be paid monthly to a trustee from the revenues of the County Accommodations Special Revenue Fund.

The agreement allows for non-payment in the event of non-appropriation by the City of North Charleston and for reduced payments if accommodation fee revenues fall below the payment amount. Annual debt service on the County's $18,095,000 obligation, maturing in 2020, under the agreement is approximately $1.4 million.

This agreement is funded from a specific source of funds, the Accommodations Fee. The agreement also contains provisions for the non-payment of these obligations by the County if the revenues from the Accommodations Fee are not sufficient to make the payment or if the party that issued the debt (the City of North Charleston) does not make their pro-rata debt service. Therefore, the determination has been made that this commitment does not represent debt to the County and is not reflected in the entity-wide financial statements.

On April 7, 2008, the County entered into a ten-year agreement with the Charleston Animal Society formerly the John Ancrum Society for the Prevention of Cruelty to Animals for the care and impoundment of animals delivered to the shelter by the County. The original agreement with the Society was dated January 23, 1979, and has been updated several times since then. The amended non-cancelable portion of the agreement calls for the County to pay a base monthly fee of $34,539. Additionally, the County agrees to pay the Society $5.77 for the receiving and immunization of each animal placed in custody and $5.77 boarding fee per animal per day. The County will also pay a euthanasia fee of $5.77 for each animal. The County also agrees to pay any reasonable out-of-pocket expenses associated with animal cruelty cases.

As part of the contract, the County provided $4,500,000 in funds and property towards the construction of a new shelter. Upon early termination of the agreement by the Society, the Society shall repay the County a pro-rata portion of the $4,500,000.

This contract was amended on July 1, 2009. The amended, non-cancellable portion of the agreement calls for the County to pay a base monthly fee of $51,772, as well as $7.48 for the receiving and immunization of each animal placed in the custody of the Society, and $7.48 boarding fee per animal per day. The County will also pay a euthanasia fee of $7.48 to the Society for each animal euthanized.

In addition, the County agrees to pay a cremation fee of $7.48 for each dead animal brought to the shelter by a law enforcement officer, animal control officer of the County or municipality within the County. The Society will bill the County separately for stray animals that it receives from citizens of the County.

The non-cancelable portion of the agreement states the County shall continue to pay the Society the current monthly fee for a five-year period plus any annual increases in the CPI during such five-year period if the County terminates the contract. The agreement was amended February 1, 2011. The following language was added: The Society may contract for accounting services in order to maintain an accurate record of fees and costs associated with the intake of animals delivered to Society. The Society will submit monthly invoices to the County for reimbursement. These monthly invoices shall include an itemized bill for said accounting services.

The Society will be entirely responsible for any and all costs that exceed Fifteen Hundred ($1,500.00) Dollars per month. The County may, at any time, request from Society a full audit of the accounting services and duties performed by accountant and Society will comply within a reasonable time with any and all such requests.

A new agreement with the Charleston Animal Society is effective July 1, 2014. The amount the County shall pay to the Society will be approved annually in the County budget and subject to modification at mid-year budget review. The Society will receive the amount approved in the County budget, set by County Council, in monthly installments.

The Charleston County Parks and Recreation Commission has entered into an agreement with the City of Folly Beach to restrict $77,850 each year to provide for the re-nourishment of the erosion that occurs along Folly Beach. Capital Projects fund balance of $82,949 has been reserved for beach re-nourishment as of June 30, 2015. The annual contribution for the year ended June 30, 2015 was made subsequent to June 30, 2015.

As of June 30, 1997, the Charleston County Parks and Recreation Commission had provided approximately $2,065,171 to the City of Charleston for the construction of the Charleston Maritime Center which was to be leased to and operated by the Commission. On August 4, 1997, the City of Charleston and Charleston County Parks and Recreation Commission entered into an agreement that terminated the Master Lease of the Charleston Maritime Center dated August 1, 1995, between the two parties. This agreement grants the Commission the right of first refusal for the purchase of the Maritime Center for a period of 50 years from the date of execution of the agreement. In the event that the Commission does elect to purchase the Maritime Center, then the City of Charleston will credit $1,500,000 toward the purchase price. If the Commission elects not to purchase the Maritime Center, then the City of Charleston will pay the Commission $1,500,000 from the proceeds of the sale.

In July 1995, the Commission entered into a lease agreement with Charleston County whereby the Commission assumed the responsibilities of operating and maintaining 19 boat landings throughout Charleston County. The lease is for a term of 99 years and commenced on July 1, 1995. The Commission pays a nominal fee of $1 per year under the lease terms, but the agreement expressed the intent of Charleston County to transfer millage each year to help fund related expenses. Funding is contingent upon future County Council approval.

On June 29, 1988, Kiawah Island was sold to Kiawah Resort Associates. The Charleston County Parks and Recreation Commission has been in contact with the owners in order to obtain a new lease agreement for Beach Walker Park. A verbal agreement has been made to ensure that the Park can continue to operate. To date, however, no formal agreement has been signed.

During 1988, the Charleston County Parks and Recreation Commission was advised by the South Carolina Highway Department that the proposed Mark Clark Expressway will go through the northern portion of James Island County Park. The Commission is awaiting determination from the South Carolina Department of Transportation and Charleston County on the future location of the Mark Clark corridor.

On August 22, 2005, the Charleston County Parks and Recreation Commission entered into an agreement with K.L.B. Group DBA Locklear's Beach City Grill to allow this corporation to operate the restaurant at the Folly Pier. The building held for rent had an estimated cost of $1,253,494 and an estimated net book value of $710,315 at June 30, 2015, and is included in the governmental activities capital assets. Rent started at $7,400 per month and increases each November based on the current CPI. The new rental per month based on the CPI increased to $8,883 per month on November 1, 2014. The lease also provided for contingent rentals of 7.25 percent of annual sales greater than $1,200.000.

The original lease term was for five years beginning October 1, 2005. On August 16, 2007, the Commission and K.L.B. Group agreed to suspend the contract for convenience during the time period October 1, 2007 through March 1, 2008, so that the Commission could progress with repairs to the Folly Beach Fishing Pier building. In return, the lessee received an extension of the lease for the period of time the building was closed for repairs.

On August 25, 2009, the Commission entered into an agreement with K.L.B. Group to allow the corporation to exercise the option of extending the lease for an additional five years, with the option terminating on October 31, 2015. This lease was extended for one additional year at the November 17, 2014 Commissioners meeting.

The following is a schedule by year of the minimum future rentals on the non-cancelable operating lease as of June 30, 2015:

Year Ending June 30	Total
2016	$ 106,596
2017	35,532
Total minimum future rentals	$ 142,128

Total rental income of $122,114 was recorded during the current year.

During October 2010, the Charleston County Parks and Recreation Commission entered into a lease for an area commonly known as Laurel Hill Plantation for an initial period of 25 years with a provision that the lease will be automatically extended for three separate successive terms of 25 years each provided that the Commission is not in default. The Commission is required to pay base rental fees, operating expenses and additional rental fees. The base rental fee was $1,330,000 for the first five years of the rental term for a total of $6,650,000 with no further base rent being required for the remainder of the lease, including extension periods. Additional rental fees are defined as other items for which the Commission may become liable during the lease, including, but not limited to, premiums for insurance. Operating expenses are defined as nominal costs including, but not limited to, ad valorem taxes and premiums for insurance. The lease also contains an option to purchase contingent upon the Lessor obtaining the right to convey a fee simple interest in the property as well as the acceptance of an appraisal of fair market value. The base rental fee is being amortized on a straight-line basis over the initial lease term of 25 years in the government-wide financial statements, and at June 30, 2015, the unamortized prepaid rent was $5,385,000.

In December 2000, the U.S. Secretary of the Interior conveyed property consisting of approximately 25 acres in fee and 0.6 acres of easements to the Charleston County Parks and Recreation Commission in a Quitclaim Deed. The property conveyed includes areas presently known as the Cooper River Marina, previously known as the Old Navy Base Marina facilities. The conveyance has several restrictions including the following: the property must be used and maintained for the public park and recreation purposes for which it was conveyed in perpetuity, the property shall not be sold, leased, assigned or otherwise disposed of except to another eligible governmental agency that the Secretary of the Interior agrees in writing can assure the same continued use of the property, and funds generated on the property may not be used for non-recreational purposes and, furthermore, must be used for the development, operation and maintenance of the property until it is fully developed in accordance with the Program of Utilization. There are also various reporting requirements.

The Cooper River Park and Playground Commission contracted on July 1, 1996, with the City of North Charleston (City) to provide recreational services for the fiscal year to the citizens within the Commission's jurisdictional boundaries. Since the original contract date, the Commission and the City have renewed this contract annually with an effective date of July 1 of each fiscal year. Under the terms of this contract, the City agrees to pay all reasonable administrative and professional costs incurred by the Commission, and the Commission agrees to transfer and pay over to the City all appropriated funds, from whatever source, in the accounts of the Commission except for the remaining unassigned fund balance carried forward from June 30, 2009. The City also assumed control and possession (but not legal title) of fixed property and equipment. Due to the declining tax base and the fractured property lines of the Commission, it would be difficult or impractical to provide services to its citizens without this contract with the City. The Commission is currently negotiating another one year contract with the City covering the period from July 1, 2015 to June 30, 2016, with essentially identical terms as previous contracts.

Certain real estate and facilities acquired by the Cooper River Park and Playground Commission are located within the corporate limits of the City of North Charleston. Those facilities were originally leased to the City for a 25-year lease term commencing May 23, 1980, at a $1 annual rental fee. This lease was renegotiated and signed May 23, 2006, for a 50-year term at a $1 annual rental fee. Additional facilities were leased in February and May of 1990 for a 100-year term also at an annual rental fee of $1.

Under the annual contract with the City of North Charleston, the Cooper River Park and Playground Commission has agreed to assign to the City all of its assets, real and personal, thereby allowing the City exclusive use, possession, control and management of these assets. As of June 30, 2015, the leased assets have a book value of $73,197.

Most of the land on which the Cooper River Park and Playground operates playground facilities is provided by the Charleston County School District at no cost. These facilities originally operated in accordance with a 20-year lease agreement dated December 25, 1981. This lease continues on a month-to-month basis until such time as the lease in terminated or renegotiated.

The North Charleston District entered into an agreement on April 1, 1996, with the City of North Charleston for the City to provide fire, sanitation, and street lighting services to the constituents of the District. The contract requires the payment of substantially all of the Districts revenues to the City and turning over control and possession, but not legal title to, all of the District’s fixed property and equipment. On an annual basis since June 30, 1997, the District has entered into additional one year contracts with the City with essentially the same terms as described above. To fulfill the contract at June 30, 2015, the District owes the City $85,420. This contract was extended for one year until June 30, 2016. Due to the declining tax base and the fractured lines of the District, it would be difficult or impractical to provide services to its citizens without this contract. The District anticipates total annexation by the City in the foreseeable future.

E. Deferred Compensation Plan

The County and its component units offer their employees several deferred compensation plans under programs administered by the South Carolina Deferred Compensation Commission. The multiple employer plans were created in accordance with Internal Revenue Code Sections 457 and 401(K). The plans available to all full-time County and component unit employees, at their option, permit participants to defer a portion of their salary until future years. Only upon termination, retirement, disability, death, or an approved hardship is the deferred compensation available to an employee.

During the year ended June 30, 2000, the deferred compensation plans were amended to allow for employer matching contributions of up to $300 per year for each covered participant. Effective December 23, 2008, the County suspended this match of $75 per quarter. The total contributions made by the County’s plan members were $2,206,671 for the fiscal year ending June 30, 2015.

Total contributions made by the Charleston County Library’s plan members were $201,147 for the fiscal year ending June 30, 2015.

F. Other Post-Employment Benefits

Plan Description

The County provides post-employment health, life and dental care benefits, as per the requirement of a local ordinance, for certain retirees and their dependents. This plan is a single employer defined benefit plan. Substantially all employees who retire under the State retirement plans are eligible to continue their coverage with the County paying 50 percent of health insurance premiums and the retiree paying 100 percent of life and dental insurance premiums and the remaining 50 percent of the health insurance premiums. The County’s regular insurance providers underwrite the retirees’ policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. Effective July 1, 2008, the County modified its post-employment benefits policy as follows:

A) Increase years of service with the County:

1. Twenty five years of service with the County for the fifty percent of health premium benefit

2. Fifteen years of service with the County for the twenty five percent of health premium benefit

B) Reduce surviving spouse benefit to one year for future retirees who start work with the County January 1, 2009 and later.

During the fiscal year ended June 30, 2006, the St. Paul's Fire District established a policy that allowed retiree insurance benefits. The plan was amended in 2009 to cease coverage at the earlier of the date of death or the date the participant becomes eligible for Medicare coverage. The plan was further curtailed at the end of the 2010 fiscal year, continuing coverage for those individuals who had retired prior to June 30, 2010, but providing no coverage to any employee retiring after that date.

The Charleston County Parks and Recreation Commission provide retiree benefits.

The Commission changed the eligibility criteria during the year ended June 30, 2015. The eligibility criteria as of June 30, 2015 are as follows.

Employees who retire from the Commission prior to July 1, 2016:

A) Any covered employee who retires with at least 20 years, but less than 25 years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50 percent of the retiree cost and 50 percent of the dependent cost for health and dental coverage.

B) Any covered employee who retires with 25 years or more years of Commission-covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular, position. The Commission will pay 100 percent of the retiree cost and 65 percent of the dependent cost for health and dental coverage.

C) The health and dental insurance premium for surviving spouses and dependents of deceased retirees will be waived for one year after the retiree's death. Following one year, the surviving spouse and/or dependents are eligible to continue coverage at the same proportional cost (50 percent or 65 percent) as in effect prior to the retiree's death. Survivors may remain on the plan until death or remarriage, whichever comes first.

Employees who retire from the Commission between July 1, 2016 and July 1, 2025:

A) Any covered employee who retires with at least 20 years, but less than 25 years of Commission covered entity service credit under the South Caroline Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50% of the retiree cost and 50% of the dependent cost for health and dental coverage.

B) Any covered employee who retires with 25 or more years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 100% of the retiree cost and 65% of the dependent cost for health and dental coverage.

C) Retirees and their dependents may remain on retiree coverage until the retiree reaches Medicare eligible age. No benefit is provided to the retiree after reaching the eligibility age for Medicare. After the retiree reaches Medicare eligibility, the retiree's dependents may continue coverage, however, dependents will be required to pay 100% of the premium cost as outlined in the guidelines of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA). If a covered spouse becomes Medicare eligible prior to the retiree, the covered spouse must be enrolled in Medicare coverage and will cease to be covered by CCPRC. Once a retiree or their spouse reaches the Medicare eligible age, they may continue to purchase dental and vision coverage through CCPRC's group coverage at a cost of 100% of the premium.

D) The surviving spouse and/or dependents are eligible to continue coverage for 36 months at the full cost of the premium as outlined in the guidelines of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA).

Employees who retire from the Commission after July 1, 2025:

A) Any covered employee who meets the following requirements: is at least 55 years old, who retires with at least 20 Commission full-time years, but less than 25 full-time years of Commission service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, and provided he/she is eligible for retirement at the time he/she leaves active Commission service and retires at the time of separation with the Commission. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50% of the retiree cost only. Retiree's dependents may remain on the insurance plan, but retirees will be responsible for the full cost of the dependent's premium.

B) Any covered employee who meets the following requirements: is at least 55 years old, who retires with at least 25 or more years of Commission service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, and provided he/she is eligible for retirement at the time he/she leaves active Commission service and retires at the time of separation with the Commission. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 75% of the retiree cost only. Retiree's dependents may remain on the insurance plan, but retirees will be responsible for the full cost of the dependent's premium.

C) After the retiree reaches Medicare eligibility the retiree's dependents may continue coverage. No benefit is provided to the retiree after reaching the eligibility age for Medicare. However, dependents will be required to pay 100% of the premium cost as outlined in the guidelines of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA). If a covered spouse becomes Medicare eligible prior to the retiree, the covered spouse must be enrolled in Medicare coverage and will cease to be covered by the Commission. Once a retiree or their spouse reaches the Medicare eligible age, they may continue to purchase dental and vision coverage through the Commission's group coverage at a cost of 100% of the premium.

D) The surviving spouse and/or dependents are eligible to continue coverage for 36 months at the full cost of the premium as outlined in the guidelines of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA).

No coverage is available to an employee not eligible for employer paid coverage.

Covered participants are required to apply for Medicare when eligible, and retiree coverage will be secondary to Medicare or any other group coverage that employees or their dependents have.

Employees may opt out of the plan. The Commission is not required to contribute at an actuarially determined rate, but has elected to contribute based on an advanced funding basis based on the actuarial determined amount.

Membership of the plan is as follows:

Retirees, survivors and beneficiaries receiving benefits	11
Active Employees	175
Total	186

Funding Policy

As of year-end, there were 456 employees who had retired from the County and are receiving health insurance premium coverage benefits. The County currently finances the plan on a pay-as-you-go basis.

For the year ended June 30, 2015, the County recognized expenses of $1,631,900 for retiree healthcare, which were net of retiree contributions of $1,837,545. The St. Paul's Fire District had 3 employees who had retired and receiving benefits under their plan. The District recognized expenses of $15,950 for health care premiums for the current year. The Charleston County Parks and Recreation Commission had 11 employees who are retired and receiving benefits.

The County's annual cost (expense) for other post-employment benefits is calculated based on the annual required contribution (ARC) of the employer, which is actuarially determined based upon the requirements and parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.* The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year plus the amount necessary to amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years. The current ARC is based on a level percent of payroll increasing at 3 percent.

For the year ended June 30, 2015, the County's annual OPEB cost was $6,088,069 for the post-employment healthcare plan. The County's annual OPEB cost for the current year is as follows:

Annual required Contribution	$ 6,004,695
Interest on OPEB obligation	1,134,174
Adjustment of ARC	(1,050,800)
Annual OPEB cost (expense) end of year	6,088,069
Net estimated employer contributions	(2,105,125)
Increase in net OPEB obligation	$ 3,982,944
Net OPEB obligation/ (asset) beginning of year	25,203,859
Net OPEB obligation/ (asset) end of year	$ 29,186,803

<u>Actuarial methods and assumptions</u>

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the County's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Investment rate of return	4.5% net of expenses
Actuarial cost method	Projected Unit credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	Open 30-year period
Salary Growth	3.00% per annum
Inflation	3.00% per annum
Medical Trend	Initial rate of 6.00% declining to an ultimate rate of 4.50% after 9 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending June 30, 2015, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
June 30, 2013	$6,142,719	$2,163,467	35.2%	$21,780,235
June 30, 2014	$5,901,850	$2,478,226	42.0%	$25,203,859
June 30, 2015	$6,088,069	$2,105,125	34.6%	$29,186,803

Schedule of Funding Progress and Status

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c))
7/1/2007	$ -	$52,972,306	$52,972,306	0%	$93,550,000	56.62%
7/1/2007	$ -	$52,972,306	$52,972,306	0%	$97,800,000	54.16%
7/1/2009	$ -	$47,374,110	$47,374,110	0%	$96,600,000	49.04%
7/1/2010	$ -	$47,374,110	$47,374,110	0%	$99,400,000	47.66%
7/1/2011	$ -	$54,526,503	$54,526,503	0%	$98,300,000	55.47%
7/1/2013	$ -	$63,154,853	$63,154,853	0%	$105,200,000	60.04%
7/1/2014	$ -	$58,570,371	$58,570,371	0%	$110,888,000	52.82%

G. Funds Held by Coastal Community Foundation

As of June 30, 2015, the Coastal Community Foundation held $499,234 in the Charleston County Library Fund. The fund was established in November 1983 as a capital fund for the purpose of providing support for unusual or innovative programs and services at the Library not normally funded by government appropriations. Of the balance, $17,338 is available for grants to the Library.

As of June 30, 2015, the Coastal Community Foundation was holding $101,269 in the Roper Foundation Community Wellness Endowment for the Charleston County Library. The endowment was established for the purpose of updating the health education information collection from earnings on the funds. At year-end, $3,517 is available for grants to the Library.

These amounts are not reflected in the Library's financial statements until grants are received by the Library from the Foundation. During the year, no amounts were awarded as grants to the library.

H. Employee Retirement Systems and Plans

South Carolina Retirement and Police Officers' Retirement Systems

The South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (restructured into the Department of Administration on July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review.

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the 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, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

• The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

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

Membership

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

• SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election.

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

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

Benefits

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

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

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

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

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one- half of one percent per year.

As noted above, both employees and the County are required to contribute to the plans at rates established and as amended by the PEBA. The County's contributions are actuarially determined, but are communicated to and paid by the County as a percentage of the employees' annual eligible compensation as follows for the past three years:

	SCRS Rates			PORS Rates		
	2013	2014	2015	2013	2014	2015
Employer Rate:						
Retirement	10.45%	10.45%	10.75%	11.90%	12.44%	13.01%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	10.60%	10.60%	10.90%	12.30%	12.84%	13.41%
Employee Rate	7.00%	7.50%	8.00%	7.00%	7.84%	8.41%

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

Year Ended	SCRS Contributions		PORS Contributions	
June 30	Required	% Contributed	Required	% Contributed
2015	$ 8,122,490	100%	$ 4,656,574	100%
2014	7,450,960	100%	4,263,734	100%
2013	7,099,972	100%	4,094,830	100%

Actuarial Assumptions and Methods

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

The most recent annual actuarial valuation reports adopted by the PEBA Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS"), based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or $500	lesser of 1% or $500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

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

Net Pension Liability
The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. The County and component units' proportional share of the NPL amounts for SCRS and PORS are presented below:

	Measurement Period Ended June 30, 2015	Fiscal Year Ended June 30, 2015	System	Proportional Share of Net Pension Liability	
Primary Government	2014	2015	SCRS	$	133,058,460
	2014	2014	PORS	$	53,055,006
Component Units					
CCL	2014	2015	SCRS	$	13,579,832
CCPRC	2014	2015	SCRS	$	17,682,740
SAPPPC	2014	2015	SCRS	$	2,203,391
SJFD	2014	2015	SCRS	$	845,339
	2014	2015	PORS	$	8,659,951
SPFR	2014	2015	SCRS	$	168,894
	2014	2015	PORS	$	3,998,531

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The County's proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the year ending June 30, 2014, the County's percentage of the SCRS and PORS net pension liability were 0.772846% and 2.77133%, respectively.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	**Target Asset Allocation**	**Expected Arithmetic Real Rate of Return**	**Long Term Expected Portfolio Real Rate of Return**
Short Term	**5.0%**		
Cash	2.0%	0.3%	0.01%
Short Duration	3.0%	0.6%	0.02%
Domestic Fixed Income	**13.0%**		
Core Fixed Income	7.0%	1.1%	0.08%
High Yield	2.0%	3.5%	0.07%
Bank Loans	4.0%	2.8%	0.11%
Global Fixed Income	**9.0%**		
Global Fixed Income	3.0%	0.8%	0.02%
Emerging Markets Debt	6.0%	4.1%	0.25%
Global Public Equity	**31.0%**	**7.8%**	**2.42%**
Global Tactical Asset Allocation	**10.0%**	**5.1%**	**0.51%**
Alternatives	**32.0%**		
Hedge Funds (Low Beta)	8.0%	4%	0.32%
Private Debt	7.0%	10.2%	0.71%
Private Equity	9.0%	10.2%	0.92%
Real Estate (Broad Market)	5.0%	5.9%	0.29%
Commodities	3.0%	5.1%	0.15%
Total Expected Real Return	100.0%		5.88%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.63%

Sensitivity Analysis

The following schedule presents the proportional net pension liability of the County and its component units calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

Primary Government

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

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	$ 172,185,879	$ 133,058,460	$ 100,414,967
PORS	$ 74,143,127	$ 53,055,006	$ 35,606,513

Component Units

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

	System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
CCL	SCRS	$ 17,570,777	$ 13,579,832	$ 10,248,265
CCPRC	SCRS	$ 22,882,560	$ 17,682,740	$ 13,344,599
SAPPPC	SCRS	$ 2,851,325	$ 2,203,391	$ 1,662,829
SJFD	SCRS	$ -	$ -	$ -
	PORS	$ -	$ -	$ -
SPFD	SCRS	$ 259,110	$ 200,230	$ 151,107
	PORS	$ 5,587,762	$ 3,998,531	$ 2,683,468

Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2015, the County recognized pension expense of $13,931,436. At June 30, 2015, the County reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 12,779,064	$ –
Differences in actual and expected experience	5,186,119	–
Net differences between projected and actual earnings on plan investments	–	17,356,651
	$ 17,965,183	$ 17,356,651

The County reported $12,779,064 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the County and its component units' proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2015. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2014 was 4.233 years for SCRS and 4.856 years for PORS.

Primary Government

Measurement Period Ending June 30,	Fiscal Year Ending June 30,	SCRS	PORS
2015	2016	$ (1,638,252)	$ (1,167,547)
2016	2017	(1,638,252)	(1,167,547)
2017	2018	(1,638,252)	(1,167,547)
2018	2019	(2,532,716)	(1,220,419)
Net Balance of Deferred Outflows / (Inflows) of Resources		$ (7,447,472)	$ (4,723,060)

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The following schedule reflects the amortization of the County's component units' proportionate share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2015:

Component Units

	Measurement Period Ending June 30, 2015	Fiscal Year Ending June 30, 2015	SCRS	PORS
CCL	2015	2016	$ (167,199)	N/A
	2016	2017	(167,199)	N/A
	2017	2018	(167,199)	N/A
	2018	2019	(258,764)	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			$ (760,361)	
CCPRC	2015	2016	$ (217,715)	N/A
	2016	2017	(217,715)	N/A
	2017	2018	(217,715)	N/A
	2018	2019	(336,587)	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			$ (989,732)	
SAPPPC	2015	2016	$ (27,129)	N/A
	2016	2017	(27,129)	N/A
	2017	2018	(41,941)	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			$ (96,199)	
SJFD	2015	2016	$ (10,408)	$ (190,573)
	2016	2017	(10,408)	(190,573)
	2017	2018	(16,091)	(199,204)
Net Balance of Deferred Outflows/(Inflows) of Resources			$ (36,907)	$ (580,350)
SPFD	2015	2016	$ (2,465)	$ (87,993)
	2016	2017	(2,465)	(87,993)
	2017	2018	(2,465)	(87,993)
	2018	2019	(3,810)	(91,979)
Net Balance of Deferred Outflows/(Inflows) of Resources			$ (11,205)	$ (355,958)

I. Related Party

During the year there were several transactions between Charleston County Library and Charleston County. These transactions were as follows:

	Amount
Amounts given to CCL:	
Appropriation (including supplemental appropriation	$ 14,768,919
Amounts paid to the County by CCL:	
Janitorial services	101,571
Carpet cleaning	24,942
Workers' compensation	387,797
OPEB compensation	359,100
Insurance coverage-building & contents, liability, fidelity bond, theft	98,718
Motor vehicle repairs	21,984
Motor vehicle fuel charges	17,454
Other general services	122,390
Solid Waste User Fee	12,821
Health, life and dental insurance (library employees covered through County plan)	935,424
Other minor charges	7,399
	$ 2,089,600
Other transactions:	
Rent-free use of County-owed Library buildings and County-owned vehicles*	*

*Not Determined

J. Pending Implementation of GASB Statements

The GASB has issued the following statements:

GASB Statement No. 72, *Fair Value Measurement and Application*, provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The County will implement the new guidance with the 2016 financial statements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statement 67 and 68.* The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The County will implement the new guidance with the 2016 financial statements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about post-employment benefits other than pensions (other post-employment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The County will implement the new guidance with the 2017 financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The County will implement the new guidance with the 2018 financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. The County will implement the new guidance with the 2016 financial statements.

GASB Statement No. 77, Tax Abatement Disclosures, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements, and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The County will implement the new guidance with the 2017 financial statements.

Management has not yet determined the impact implementation of these standards will have on the County's financial statements, if any.

K. Restatements

During the year ended June 30, 2015, the County and its component units implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As part of this implementation, the County and its component units were required to record their proportionate share of the state retirement system's net pension liability. The implementation of this new accounting policy was retroactive. The effect of the restatement is as follows:

	Government-wide Statements					
	Primary Government	CCL	CCPRC	SAPPPC	SJFD	SPFD
Net position as originally presented June 30, 2014	$ (94,742,362)	$ 3,349,362	$ 120,283,832	$ 2,937,108	$ 6,353,565	$ 3,767,592
Adoption of GASB 68 and 71 principles	(166,322,882)	(13,388,486)	(17,433,581)	(2,172,353)	(9,511,983)	(4,143,161)
Net position as restated June 30, 2014	$ (261,065,244)	$ (10,039,124)	$ 102,850,251	$ 764,755	$ (3,158,418)	$ (375,569)

	Proprietary Funds			
	Environmental Management	Parking Garages	Non-major Other Funds	Internal Service Funds
Net position as originally presented June 30, 2014	$ 70,836,022	$ 14,671,984	$ 13,507,076	$ 20,876,553
Adoption of GASB 68 and 71 principles	(7,853,419)	(1,179,856)	(8,996,405)	(166,322,882)
Net position as restated June 30, 2014	$ 62,982,603	$ 13,492,128	$ 4,510,671	$ (145,446,329)

These restatements for the Primary Government resulted in negative positions in some of the Proprietary funds. The negative net position in the employee benefits fund will be reduced by contributions from other County funds.

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