COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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 Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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, 2017.

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

Discretely Presented Component Units	Brief Description of Activities and Relationship to the County
Charleston County Library (CCL) Administrative Office Address: 68 Calhoun Street Charleston, SC 29401 Telephone: (843) 805-6801	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.
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. Interfund services provided and used are not eliminated in the process of consolidation. 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.

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, 2016, but which were levied to finance fiscal year 2018 operations have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are recorded as deferred inflows of resources.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

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 and have been reported as unearned revenue.

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 an acquisition 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.

The County allows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application.*

The County measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At June 30, 2017, all of the investments are reported using Level 1 fair value hierarchy.

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., 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 acquisition 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, 2017.

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 follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* 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.

When committed, assigned and unassigned resources are available for use for the same purpose, the County depletes committed funds first followed by assigned and unassigned resources last.

When both restricted and unrestricted resources are available for use for the same purpose, the County depletes restricted resources before unrestricted resources are applied.

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.

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.

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.

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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 Laws, 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, 2017, none of the County's bank balance of $98,789,147 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, 2017, the County had no exposed custodial credit risk on its investments which total $326,277,354. $116,867,376 is reported on the Statement of Net Position and $27,113,295 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 $182,167,670 invested in the South Carolina Local Government Investment Pool (SCLGIP). This is shown as pooled cash equivalents on the face of the financials. $128,981 has been invested in certificates of deposits and therefore by definition is not subject to credit risk. $10,000,000 has been invested in debt securities of the Federal Home Loan Mortgage Discount Note. $19,999,250 has been invested in Federal Farm Credit Bank and $113,981,421 has been invested in Federal Home Loan Bank and $32 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 fair market value. 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.

		Maturity Date	
Investments and Maturity:	Less than 1 year	1-5 years	Over 5 years
Certificates of Deposits	$ -	$ 128,981	$ -
SCLGIP	182,167,670	-	-
Federal Home Loan Bank	-	38,269,111	75,712,310
Treasury Strips	32	-	-
Federal Farm Credit Bureau	-	19,999,250	-
Federal Home Loan Mortgage Discount Note	-	10,000,000	-
	$ 182,167,702	$ 68,397,342	$ 75,712,310

Concentrations of Credit Risk

Percentages of the County's investments are listed as follows:

Certificates of Deposits	0.04%
SCLGIP	55.83%
Federal Home Loan Bank	34.93%
Federal Farm Credit Bureau	6.13%
Federal Home Loan Mortgage Discount Note	3.06%
Treasury Strips	0.01%
	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, 2017, St. John's Fire District had $10,945 and Charleston County Parks and Recreation Commission had $163,182 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	$	117,787
Cash on hand - component units		2,402
Carrying amount of deposits - primary government		95,913,753
Carrying amount of deposits - component units		41,709,776
Carrying amount of investments - primary government		326,277,354
Carrying amount of investments - component units		174,127
Cash with fiscal agent - primary government		125,000
Total carrying amount of cash and investments	$	464,320,199
Non-pooled cash and cash equivalents	$	56,278,278
Pooled cash and cash equivalents		250,593,211
Restricted cash and cash equivalents		13,214,026
Pooled investments		143,980,671
Non-pooled investments		128,981
Restricted investments		32
Cash with fiscal agent		125,000
Total carrying amount of cash and investments	$	464,320,199

B. Receivables

Receivables as of June 30, 2017, including the applicable allowances for uncollectible accounts, are as follows:

Primary government:	Governmental Funds General	Debt Service	Transportation Special Revenue Fund	Non-major Governmental Funds
Receivables:				
Current property taxes	$ 160,340,036	$ 21,880,855	$ -	$ 13,025,228
Delinquent property taxes	4,230,202	787,516	-	518,673
Accounts	34,203,996	-	-	1,254,780
Intergovernmental	16,240,100	-	38,865,365	8,399,185
Gross receivables	215,014,334	22,668,371	38,865,365	23,197,866
Less allowance for				
Current property taxes	6,846,520	859,917	-	612,534
Delinquent property taxes	2,032,051	373,310	-	241,899
Accounts	31,196,395	-	-	708,899
Gross allowance	40,074,966	1,233,227	-	1,563,332
Net total receivable	$ 174,939,368	$ 21,435,144	$ 38,865,365	$ 21,634,534

	Proprietary Governmental Activities-Internal Service Funds	Environmental Management	Parking Garages	Non-major Business-Type Activities	Totals Primary Government
Receivables:					
Current property taxes	$ -	$ -	$ -	$ -	195,246,119
Delinquent property taxes	-	-	-	-	5,536,391
Accounts	244,625	6,170,062	32,128	4,663,255	46,568,846
Intergovernmental	226,800	134,315	103,903	1,157,579	65,127,247
Gross receivables	471,425	6,304,377	136,031	5,820,834	312,478,603
Less allowance for uncollectable:					
Current property taxes	-	-	-	-	8,318,971
Delinquent property taxes	-	-	-	-	2,647,260
Accounts	-	3,748,292	-	1,316,193	36,969,779
Gross allowance	-	3,748,292	-	1,316,193	47,936,010
Net total receivable	$ 471,425	$ 2,556,085	$ 136,031	$ 4,504,641	$ 264,542,593

Component Units:

	CCL	CCPRC	CRPPC	NCD	CCVRS
Receivables:					
Current property taxes	$ -	$ 21,927,868	$ 144,443	$ 885,916	$ -
Delinquent property taxes	-	744,851	13,614	82,735	-
Accounts	-	296,972	-	-	-
Intergovernmental	135,657	-	3,109	-	3,635
Gross receivables	135,657	22,969,691	161,166	968,651	3,635
Less allowance for uncollectible:					
Current property taxes	-	861,765	9,345	57,319	-
Delinquent property taxes	-	111,728	5,956	29,534	-
Accounts	-	-	-	-	-
Gross allowance	-	973,493	15,301	86,853	-
Net total receivable	$ 135,657	$ 21,996,198	$ 145,865	$ 881,798	$ 3,635

	SAPPPC	SJFD	SPFD	Total Component Units
Receivables:				
Current property taxes	$ 1,407,280	$ 13,875,860	$ 6,263,254	$ 44,504,621
Delinquent property taxes	80,985	227,567	371,938	1,521,690
Accounts	26,489	51,207	-	374,668
Intergovernmental	16,962	-	-	159,363
Gross receivables	1,531,716	14,154,634	6,635,192	46,560,342
Less allowance for uncollectible:				
Current property taxes	74,867	419,051	453,460	1,875,807
Delinquent property taxes	24,133	73,229	24,715	269,295
Accounts	-	-	-	-
Gross allowance	99,000	492,280	478,175	2,145,102
Net total receivable	$ 1,432,716	$ 13,662,354	$ 6,157,017	$ 44,415,240

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2017, was as follows:

Governmental Activities	Balance July 1, 2016	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	$ 23,281,871	$ -	$ -	$ 23,281,871
Construction in progress	615,748	2,319,776	(266,109)	2,669,415
Infrastructure-easements, land	11,103,436	1,198,309	(16,943)	12,284,802
Total capital assets not being depreciated	35,001,055	3,518,085	(283,052)	38,236,088
Capital assets being depreciated:				
Buildings	332,221,868	-	-	332,221,868
Improvements other than buildings	4,058,492	337,050	-	4,395,542
Machinery and equipment	125,856,035	10,493,042	(8,100,210)	128,248,867
Infrastructure	41,010,192	172,094	-	41,182,286
Total capital assets being depreciated	503,146,587	11,002,186	(8,100,210)	506,048,563
Less accumulated depreciation:				
Buildings	(103,064,083)	(7,634,085)	-	(110,698,168)
Improvements other than buildings	(1,835,878)	(86,372)	-	(1,922,250)
Machinery and equipment	(87,231,252)	(13,059,907)	7,867,091	(92,424,068)
Infrastructure	(35,143,269)	(44,924)	-	(35,188,193)
Total accumulated depreciation	(227,274,482)	(20,825,288)	7,867,091	(240,232,679)
Total capital assets being depreciated, net	275,872,105	(9,823,102)	(233,119)	265,815,884
Governmental activities Total capital assets, net	$ 310,873,160	$ (6,305,017)	$ (516,171)	$ 304,051,972

	Balance July 1, 2016	Transfer/ Additions	Transfers/ Deletions	Balance June 30, 2017
Business-type Activities				
Capital assets not being depreciated:				
Land	$ 6,914,882	$ -	$ -	$ 6,914,882
Construction in progress	1,188,123	1,183,560	(1,298,309)	1,073,374
Total capital assets not being depreciated	8,103,005	1,183,560	(1,298,309)	7,988,256
Capital assets being depreciated:				
Buildings	28,054,543	-	-	28,054,543
Improvements other than buildings	22,048,657	2,764,708	-	24,813,365
Machinery and equipment	30,506,501	3,401,372	(2,531,751)	31,376,122
Total capital assets being depreciated	80,609,701	6,166,080	(2,531,751)	84,244,030
Less accumulated depreciation:				
Buildings	(11,730,153)	(616,948)	-	(12,347,101)
Improvements other than buildings	(5,534,933)	(1,076,313)	-	(6,611,246)
Machinery and equipment	(16,922,317)	(3,524,510)	2,043,529	(18,403,298)
Total accumulated depreciated	(34,187,403)	(5,217,771)	2,043,529	(37,361,645)
Total capital assets being depreciated, net Business-type activities	46,422,298	948,309	(488,222)	46,882,385
Total capital assets, net	$ 54,525,303	$ 2,131,869	$ (1,786,531)	$ 54,870,641

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

Governmental Activities	
General government	$ 10,291,885
Public safety	7,945,493
Judicial	1,601,992
Public works	242,516
Health and welfare	169,552
Economic development	19,276
Culture and recreation	554,574
Total	$ 20,825,288
Business-type Activities	
DAODAS	$ 309,439
E-911 Communications	243,608
Environmental Management	4,051,661
Parking Garages	460,276
Radio Communications	136,767
Revenue Collections	16,020
Total	$ 5,217,771

Component Units

Capital assets not being depreciated:	Balance (As Restated) July 1, 2016	Additions	Deletions	Balance June 30, 2017
Land	$ 106,581,235	$ 3,712,976	$ (305,618)	$ 109,988,593
Construction in progress	3,960,962	2,047,388	(4,926,440)	1,081,910
Artwork	11,000	-	-	11,000
Total capital assets not being depreciated	110,553,197	5,760,364	(5,232,058)	111,081,503
Capital assets being depreciated:				
Buildings	71,940,714	2,316,566	(408,598)	73,848,682
Improvements other than buildings	23,826,510	293,966	-	24,120,476
Machinery and equipment	28,277,241	2,871,470	(1,628,625)	29,520,086
Infrastructure	5,110,890	494,893	(3,283)	5,602,500
Library materials	14,360,264	1,523,812	(2,306,550)	13,577,526
Total capital assets being depreciated	143,515,619	7,500,707	- (4,347,056)	146,669,270
Less accumulated depreciation	(79,084,793)	(7,065,649)	4,296,643	(81,853,799)
Total capital assets being depreciated, net	64,430,826	435,058	(50,413)	64,815,471
Component units				
Total capital assets, net	$ 174,984,023	$ 6,195,422	$ (5,282,471)	$ 175,896,974

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

General government	$2,670,855
Public safety	1,654,808
Culture and recreation	2,739,986
Total	$ 7,065,649

Construction in progress in the Governmental and Business-type Activities as of June 30, 2017, is composed of the following:

Primary Government Governmental activities:	Project Authorization	Expended to June 30, 2017	Commitments Outstanding	Required Future Financing
Awendaw Fire Station	$ 1,407,091	$ 23,894	$ 14,574	General Obligation Bonds
Library Projects	108,500,000	2,255,281	6,338,294	General Obligation Bonds
Detention Center Video Surveillance	401,737	243,043	158,694	None
Detention Center Air Handlers	211,576	2,479	209,097	None
PSB Fire Suppressions	200,000	144,718	36,054	None
Total governmental activities	$ 110,720,404	$ 2,669,415	$ 6,756,713	

Business-type activities:	Project Authorization	Expended to June 30, 2017	Commitments Outstanding	Required Future Financing
Materials Recovery Facility Relocation	$ 25,632,926	$ 772,121	$ 22,949,816	None
Landfill Improvement	200,000	46,878	100,000	None
Parking Garage Improvements	1,345,788	254,375	758,729	None
Total business-type activities	$ 27,178,714	$ 1,073,374	$ 23,808,545	

Commitments outstanding represent signed contracts and outstanding encumbrances of the County. As of June 30, 2017, the County has assets under capital lease with a total cost of $3,869,274 and a net book value of $1,361,160. 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, 2017	Commitments Outstanding	Required Future Financing
CCPRC				
West Ashley Phase 1	$ 24,000	$ 77,594	$ -	General Obligation Bonds
Old Towne Buildings Stabilization	388,937	399,269	38,733	General Obligation Bonds
PI Boardwalks	304,542	12,982	298,160	General Obligation Bonds
Laurel Hill Dike Project	53,000	9,750	4,300	General Obligation Bonds
Whirlin Waters Attraction	283,000	2,180	280,820	General Obligation Bonds
Splash Zone Attraction	179,000	2,046	176,955	General Obligation Bonds
Master Planning	110,457	10,301	100,156	General Obligation Bonds
WCP Dog Park	60,000	44,818	-	General Obligation Bonds
Folly Beach Infrastruction	20,500	20,500	-	General Obligation Bonds
Total CCPRC	$ 1,423,436	$ 579,440	$ 899,124	
SJFD-Fire Station	$ 4,960,677	$ 502,470	$ 4,596,481	General Obligation Bonds
Total SJFD	4,960,677	502,470	4,596,481	
Total Component Units	$ 6,384,113	$ 1,081,910	$ 5,495,605	

D. Interfund Receivables and Payables

The composition of primary government interfund balances at June 30, 2017, is as follows:

	Receivable Fund	Payable Fund
Major governmental funds: General Fund	$ 12,471,099	$ (536,350)
Non-major governmental funds	-	(12,471,099)
Major enterprise funds: Environmental Management	-	(11,421,003)
Major enterprise funds: Parking Garages	-	(1,678,118)
Non-major enterprise funds	-	(12,892,375)
Internal service funds	26,527,846	-
Total	$ 38,998,945	$ (38,998,945)

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 Employee Benefits Internal Service Fund has a deficit net position for the Year Ended June 30, 2017. This is a result of the provisions of GASB 68 which requires the County to report the pension liabilities for the state retirement plan as well as related deferred inflows and deferred outflows of resources accounts. The County has chosen to report this as part of their Employee Benefits fund, and will be funded by the governmental funds in future years. The enterprise funds included as part of the Business - Type activities report their portion of this liability and related deferred accounts in the interfund balances due to the Employee Benefits Fund. This resulted in a deficit net position in the Revenue Collections Fund and DAODAS which also will be funded by governmental funds in future years. The Disaster Fund deficit will be funded by FEMA reimbursements, the General Fund and Transportation Sales Tax as authorized by Council.

E. Interfund Transfers

A summary of transfers is as follows:

	Transfer In	Transfer out
Major governmental funds:		
General Fund	$ 4,450,826	$ (16,707,465)
Debt Service Fund	14,423,536	(6,540,202)
Transportation and Road Sales Tax	30,820,369	(33,820,369)
Special Source Revenue Bonds	4,241,990	(7,343,860)
Non-major governmental funds	17,170,617	(11,961,999)
Major business-type activities:		
Environmental Management	2,064,021	(2,103,850)
Parking Garage	-	(1,364,112)
Non-major business-type activities	4,615,554	(457,500)
Internal Service Funds	3,200,183	(687,739)
Total	$ 80,987,096	$ (80,987,096)

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 to a total of forty-eight months ending in January 2017, with a new monthly charge of $6,866 with payments beginning in March 2014. The total minimum commitment over the lease term is $358,862. 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, ending April 2018, with a minimum monthly charge of $7,142 for a total minimum commitment of $342,816 over the lease term. In September 2015, the Library entered into an additional lease agreement for computers to be used in the technology labs. The lease agreement is for a forty-eight month period commencing in December 2015, ending August 2019, with a minimum monthly charge of $2,224 for a total commitment of $106,752 over the lease term. In January 2017, the Library entered into an additional lease agreement for computers to be used by staff members. The lease agreement is for a forty-eight month period commencing in February 2017, ending January 2021, with a minimum monthly charge of $6,960 for a total minimum commitment of $334,080 over the lease term. Total rent expense associated with the computer leases for the year ended June 30, 2017, is $195,246. In addition to these leases, 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, 2017, is $175,255.

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

Year Ending - June 30	CCL
2018	$ 181,628
2019	110,208
2020	94,640
2021	48,720
	$ 435,196

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
2018	$ 8,964
2019	1,494
	$ 10,458

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 $8,604,024 reported as the accrual for landfill closure and post-closure at June 30, 2017, represents the estimated remaining cost reported of $24,777,324 less $16,173,300 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%	$ 5,490,798	$ 353,159	$ 5,843,957	$ -
Bees Ferry					
Ash storage facility	100%	1,117,258	96,865	1,214,123	-
68 acres	100%	6,038,809	-	6,038,809	-
54 acres	100%	9,727,000	-	9,727,000	-
Bees Ferry lined landfill	26.2%	5,073,000	729,000	5,802,000	16,064,420
Bees Ferry C&D landfill	94.4%	2,333,000	19,000	2,352,000	108,880
Totals		$ 29,779,865	$ 1,198,024	$ 30,977,889	$ 16,173,300

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2017. 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, user fees, 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 auditor. The computations required under these regulations are included in page 210 in the statistical section of this report.

H. Short-term Debt

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, 2017. The activity in short-term debt for the fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
SPFD	$ -	$ 2,800,000	$ 2,800,000	$ -
SJFD	-	2,000,000	2,000,000	$ -
	$ -	$ 4,800,000	$ 4,800,000	$ -

I. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2017.

Primary Government:	Balance July 1, 2016	Increase	Decrease	Balance June 30, 2017	Amounts Due In One Year
Governmental activities					
General obligation bonds	$ 558,781,755	$ -	$ (41,031,224)	$ 517,750,531	$ 39,081,174
Special source revenue bond	92,680,258	-	(357,784)	92,322,474	373,058
Intergovernmental note payable	25,528,049	-	(1,537,243)	23,990,806	1,625,328
Capital lease payable	1,406,786	922,987	(898,104)	1,431,669	771,062
Compensated absences	11,349,441	1,323,740	(463,689)	12,209,492	463,689
OPEB	32,221,614	3,289,019	-	35,510,633	-
Total	$ 721,967,903	$ 5,535,746	$ (44,288,044)	$ 683,215,605	$ 42,314,311
Business-type activities					
Accrual for landfill closure	$ 7,891,320	$ 712,704	$ -	$ 8,604,024	$ 720,000
Compensated absences	1,295,607	125,506	(81,372)	1,339,741	81,372
Total	$ 9,186,927	$ 838,210	$ (81,372)	$ 9,943,765	$ 801,372

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, 2017, is comprised of the following:

		Principal Amount	
Issue Date	Title of Issues	Original	Outstanding
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	$ 3,175,000
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	6,990,000
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	6,820,000
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	1,630,000
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	140,720,000
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	22,555,000
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	28,335,000
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	70,135,000	70,135,000

	annual principal payment due in fiscal year 2018, matures in fiscal year 2028.		
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	22,920,000
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	8,890,000
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	3,730,000
November 3, 2015	General Obligation Capital Improvement Bonds, Series 2015A, 3.00 percent to 5.00 percent interest, annual principal payments beginning in November 2016, semi-annual interest payments beginning in May 2016, matures in fiscal year 2036.	18,795,000	18,155,000
November 3, 2015	General Obligation Fire Protection Services Bonds, Series 2015B, 2.00 percent to 3.125 percent interest, annual principal payments beginning in November 2016, semi-annual interest payments beginning in May 2016, matures in fiscal year 2034.	2,080,000	1,920,000
November 3, 2015	General Obligation Refunding Bonds Series 2015C, 3.00 percent to 5.00 percent interest, annual principal payments beginning in November 2018, semi-annual interest payments beginning in May 2016, matures in fiscal year 2029.	56,680,000	56,680,000
November 3, 2015	General Obligation Transportation Sales Tax Refunding Bonds, Series 2015D, 3.50 percent to 5.00 percent interest, annual principal payments beginning in November 2018, semi-annual interest payments beginning in May 2016, matures in fiscal year 2027.	46,250,000	46,250,000
Subtotal		$804,735,000	467,845,000
Add: Premium			49,905,531
General obligation debt per statement of net position			517,750,531
Less current portion, including premium			(39,081,174)
Long-term portion outstanding			$478,669,357

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 (Fee in Lieu of Taxes) payments.

Primary government Special Source Revenue Bonds payable at June 30, 2017, 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			5,917,474
Special source revenue debt per statement of net position			92,322,474
Less current portion, including premium			(373,058)
Long-term portion outstanding			$ 91,949,416

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, 2017, are as follows:

Year Ending June 30	Intergovernmental Note Payable	Principal	Interest
2018	$ 3,000,000	$ 1,625,328	$ 1,374,672
2019	3,000,000	1,718,458	1,281,542
2020	3,000,000	1,816,926	1,183,074
2021	3,000,000	1,921,036	1,078,964
2022	3,000,000	2,031,111	968,889
2023-2027	15,000,000	12,040,531	2,959,469
2028	3,000,000	2,837,416	162,584
Total	$ 33,000,000	$ 23,990,806	$ 9,009,194

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, 2017, 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	$ 98,088
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	190,364
Leases dated July 2015, payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight semi-annual installments of $7,761 through January 2019, includes principal and interest at 6.060 percent per annum.	55,928	21,940
Leases dated December 2016, payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight semi-annual installments of $21,743 to $42,405 through December 2020, includes principal and interest at 4.9 percent per annum.	895,185	792,687
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	279,060
Leases dated October to November 2014 payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in five annual installments 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	24,990
Lease dated July 2015, payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in three annual installments of $5,057 to $5, 516 through August 2017, and includes principal and interest at 9.466 percent per annum.	14,477	5,039
Leases dated July to October 2016, payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable three annual installments of $4,283 to $237 through October 2018, and includes principal and interest at (5.841%) to (6.688%) per annum.	27,802	19,501
	$ 3,640,328	1,431,669
Less current portion		(771,062)
Long-term portion outstanding		$ 660,607

A summary of the annual requirements are as follows:

Year Ending June 30	Principal	Interest	Totals
2018	$ 771,062	$ 70,421	$ 841,483
2019	304,098	28,588	332,686
2020	234,735	14,882	249,617
2021	121,774	3,034	124,808
Total	$ 1,431,669	$ 116,925	$ 1,548,594

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Amortization of Long-term Debt. Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2017.

Year Ending June 30	General Obligation Bonds		Special Source Revenue Bonds		
	Principal	Interest	Principal	Interest	Totals
2018	$ 35,735,000	$ 19,659,379	$ -	$ 4,269,369	$ 59,663,748
2019	35,135,000	18,248,722	3,380,000	4,184,869	60,948,591
2020	36,875,000	16,835,793	3,570,000	4,011,119	61,291,912
2021	32,630,000	15,427,014	3,330,000	3,838,619	55,225,633
2022	33,920,000	13,852,787	3,080,000	3,678,368	54,531,155
2023	35,265,000	12,170,636	2,930,000	3,528,118	53,893,754
2024	38,340,000	10,441,021	3,030,000	3,379,118	55,190,139
2025	41,485,000	8,529,856	3,155,000	3,224,494	56,394,350
2026	44,550,000	6,474,343	3,315,000	3,062,744	57,402,087
2027	48,155,000	4,329,287	3,480,000	2,892,869	58,857,156
2028	33,770,000	2,597,271	3,655,000	2,714,494	42,736,765
2029	22,950,000	1,509,368	3,835,000	2,527,244	30,821,612
2030	17,665,000	734,781	4,030,000	2,350,769	24,780,550
2031	3,115,000	330,681	4,190,000	2,186,368	9,822,049
2032	3,225,000	215,731	4,355,000	2,012,747	9,808,478
2033	1,240,000	138,631	4,535,000	1,809,550	7,723,181
2034	1,280,000	100,031	4,765,000	1,577,050	7,722,081
2035	1,235,000	60,734	5,000,000	1,326,675	7,622,409
2036	1,275,000	20,718	5,265,000	1,057,219	7,617,937
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	467,845,000	131,676,784	86,405,000	55,041,559	740,968,343
Add Premium	49,905,531	-	5,917,474	-	55,823,005
Total debt-governmental activities	$ 517,750,531	$ 131,676,784	$ 92,322,474	$ 55,041,559	$ 796,791,348

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, 2017.

The following is a summary of the changes in long-term obligations of the component units for the year-ended June 30, 2017:

Component Units	Balance (As Restated) July 1, 2016	Increases	Decreases	Balance June 30, 2017	Amount Due in One Year
Accrued compensated absences	$ 4,037,864	$ 1,846,628	$ (2,274,577)	$ 3,609,915	$ 1,074,882
Net other post-employment benefits	190,370	-	-	190,370	-
General obligation bonds	44,302,489	5,430,000	(10,726,907)	39,005,582	4,472,647
Capital lease obligations	3,903,795	234,657	(1,468,278)	2,670,174	712,840
Revenue bonds	262,564	-	(83,924)	178,640	85,846
Notes payable	79,792	-	(35,485)	44,307	32,866
Total	$ 52,776,874	$ 7,511,285	$ (14,589,171)	$ 45,698,988	$ 6,379,081

	Range of Maturity Dates	Range of Interest Rates	Balance (As Restated) July 1, 2016	Additions	Reductions	Balance June 30, 2017
Accrued compensated absences:						
CCL			$ 1,153,606	$ 603,509	$ (607,890)	$ 1,149,225
CCPRC			1,434,597	598,200	(584,314)	1,448,483
SAPPPC			73,834	-	(14,477)	59,357
SJFD			1,032,250	382,080	(621,280)	793,050
SPFD			343,577	262,839	(446,616)	159,800
Total accrued compensated absences			4,037,864	1,846,628	(2,274,577)	3,609,915
Net other post-employment benefits:						
CCPRC			190,370	-	-	190,370
Total net other post-employment benefits			190,370	-	-	190,370
General obligation bonds:						
CCPRC	2017 - 2029	1.25% - 4.00%	35,192,858	-	(9,281,632)	25,911,226
SPFD	2017 - 2027	2.315% - 3.45%	3,337,781	-	(343,425)	2,994,356
SJFD	2017 - 2031	1.015% - 2.125%	5,771,850	5,430,000	(1,101,850)	10,100,000
Total general obligation bonds			44,302,489	5,430,000	(10,726,907)	39,005,582
Capital lease obligations:						
CCL	2017 - 2022		134,768	206,560	(52,825)	288,503
CCPRC	2017	1.16%	641,895	-	(641,895)	-
SPFD	2017 - 2022	2.57% - 6.37%	793,042	28,097	(154,251)	666,888
SJFD	2017 - 2021	4.36% - 5.593%	2,334,090	-	(619,307)	1,714,783
Total capital lease obligations			3,903,795	234,657	(1,468,278)	2,670,174
Revenue Bonds:						
SAPPPC	2017 - 2020	1.77% - 2.58%	262,564	-	(83,924)	178,640
Notes payable:						
SAPPPC	2017 - 2019	1.46% - 3.89%	79,792	-	(35,485)	44,307
Total component units long-term obligations			$ 52,776,874	$ 7,511,285	$ (14,589,171)	$ 45,698,988

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
2018	$ 1,096,913	$ 442,942	$ 3,924,700	$ 5,464,555
2019	1,097,978	443,000	3,924,250	5,465,228
2020	865,687	442,991	3,929,000	5,237,678
2021	1,218,674	442,913	3,989,188	5,650,775
2022	1,433,318	442,764	1,989,625	3,865,707
2023 - 2027	4,000,311	1,197,417	9,671,375	14,869,103
2028 - 2031	1,568,925	-	1,416,250	2,985,175
Total	11,281,806	3,412,027	28,844,388	43,538,221
Less interest and plus amortized premium included above	(1,181,806)	(417,671)	(3,844,388)	(5,443,865)
Debt per statement of net position	$10,100,000	$ 2,994,356	$ 25,000,000	$ 38,094,356

Future minimum capital lease payments

Year Ending June 30	CCL	SJFD	SPFD	Total Component Units
2018	$ 84,671	$ 565,938	$ 177,791	$ 828,400
2019	84,671	565,938	177,791	$ 828,400
2020	75,063	565,938	177,791	$ 818,792
2021	46,228	214,401	177,791	$ 438,420
2022	23,113	-	1,621	$ 24,734
Future minimum capital lease payments	313,746	1,912,215	712,785	2,938,746
Less amount representing interest	(25,243)	(197,432)	(45,897)	(268,572)
Debt per statement of net position	$ 288,503	$ 1,714,783	$ 666,888	2,670,174

Revenue Bonds

Year Ending June 30	SAPPPC
2018	$ 88,772
2019	73,156
2020	20,875
Total	182,803
Less interest included above	(4,163)
Debt per statement of net position	$ 178,640

Notes Payable

Year Ending June 30	SAPPPC
2018	$ 33,620
2019	11,542
Total	45,162
Less interest included above	(855)
Debt per statement of net position	$ 44,307

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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, 2017, the following debt issues outstanding are considered defeased:

	Governmental Activities
Primary Government:	
General Obligation Bonds:	
Series 2006 - CIP	$ 30,265,000
Series 2007 - TST	60,635,000
Series 2007 and 2009 CIP	60,260,000
Series 2007 - TST	50,260,000
Total General Obligation Bonds	201,420,000
Total Primary Government	$ 201,420,000

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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			$ 3,835,441,652
Value of merchants inventory and manufacturers depreciation			26,943,597
Total assessed value			$ 3,862,385,249
Debt limitation-8 percent of total assessed value			$ 308,990,820
Total bonded debt:			
General Obligation Bonds		$ 467,845,000	
Less:			
Series 2007 G.O. Bond Transportation Sales Tax	$ (6,990,000)		
Series 2011 G.O. Bond Transportation Sales Tax	(140,720,000)		
Series 2012 G.O. Bond Transportation Sales Tax	(28,335,000)		
Series 2013 G.O. Bond Transportation Sales Tax	(70,135,000)		
Series 2015D G.O. Bond Transportation Sales Tax	(46,250,000)		
Series 2015B G.O. Bond Awendaw Fire	(1,920,000)	(294,350,000)	
Total debt subject to debt limit			173,495,000
Legal debt margin			$ 135,495,820

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 Public Employee Benefit Authority (PEBA). 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 $3,060,000 reported in the Fund at June 30, 2017, 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 2016 and 2017 were:

Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2016	$ 3,420,000	$ 3,137,663	$ (3,597,663)	$ 2,960,000
2017	$ 2,960,000	$ 4,669,957	$ (4,569,957)	$ 3,060,000

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

Pursuant to a recent settlement dated October 20, 2017, the County has agreed to acquire the former Charleston Naval Hospital (the “Naval Hospital”) in North Charleston for $33 million. Following the receipt of a recommendation from County staff, the County Council will make a determination as to the funding sources to use for the acquisition of the Naval Hospital. On November 16, 2017, the County closed on the purchase of the Naval Hospital.

In August 2017, the County purchased land for a new Awendaw Fire Station at a cost of $370,585 and land for expansion of the Azalea Complex at a cost of $1,151,629.

During November 2017, the County closed on several bond issuances:

1. Special Source Revenue Bonds, Series 2017 with a par value of $35,815,000 for the purpose of defraying the cost of acquiring, constructing and installing a portion of the manufacturing facility of Mercedes-Benz Vans, LLC.
2. Capital Improvement General Obligated Bonds, Series 2017A with a par value of $103,205,000 for the purpose of constructing and renovating Libraries, expansion of the Azalea Complex as well as other projects as designated by County Council.
3. General Obligation Refunding Bonds, Series 2017B with a par value of $16,440,000 for the purpose of partially refunding the County’s General Obligation Bonds, Series 2011.
4. General Obligation Transportation Sales Tax Bonds, Series 2017C with a par value of $97,600,000 for the purpose of partially refunding the County’s General Obligation Transportation Sales Tax Bonds, Series 2011.

In July 2017, the Cooper River Park and Playground Commission voted to transfer additional capital assets to the City of North Charleston as part of its fiscal year 2018 recreational services contract with the City. The estimated book value of the assets to be transferred in fiscal year 2018 totals approximately $49,668.

In August 2017, the St. John’s Fire District issued $3,000,000 in General Obligation Bonds. These bond proceeds will be used to fund capital projects of the District.

In September 2017, the Charleston County Park and Recreation Commission issued $25,000,000 in General Obligation Bonds. The proceeds of the bonds will be used to defray the cost of improving, expanding, and renovating existing and new facilities and of undertaking other capital expenditures identified in the Commission’s Capital improvement projects plan.

The former Chief, assistant fire chief and an outside contract grant administrator for the St. Paul’s Fire District were each found guilty in federal court on July 28, 2017 of defrauding and embezzlement of more than $211,000 of government funds. The charges stemmed from actions taken by these individuals when the district received a FEMA grant in 2009 worth more than $1.6 million to build a new fire station.

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 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, 2016.

2. Complete a new three-party contract, known as an Intergovernmental Agreement, with the bank and the DOT by April 30, 2016.

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.

The first two deadlines were not met by Charleston County. Negotiations with the SCTIB and the South Carolina Department of Transportation are continuing.

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 was 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 County paid the Charleston Animal Society $1,350,000 for the fiscal year ended June 30, 2017. This amount will be increased by 11.1% to $1,500,000 for the fiscal year ended June 30, 2018.

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 $163,182 has been committed for beach re-nourishment as of June 30, 2017. The annual contribution for the year ended June 30, 2017 was made directly to the City of Folly Beach.

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 15, 2016, the Charleston County Parks and Recreation Commission entered into a lease agreement with 1 Center Street LLC DBA the Tides Hotel for the Folly Beach Edwin S. Taylor Fishing Pier Restaurant.

The terms of the agreement were for a period of five years, beginning November 1, 2016, with the option of extending the lease for an additional five years, with the option terminating on October 1, 2021. Base rent is due in equal monthly installments of $13,000 and increases 2% each year. In addition to base rent, the lessee shall pay 8% of the gross annual receipts over $1,200,000.

The following is a schedule by year of the minimum future rentals on the non-cancelable operating lease as of June 30, 2017:

Year Ending June 30	**Total**
2018	$ 158,080
2019	161,280
2020	164,520
2021	167,808
2022	56,304
Total minimum future rentals	$ 707,992

Total rental income of $99,047 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, 2017, the unamortized prepaid rent was $4,854,500.

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.

In May 2017, the Charleston County Park and Recreation Commission entered into an agreement with the Town of Hollywood (the “Town”) for the planning, construction, and management of a recreational facility that will include a swimming pool. In accordance with the agreement, the Town will obtain and retain ownership of property for the intended use of the recreational facility. The Commission will be responsible for costs related to the initial planning and design as well as construction of the pool and related infrastructure, and the Town will be responsible for the costs of constructing other park features. The Commission will also be responsible for the management, staffing, and maintenance of the pool complex, and the Town will be responsible for the management, staffing, and maintenance of all other proposed recreational amenities upon construction. The project is expected to cost the Commission approximately $2,900,000 and will be funded through General Obligation Bond proceeds.

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. On June 23, 2017, the Commission entered another one year contract with the City covering the period from July 1, 2017 to June 30, 2018, with essentially identical terms as previous contracts.

As part of the Contract with the City, the Cooper River Park and Playground Commission transferred some of its capital assets, including land, buildings, and related improvements, to the City during the year ended June 30, 2017. The book value of the Capital assets transferred totaled $16,491.

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, 2017, the leased assets have a book value of $52,402.

To fulfill the contract terms for the year ended June 30, 2017, the Commission reflects a net amount due from the City of North Charleston totaling $3,109.

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, 2017, the District owes the City $9,987. This contract was extended for one year until June 30, 2018. 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.

As part of the contract with the City of North Charleston, the North Charleston District transferred two of its fire stations, including the land, buildings, and their contents, to the City during the fiscal year ended June 30, 2017. The book value of the Capital assets transferred totaled $48,572.

As of June 30, 2017, St. John's Fire District had remaining contractual commitments of $4,596,481 related to ongoing construction projects.

E. Deferred Compensation Plan

The County and its component units offer their employees several deferred compensation plans under programs administered by PEBA. 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 $2,792,552 for the fiscal year ending June 30, 2017.

Total contributions made by the Charleston County Library's plan members were $183,550 for the fiscal year ending June 30, 2017.

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. Prior to 2008, 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, 2016. The eligibility criteria as of June 30, 2016 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, 2030:

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) The health and dental insurance premiums 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% or 65%) as in effect prior to the retiree's death. Survivors may remain on the plan until death or remarriage, whichever comes first.

D) Retirees and their dependents may remain on retiree coverage until the retiree reaches Medicare eligible age. Upon reaching Medicare eligibility, retirees and/or their dependents will be required to enroll in Medicare Part A and B and will be eligible for a reimbursement of premium costs of a Medicare Supplemental Plan. Retirees with 25 or more years of Commission service credit under the South Carolina Retirement Systems will be eligible to receive up to $250 per month and up to $162.50 for a spouse. Retirees with at least 20 Commission full time years, but less than 25 full time years of Commission service will be eligible to receive up to $125 per month and up to $125 for a spouse. The reimbursement amount will be reviewed annually during the budget process. The Executive Director or designee will develop reimbursement procedures. Retirees will be notified of reimbursement procedures in the *Retiree Medicare Supplemental Plan Premium Reimbursement Agreement*, which each retiree will be required to accept before reimbursements will be issued.

E) If the retiree reaches Medicare eligibility prior to their covered spouse, the covered spouses may remain on the Commission's group coverage until they reach Medicare eligible age and the Commission will continue to contribute toward their premium at the same percentage to which they are eligible based on the retiree's years of service with the Commission.

F) Retirees and their dependents may remain on the Agency's dental and vision plans. The Commission will continue dental and vision premium contributions for both the retiree and their dependents based on the retiree's years of service.

Employees who retire from the Commission after July 1, 2030:

A) Any covered employee who meets the following requirements: is at least 55 years old, who is not currently eligible for Medicare coverage, 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 premiums.

B) Any covered employee who meets the following requirements: is at least 55 years old, who is not currently eligible for Medicare coverage, 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 premiums.

For employees that are hired by the Commission after July 1, 2016:

The Commission will not provide group health, vision and dental insurance for retirees who have retired on service, age or an approved disability retirement through the South Carolina Retirement Systems if the employees full-time start date with the Commission is on or after July 1, 2016.

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 503 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, 2017, the County recognized expenses of $1,915,781 for retiree healthcare, which were net of retiree contributions of $2,100,823. 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, 2017, the County's annual OPEB cost was $5,504,638 for the post-employment healthcare plan. The County's annual OPEB cost for the current year is as follows:

Annual required Contribution	$ 5,509,234
Interest on OPEB obligation	1,208,311
Adjustment of ARC	(1,212,907)
Annual OPEB cost (expense) end of year	5,504,638
Net estimated employer contributions	(2,215,619)
Increase in net OPEB obligation	$ 3,289,019
Net OPEB obligation/ (asset) beginning of year	32,221,614
Net OPEB obligation/ (asset) end of year	$ 35,510,633

Actuarial methods and assumptions

The Individual Entry Age Normal 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 actuarial cost 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:

Investment rate of return	3.75% per annum, net of expenses
Actuarial cost method	Individual Entry Age Normal Cost
Amortization method	Level as a percentage of employee payroll
Amortization period	Open 30-year period
Salary Growth	3.00% per annum
Inflation	2.25% per annum
Medical Trend	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 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 amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending June 30, 2017, 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, 2015	$6,088,069	$2,105,125	34.6%	$29,186,803
June 30, 2016	$5,429,683	$2,394,872	44.1%	$32,221,614
June 30, 2017	$5,504,638	$2,215,619	40.3%	$35,510,633

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%
7/1/2014	$ -	$58,570,371	$58,570,371	0%	$113,716,000	51.51%
7/1/2016	$ -	$66,264,281	$66,264,281	0%	$122,638,642	55.45%

G. Funds Held by Coastal Community Foundation

As of June 30, 2017, the Coastal Community Foundation held $506,382 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. During the year, $18,399 was awarded as grants to the Library and recorded as restricted donations. At year-end, there were no funds available for grants to the Library.

As of June 30, 2017, the Coastal Community Foundation was holding $108,685 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, $3,692 is available for grants to the Library. During the year, no amounts were awarded as 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.

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 State Fiscal Accountability Authority (SFAA), 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.

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

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Dr., Columbia, SC 29223. 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. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for 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		
	2015	2016	2017	2015	2016	2017
Employer Rate:						
Retirement	10.75%	10.91%	11.41%	13.01%	13.34%	13.84%
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%
	10.90%	11.06%	11.56%	13.41%	13.74%	14.24%
Employee Rate	8.00%	8.16%	8.66%	8.41%	8.74%	9.24%

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
2017	$ 9,790,076	100%	$ 5,403,995	100%
2016	8,557,082	100%	4,823,080	100%
2015	8,122,490	100%	4,656,574	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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through July 1, 2015 study.

The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2015, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2016, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for SCRS and PORS.

	SCRS	**PORS**
Actuarial cost method	Entry age Normal	Entry age Normal
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service) [1]	4.0% to 10.0% (varies by service) [1]
Benefit adjustments	lesser of 1% or $500	lesser of 1% or $500

[1] Includes inflation at 2.75%

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2015, valuations for SCRS and PORS are as follows:

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	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:

	System	Measurement Period Ended June 30	Fiscal Year Ended June 30	Proportional Share of Net Pension Liability
Primary Government	SCRS	2016	2017	$ 170,592,384
	PORS	2016	2017	$ 69,869,414
Component Units				
CCL	SCRS	2016	2017	$ 15,920,780
CCPRC	SCRS	2016	2017	$ 22,617,734
SAPPPC	SCRS	2016	2017	$ 2,496,967
SJFD	SCRS	2016	2017	$ 928,940
	PORS	2016	2017	$ 12,669,387
SPFD	SCRS	2016	2017	$ 426,982
	PORS	2016	2017	$ 5,509,401

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

The County's proportionate share of the net pension liability for both SCRS and PORS is as follows for the years ended June 30, 2017 and 2016:

	System	June 30, 2017	June 30, 2016	Change
Primary Government	SCRS	0.798659%	0.794942%	0.003717%
	PORS	2.754590%	2.806540%	-0.051950%
Component Units				
CCL	SCRS	0.074536%	0.081167%	-0.006631%
CCPRC	SCRS	0.105890%	0.106280%	-0.000390%
SAPPPC	SCRS	0.011690%	0.015128%	-0.003438%
SJFD	SCRS	0.004350%	0.004434%	-0.000084%
	PORS	0.499000%	0.495912%	0.003088%
SPFD	SCRS	0.001999%	0.001801%	0.000198%
	PORS	0.217210%	0.212890%	0.004320%

The County's change in proportionate share of the net pension liability and related deferred inflows and outflows of resources will be amortized into pension expense over the respective average remaining service lives of each system.

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

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30 year capital market outlook at the end of the third quarter 2015. The long-term expected rate of returns represent assumptions using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. 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	Expectd Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	**43.00%**		
Global Public Equity	34.00%	6.52%	2.22%
Private Equity	9.00%	9.30%	0.84%
Real Assets	**8.00%**		
Real Estate	5.00%	4.32%	0.22%
Commodities	3.00%	4.53%	0.13%
Opportunistic	**20.00%**		
GTAA/Risk Parity	10.00%	3.90%	0.39%
HF (Low Beta)	10.00%	3.87%	0.39%
Diversified Credit	**17.00%**		
Mixed Credit	5.00%	3.52%	0.17%
Emerging Markets Debt	5.00%	4.91%	0.25%
Private Debt	7.00%	4.47%	0.31%
Conservative Fixed Income	**12.00%**		
Core Fixed Income	10.00%	1.72%	0.17%
Cash and Short Duration (net)	2.00%	0.71%	0.01%
Total Expected Real Return	100.00%		5.10%
inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

Sensitivity Analysis

The following table presents the County and its component units proportional share of net pension liability of the participating employers calculated using the discount rate of 7.50 percent, as well as what the employers' 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	$ 212,809,327	$ 170,592,384	$ 135,448,369
PORS	$ 91,569,937	$ 69,869,414	$ 50,367,547

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	$ 19,860,737	$ 15,920,780	$ 12,640,914
CCPRC	SCRS	$ 28,215,004	$ 22,617,734	$ 17,958,218
SAPPPC	SCRS	$ 3,114,898	$ 2,496,967	$ 1,982,563
SJFD	SCRS	$ 1,158,827	$ 928,940	$ 737,568
	PORS	$ 16,604,317	$ 12,669,387	$ 9,133,114
SPFD	SCRS	$ 532,650	$ 426,982	$ 339,020
	PORS	$ 7,220,641	$ 5,509,401	$ 3,971,675

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information.

Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2017, the County recognized pension expense of $15,194,071. At June 30, 2017, 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	$ 15,194,071	$ -
Difference in actual and proportionate share of employer contribution	-	25,946
Differences in actual and expected experience	2,817,821	185,263
Net differences between projected and actual earnings on plan investments	22,274,886	-
Change in proportionate share of net pension liability	3,017,390	862,223
	$ 43,304,168	$ 1,073,432

The County reported $15,194,071 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, 2018. 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, 2017. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2017 was 4.116 years for SCRS and 4.665 years for PORS.

Primary Government

Measurement Period Ending June 30,	Fiscal Year Ending June 30,	SCRS	PORS
2017	2018	$ (5,081,009)	$ (1,931,347)
2018	2019	(4,156,660)	(1,878,794)
2019	2020	(6,039,791)	(3,053,060)
2020	2021	(3,246,060)	(1,649,944)
Net Balance of Deferred Outflows / (Inflows) of Resources		$ (18,523,520)	$ (8,513,145)

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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, 2017:

Component Units

	Measurement Period Ending June 30	Fiscal Year Ending June 30	SCRS	PORS
CCL	2017	2018	$ 170,223	N/A
	2018	2019	83,956	N/A
	2019	2020	251,354	N/A
	2020	2021	266,524	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			$ 772,057	
CCPRC	2017	2018	$ 662,346	N/A
	2018	2019	539,792	N/A
	2019	2020	766,054	N/A
	2020	2021	425,813	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			$ 2,394,005	
SAPPPC	2017	2018	$ (8,782)	N/A
	2018	2019	(54,457)	N/A
	2019	2020	29,273	N/A
	2020	2021	17,564	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			$ (16,402)	
SJFD	2017	2018	$ (3,088)	$ 577,637
	2018	2019	(8,122)	568,108
	2019	2020	23,897	780,693
	2020	2021	17,127	449,303
Net Balance of Deferred Outflows/(Inflows) of Resources			$ 29,814	$ 2,375,741
SPFD	2017	2018	$ (9,902)	$ (159,066)
	2018	2019	(7,588)	(154,922)
	2019	2020	(14,318)	(249,950)
	2020	2021	(8,077)	(142,529)
Net Balance of Deferred Outflows/(Inflows) of Resources			$ (39,885)	$ (706,467)

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)	$ 15,583,130
	$ 15,583,130
Amounts paid to the County by CCL:	
Janitorial services	$ 122,446
Carpet cleaning	53,128
Workers' compensation	315,945
OPEB compensation	321,571
Wellness expenditures	35,544
Insurance coverage-building & contents, liability, fidelity bond, theft	88,591
Motor vehicle repairs	17,463
Motor vehicle fuel charges	11,732
Other general services	172,122
Solid Waste User Fee	12,814
Health, life and dental insurance (library employees covered through County plan)	961,273
Other minor charges	928
	$ 2,113,557

Other transactions:
Rent-free use of County-owned
Library buildings and County-owned vehicles*

*Not Determined

J. Pending Implementation of GASB Statements

The GASB has issued the following 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. 81, *Irrevocable Split-Interest Agreements,* provides recognition and measurement guidance to improve accounting and financial reporting for governments which are beneficiaries of irrevocable split-interest agreements. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries using trusts or other legally enforceable agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The County will implement the new guidance with the 2018 financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations,* addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associate with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The County will implement the new guidance with the 2019 financial statements.

GASB Statement No. 84, *Fiduciary Activities,* addresses the criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exits. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The County will implement the new guidance with the 2020 financial statements.

GASB Statement No. 85, *Omnibus 2017,* addresses practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The County will implement the new guidance with the 2018 financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues,* addresses consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The County will implement the new guidance with the 2018 financial statements.

GASB Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The County will implement the new guidance with the 2021 financial statements.

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

K. Tax Abatement

Pursuant to Governmental Accounting Standard's Board (GASB) Statement No. 77, *Tax Abatement Disclosures,* the County is required to disclose certain information about tax abatements as defined in the Statement. For purposes of GASB Statement No. 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual entity in which (a) one or more governmental promise to forgo tax revenues to which that are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered that contributes to economic development or otherwise benefits the County or the citizens of the County. The County has entered into such agreements. A description of the County's abatement program where the County has promised to forgo taxes is as follows:

Fee in Lieu of Tax Program – Multi County Park Program

The Fee in Lieu of Tax Program is a tax abatement tool designed to encourage economic development in the state and is administrated by Charleston County's Economic Development Department. The Fee in Lieu of Tax Program retains, expands and attracts commercial and industrial businesses, and the related economic benefits and job creation and retention associated with them. These minimum investment requirements generally require $2.5 million of investment within a five-year period. The Fee in Lieu of Tax Program is identified under state statue and is authorized under the SC Code Title 12 – Chapter 44, Title 4 – Chapter 29, or Title 4 – Chapter 12 as well as SC Code Section 4-29-68, Section 4-1-170 and Section 12-44-70 for any eligible special source revenue credits. Special source revenue credits offset funding of cost in design, acquisition, constructing, improving or expanding real estate and personal property used in the operations of manufacturing or commercial enterprise, and the infrastructure serving the project. The entity must file annual state property tax forms to the state to receive the tax reduction and the entity must certify to the County eligibility requirements have been met to receive special source revenue credits, if applicable. If the terms of the agreement are not met, The County can terminate the agreement and state law allows repayment of tax savings to the County, or the opportunity to renegotiate the agreement as well as recapture provisions for special source revenue credits, if applicable.

The State of South Carolina provides, under state law SC Code subsection 12-37-220 (A) (7) as well as State Constitution, article 10 subsection 3, all business entities a five-year county property tax exemption for all companies that have a $50,000 investment in manufacturing facilities, or a $50,000 investment in research and development facilities or a $50,000 investment (and 75 new jobs) in corporate headquarters or distribution facilities. Entities that enter into the Fee in Lieu of Tax Program are no longer eligible for this exemption and must pay in accordance with their agreements with the County. For the year ended June 30, 2017, this resulted in an additional $2,199,000 in taxes collected under the Fee in Lieu of Tax Program, but it is not considered a tax abatement under GASB 77.

The following is a summary of the taxes forgone on the County's abatement program for the year ended June 30, 2017:

Program	Tax Abated	Source	Amount
Multi-County Park	Property Tax	Economic Development Department	$ 514,479

L. Restatements

Effective July 1, 2016, the Charleston County Parks and Recreation Commission converted its Enterprise Fund from a proprietary fund to a governmental fund and began reporting the operation, development and maintenance of park facilities in the General Fund. This change in accounting principle resulted in an adjustment to beginning fund balance of the Commission's General Fund of approximately $2,928,000, as follows:

Net Position of Enterprise Fund - Beginning of Year, as Reported			$ 3,748,076
	Less:	Net Book Value of Capital Assets	(9,316,151)
		Deferred Pension Charges	(914,038)
	Plus:	Net Pension Liability	8,663,001
		Accrued Compensated Absences	653,234
		OPEB Liability	78,606
		Deferred Pension Credits	15,480
Net Adjustment to Fund Balance - General Fund			2,928,208
Fund Balance of General Fund - Beginning of Year, as Reported			13,349,938
Fund Balance of General Fund - Beginning of Year, as Adjusted			$ 16,278,146

On the government-wide statements, the Commission recognized a corresponding increase to beginning net position for governmental activities and decrease for business-type activities. There was no change in total net position for the Commission as a result of this change.

Management believes that this new statement is preferable because they plan to internally report and budget park operations in the same manner as they do for all other governmental activities, using the modified accrual basis of accounting.

Beginning Net Position for St. Paul's Fire District was adjusted in the amount of $11,032 to reflect a change in the post-employment benefits plan that removes the liability of $39,289 and the disposition of a fire truck totaled in 2012 that removes an asset with a net book value of $50,321.

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Net Position, as previously reported at June 30, 2016	$ (784,253)
Prior period adjustment related to vehicle totaled in 2012	(50,321)
Prior period adjustment related to OPEB write off	39,289
Net Position, as restated at July 1, 2016	$ (795,285)