

Dorchester County, SC
Department of Business Services

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended June 30, 2017

December 2017





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DORCHESTER COUNTY, SOUTH CAROLINA

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December 27, 2017

To the members of County Council and the citizens of Dorchester County, South Carolina:

State law requires every general-purpose local government publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. The cost of internal controls should not exceed anticipated benefits. Accordingly, the objective of internal controls is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Greene Finney, LLP, Certified Public Accountants, have issued an unmodified opinion on Dorchester County's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complement this letter of transmittal and should be read in conjunction with the financial statements.

Profile of the Government

Dorchester County is located in the southern part of South Carolina and bordered by the counties of Bamberg, Berkeley, Charleston, Colleton, and Orangeburg. It occupies 575 square miles in South Carolina. Dorchester County is a mixed landscape of suburban development in the lower part of the County in the Summerville area, rural development primarily concentrated in compact nodes as incorporated towns and unincorporated communities, and an abundance of pristine environmental resources. Incorporated towns located in rural Dorchester County include Harleyville, Reevesville, Ridgeville, and St. George. The Town of Summerville and the City of North Charleston are the more densely populated areas of the County. The City of North Charleston overlaps three counties: Dorchester, Berkeley, and Charleston Counties. The county seat is located in St. George.

Dorchester County boasts award winning school districts and one of the longest free flowing black water rivers in North America. Dorchester County's natural beauty and unwavering sense of community is what makes it the best county in South Carolina to build a business and raise a family.

Dorchester County currently employs more than 850 employees organized into 32 departments which provide a full range of countywide services that include, but are not limited to:

- General Administration – administrative and legal services, voter registration, veterans' assistance, information technology support, human resources, risk management, public information, financial services, building maintenance, and fleet maintenance
- Public safety - countywide law enforcement (Sheriff's Office), detention facilities, emergency preparedness plans to include activation of the County's Emergency Operations Center in an event of a disaster, as well as countywide fire protection in unincorporated areas in addition to the incorporated towns of St. George, Harleyville, Ridgeville, and Reevesville.

- Growth management – planning and zoning administration, building services (plan review and permitting), and economic development
- Health and general welfare - Emergency Medical Services (EMS), alcohol and other drug abuse services, indigent health care, social services, code enforcement, animal control, and mosquito control
- Recreation – management of two parks and several hundred acres of parklands preserved for future park development
- Rural street and drainage maintenance
- Waste disposal and recycling at fourteen (14) convenience sites countywide
- Criminal, civil, probate, family court, Master in Equity, and Magistrate’s court administration in county court and in State courts with the support of the elected Clerk of Court
- Public defender and Solicitor’s office assistance
- Property assessments, tax billing (Auditor’s Office), collection and disbursement to appropriate entities/municipalities (Treasurer’s Office)
- Water & Sewer – operation of wastewater treatment plants and pump stations

Dorchester County operates under a Council-Administrator form of government under the S.C Home Rule Act of 1975. A seven-member County Council is elected by district and provides policy direction to the County. Each member of Council is elected by single-member districts and serves four-year terms. All legislative and administrative powers of the county and the determination of all matters of policy are vested in the county council. The County Administrator and County Council enact ordinances and resolutions relative to county services, levy taxes, establish appropriations, issue debt and institute other fees and regulations, which aid in the maintenance of equitable treatment and quality standards within the County. Each member of council has one vote in each matter. The County Administrator ensures that management functions are carried out within the policies and procedures endorsed by Council along with ensuring personnel requirements and budget constraints are upheld by department heads charged with managing the daily operations necessary to provide services to the residents and businesses of the County.

The County’s fiscal affairs are budgeted annually and in accordance with Article X of the South Carolina Constitution. After input from the department heads and the Chief Financial Officer, the County Administrator presents the proposed budget to Council. A public hearing is held; the proposed budget is further reviewed and ultimately adopted by County Council. At the request of a department, line items may be adjusted by the County Administrator although transfers cannot be made in personnel line items without the approval of County Council. To modify the original ordinance adopting the budget, formal action must be taken by County Council.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. The Dorchester County Transportation Authority has been shown in the government-wide statements in the governmental activities, and in the fund financial statements.

Discretely presented component units are reported in a separate column in the Statement of Net Position and in the Statement of Activities in order to emphasize that they are legally separate from the primary government, and to differentiate their financial position and results of operations from those of the primary government. The Dorchester County Library (DCL) is being presented as a discretely presented component unit.

Local Economy

Population estimates for the County continue to surge. Between the 2010 Census and estimates dated July 1, 2016, the County experienced population growth of 12.6%, an average of 1.7% per year. Dorchester County has a strong tax base and continues to experience growth in business and residential activity. In 2017, several new and redeveloped properties were either opened or announced, along with an increase in new industrial growth. The County formed an improvement district now formally known as Summers Corner in the lower-portion of the County, specifically several tracts of land held by WestRock bordered by three major highways. Several manufacturers also announced expansions with plans to bring significant new investment and jobs to the County.

Dorchester County continues to experience robust activity in residential and commercial construction. Building permits valued at \$130,050,095 (residential) and \$12,460,620 (commercial) were issued during fiscal year 2017. Permits are expected to increase as a result of newly announced residential communities, multifamily, and industrial development.

The aforementioned Summers Corner is located in a rapidly growing area of the County and is bordered by portions of Highways 17A, 165 (Deleamar), and 61 (Beech Hill, Boone Hill) which consists of 6,932 acres of mixed-use planned development. At build-out, it is anticipated that there will be over 8,000 residential units and 193 acres of commercial development intertwined with open space and recreational amenities. By the end of 2017, over 100 certificates of occupancy had been issued to residential units in the first phase. Assessments will be billed and collected by the County to provide for the construction and maintenance of public improvements within the district.

Summer Wind is a 267-unit, Class A multifamily community currently under construction in an area of the County adjacent to the Town of Summerville and represents the largest multifamily project in an unincorporated area of the County in over 15 years. A similar multifamily project is planned for Summers Corner.

Additionally, numerous commercial projects are under construction or are in the plan review process. Some of these projects include new national retailers (Lowe's Foods) and new manufacturer (Sundaram Clayton).

Commercial and residential construction are expected to show growth over the next five years and into the future.

In neighboring Berkeley County, Volvo is constructing a \$1 Billion manufacturing facility that is expected to bring 5,000 jobs and significant growth to the region. The facility, adjacent to the Dorchester County line will contribute to extensive residential growth in the Ridgeville area and opportunities for industrial growth at the Ridgeville Commerce Park, which is located within Dorchester County.

Outside of St. George, the County is completing construction of a 100,000-square foot speculative building that will be sold or leased to a manufacturer, providing investment in a rural area of the County. The site of the speculative building has water and sewer service with significant room for expansion in the future.

The County is also a member of the Lake Marion Regional Water Agency. In 2017, plans were finalized for the Dorchester Reach which will provide water to a previously underserved area of the County and specifically the Ridgeville Commerce Park which is also the site of recently announced manufacturer Sundaram Clayton.

Long-term Financial Planning

Future financial requirements are directly linked to the vision and goals outlined in Dorchester County's Comprehensive Plan, Strategic Plan, and Capital Improvement Plan.

The Comprehensive Plan is developed in accordance with South Carolina Code of Laws, Article 3, Section 6-29-510. The purpose of the Comprehensive Plan is to help manage the physical, social and economic growth, development and redevelopment of the County. In 2018, Dorchester County is working to update the 2008 Comprehensive plan per the requirements of state law. The County formed a 15-person committee appointed by County Council (2 per district) with the final appointee being chosen at large by the Chairman.

The Strategic Plan is reviewed each year as part of the annual budget process by County Council in a retreat setting. The plan is subject to amendment based on the needs of the County but is significantly updated every three years. The goals and objectives as stated in the Strategic Plan are used to guide the capital and operational spending plan for the County over the course of those three years.

The Capital Improvement Plan ("CIP") is a five-year fiscal planning tool that is used to identify needed capital projects and the appropriate funding and timing for those projects. The CIP is prepared annually based on submissions from the County's various departments. The County Administrator and Chief Financial Officer review each project and present a recommended CIP to County Council. A financing strategy for approved projects is developed based on a comprehensive financial forecast. The future impact of the completed projects on the annual budget, including operational and staffing costs, is also considered.

The County analyzes many financial indicators using a set of Microsoft Excel-based tools encompassed in a product called Municast. The analysis of these indicators is designed to present information on the fiscal health of the County which can then be used as one of the factors influencing short-term organization-wide decisions and the long term financial forecast.

The County's financial trends are analyzed quarterly utilizing many factors in order to understand the financial condition of the County.

Forecasting requires estimating the future value of revenues and expenditures. It involves determining how the County's total financial program will be affected by changing demographic and economic factors. It addresses the question of whether the County will have sufficient resources to meet the resource requirements of ongoing, planned or mandated programs given assumptions about local financial policies and economic trends. Forecasting has the added value of providing a planning tool for capital projects and whether bonded indebtedness will be required for capital funding. In summary, it provides an estimate of the financial flexibility of the County, as well as insight into tax, revenue, and service options the council must address.

Forecasting is not an exact science and at times relies upon the best professional judgment of the forecasters. In order to reduce the risks of miscalculating revenues or expenditures, the goal is to identify as many factors as possible that may contribute to changes in revenues and expenditures. The County's revenue and expenditure budgets are comprised of many unique elements that respond to a variety of external factors such as population growth, development, inflation, and interest rates.

The revenue forecast begins with evaluating prior year actual trends. The remaining years of the revenue forecast are from consensus forecasts of trends in key economic and demographic indicators. These forecasts typically cover global, regional and state or tri-county area as a whole, so adjustments to reflect unique conditions in the County are necessary.

The goal is to match revenue sources with the economic and demographic variables that most directly affect year-to-date changes in those revenues. For example, revenue such as the 1% sales tax will reflect consensus forecasts related to taxable sales growth. In contrast, revenue from building permits and plan review are tied to the expected trends in development. Other revenues, such as those from EMS services, are linked to the County's expected population growth or fee increases. By identifying and utilizing as many revenue-related variables as possible in the forecast, the goal is to minimize the risk of overstating or understating revenues that could arise from using only a few variables to forecast all revenue sources.

The expenditure forecast begins with prior year expenditures adjusted for non-recurring expenditures. Expenditure growth is closely linked to two major factors:

- 1) Inflation which includes general inflation, market adjustments to salaries and changes in benefit costs.
- 2) County financial policies and strategic plan related to the amount of new funding added each year for new programs and the expansion of existing programs.

As with the revenue forecast, consensus forecasts of trends in key economic and demographic indicators are factored into the County's expenditure forecast. For certain expenditure categories such as fuel and utilities, inflation factors are used that reflect the historical rate of price inflation in these categories relative to overall inflation. Amounts for new programs and expansions are assumed to be constant over the forecast period.

In June 2010, Moody's Investors Service upgraded Dorchester County's General Obligation bonds to Aa2. The factors contributing to Moody's decision to upgrade the County's rating are the county's ongoing tax base expansion and economic diversity; manageable debt levels; and healthy finances with ample reserve levels. In November 2012, the County's General Obligation bond rating was upgraded from AA- to AA by Standard & Poor's Rating Services.

Relevant Financial Policies

The County's financial decisions are guided by formal and informal financial policies designed to provide a consistent and measurable framework for County decision makers.

The County, as a political subdivision of the State of South Carolina, is required to prepare and maintain a balanced budget. For the fiscal year ended June 30, 2017, the County's budget was balanced.

Unassigned fund balance of approximately \$22,800,202 in the General Fund for the fiscal year ended June 30, 2017, represents 45.3% of subsequent year projected revenues. County policy requires the unassigned fund balance in the General Fund be no less than 32% of General Fund projected revenues for the subsequent year. In the case of the General Fund, a goal of 40% of the subsequent fiscal year's projected revenues is also enacted via the County's fund balance policy. In the event that the 40% threshold is exceeded, the difference is to be transferred to the County Reserve Fund to be committed for disaster recovery. Based upon policy, this would dictate that \$1,910,112 be transferred to the Reserve Fund. With a balance of \$3,154,772 as of June 30, 2017, this would increase the Reserve Fund to \$5,064,884, which is equal to 9.6% of subsequent year budgeted revenues. Encompassed within the same policy is guidance that the Reserve Fund's requirement would be met at 10% of the same metric. Therefore, if at any point the threshold of 10% is exceeded excess fund balance would be eligible for use to retire callable debt, reduce unfunded liabilities, or be appropriated for capital projects.

With regards to the effective management of debt, the County does not further restrict the State Constitutional debt limit of eight percent of the assessed value of the locality with regards to limiting expenditures for debt service, however a detailed debt management policy was adopted by County Council on December 1, 2014. This policy defines the specific types and uses of short and long-term debt. Additionally, the policy sets thresholds for the effectiveness of mechanisms such as advance refunding's (3.0% of net present value savings) and dictates debt planning activities required in anticipation of the issuance of new debt.

Other relevant financial policies include Grants, Accounting and Financial Reporting, Budget Administration and Preparation, and Revenue. Full policies are available in the appendix of the County's Annual Budget Document which is published at www.dorchestercountysc.gov/budget.

Major Initiatives

County Council continues to support an aggressive Capital Improvement Plan to better serve the needs of the community. In 2016, Dorchester County opened a new, 80,000-square foot Detention Center outside of the Town of Summerville to replace an outgrown facility originally opened by the County in the Town of St. George in 1965. The new facility, with a construction cost of \$19,600,000 has 352 beds with expansion capacity to 500 beds and offers a safer environment for both inmates and officers from every factor of the operation. Two general obligation bonds and an equipment lease purchase were issued to finance the construction and equipment acquisition costs of the new facility. In order to staff the new facility, County Council increased operating millage in the General Fund to support 27 new Detention Officer positions per requirements imposed by the State of South Carolina.

Also in 2016, County Council supported staff's position regarding shifts in the Emergency Medical Services department to migrate from 24-hour to 12-hour shifts. In this conversion, the County added 16 positions to the department to prevent burnout of employees so that they were able to get adequate rest between shifts and remain sharp by working shorter amounts of elapsed time.

Looking to the future, the County recognizes the need to improve its Emergency Operations Center and will be working to develop a project in 2018 to construct a new facility to address this need. As assessed values continue to increase at greater percentages each year and the County works to pay down existing debt obligations, the County's available debt under the eight percent limit has quickly recovered from less than \$5,000,000 at the issuance of the first detention center bond to more than \$12,000,000 in 2017.

Growth in Dorchester County poses a significant threat to the sustainability of operations from a long-term perspective. Updated residential growth figures point to a less than sustainable trend in this regard and staff is working across the board to provide creative approaches to diversify the County's tax base and revenue sources. In 2018, the County is conducting a Classification and Compensation study, the first in ten years, to ensure that we are able to recruit and retain top talent as we grow in the near term and well into the future.

Awards and Acknowledgments

Dorchester County submits this Comprehensive Annual Financial Report ("CAFR") to The Government Finance Officers Association of the United States and Canada ("GFOA") in consideration for the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2017. This is the first submission by Dorchester County with regards to the award. It is understood that to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR, which satisfies both generally accepted accounting principles and applicable legal requirements.

We believe that our CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for the first time.

The County also received GFOA's Distinguished Budget Presentation Award for the eleventh time for fiscal year 2017. To receive this award, the budget process and documents must meet program criteria as a policy document, operations guide, financial plan, and communications device. The FY 2018 budget has been submitted to the awards program.

The preparation of this report would not have been possible without the efficient and dedicated service of the Business Services Department and specifically the Financial Services Division. We wish to express our appreciation to the County's various departments who assisted and contributed to its preparation. Credit also must be given to County Council for their unfailing support for maintaining the highest standards of professionalism in the management of Dorchester County's finances.

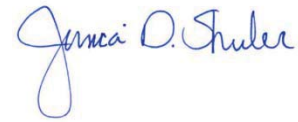
Respectfully submitted,

A handwritten signature in blue ink that reads "Jason L. Ward". The signature is fluid and cursive, with the first name being the most prominent.

Jason L. Ward
County Administrator

A handwritten signature in blue ink that reads "Daniel T. Prentice". The signature is written in a cursive style with a large initial 'D'.

Daniel T. Prentice
Chief Financial Officer

A handwritten signature in blue ink that reads "Jessica D. Shuler". The signature is written in a cursive style with a large initial 'J'.

Jessica D. Shuler
Director of Business Services

DORCHESTER COUNTY, SC
LISTING OF KEY OFFICIALS

County Council

James Lex Byars, III – District 7 – Chairman
George Bailey – District 3 – Vice Chairman
Willie Davis – District 1
David Chinnis – District 2
Larry Hargett – District 4
Converse Chellis, IV – District 5
William Hearn – District 6

Tracey L. Langley – Clerk to County Council

County Administration

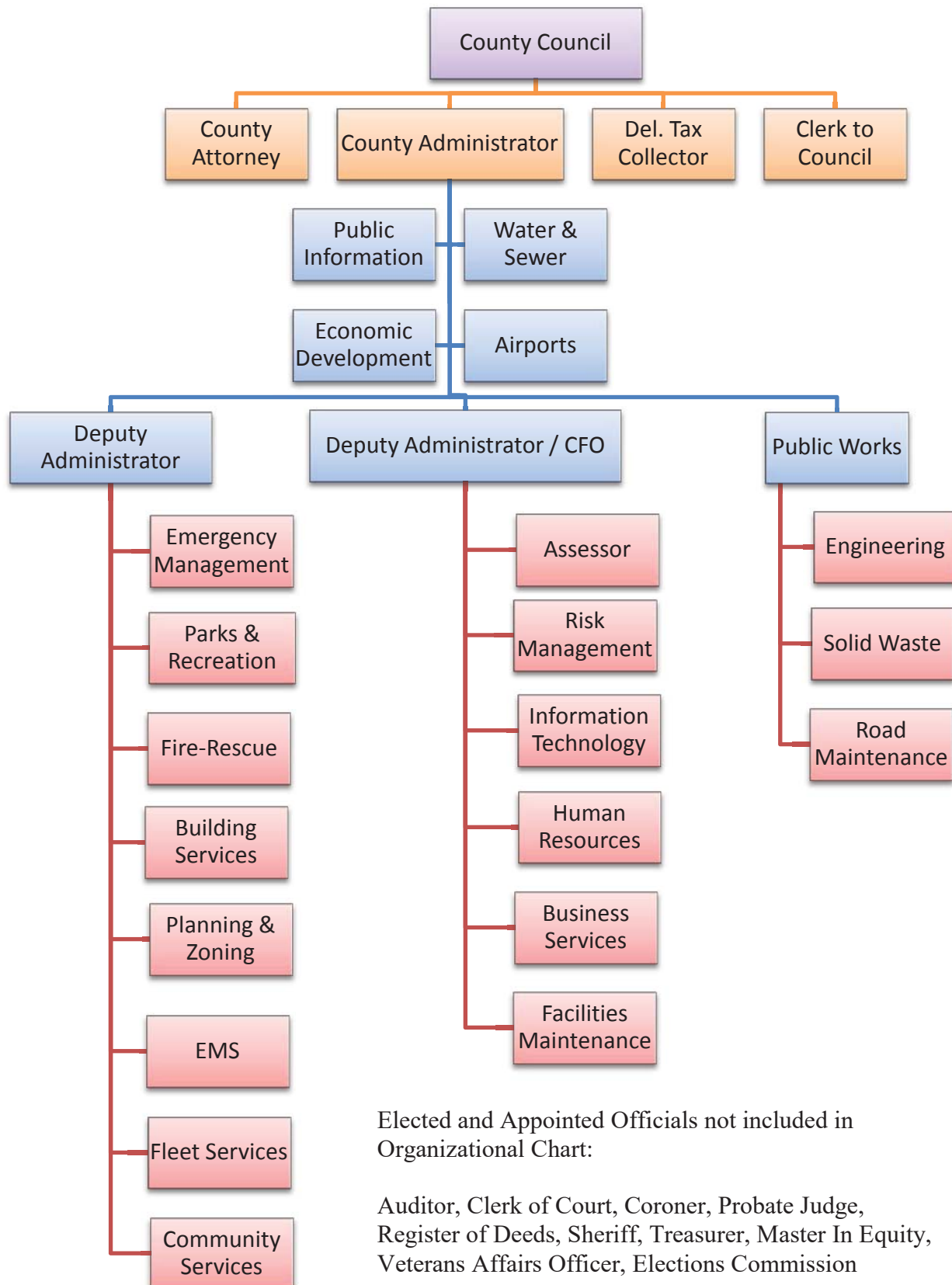
Jason L. Ward, County Administrator
Charles H. Potts, Deputy County Administrator
Daniel T. Prentice, Deputy County Administrator
Jessica D. Shuler, Director of Business Services

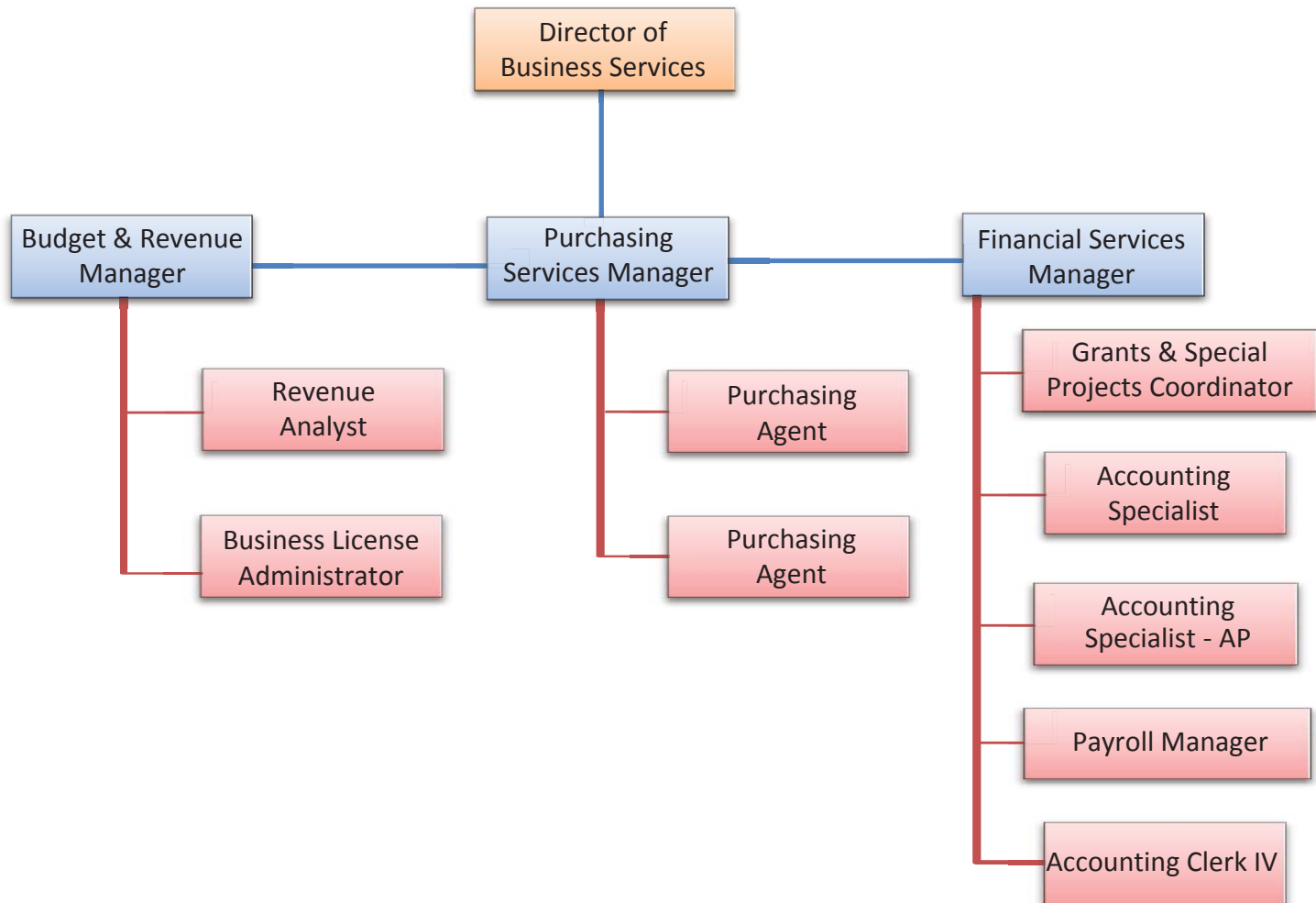
Elected Officials

James H. Messervy Jr. – Auditor
Cheryl Graham – Clerk of Court
Paul Brouthers – Coroner
Mary Blunt – Probate Judge
Margaret Bailey – Register of Deeds
L.C. Knight – Sheriff
Cindy Chitty – Treasurer

Appointed Officials

James Chellis – Master in Equity
Tera Richardson – Chief Magistrate
Ed Burns – Veterans Affairs Officer
Todd Billman – Elections and Voter Registration
Monty Jones - Delinquent Tax Collector
John Frampton – County Attorney







DORCHESTER COUNTY

MISSION STATEMENT

Dorchester County government delivers essential services that contribute to the well being and quality of life of its citizens. In doing so we seek to meet the collective needs of our citizens in a cost-effective manner.

ADOPTED BY DORCHESTER COUNTY COUNCIL NOVEMBER 18, 2002.



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Members of County Council
Dorchester County, South Carolina
St. George, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dorchester County, South Carolina (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dorchester County Library System, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dorchester County Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dorchester County, South Carolina, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of Accounting Principle

As discussed in Note I.B in the notes to the financial statements, for the year ended June 30, 2017 the County adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 77 “*Tax Abatement Disclosures*”. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note I.B in the notes to the financial statements, the County has elected to change its policy for accounting and reporting of the Dorchester County Sales Tax Transportation Authority from a discretely presented component unit to a blended component unit. Our opinion is not modified with respect to this matter.

Correction of an Error

As described in Note IV.J in the notes to the financial statements, the County corrected an error related to commercial solid waste user fees receivable and the corresponding revenue and unearned revenue. Our opinion is not modified with respect to this matter.

Pending Implementation of GASB Statement on Postemployment Benefits Other Than Pensions

As discussed in Note IV.I in the notes to the financial statements, the GASB issued Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“*Statement*”) in 2015. This Statement, which will be adopted by the County for the year ended June 30, 2018, will require the County to report a net other postemployment benefit (“OPEB”) liability on its applicable financial statements for its participation in their own plan (“Plan”). Based on the Plan’s latest actuarial valuation, it is anticipated that the County will need to record an additional net OPEB liability which will decrease its governmental activities, business-type activities, water and sewer fund, solid waste fund, and nonmajor enterprise fund beginning net position for the year ended June 30, 2018 by a material amount, although the exact amount has yet to be determined. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedules, pension schedules, and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, supplementary information, statistical section, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Greene Finney, LLP
Mauldin, South Carolina
December 27, 2017

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

As management of Dorchester County (the "County"), we offer the readers of Dorchester County's financial statements this narrative overview and analysis of the financial activities of Dorchester County for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of Dorchester County exceeded its liabilities and deferred inflows of resources at June 30, 2017, by \$273,271,435.

The total net position increased by \$30,630,913, including adjustments to beginning net position of \$61,676,219. Of this amount, \$23,010,202 was associated with current governmental activities, including adjustments to beginning net position of \$60,043,105, and \$7,620,711 with business-type activities, including adjustments to beginning net position of \$1,633,114.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$22,800,202, which represents an 18.9 percent increase from the prior year and represents 44.4 percent of total general fund expenditures.

At the end of the current fiscal year, Dorchester County's governmental funds reported combined ending fund balances of \$68,092,301. This is an increase of \$19,728,500 from the prior year, including adjustments to beginning fund balance of \$12,909,910. Of this amount, nonspendable fund balance was \$393,178, restricted fund balance was \$34,510,714, committed fund balance was \$9,442,906, assigned fund balance was \$1,202,514, and unassigned fund balance was \$22,542,989.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements - The *government-wide financial statements* provide a broad overview of Dorchester County's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about Dorchester County's financial position.

The *Statement of Net Position* presents information on all of the County's assets and deferred outflows and liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Dorchester County include general government, public safety, roads and drainage, health and welfare, culture and recreation, economic development, airport, and other charges. The major business-type activities of Dorchester County include water and sewer systems and solid waste systems.

The government-wide financial statements include not only Dorchester County itself (known as the *primary government*), but also the legally separate Dorchester County Library. Previously, the Dorchester County Transportation Authority was reported as a discretely presented component unit, but their governance and structure dictates that they are reported as part of the primary government. These changes are reflected in the financial statements. In the case of the Dorchester County Library, funds are reported as component units of the County, for which the County is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements. – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Dorchester County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Most of Dorchester County's basic services are reported in the governmental funds financial statements, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Dorchester County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided to reconcile the two types of statements.

Proprietary Funds. – Services for which Dorchester County charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both long and short-term financial information. These funds are similar to the government-wide business-type activities, but provide more detail and additional information, such as a cash flow statement.

Fiduciary Funds. – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Budgetary Comparison Schedules. – The County adopts an annual appropriated budget for its general fund and capital improvements fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budget.

Other Information. – In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules as well as required supplementary information related to the County's participation in the State retirement plans and the County's other postemployment benefit plan.

The County implemented Governmental Accounting Standards Board ("GASB") Statement No. 77, *Tax Abatement Disclosures*, in the fiscal year ended June 30, 2017. See Notes I.B and IV.H for detailed information related to the implementation.

DORCHESTER COUNTY, SOUTH CAROLINA**MANAGEMENT'S DISCUSSION AND ANALYSIS****YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. The County's net position comparing 2017 to 2016 (as reported) is as follows, first for the Governmental Activities and then for the Business-Type Activities:

	Governmental Activities	
	2017	2016
Current, Restricted and Other Assets	\$ 87,698,824	\$ 57,262,632
Capital assets, net	<u>212,353,620</u>	<u>134,852,711</u>
Total assets	<u>300,052,444</u>	<u>192,115,343</u>
Deferred Outflows of Resources	<u>18,519,208</u>	<u>5,981,110</u>
Current and Other Liabilities	12,318,437	6,016,216
Net Pension Liability	65,743,245	54,275,245
Long-term liabilities outstanding	<u>126,984,637</u>	<u>47,308,077</u>
Total liabilities	<u>205,046,644</u>	<u>107,599,538</u>
Deferred Inflows of Resources	<u>685,147</u>	<u>667,256</u>
Net Position:		
Net investment in capital assets	92,073,636	90,697,922
Restricted	39,319,601	15,150,003
Unrestricted	<u>(18,553,376)</u>	<u>(16,018,266)</u>
Total net position	<u>\$ 112,839,861</u>	<u>\$ 89,829,659</u>

	Business-type Activities	
	2017	2016
Current, Restricted and Other Assets	\$ 44,712,109	\$ 44,846,799
Capital assets, net	<u>186,464,904</u>	<u>180,969,956</u>
Total assets	<u>231,177,013</u>	<u>225,816,755</u>
Deferred Outflows of Resources	<u>4,103,606</u>	<u>2,707,889</u>
Current and Other Liabilities	3,586,971	3,373,526
Net Pension Liability	11,357,185	8,071,456
Long-term liabilities outstanding	<u>59,776,100</u>	<u>63,773,497</u>
Total liabilities	<u>74,720,256</u>	<u>75,218,479</u>
Deferred Inflows of Resources	<u>128,789</u>	<u>495,302</u>
Net Position:		
Net investment in capital assets	131,954,008	116,970,205
Restricted	16,558,963	20,820,572
Unrestricted	<u>11,918,603</u>	<u>15,020,086</u>
Total net position	<u>\$ 160,431,574</u>	<u>\$ 152,810,863</u>

DORCHESTER COUNTY, SOUTH CAROLINA**MANAGEMENT'S DISCUSSION AND ANALYSIS****YEAR ENDED JUNE 30, 2017****GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)****Changes in Net Position.** The County's Change in Net Position for fiscal years ended June 30, 2017 and 2016 is as follows:

	Governmental Activities		Business Type Activities	
	2017	2016	2017	2016
Revenues:				
Program revenues:				
Charges for services	\$ 14,260,716	21,051,176	32,557,013	\$ 31,377,510
Operating grants and contributions	18,877,510	5,235,052	191,334	105,673
Capital grants and contributions	9,178,339	1,912,033	4,029,514	5,405,082
General revenues:				
Property taxes	47,453,185	45,560,948	-	-
Other taxes	16,858,454	351,474	-	-
Unrestricted grants and contributions	5,297,537	7,407,563	-	-
Interest and investment earnings	487,488	96,882	103,170	94,510
Miscellaneous	66,008	-	67,701	-
Total revenues	<u>112,479,237</u>	<u>81,615,128</u>	<u>36,948,732</u>	<u>36,982,775</u>
Program expenses:				
General government	26,662,840	23,886,033	-	-
Public safety	39,232,125	35,601,493	-	-
Roads and drainage	72,363,350	5,646,460	-	-
Health and welfare	238,746	241,183	-	-
Recreation and culture	514,668	237,200	-	-
Airport	496,346	453,120	-	-
Economic development	2,021,210	1,899,177	-	-
Intergovernmental and nonprofit assistance	3,937,430	3,828,998	-	-
Disaster Recovery	1,682,909	-	-	-
Nondepartmental	512,367	-	-	-
Interest and fiscal charges	5,029,018	1,506,366	-	-
Water and sewer	-	-	19,636,330	18,230,792
Solid waste	-	-	6,210,952	5,619,162
Storm water	-	-	1,934,984	1,492,067
Total expenses	<u>152,691,009</u>	<u>73,300,030</u>	<u>27,782,266</u>	<u>25,342,021</u>
Increase in net position before transfers	(40,211,772)	8,315,098	9,166,466	11,640,754
Transfers	<u>3,178,869</u>	<u>1,302,466</u>	<u>(3,178,869)</u>	<u>(1,302,466)</u>
Change in net position	(37,032,903)	9,617,564	5,987,597	10,338,288
Net position, beginning	89,829,659	80,212,095	152,810,863	142,472,575
Prior period adjustment	60,043,105	-	1,633,114	-
Net position, ending	<u>\$ 112,839,861</u>	<u>89,829,659</u>	<u>160,431,574</u>	<u>\$ 152,810,863</u>

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. Governmental activities decreased the County's net position by \$37,032,903. Charges for services accounted for \$14,260,716 or 12.7 percent of total governmental revenues. These charges are for fees related to judicial activity, fees for real estate transfers, fees associated with the E911 service, emergency medical services, and fees associated with the collection of property taxes.

Property tax revenues account for \$47,453,185 of the \$112,479,237 total revenues for governmental activities, or 42.2 percent of total revenues. Another major component of general revenues was grants and contributions not restricted to specific programs, which accounted for \$5,297,537 or 4.7 percent of total revenues.

The largest governmental activity, the roads and drainage program, accounted for \$72,363,350 of the \$152,691,009 total expenses for governmental activities, or 47.3 percent of total expenses; however \$58,749,689 is associated with the completion of road projects related to roads that are not owned by the County that represented capital asset disposals (expenses) in the current year. Absent these expenses, the program would account for \$13,613,661 or 9 percent of total expenses.

The second largest governmental activity, the public safety program, accounted for \$39,232,125 of the \$152,691,009 total expenses for governmental activities, or 25.7 percent of total expenses. The next largest program was general government, accounting for \$26,662,840 and representing 17.5 percent of total governmental expenses. These two activities comprise 43.2 percent of the total cost of operations for the County.

The following table for governmental activities indicates the total cost of services and the net cost of services. The Statement of Activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General government	\$ 26,662,840	23,886,033	11,320,361	\$ 3,727,610
Public safety	39,232,125	35,601,493	30,613,446	33,126,004
Roads and drainage	72,363,350	5,646,460	58,830,098	2,192,556
Health and welfare	238,746	241,183	204,015	241,183
Recreation and culture	514,668	237,200	511,168	(131,452)
Airport	496,346	453,120	303,418	444,226
Economic Development	2,021,210	1,899,177	(1,703,670)	1,020,366
Intergovernmental and nonprofit	3,937,430	3,828,998	3,937,430	2,974,910
Disaster Recovery	1,682,909	-	816,793	-
Nondepartmental	512,367	-	512,367	-
Interest and fiscal charges	5,029,018	1,506,366	5,029,018	1,506,366
Total	<u>\$ 152,691,009</u>	<u>73,300,030</u>	<u>110,374,444</u>	<u>\$ 45,101,769</u>

Charges for services and operating grants of \$33,138,226 (21.7 percent of the total costs of services) were received and used to fund the governmental expenses of the County. An additional 6 percent, \$9,178,339, of capital grants were also used to fund governmental activities. The remaining \$110,374,444 in general governmental expenses was funded by property taxes, sales and use taxes, unrestricted grants, and other revenue.

Business-type activities. Business-type activities increased the County's net position by \$5,987,597.

Charges for services were the County's largest program revenue for business-type activities, accounting for \$32,557,013, or 88.1 percent of total business-type activity revenues. These charges are for sewer and water fees, impact fees, solid waste user fees, host fees, storm water fees, tap fees, origination fees, reconnection fees and other associated fees.

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

In the current year, the increase in revenues exceeded the need for increased expenditures to maintain the current level of services. The growth resulted from an increase in revenues from charges for services, impact fees, and from the contribution of infrastructure to the County by developers.

FINANCIAL ANALYSIS OF DORCHESTER COUNTY'S FUNDS

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

Governmental Funds. The purpose of the County's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2017, the County's governmental funds reported a combined ending fund balance of \$68,092,301, an increase of \$19,728,500 from the prior year, including adjustments to beginning fund balance of \$12,909,910. Approximately 33.1 percent of this total, \$22,542,989, is unassigned fund balance. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has been restricted, committed, or assigned for a variety of other purposes.

The general fund is the primary operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$22,800,202. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 44.4 percent of total general fund expenditures.

The fund balance of the County's general fund increased by \$2,870,547 during the current fiscal year. This was primarily a result of growth in property taxes which exceeded the budget by 4.1% or \$1,255,814 in addition to stronger than anticipated revenues with regards to EMS charges for services and stamp fees in the Register of Deeds Office.

The fund balance of the County's capital improvements fund increased by \$296,526 during the current fiscal year. This was primarily a result of growth in property taxes and interest which exceeded the budget by 4.9% or \$202,452.

The fund balance of the County's capital projects fund decreased by \$2,032,256 during the current fiscal year. This was primarily a result of expenditures associated with the refund of unspent Transportation Impact Fee proceeds and for ongoing capital projects pending closeout with no additional transfers to the Capital Projects Fund.

The fund balance of the County's transportation authority fund increased by \$4,102,914 during the current fiscal year. This was primarily a result of growth in sales tax proceeds of 5.7 percent.

The fund balance of the County's bond fund increased by \$208,969 during the current fiscal year. This was primarily a result of growth in property taxes and interest which exceeded the budget by 6.1 percent or \$209,187.

Proprietary Funds. The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but provide more detail.

Unrestricted net position of the water and sewer fund, solid waste fund, and stormwater fund at the end of the year were \$7,016,892, \$3,549,299, and \$1,352,412, respectively. The net change in total net position was \$7,143,006, (\$972,386), and (\$183,023), respectively, for those same funds. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

BUDGETARY HIGHLIGHTS

By State statute, the Dorchester County Council adopts the annual operating and capital improvement budget for the County by the last day of June. For the general fund and capital improvements fund, the amended budgeted net reduction in fund balance was \$1,658,000 and \$2,078,193, respectively. The amendment to the budget in the General Fund primarily reflected incomplete items that were carried forward to the next fiscal year. The amendment in the capital improvements fund reflects the carry-over of unspent items in the prior fiscal year and additional appropriations as approved by County Council.

The actual net increase in fund balance was \$2,870,547 in the general fund and \$296,526 in the capital improvement fund. The primary reasons for the variance in the general fund was better than anticipated collections in taxes and charges for services. Expenditures came in under budget across all departmental functions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's net investment in capital assets for its governmental activities at June 30, 2017, was \$212,353,620 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, furniture and equipment, vehicles, infrastructure.

The capital assets (net of accumulated depreciation) as of June 30, 2017, and 2016 were as follows:

	Governmental Activities	
	2017	2016
Land, Improvements, and Right of Way	\$ 16,209,878	\$ 14,797,057
Construction in Progress	82,026,179	153,850,890
Buildings and Building Improvements	64,495,401	45,194,278
Infrastructure	114,736,177	112,599,772
Furniture and Equipment	32,474,192	31,700,157
Less: Accumulated Depreciation	<u>(97,588,207)</u>	<u>(92,697,186)</u>
Total	<u>\$ 212,353,620</u>	<u>\$ 265,444,968</u>

The County's net investment in capital assets for its business-type activities at June 30, 2017, was \$186,464,904 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, infrastructure, sewer plant, sewer and water systems, buildings and improvements, furniture and equipment.

The capital assets (net of accumulated depreciation) as of June 30, 2017, and 2016 were as follows:

	Business-Type Activities	
	2017	2016
Land, Improvements, and Right of Way	\$ 1,733,728	\$ 1,733,728
Construction in Progress	14,228,769	18,865,750
Buildings and Building Improvements	2,040,147	2,040,147
Infrastructure	1,088,021	853,401
Furniture and Equipment	7,859,575	7,543,976
Sewer Plant	38,766,067	38,797,874
Sewer System	141,315,329	138,084,770
Water System	38,441,250	27,002,384
Less: Accumulated Depreciation	<u>(59,007,982)</u>	<u>(53,952,074)</u>
Total	<u>\$ 186,464,904</u>	<u>\$ 180,969,956</u>

Additional information on the County's capital assets can be found in Note III.D in the notes to the financial statements.

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt. At June 30, 2017, the County had \$93,840,699 in outstanding debt consisting of general obligation bonds, revenue bonds, installment notes and capital leases. The general obligation bonds are secured by the full faith and credit, and taxing power of the County. The revenue bonds are secured by specific revenue sources.

	Governmental Activities	Business Type Activities	Total
General obligation bonds	\$ 117,565,535	-	\$ 117,565,535
Revenue bonds and notes payable	681,709	55,543,751	56,225,460
Capital leases	2,186,364	-	2,186,364
Total	<u>\$ 120,433,608</u>	<u>55,543,751</u>	<u>\$ 175,977,159</u>

The County's general obligation bonded debt decreased by \$7,492,537 (6.0 percent) during fiscal year 2017. This was due to the scheduled payment of debt service during the year. The County's revenue bonded debt obligations and notes payable obligations decreased by \$4,038,928 (6.7 percent) during the year. This was due to the scheduled payment of debt service during the year. The County's capital lease obligations decreased by \$1,138,502 (34.2 percent) during the year. This was due to the scheduled payment of debt service during the year.

Additional information on the County's long-term debt can be found in Note III.G in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Dorchester County is part of the three-county Charleston metropolitan area and is closely associated with the major economic centers of the metropolitan area including the military, the aerospace industry, tourism, and shipping and logistics. In addition, Dorchester County was one of the fastest growing counties in South Carolina over the past decade. According to recent US Census figures, Dorchester County has grown from a population of 96,413 in 2000 to an estimated population of 153,773 in 2016. Dorchester County continues to be fast growing; however, that growth was muted during the recession but has since returned to pre-2008 levels. Recent permit filings and development plan submittals including those for large format apartment complexes and master planned residential communities indicate continued recovery in the local economy. The number of plan reviews in FY 2016-17 was 1,209, which is an increase of 252 from last year.

Dorchester County has worked to establish a favorable climate for business relocation and industrial expansion. Major economic development announcements made during FY 2016-17 include Sportsman Boats \$3.5 million expansion adding 100 new jobs, Sundaram-Clayton Limited launching its first U.S. based operation in Dorchester County investing \$50 million and creating 130 jobs, and KION North America investing \$5.7 million and creating over 50 jobs. To further enhance industrial recruitment, Dorchester County completed construction on a 100,000-square foot speculative building at the Winding Woods Commerce Park which is now part of the County's available building inventory. Dorchester County also continues to focus on skilled training and partners routinely with Dorchester District 2 and 4 schools, the Dorchester County Career & Technology Center and Trident Technical College.

The state government has not fully funded the Local Government Fund as required under state law since FY 2008-09, funding Dorchester County at a level \$2,212,714 less than required under statute in FY 2016-17. While the cost of funding state mandated services continues to rise, the County has not received an increase in funding from the state commensurate with those expenses.

The County continues to incur increased costs associated with employee benefits provided by the state on the County's behalf. This includes an increase in employer premiums associated with the County's participation in the State Health Plan in FY 2016-17. Moreover, the County included required increases in the contribution rates for both the Police Officers Retirement System (PORS) and the South Carolina Retirement System (SCRS). Management expects costs associated with these benefits to continue to rise based on information from the state including that of the pension reform plan which calls for continuous 1% increases to both SCRS and PORS for the next five years. The budget for FY 2016-17 is built on sustaining an existing level of services with limited expansion. The budget accommodated increased retirement system and health plan contributions in addition to 4-5% classification adjustments for employees. As of the publication of the Annual Financial Report, County Council has appropriated from fund balance \$1,202,514 in the General Fund balance. This is entirely carry-over of items not completed in FY 2016-17.

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Dorchester County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Dorchester County Business Services, 201 Johnston Street, St. George, South Carolina 29477.

BASIC FINANCIAL STATEMENTS

DORCHESTER COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2017

	PRIMARY GOVERNMENT			COMPONENT
	Governmental	Business-Type	Total	Library
	Activities	Activities		System
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 32,337,375	17,476,187	49,813,562	\$ 3,106,158
Cash and Cash Equivalents, Restricted	34,908,877	19,649,855	54,558,732	-
Property Taxes Receivable, Net	1,487,225	-	1,487,225	51,457
Accounts Receivable, Net	1,675,921	7,298,664	8,974,585	-
Other Receivables, Net	290,476	-	290,476	-
Due from Other Governments	16,142,986	196,343	16,339,329	89,317
Prepaid Items	380,605	18,795	399,400	60,863
Inventories	12,573	-	12,573	-
Total Current Assets	87,236,038	44,639,844	131,875,882	3,307,795
Non-Current Assets:				
Capital Assets:				
Non-Depreciable	98,236,057	15,962,497	114,198,554	255,917
Depreciable, Net	114,117,563	170,502,407	284,619,970	5,552,367
OPEB Asset	462,786	72,265	535,051	-
Total Non-Current Assets	212,816,406	186,537,169	399,353,575	5,808,284
TOTAL ASSETS	300,052,444	231,177,013	531,229,457	9,116,079
DEFERRED OUTFLOWS OF RESOURCES				
Advance Refunding Charges	3,988,764	1,803,310	5,792,074	-
Deferred Pension Charges	14,530,444	2,300,296	16,830,740	400,638
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,519,208	4,103,606	22,622,814	400,638
LIABILITIES				
Current Liabilities:				
Accounts Payable	7,962,748	2,415,337	10,378,085	3,825
Accrued Liabilities	1,162,851	136,091	1,298,942	18,906
Assets Held for Others	1,473,972	455,564	1,929,536	-
Accrued Interest Payable	893,107	579,979	1,473,086	-
Unearned Revenue	825,759	-	825,759	-
OPEB Liability	-	-	-	76,813
Total Current Liabilities	12,318,437	3,586,971	15,905,408	99,544
Non-Current Liabilities:				
Net Pension Liability	65,743,570	11,357,185	77,100,755	2,834,452
Due Within One Year	10,468,625	3,499,936	13,968,561	67,259
Due in More than One Year	116,516,012	56,276,164	172,792,176	11,301
Total Non-Current Liabilities	192,728,207	71,133,285	263,861,492	2,913,012
TOTAL LIABILITIES	205,046,644	74,720,256	279,766,900	3,012,556
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Credits	685,147	128,789	813,936	201,926
TOTAL DEFERRED INFLOWS OF RESOURCES	685,147	128,789	813,936	201,926
NET POSITION				
Net Investment in Capital Assets	92,073,636	131,954,008	224,027,644	5,808,283
Restricted For:				
Public Safety	989,369	-	989,369	-
Health and Welfare	898,521	-	898,521	-
Capital Projects	27,900,138	-	27,900,138	28,347
Capital Improvements	5,155,035	16,558,963	21,713,998	-
Debt Service	3,140,297	-	3,140,297	-
Other	1,236,241	-	1,236,241	-
Unrestricted	(18,553,376)	11,918,603	(6,634,773)	465,605
TOTAL NET POSITION	\$ 112,839,861	160,431,574	273,271,435	\$ 6,302,235

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

DORCHESTER COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Library System
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	\$ 26,662,840	7,110,898	4,333,001	3,898,580	(11,320,361)	-	(11,320,361)	\$ -
Public Safety	39,232,125	7,141,414	1,477,265	-	(30,613,446)	-	(30,613,446)	-
Roads and Drainage	72,363,350	-	8,438,419	5,094,833	(58,830,098)	-	(58,830,098)	-
Health and Welfare	238,746	402	34,329	-	(204,015)	-	(204,015)	-
Recreation and Culture	514,668	-	3,500	-	(511,168)	-	(511,168)	-
Airport	496,346	8,002	-	184,926	(303,418)	-	(303,418)	-
Economic Development	2,021,210	-	3,724,880	-	1,703,670	-	1,703,670	-
Intergovernmental and Nonprofit Assistance	3,937,430	-	-	-	(3,937,430)	-	(3,937,430)	-
Disaster Recovery	1,682,909	-	866,116	-	(816,793)	-	(816,793)	-
Nondepartmental	512,367	-	-	-	(512,367)	-	(512,367)	-
Interest and Other Charges	5,029,018	-	-	-	(5,029,018)	-	(5,029,018)	-
Total Governmental Activities	152,691,009	14,260,716	18,877,510	9,178,339	(110,374,444)	-	(110,374,444)	-
Business-Type Activities:								
Water and Sewer	19,636,330	24,185,944	131,910	4,029,514	-	8,711,038	8,711,038	-
Solid Waste	6,210,952	6,439,056	59,424	-	-	287,528	287,528	-
Stormwater Management	1,934,984	1,932,013	-	-	-	(2,971)	(2,971)	-
Total Business-Type Activities	27,782,266	32,557,013	191,334	4,029,514	-	8,995,595	8,995,595	-
TOTAL PRIMARY GOVERNMENT	\$ 180,473,275	46,817,729	19,068,844	13,207,853	(110,374,444)	8,995,595	(101,378,849)	-
COMPONENT UNIT:								
Dorchester County Library System	2,606,473	142,295	34,288	207,845	-	-	-	(2,222,045)
TOTAL COMPONENT UNIT	2,606,473	142,295	34,288	207,845	-	-	-	(2,222,045)
GENERAL REVENUES AND TRANSFERS:								
General Revenues:								
Taxes:								
Property Taxes, Including Fee in Lieu of Taxes					47,453,185	-	47,453,185	3,249,528
Franchise Fees					634,424	-	634,424	-
Sales and Use Tax					16,224,030	-	16,224,030	-
Unrestricted Investment Earnings					487,488	103,170	590,658	904
Grants and contributions not restricted to specific programs					5,297,537	-	5,297,537	-
Miscellaneous					66,008	-	66,008	-
Gain (Loss) on Disposal of Capital Assets					-	67,701	67,701	-
Transfers In (Out)					3,178,869	(3,178,869)	-	-
Total General Revenues and Transfers					73,341,541	(3,007,998)	70,333,543	3,250,432
CHANGE IN NET POSITION					(37,032,903)	5,987,597	(31,045,306)	1,028,387
NET POSITION, Beginning of Year - As Previously Reported					89,829,659	152,810,863	242,640,522	5,273,848
Adjustments - See Notes I.B and IV.J					60,043,105	1,633,114	61,676,219	-
NET POSITION, Beginning of Year - Restated					149,872,764	154,443,977	304,316,741	5,273,848
NET POSITION, End of Year					\$ 112,839,861	160,431,574	273,271,435	\$ 6,302,235

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

DORCHESTER COUNTY, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

	GENERAL	CAPITAL IMPROVEMENTS
ASSETS		
Cash and Cash Equivalents	\$ 26,732,303	-
Cash and Cash Equivalents, Restricted	62,379	4,961,814
Receivables, Net		
Taxes	952,881	124,305
Accounts	1,585,278	-
Other	-	88,142
Due From:		
Other Funds	688,900	-
Other Governments	3,725,008	-
Prepaid Items	206,190	-
Inventories	12,573	-
TOTAL ASSETS	\$ 33,965,512	5,174,261
LIABILITIES		
Accounts Payable	\$ 1,647,840	19,226
Accrued Liabilities	997,838	-
Assets Held for Others	1,473,972	-
Due to Other Funds	-	-
Unearned Revenue	577,780	-
TOTAL LIABILITIES	4,697,430	19,226
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue	1,891,831	67,509
TOTAL DEFERRED INFLOWS OF RESOURCES	1,891,831	67,509
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	6,589,261	86,735
FUND BALANCES		
Nonspendable:		
Prepaid Items	206,190	-
Inventories	12,573	-
Restricted for:		
Public Safety	-	-
Family Court	-	-
Growth Management	-	-
Tourism	-	-
Health and Welfare	-	-
Capital Projects	-	-
Capital Improvements	-	5,087,526
Debt Service	-	-
Airport Improvements	-	-
Solid Waste Grants	-	-
Other Grants	-	-
Committed for:		
Recreation	-	-
Economic Development	-	-
Capital Projects	-	-
Contingencies	3,154,772	-
Solicitor	-	-
Assigned for:		
Budget Carryovers	1,202,514	-
Unassigned	22,800,202	-
TOTAL FUND BALANCES	27,376,251	5,087,526
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 33,965,512	5,174,261

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CAPITAL PROJECTS	TRANSPORTATION AUTHORITY	COUNTY BONDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
2,583,257	-	-	3,021,815	\$ 32,337,375
3,321,623	13,618,006	3,880,653	9,064,402	34,908,877
-	-	152,751	257,288	1,487,225
-	-	-	90,643	1,675,921
20,964	-	-	181,370	290,476
-	-	-	-	688,900
56,394	9,721,803	-	2,639,781	16,142,986
169,600	-	-	4,815	380,605
-	-	-	-	12,573
6,151,838	23,339,809	4,033,404	15,260,114	\$ 87,924,938
3,347,808	955,382	-	1,992,492	\$ 7,962,748
-	-	-	165,013	1,162,851
-	-	-	-	1,473,972
-	-	-	688,900	688,900
-	-	-	247,979	825,759
3,347,808	955,382	-	3,094,384	12,114,230
-	5,371,603	56,106	331,358	7,718,407
-	5,371,603	56,106	331,358	7,718,407
3,347,808	6,326,985	56,106	3,425,742	19,832,637
169,600	-	-	4,815	380,605
-	-	-	-	12,573
-	-	-	874,138	874,138
-	-	-	996,830	996,830
-	-	-	50,200	50,200
-	-	-	65,379	65,379
-	-	-	870,882	870,882
-	17,012,824	-	5,515,711	22,528,535
-	-	-	-	5,087,526
-	-	3,977,298	-	3,977,298
-	-	-	14,573	14,573
-	-	-	1,632	1,632
-	-	-	43,721	43,721
-	-	-	234,998	234,998
-	-	-	2,869,804	2,869,804
2,634,430	-	-	350,122	2,984,552
-	-	-	-	3,154,772
-	-	-	198,780	198,780
-	-	-	-	1,202,514
-	-	-	(257,213)	22,542,989
2,804,030	17,012,824	3,977,298	11,834,372	68,092,301
6,151,838	23,339,809	4,033,404	15,260,114	\$ 87,924,938



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DORCHESTER COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	68,092,301
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Amounts reported for the governmental activities in the Statement of Net Position are different because:

Receivables will be collected in the future but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable in the funds:

Property taxes	773,723
Grant reimbursements	3,138,401
EMS fees	1,057,846
Sales taxes	2,748,437
	<hr/>
	7,718,407

The County's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(51,898,273)
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was \$309,941,827 and the accumulated depreciation was \$97,588,207.	212,353,620
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Bond deferred losses are amortized over the lives of the bonds; however, in governmental accounting, bond deferred losses are expenditures the year they are incurred. The bond deferred losses of \$6,143,381 have been shown net of accumulated amortization expense of \$2,154,617.	3,988,764
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The OPEB asset is not a financial resource; therefore, it is not reported as an asset in the governmental funds.	462,786
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Accrued interest on the outstanding bonds in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the funds.	(893,107)
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Long-term obligations, including debt premiums and discounts, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:

Long-Term Debt	(120,433,608)	
Long-Term Debt Premiums	(3,835,140)	
Compensated Absences	(2,715,889)	(126,984,637)
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	112,839,861
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The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

DORCHESTER COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	GENERAL	CAPITAL IMPROVEMENTS	CAPITAL PROJECTS
REVENUES			
Taxes	\$ 31,675,916	4,025,729	-
Licenses and Permits	2,187,080	-	-
Intergovernmental Revenues:			
Federal	528,358	-	-
State	5,497,112	-	-
Local	838,620	-	-
Fees and Service Charges:			
Registrar of Deeds	1,747,686	-	-
EMS Charges	4,924,913	-	-
Cable Franchise Fees	273,519	-	-
Other Miscellaneous Fees	823,166	-	778,730
Judicial Fines and Assessments	1,885,614	-	-
Other Income	672,559	46,572	29,731
TOTAL REVENUE ALL SOURCES	51,054,543	4,072,301	808,461
EXPENDITURES			
Current:			
General Government	17,400,420	205,856	3,342,309
Public Safety	27,430,830	81,737	44,472
Roads and Drainage	2,149,927	-	-
Health and Welfare	213,570	-	-
Recreation and Culture	-	-	-
Airport	54,735	40,456	-
Economic Development	381,881	3,658	-
Intergovernmental and Nonprofit Assistance	1,509,541	-	725,606
Disaster Recovery	1,682,909	-	-
Nondepartmental	512,199	168	-
Capital Outlay	-	1,608,243	58,254
Debt Service:			
Principal Retirement	-	708,381	-
Interest and Fiscal Charges	-	42,435	-
TOTAL EXPENDITURES	51,336,012	2,690,934	4,170,641
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(281,469)	1,381,367	(3,362,180)
OTHER FINANCING SOURCES (USES)			
Transfers In	3,462,537	188,637	1,399,924
Transfers Out	(561,197)	(1,507,838)	(70,000)
Sale of Capital Assets	-	136,859	-
Insurance Recoveries	250,676	97,501	-
TOTAL OTHER FINANCING SOURCES (USES)	3,152,016	(1,084,841)	1,329,924
NET CHANGES IN FUND BALANCES	2,870,547	296,526	(2,032,256)
FUND BALANCES, Beginning of Year - As Previously Reported	24,505,704	4,791,000	4,836,286
Adjustments - See Notes I.B and IV.J	-	-	-
FUND BALANCES, Beginning of Year - Restated	24,505,704	4,791,000	4,836,286
FUND BALANCES, End of Year	\$ 27,376,251	5,087,526	2,804,030

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TRANSPORTATION AUTHORITY	COUNTY BONDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
15,997,750	3,560,340	8,065,621	\$ 63,325,356
-	-	-	2,187,080
4,552,598	-	821,780	5,902,736
56,994	-	11,689,783	17,243,889
-	-	1,616,106	2,454,726
-	-	-	1,747,686
-	-	-	4,924,913
-	-	360,905	634,424
-	-	453,527	2,055,423
-	-	263,463	2,149,077
162,347	38,936	5,121,938	6,072,083
20,769,689	3,599,276	28,393,123	108,697,393
22,095	-	4,574,331	25,545,011
-	-	7,434,827	34,991,866
-	-	-	2,149,927
-	-	15,351	228,921
-	-	111,186	111,186
-	-	7,213	102,404
-	-	1,345,843	1,731,382
-	-	1,660,252	3,895,399
-	-	-	1,682,909
-	-	-	512,367
8,034,255	-	11,019,043	20,719,795
5,185,000	2,108,063	944,032	8,945,476
3,657,003	1,282,244	64,777	5,046,459
16,898,353	3,390,307	27,176,855	105,663,102
3,871,336	208,969	1,216,268	3,034,291
180,000	-	-	5,597,755
-	-	366,657	(2,418,886)
51,578	-	(279,851)	257,253
-	-	68,816	348,177
231,578	-	-	3,784,299
4,102,914	208,969	1,371,890	6,818,590
-	3,768,329	10,462,482	48,363,801
12,909,910	-	-	12,909,910
12,909,910	3,768,329	10,462,482	61,273,711
17,012,824	3,977,298	11,834,372	\$ 68,092,301

DORCHESTER COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	6,818,590
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. These amounts represent the changes in unavailable revenue for the year:		
Property taxes		125,578
Grant reimbursements		2,776,255
Court fines		(162,267)
EMS fees		(387,638)
Sales taxes		226,280
		<u>2,578,208</u>
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position.		8,945,476
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount is the net change in accrued interest for the year.		51,327
Bond deferred losses are expenditures in the year they are incurred in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities. This amount represents the amortization of deferred charges for the year.		(331,690)
Bond premiums are revenues the year they are received in governmental funds but are amortized over the lives of the bonds in the Statement of Activities. This amount represents the current year amortization of premiums.		297,804
Changes in the County's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		(2,113,206)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(51,344)
The County's OPEB asset resulting from the overfunded annual required contribution to the OPEB Plan is not reported as an asset in the governmental funds. Payments made to the OPEB Plan are recorded as expenditures in the governmental funds, but increase the asset in the Statement of Net Position. This amount represents the change in the asset from the prior year.		(136,720)
In the Statement of Activities the loss on disposal of capital assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.		(59,897,740)
In the Statement of Activities, infrastructure and equipment contributed by developers and others are reported as revenues. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.		1,203,636
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which current year additions of \$12,595,826, excluding contributed assets of \$1,203,636, exceeded current year depreciation expense of \$6,993,070.		<u>5,602,756</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	(37,032,903)

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

DORCHESTER COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2017

	WATER AND SEWER	SOLID WASTE	NONMAJOR ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 13,061,896	2,767,137	1,647,154	\$ 17,476,187
Cash and Cash Equivalents, Restricted	19,649,855	-	-	19,649,855
Accounts Receivable, Net	2,846,669	3,323,367	1,128,628	7,298,664
Due From Other Governments	196,343	-	-	196,343
Prepaid Items	18,439	334	22	18,795
Total Current Assets	35,773,202	6,090,838	2,775,804	44,639,844
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	15,465,810	74,477	422,210	15,962,497
Depreciable, Net	168,487,269	524,583	1,490,555	170,502,407
OPEB Asset	46,410	9,155	16,700	72,265
Total Noncurrent Assets	183,999,489	608,215	1,929,465	186,537,169
TOTAL ASSETS	219,772,691	6,699,053	4,705,269	231,177,013
DEFERRED OUTFLOWS OF RESOURCES				
Advance Refunding Charges	1,803,310	-	-	1,803,310
Deferred Pension Charges	1,449,138	535,213	315,945	2,300,296
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,252,448	535,213	315,945	4,103,606
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,969,894	323,470	121,973	2,415,337
Accrued Liabilities	82,907	31,681	21,503	136,091
Assets Held for Others	455,564	-	-	455,564
Accrued Interest	579,979	-	-	579,979
Current Portion of Compensated Absences	177,179	24,714	38,659	240,552
Current Portion of Notes Payable	461,306	-	-	461,306
Current Portion of Revenue Bonds	2,798,078	-	-	2,798,078
Total Current Liabilities	6,524,907	379,865	182,135	7,086,907
Noncurrent Liabilities:				
Net Pension Liability	7,192,633	2,621,842	1,542,710	11,357,185
Compensated Absences	62,283	54,469	13,698	130,450
Notes Payable	4,761,701	-	-	4,761,701
Revenue Bonds	51,384,013	-	-	51,384,013
Total Noncurrent Liabilities	63,400,630	2,676,311	1,556,408	67,633,349
TOTAL LIABILITIES	69,925,537	3,056,176	1,738,543	74,720,256
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Credits	81,564	29,731	17,494	128,789
TOTAL DEFERRED INFLOWS OF RESOURCES	81,564	29,731	17,494	128,789
NET POSITION				
Net Investment in Capital Assets	129,442,183	599,060	1,912,765	131,954,008
Restricted for Capital Improvements	16,558,963	-	-	16,558,963
Unrestricted	7,016,892	3,549,299	1,352,412	11,918,603
TOTAL NET POSITION	\$ 153,018,038	4,148,359	3,265,177	\$ 160,431,574

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

DORCHESTER COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2017

	WATER AND SEWER	SOLID WASTE	NONMAJOR ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS
OPERATING REVENUES				
Charges for Services, Net	\$ 18,906,276	6,325,240	1,860,758	\$ 27,092,274
Tap Fees	1,334,307	-	-	1,334,307
Origination Fee	192,804	-	-	192,804
Reconnection Fee	833,174	-	-	833,174
Inspection Fee	207,478	-	-	207,478
Other Revenue	197,155	113,816	71,255	382,226
TOTAL OPERATING REVENUES	21,671,194	6,439,056	1,932,013	30,042,263
OPERATING EXPENSES				
Personnel Services	5,086,309	2,028,998	1,219,943	8,335,250
Contractual Services	2,831,909	3,810,649	284,974	6,927,532
Maintenance and Repairs	811,895	36,715	41,418	890,028
Utilities	1,360,051	33,639	4,111	1,397,801
Office Expenses	177,527	24,451	15,070	217,048
Truck Expenses	206,469	58,126	56,344	320,939
Other Services and Charges	1,327,027	97,016	68,916	1,492,959
Supplies	361,371	46,896	66,275	474,542
Collection Expenses	195,031	-	-	195,031
Depreciation	5,281,446	74,462	177,933	5,533,841
TOTAL OPERATING EXPENSES	17,639,035	6,210,952	1,934,984	25,784,971
OPERATING INCOME	4,032,159	228,104	(2,971)	4,257,292
NONOPERATING REVENUES (EXPENSES)				
Investment Income	79,363	12,965	10,842	103,170
Impact Fees	2,514,750	-	-	2,514,750
Gain (Loss) on Disposition of Capital Assets	61,196	4,244	2,261	67,701
Grant Revenue	131,910	59,424	-	191,334
Interest Expense	(1,997,295)	-	-	(1,997,295)
TOTAL NONOPERATING REVENUES (EXPENSES)	789,924	76,633	13,103	879,660
CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	4,029,514	-	-	4,029,514
Transfers In	158,670	10,826	-	169,496
Transfers Out	(1,867,261)	(1,287,949)	(193,155)	(3,348,365)
TOTAL CONTRIBUTIONS AND TRANSFERS	2,320,923	(1,277,123)	(193,155)	850,645
CHANGE IN NET POSITION	7,143,006	(972,386)	(183,023)	5,987,597
NET POSITION, Beginning of Year - As Previously Reported	145,875,032	3,487,631	3,448,200	152,810,863
Adjustments - See Note IV.J	-	1,633,114	-	1,633,114
NET POSITION, Beginning of Year - Restated	145,875,032	5,120,745	3,448,200	154,443,977
NET POSITION, End of Year	\$ 153,018,038	4,148,359	3,265,177	\$ 160,431,574

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

DORCHESTER COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2017

	WATER AND SEWER	SOLID WASTE	NONMAJOR ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS
OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 21,661,197	6,123,531	1,605,552	\$ 29,390,280
Cash Paid to Suppliers	(6,194,137)	(4,120,376)	(548,778)	(10,863,291)
Cash Paid to Employees	(4,241,235)	(1,604,530)	(1,039,988)	(6,885,753)
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,225,825	398,625	16,786	11,641,236
NONCAPITAL FINANCING ACTIVITIES				
Transfers and Advances Between Funds	(1,840,430)	(1,330,284)	(212,862)	(3,383,576)
Noncapital Grants	131,910	59,424	-	191,334
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(1,708,520)	(1,270,860)	(212,862)	(3,192,242)
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(6,536,413)	(156,220)	(330,945)	(7,023,578)
Proceeds from the Sale of Capital Assets	248,643	6,388	2,261	257,292
Impact Fees	2,514,750	-	-	2,514,750
Principal Paid on Revenue Bonds	(3,270,057)	-	-	(3,270,057)
Principal Paid on Notes Payable	(454,434)	-	-	(454,434)
Interest Paid	(2,315,167)	-	-	(2,315,167)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(9,812,678)	(149,832)	(328,684)	(10,291,194)
INVESTING ACTIVITIES				
(Purchase) or Sale of Investments	11,458,535	1,566,639	1,751,225	14,776,399
Interest on Investments	79,363	12,965	10,842	103,170
NET CASH PROVIDED BY INVESTING ACTIVITIES	11,537,898	1,579,604	1,762,067	14,879,569
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,242,525	557,537	1,237,307	13,037,369
CASH AND CASH EQUIVALENTS, Beginning of Year	21,469,226	2,209,600	409,847	24,088,673
CASH AND CASH EQUIVALENTS, End of Year	\$ 32,711,751	2,767,137	1,647,154	\$ 37,126,042

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2017

	WATER AND SEWER	SOLID WASTE	NONMAJOR ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Operating Income (Loss)	\$ 4,032,159	228,104	(2,971)	\$ 4,257,292
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	5,281,446	74,462	177,933	5,533,841
Noncash Pension Expense	810,972	403,363	171,565	1,385,900
Decrease (Increase) in Operating Assets:				
Accounts Receivable	(183,556)	(315,525)	(326,461)	(825,542)
Due From Other Governments	112	-	-	112
Prepaid Items	47,966	(334)	-	47,632
OPEB Asset	12,931	3,469	4,573	20,973
Increase (Decrease) in Operating Liabilities:				
Accounts Payable	1,029,177	(12,550)	(11,670)	1,004,957
Customer Deposits	173,447	-	-	173,447
Accrued Payroll Liability	19,491	8,398	7,555	35,444
Accrued Compensated Absences	1,680	9,238	(3,738)	7,180
Total Adjustments	7,193,666	170,521	19,757	7,383,944
Net Cash Provided by Operating Activities	\$ 11,225,825	398,625	16,786	\$ 11,641,236
Schedule of Noncash Investing, Capital and Financing Activities:				
Acquisition of Capital Assets Through Developer Contributions	\$ 4,029,514	-	-	\$ 4,029,514
Amortization of Premiums	280,086	-	-	280,086
Amortization of Deferred Refunding Charges	(137,599)	-	-	(137,599)
Interest Capitalized on Assets	\$ 165,288	-	-	\$ 165,288

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

DORCHESTER COUNTY, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUND

JUNE 30, 2017

	AGENCY FUND
ASSETS	
Cash and Cash Equivalents	\$ 40,995,325
Accounts Receivable, Net	35
Taxes Receivable, Net	2,954,146
Due From Other Governments	473,552
TOTAL ASSETS	\$ 44,423,058
LIABILITIES	
Assets Held for Others	\$ 44,423,058
TOTAL LIABILITIES	\$ 44,423,058

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

Dorchester County (the “County”) is governed by a seven-member County Council under the Council-Administrator form of government established in 1974, pursuant to the South Carolina Home Rule Act. Members of County Council are elected from resident districts. The County Council acts as the governing body of the County with power to pass ordinances and adopt regulations. The basic financial statements herein reflect those operations subject to the control of Dorchester County Council and the County Administrator.

Among services which the County funds in whole or in part, are the following, (1) general government which includes County offices, financial, administrative, executive, judicial departments, facilities maintenance and employee benefits; (2) public safety (law enforcement and emergency management services); (3) roads and drainage; (4) transportation (airport); (5) public health and welfare; (6) recreation and cultural institutions; (7) economic development; and (8) other miscellaneous services (intergovernmental and nonprofit assistance).

The County (the primary government) is the lowest level of government which has oversight responsibility and control over all activities related to county operations. The County is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by Governmental Accounting Standards Board Statement (“GASB”) No. 61. Board Members have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by GAAP, these financial statements present the County (primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the County’s operations and data from these units are combined with data of the primary government. The County has one blended component unit as discussed below. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the County. The County has one discretely presented component unit as discussed below.

The Dorchester County Sales Tax Transportation Authority (the “Authority”), a blended component unit, was created on January 10, 2008, by Dorchester County Council pursuant to a voter referendum which authorized Council to assess one percent (1%) sales and use tax for the purpose of funding various transportation projects. To that end, the Authority may issue up to \$125,000,000 of general obligation bonds supported by the tax. The Authority may collect the tax for up to twenty-five years, and will terminate within twelve months of the final sales and use tax collection. Each member of Dorchester County Council will appoint one member of the Authority, who shall serve a term coinciding with that of the council member. The council member may remove his or her appointee during his or her term of office, subject to a majority vote of County Council. The Authority is also fiscally dependent upon the government because the County Council must approve any debt issuances. Because the Authority is so closely related to the County, it is, in effect, the same as the primary government. The Authority’s financial information is presented in individual columns throughout the financial statements. Separate financial statements for the Authority are not issued.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

The Dorchester County Library System (the “Library”), a discretely presented component unit, provides library services to the residents of Dorchester County. The members of the Library’s governing board are appointed by Dorchester County Council. The Library is fiscally dependent upon the County because the County Council approves the Library’s budgets, levies taxes, and must approve any debt issuances.

The complete financial statements for the Library may be obtained from the Library’s administrative office at the following address:

506 Parler Avenue
St. George, South Carolina 29477

Related Organizations

The County Council has the responsibility for appointing members to the boards of the Charleston Regional Development Alliance, Dorchester Seniors, Inc., and the Trident Technical College Area Commission. These appointments do not represent a majority or controlling interest in the organizations and therefore are not reflected as component units.

The County Council appoints the board members of Dorchester Drug and Alcohol Commission. The Commission is not fiscally dependent upon the County and is not reflected as a component unit.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from legally separate component unit for which the primary government is financially responsible.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. 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.

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

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The government-wide financial statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Real property taxes, federal and state grant programs and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the government.

The accounts of the government 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. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The focus of Governmental and Enterprise Fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type. The following major funds and fund types are used by the County:

Governmental fund types are those through which most governmental functions of the County are financed. The County's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary and Fiduciary Funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

The following are the County's major governmental funds:

The **General Fund, a major fund** and a budgeted fund, is the general operating fund of the County and accounts for all revenues and expenditures of the County except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The **Capital Improvements Fund, a major special revenue fund** and a budgeted fund, is used to account for and report the financial resources provided by property taxes and lease purchase proceeds that are restricted for use on various capital improvements and assets identified in the lease purchase agreements.

The **Capital Projects Fund, a major fund**, is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition and construction of capital facilities and other capital assets.

The **Transportation Authority Fund, a major capital projects fund**, is used to account and report the financial resources that are restricted, committed, or assigned to expenditures of the Transportation Authority, a blended component unit. This includes the collection of the one percent sales tax.

The **County Bonds Fund, a major debt service fund**, is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term debt for the County.

Proprietary Fund types are accounted for using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are those revenues that are generated directly from the primary activity of the proprietary fund. Operating expenses for the proprietary fund include the necessary costs incurred to provide the goods or services that are the primary activity of the fund and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The County has the following major proprietary funds:

The **Water and Sewer Fund, a major fund**, accounts for the sale and distribution of potable water, and for the operation of sewage treatment plants, pumping stations and systems for the collection and treatment of sewage.

The **Solid Waste Fund, a major fund**, accounts for the operation and maintenance of the County solid waste collection sites and contracts for the collection and disposal of solid waste for County residents.

In addition, the County reports the following nonmajor fund types:

The nonmajor special revenue funds account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, other special purpose fees, and economic development.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The nonmajor enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where Council has decided that the determination of revenues earned, costs incurred and /or net income is necessary for management accountability.

The *Fiduciary Funds* are used to account for assets held by the government in a trustee capacity or as an agent on behalf of others. The *Agency fund* is custodial in nature and does not involve the measurement of results of operations.

Adoption of Accounting Principle

The County implemented GASB Statement No. 77 “*Tax Abatement Disclosures*” (“GASB #77”) for the year ended June 30, 2017. The primary objective of GASB #77 was to provide tax abatement information to financial statement users so that they could more readily evaluate a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Although many governments offer tax abatements, the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future, is lacking. GASB #77 requires disclosures of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

The adoption of GASB #77 had no impact on the County’s financial statements but did result in new and expanded note disclosures. See Note IV.H for more information regarding the County’s tax abatements.

Change in Accounting Principle

Effective July 1, 2016, the County has elected to change its policy for accounting and reporting of the Authority from a discretely presented component unit to a blended component unit. This change in accounting principle resulted in the Authority being reported as a major governmental fund with an adjustment to beginning fund balance of the Transportation Authority governmental fund and beginning net position of governmental activities of approximately \$12,910,000 and \$60,043,000, respectively. See Note IV.J for additional information regarding this change in accounting principle.

Management believes that this new treatment is preferable because it more accurately reflects the relationship between the County and the Authority.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The County considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased, money market funds and investments in the South Carolina Local Government Investment Pool (“SCLGIP”) to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments. Restricted cash and cash equivalents include amounts legally restricted by bond covenants or revenue sources.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

Investments

The County's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the County to invest in the following:

- (a) Obligations of the United States and agencies thereof;
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, The Federal Home Loan Banks, the Federal Home Loan Mortgage Corporations, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories issued by at least two nationally recognized credit rating organizations;
- (c) General obligations of the State of South Carolina or any of its political units; or revenue obligations of the State of South Carolina if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories issued by at least two nationally recognized credit rating organizations;
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the Federal Government;
- (e) Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured by securities of the type described in (a) and (b) above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates or funds in deposit accounts so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
- (f) Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the governmental entity or a third party as escrow agent or custodian; and
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) above and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

The County's cash investment objectives are preservation of capital, liquidity, and yield. All investments are reported at their fair values (which are normally determined by quoted market prices), with the exception of the SCLGIP. The SCLGIP operates in conformity with all of the requirements of the Securities and Exchange Commission's Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value).

SCLGIP investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina 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 city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72 "*Fair Value Measurement and Application*", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than 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. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

Restricted Cash and Cash Equivalents include amounts legally restricted by bond covenants and funding sources.

The County currently or in the past year has used the following investments:

- SCLGIP held by the Office of the State Treasurer along with other participating local governments. The State Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings are distributed by the Office of the State Treasurer to the respective governments on a periodic basis.
- Open-Ended Money Market Mutual Funds which invest in obligations of the United States and repurchase agreements collateralized by U.S. Government obligations.

2. *Interfund Receivables and Payables*

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances."

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

3. *Inventories*

Inventories are valued at cost using the first-in, first-out method. The consumption method of accounting is used to record inventories under which the cost of inventory is recorded as an expenditure when consumed rather than purchased.

4. *Prepaid Items*

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 using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which the services are consumed.

5. *Capital Assets*

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

In general, assets with an estimated useful life in excess of two years are capitalized. The capitalization threshold for infrastructure assets is \$50,000 for individual items and networks. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets other than infrastructure assets and intangibles other than easements with an initial, individual cost of more than \$5,000 are capitalized. Land and easements are capitalized regardless of cost. Donated capital assets are recorded at estimated acquisition value (as estimated by the County) 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 assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of governmental-type activities is not capitalized, unless the assets are anticipated to be transferred to the proprietary funds upon completion.

Proprietary fund interest expense, which includes amortization of advance refunding charges and premiums, is capitalized for related construction in progress. For tax-exempt debt, related interest costs subject to capitalization are netted against the interest earned on investment proceeds until the construction phase of the project is completed. Interest is not capitalized when immaterial in amount, or for small projects under \$100,000.

All reported capital assets except land and certain infrastructure assets are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure are estimated based on the County's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

5. *Capital Assets (Continued)*

Description	Estimated Lives
Buildings and Other Improvements	10 - 50 Years
Furniture and Equipment	3 - 7 Years
Infrastructure	10 - 30 Years
Water and Sewer Systems	50 Years

6. *Compensated Absences*

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. It is the primary government's policy to permit employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. There is no liability for unpaid accumulated sick leave, since it is the County's policy to record the cost of sick leave only when it is paid and no benefits vest upon termination.

All vacation time and compensatory pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only to the extent they are payable from current resources, and represent matured liabilities, for example, as a result of employee resignations and retirements. The entire compensated absence liability and expense is reported on the government-wide financial statements. The portion applicable (if material) to the Proprietary Funds is also recorded in the Proprietary Fund financial statements.

7. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from the Proprietary Funds are reported on the Proprietary Fund financial statements. If material, bond premiums, discounts, and advance refunding changes are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method). Debt is reported net of applicable bond premiums and discounts. Bond issuance costs (if any) are expensed in the period incurred.

In the governmental fund financial statements, bond premiums, discounts, and bond issuance costs are recognized immediately. The face amount of debt or capital leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of debt and capital leases, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

8. *Fund Balance*

In accordance with GAAP, the County classifies governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the Council, which is the highest level of decision making authorities, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The Council is the only party that has the right to make assignments of fund balance for the County at this time.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The County generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the County generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The County's Board of Trustees has formally adopted a minimum fund balance policy that supports maintaining an unassigned fund balance in the General Fund of at least 32% of the subsequent fiscal year's projected revenues in the General Fund. The unassigned fund balance as of June 30, 2017 is approximately \$22,800,000, which represents approximately 44% of the fiscal year 2018 General Fund projected revenues of approximately \$52,225,000.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

9. *Deferred Outflows and Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet 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 (expense/expenditure) until then. The County currently has two types of deferred outflows of resources: (1) The County reports *advance refunding charges* in its Statements of Net Position. *Advance refunding charges*, which are the differences between the reacquisition prices and the net carrying amounts of the defeased debt, are deferred and amortized over the life of the refunding bonds. Amortization of *advanced refunding charges* is included in interest expense in the Statement of Activities. (2) The County also reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet 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 (revenue) until that time. The County currently has two types of deferred inflows of resources: (1) The County reports *unavailable revenue* only in the governmental funds' Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The County also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

10. *Net Position*

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

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

11. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The County recognizes a net pension liability for each qualified pension plan in which they participate, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the County's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the County's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

12. Other Postemployment Benefits

Other Postemployment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.B and the requirement supplementary information for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

13. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

13. Fair Value (Continued)

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The County believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

14. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions

15. Comparative Data

Comparative data (i.e., presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statement unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Encumbrances are recorded in order to reserve that portion of the applicable appropriation and are employed as an extension of formal budgetary integration in all funds except the Sheriff's Fund, which is subject to the Sheriff's discretion. Annual budgets are adopted for all funds except the Capital Projects Fund, Grants Fund, Fire Protection Fund, Family Court DSS Fund, Sheriff's Fund, C-Funds, Senior Citizens Center Fund, Upper Dorchester Economic Development Fund, Children in Crisis Fund, and some Other Special Revenue Funds which adopt project-length budgets, and the Sheriff's Fund. Encumbrances are used as budgetary controls in certain special revenue funds and Capital Projects Fund. At June 30, 2017, the County had no outstanding encumbrances.

The budgets are prepared by fund, function, activity, and object. Appropriations are made at the fund level. The legal level of budgetary control, that is, the level at which management cannot overspend without a budget amendment approved by County Council is at the individual fund level.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balances

The following funds had deficit fund balances at year-end that are expected to be resolved as indicated:

Nonmajor Special Revenue Fund	Deficit	Resource for Elimination
Grants Fund	\$ 86,255	Future revenues
E-911	20,896	Future revenues
Victims' Advocate	6,086	Future revenues
C Funds	42,656	Future revenues
Public Defender	\$ 38,294	Future revenues

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits might not be recovered. The County does not have a formal policy related to custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2017, none of the County's total bank balances of approximately \$40,472,000 (with a carrying value of approximately \$38,166,000) were exposed to custodial credit risk.

Investments

As of June 30, 2017, the County had the following investments and maturities:

Investment Type	Fair Value Level ⁽¹⁾	Credit Rating ^	Fair Value	Investment Maturity in Years < 1 yr
Open Ended Money Market				
Mutual Funds, Investing in				
Governmental Securities	Level 1	AAAm, Aaa-mf	\$ 192	\$ 192
SC Local Government Investment				
Pool	N/A	NR, NR	107,201,672	107,201,672
Total			<u>\$ 107,201,864</u>	<u>\$ 107,201,864</u>

^ If available, credit ratings are for Standard & Poor's and Moody's Investors Service.

⁽¹⁾ See Note I.C.13 for details of the County's fair value hierarchy.

NR – Not rated.

Interest Rate Risk: The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2017, none of the County's investments were exposed to custodial credit risk.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The County places no limit on the amount the County may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

The following table reconciles deposits and investments within the footnotes to the amounts in the financial statements:

Financial Statements	
Statement of Net Position:	
Unrestricted Assets:	
Cash and Cash Equivalents	\$ 49,813,562
Restricted Assets:	
Cash and Cash Equivalents, Restricted	54,558,732
Statement of Assets and Liabilities - Agency Fund	
Cash and Cash Equivalents	40,995,325
Total	<u>\$ 145,367,619</u>
Notes to the Financial Statements	
Deposits	\$ 38,165,755
Investments	107,201,864
Total	<u>\$ 145,367,619</u>

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2017****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****B. Property Taxes and Other Receivables***Primary Government*

The County is responsible for levying and collecting property taxes for itself and other taxing entities in the County under joint billing and collection agreements. The property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time they are collected by the County or if they are collected within 60 days of the end of the fiscal year.

Property taxes are levied and billed by the County on real and personal properties on October 1 based on an assessed value as of the preceding December 31 of approximately \$546 million at rates of 5.8 mills for the Library, 1.0 mills for the Children in Crisis Fund, 1.9 mills for the Senior Citizens Center Fund, 55.0 mills for the General Fund, 6.2 mills for the County Bonds Fund, 7.0 mills for the Capital Improvements Fund, 4.0 mills for the Fire Improvements Fund, and 15.0 mills for the Fire Protection Fund for the current year. These taxes are due without penalty through January 15.

Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	-	3% of tax
February 2 through March 15	-	10% of tax
After March 15	-	15% of tax plus collection costs

Current year real and personal taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of June 1 of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Receivables as of June 30, 2017 for the County's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	General	Capital Improvements	Capital Projects	Transportation Authority	County Bonds	Water and Sewer	Solid Waste	Nonmajor Funds	Total
Taxes	\$ 1,474,715	193,139	-	-	210,730	-	-	405,523	\$ 2,284,107
Accounts	12,980,948	-	-	-	-	4,954,860	3,442,689	1,263,223	22,641,720
Other	3,725,008	88,142	77,358	9,721,803	-	196,343	-	2,821,151	16,629,805
Gross Receivables	18,180,671	281,281	77,358	9,721,803	210,730	5,151,203	3,442,689	4,489,897	41,555,632
Less Allowance For:									
Taxes	(521,834)	(68,834)	-	-	(57,979)	-	-	(148,235)	(796,882)
Accounts	(11,395,670)	-	-	-	-	(2,108,191)	(119,322)	(43,952)	(13,667,135)
Net Receivables	<u>\$ 6,263,167</u>	<u>212,447</u>	<u>77,358</u>	<u>9,721,803</u>	<u>152,751</u>	<u>3,043,012</u>	<u>3,323,367</u>	<u>4,297,710</u>	<u>\$ 27,091,615</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Unearned and Unavailable Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At June 30, 2017, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds are as follows:

Unavailable Revenue:	
Property Taxes Receivable	\$ 773,723
Grant Reimbursements	3,138,401
Fees for Emergency Medical Services	1,057,846
Sales Taxes Receivable	2,748,437
Total Unavailable Revenue - Governmental Funds	<u>\$ 7,718,407</u>
Unearned Revenue:	
Advance Tax Installments	\$ 482,331
Forfeited Land Commission	62,379
Communication Tower Deposits	33,070
Deposits Held for Collateral	100,000
Assets Seized in Connection with Unadjudicated Cases	147,979
Total Unearned Revenue - Governmental Funds	<u>\$ 825,759</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

Primary Government

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

	Beginning Balance*	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non Depreciable:					
Land, Improvements, and Right of Way	\$ 14,797,057	257,497	286,803	1,442,127	\$ 16,209,878
Construction in Progress	153,850,890	10,459,260	59,417,039	(22,866,932)	82,026,179
Total Capital Assets, Non Depreciable	168,647,947	10,716,757	59,703,842	(21,424,805)	98,236,057
Capital Assets, Depreciable:					
Infrastructure	112,599,772	949,683	-	1,186,722	114,736,177
Buildings and Improvements	45,194,278	115,894	-	19,185,229	64,495,401
Furniture and Equipment	31,700,157	2,017,128	2,399,575	1,156,482	32,474,192
Total Capital Assets, Depreciable	189,494,207	3,082,705	2,399,575	21,528,433	211,705,770
Less: Accumulated Depreciation for:					
Infrastructure	58,301,341	3,355,364	-	-	61,656,705
Buildings and Improvements	13,405,305	1,254,845	-	-	14,660,150
Furniture and Equipment	20,990,540	2,382,861	2,205,677	103,628	21,271,352
Total Accumulated Depreciation	92,697,186	6,993,070	2,205,677	103,628	97,588,207
Total Capital Assets, Depreciable, Net	96,797,021	(3,910,365)	193,898	21,424,805	114,117,563
Total Governmental Activities Capital Assets, Net	\$ 265,444,968	6,806,392	59,897,740	-	\$ 212,353,620

*The beginning balance in construction in progress has been adjusted to include the Transportation Authority, which was reclassified from a discretely presented component unit to a blended component unit for the year ended June 30, 2017. See Notes I.B and IV.J for information about this change in accounting principle.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Non Depreciable:					
Land, Improvements, and Right of Way	\$ 1,733,728	-	-	-	\$ 1,733,728
Construction in Progress	18,865,750	6,094,608	-	(10,731,589)	14,228,769
Total Capital Assets, Non Depreciable	20,599,478	6,094,608	-	(10,731,589)	15,962,497
Capital Assets, Depreciable:					
Infrastructure	853,401	-	-	234,620	1,088,021
Sewer Plant	38,797,874	-	31,807	-	38,766,067
Sewer System	138,084,770	3,230,559	-	-	141,315,329
Water System	27,002,384	941,897	-	10,496,969	38,441,250
Buildings and Improvements	2,040,147	-	-	-	2,040,147
Furniture and Equipment	7,543,976	951,316	532,089	(103,628)	7,859,575
Total Capital Assets, Depreciable	214,322,552	5,123,772	563,896	10,627,961	229,510,389
Less: Accumulated Depreciation for:					
Infrastructure	85,604	45,748	31,807	-	99,545
Sewer Plant	17,983,144	1,236,823	-	-	19,219,967
Sewer System	26,604,628	3,007,406	-	-	29,612,034
Water System	5,048,966	551,116	-	-	5,600,082
Buildings and Improvements	196,065	50,231	-	-	246,296
Furniture and Equipment	4,033,667	642,517	342,498	(103,628)	4,230,058
Total Accumulated Depreciation	53,952,074	5,533,841	374,305	(103,628)	59,007,982
Total Capital Assets, Depreciable, Net	160,370,478	(410,069)	189,591	10,731,589	170,502,407
Total Business-Type Activities Capital Assets, Net	\$ 180,969,956	5,684,539	189,591	-	\$ 186,464,904

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

Governmental Activities:	
General Government	\$ 998,860
Public Safety	2,430,198
Roads and Drainage	3,006,570
Airport	400,235
Economic Development and Assistance	115,201
Intergovernmental and Private Nonprofit	42,006
Total	<u>\$ 6,993,070</u>

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2017**

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**D. Capital Assets (Continued)**

Business-Type Activities:	
Water and Sewer	\$ 5,281,446
Solid Waste	74,462
Other	177,933
Total	<u>\$ 5,533,841</u>

Interest costs incurred on business-type activity projects during the year totaled approximately \$2,168,000 of which approximately \$165,000 was capitalized.

E. Interfund Receivables and Payables

Interfund balances at June 30, 2017 (which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund	\$ 688,900	\$ -
Nonmajor Governmental Funds	-	688,900
Total Interfund Balances	<u>\$ 688,900</u>	<u>\$ 688,900</u>

The General Fund due from Nonmajor Governmental Funds is due to the General Fund financing expenditures of the Nonmajor Fire Improvements Fund until proceeds from debt are received in the subsequent fiscal year.

F. Transfers In and (Out)

Transfers from (to) other funds for the year ended June 30, 2017 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 3,462,537	\$ 561,197
Capital Improvements	188,637	1,507,838
Capital Projects	1,399,924	70,000
Transportation Authority	180,000	-
Nonmajor Governmental Funds	366,657	279,851
Water and Sewer Fund	158,670	1,867,261
Solid Waste Fund	10,826	1,287,949
Nonmajor Enterprise Fund	-	193,155
Total Transfers In/Out	<u>\$ 5,767,251</u>	<u>\$ 5,767,251</u>

General Fund

Transfers in: Funds were transferred into the General Fund from the Capital Projects Fund, Fire Improvements Fund, Water & Sewer Fund, Solid Waste Fund and Nonmajor Enterprise Fund as an allocation of overhead costs and to partially fund expenditures related to disaster recovery.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Transfers In and (Out) (Continued)

General Fund (Continued)

Transfers out: The General Fund transferred funds into the E-911 Fund, Fire Improvements Fund, and the Victim's Advocate Fund to fund a portion of operating costs. Funds were transferred to the Capital Improvements Fund and the Capital Projects Fund to fund Council approved capital projects.

Capital Improvements Fund

Transfers in: Funds were transferred into the Capital Improvements Fund from the General Fund, Capital Projects Fund, Nonmajor Governmental Funds, Solid Waste Fund and Stormwater Fund to partially fund ongoing capital projects.

Transfers out: The Capital Improvements Fund transferred funds into the Capital Projects Fund to fund Council approved capital projects and to the nonmajor governmental funds as a portion of a grant match for airport improvements.

Capital Projects Fund

Transfers in: Funds were transferred into the Capital Projects Fund from the Capital Improvements Fund and the General Fund to fund Council approved capital projects.

Transfers out: The Capital Projects Fund transferred funds into the General Fund and Capital Improvements Fund to partially fund various capital expenditures.

Transportation Authority Fund

Transfers in: Funds were transferred into the Transportation Authority from the Solid Waste Fund related to a reimbursement for funds received from Waste Management related to a road project.

Nonmajor Governmental Funds

Transfers in: Funds were transferred from the General Fund into the E-911 Fund and Victims' Advocate Fund to fund a portion of operating costs. Funds were transferred from the General Fund into other nonmajor special revenue funds as grant match funds.

Transfers out: Funds were transferred from the Economic Development Fund to the Water and Sewer Fund to defray a portion of loan and project costs related to economic development costs. Funds were transferred from the Fire Improvements Fund to the General Fund as an allocation of overhead costs. Funds were transferred from the remaining nonmajor governmental funds to cover costs incurred by other funds.

Water and Sewer Fund

Transfers in: Funds were transferred into the Water and Sewer Fund from the Economic Development Fund to defray a portion of loan and project costs related to economic development costs. Funds were transferred from the Fire Improvements Fund to the General Fund as an allocation of overhead costs.

Transfers out: Funds were transferred from the Water & Sewer Fund to the General Fund as an allocation of overhead costs and to partially fund expenditures related to disaster recovery.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Transfers In and (Out) (Continued)

Solid Waste Fund

Transfers in: Funds were transferred from the nonmajor governmental funds to the Solid Waste Fund to account for grant proceeds received by the Solid Waste Fund.

Transfers out: Funds were transferred from the Solid Waste Fund to the General Fund as an allocation of overhead costs and to partially fund expenditures related to disaster recovery. Funds were transferred from the Solid Waste Fund to the Transportation Authority Fund to related to a reimbursement for funds received from Waste Management related to a road project.

Nonmajor Enterprise Fund

Transfers out: Funds were transferred from the Nonmajor Enterprise Fund to the General Fund as an allocation of overhead costs and to partially fund expenditures related to disaster recovery.

G. Long-Term Obligations

The County has the following forms of long-term indebtedness:

General Obligation Bonds – The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for use in governmental activities. The primary source of revenue for repayment of bonds reported in the governmental activities is property taxes in the County Bonds Fund and cable franchise fees in the Recreation Fund. The primary source of revenue for repayment of bonds reported in the Transportation Authority Fund is the transportation sales tax. General obligation bonds reported in governmental activities are direct obligations and pledge the full faith and credit of the County.

Revenue Bonds – The County's revenue bonds were used to finance construction of water and sewer facilities and the purchase of real estate for use in business-type activities. The Revenue Bonds are reported in the proprietary funds since they are expected to be repaid from revenues, primarily water and sewer sales and services, which are generated by proprietary fund activities.

Special Source Revenue Bonds – The County issued special source revenue bonds to provide funds for the acquisition and construction of infrastructure and industrial parks within the County. The primary source of revenue for repayment of the bonds, reported in the governmental activities and the Economic Development Special Revenue Fund, is property taxes collected under fee-in-lieu agreements.

Capital Lease Obligations – The County uses capital leases to finance the purchase of various equipment. Repayment is budgeted in the Capital Improvements Fund (taxes), and the Fire Improvements Fund (taxes).

Compensated Absences Payable – These obligations represent accumulated annual leave and compensatory time benefits which were not funded by the current or prior years' revenue resources. These obligations are primarily funded by the General Fund, except for proprietary funds which fund their own obligations.

Notes Payable – The County finances certain Proprietary Fund capital projects through State Revolving Loan Funds and other loans.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

G. Long-Term Obligations (Continued)

The following is a summary of changes in the County's governmental activities long-term obligations for the year ended June 30, 2017:

Long-Term Obligations	Beginning of Year*	Additions	Reductions	End of Year	Due Within One Year
Governmental Activities:					
Debt:					
General Obligation Bonds					
2009 Series: Refunding	\$ 5,380,000	-	700,000	4,680,000	\$ 715,000
2010 Series	4,164,076	-	203,062	3,961,014	211,834
2011 Series	403,996	-	199,475	204,521	204,521
2012 Series	16,530,000	-	520,000	16,010,000	540,000
2013B Series: Refunding	8,820,000	-	460,000	8,360,000	470,000
2015 Series	3,800,000	-	225,000	3,575,000	230,000
2009 Series: Transportation Authority	42,070,000	-	2,530,000	39,540,000	2,620,000
2013A Series: Refunding - Transportation Authority	43,890,000	-	2,655,000	41,235,000	2,755,000
Special Source Revenue Bonds					
2009 Series	996,146	-	314,437	681,709	331,731
Total Bonded Debt	126,054,218	-	7,806,974	118,247,244	8,078,086
Premiums					
2009 Series: Refunding	24,368	-	3,607	20,761	-
2012 Series	621,526	-	28,553	592,973	-
2013B Series: Refunding	578,554	-	39,193	539,361	-
2009 Series: Transportation Authority	100,505	-	7,825	92,680	-
2013A Series: Refunding - Transportation Authority	2,807,991	-	218,626	2,589,365	-
Total Premiums	4,132,944	-	297,804	3,835,140	-
Total Net Debt	130,187,162	-	8,104,778	122,082,384	8,078,086
Capitalized Leases	3,324,866	-	1,138,502	2,186,364	825,364
Compensated Absences	2,664,545	1,616,519	1,565,175	2,715,889	1,565,175
Governmental Activities Long-Term Obligations	\$ 136,176,573	1,616,519	10,808,455	126,984,637	\$ 10,468,625

*The beginning of year balances have been adjusted to include the Transportation Authority, which was reclassified from a discretely presented component unit to a blended component unit for the year ended June 30, 2017. See Notes I.B and IV.J for information about this change in accounting principle.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

G. Long-Term Obligations (Continued)

The following is a summary of changes in the County's business-type activities long-term obligations for the year ended June 30, 2017:

Long-Term Obligations	Beginning of Year	Additions	Reductions	End of Year	Due Within One Year
Business-Type Activities:					
Debt:					
Revenue Bonds					
2006 Waterworks and Sewer System Revenue Bond	\$ 1,140,000	-	1,140,000	-	\$ -
2009 Waterworks and Sewer System Revenue Bond	7,360,000	-	730,000	6,630,000	250,000
2012 Waterworks and Sewer System Revenue Bond	20,425,000	-	1,235,000	19,190,000	1,280,000
2013B Waterworks and Sewer System Revenue Bond	1,220,801	-	165,057	1,055,744	168,078
2015 Waterworks and Sewer System Revenue Bond	23,445,000	-	-	23,445,000	1,100,000
Total Bonded Debt	53,590,801	-	3,270,057	50,320,744	2,798,078
Premiums					
2009 Waterworks and Sewer System Revenue Bond	88,898	-	4,679	84,219	-
2012 Waterworks and Sewer System Revenue Bond	1,533,908	-	117,993	1,415,915	-
2015 Waterworks and Sewer System Revenue Bond	2,518,627	-	157,414	2,361,213	-
Total Premiums	4,141,433	-	280,086	3,861,347	-
Total Net Debt	57,732,234	-	3,550,143	54,182,091	2,798,078
Notes Payable	5,677,441	-	454,434	5,223,007	461,306
Compensated Absences	363,822	247,732	240,552	371,002	240,552
Business-Type Activities Long-Term Obligations	\$ 63,773,497	247,732	4,245,129	59,776,100	\$ 3,499,936

There are a number of limitations and restrictions contained in the various bond indentures. Management believes the County is in compliance with all significant limitations and restrictions.

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2017****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****G. Long-Term Obligations (Continued)**

The following is a summary of each long-term obligation of the County at June 30, 2017.

General obligation bonds payable at June 30, 2017 are comprised of the following individual issuances:

Issue	Amount Outstanding at Year End
\$9,705,000 2009 serial refunding bonds due in annual principal installments of \$525,000 to \$850,000 through April 1, 2023; interest ranging from 2.5 to 3.625% Plus: Unamortized Issuance Premium	\$ 4,680,000 20,761
\$5,000,000 2010 general obligation bond due in annual principal installments of \$382,950 through April 1, 2031; interest at 4.32%	3,961,014
\$1,350,000 2011 general obligation bond due in annual principal installments of \$180,000 to \$205,000 through April 1, 2018; interest at 2.53%	204,521
\$18,000,000 2012 general obligation bond due in annual principal installments of \$475,000 to \$1,015,000 through April 1, 2038; interest ranging from 3.0 to 4.0% Plus Unamortized Issuance Premium	16,010,000 592,973
\$9,005,000 2013B serial refunding bonds due in annual principal installments of \$85,000 to \$760,000 through April 1, 2031; interest ranging from 1.5 to 5.0% Plus Unamortized Issuance Premium	8,360,000 539,361
\$4,040,000 2015 general obligation bond due in annual principal installments of \$225,000 to \$325,000 through June 30, 2030; interest at 2.49%	3,575,000
\$57,000,000 (Transportation Projects) Series 2009 serial Build America Bonds (35% of interest costs to be reimbursed by the federal government over the life of the bonds), due in annual payments of \$1,345,000 to \$4,110,000 through May 2029; interest ranging from 0.85 to 5.7%. Plus Unamortized Issuance Premium	39,540,000 92,680
\$43,890,000 (Transportation Projects) Series 2013A serial refunding bonds due in annual payments of \$2,655,000 to \$4,170,000 through May 1, 2029; interest ranging from 3.0 to 5.0% Plus Unamortized Issuance Premium	41,235,000 2,589,365
Total General Obligation Bonds Outstanding at Year End	<u>\$ 121,400,675</u>

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2017****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****G. Long-Term Obligations (Continued)**

Special Source Revenue Bonds payable at June 30, 2017 are comprised of the following individual issuances:

Issue	Amount Outstanding at Year End
\$2,650,000 2009 serial Build America Bonds (35% of interest costs to be reimbursed by the federal government over the life of the bonds) due in annual principal installments of \$235,000 to \$369,225 through March 1, 2019; interest at 5.50%	\$ 681,709

The County has entered into several lease agreements with payment terms varying from three to twelve years and interest rates varying from 2.72% to 6.59%, secured by various vehicles, computer hardware and other equipment. As of June 30, 2017, the assets acquired through capital leases in the amount of approximately \$6,332,000 are included in equipment with accumulated amortization of approximately \$3,837,000 included in accumulated depreciation.

Revenue bonds payable at June 30, 2017 are comprised of the following individual issuances:

Issue	Amount Outstanding at Year End
\$11,280,000 2009 Waterworks and Sewer System Revenue Bond due in annual principal installments of \$250,000 to \$730,000 through October 1, 2034; Interest ranging from 3.00 to 5.00%	\$ 6,630,000
Plus: Unamortized Issuance Premium	84,219
\$22,760,000 2012 Waterworks and Sewer System Revenue Bond due in annual principal installments of \$1,150,000 to \$2,020,000 through October 1, 2028; Interest ranging from 3.00 to 5.00%	19,190,000
Plus: Unamortized Issuance Premium	1,415,915
\$1,700,000 2013B Waterworks and Sewer System Revenue Bond due in annual principal installments of \$157,930 to \$184,030 through December 31, 2022; Interest at 1.83%	1,055,744
\$23,445,000 2015 Waterworks and Sewer System Revenue Refunding Bond due in annual principal installments of \$1,100,000 to \$2,065,000 through October 1, 2031; Interest ranging from 3.00 to 5.00%	23,445,000
Plus: Unamortized Issuance Premium	2,361,213
Total Revenue Bonds Outstanding at Year End	\$ 54,182,091

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

G. Long-Term Obligations (Continued)

Notes payable at June 30, 2017 are comprised of the following individual issuances:

Issue	Amount Outstanding at Year End
\$2,100,000 Promissory note, due in annual installments of \$180,000 to \$230,000, maturing October 1, 2022, interest at 2.0%	\$ 1,320,000
\$4,034,983 Revolving Loan, \$3,860,225 drawn to date, due in quarterly installments of \$60,392, maturing August 2030, interest at 1.84%	2,694,348
\$1,481,830 Revolving Loan, \$1,432,063 drawn to date, due in quarterly installments of \$20,460, maturing August 2030, interest at 1.00%	1,208,659
Total Notes Payable Outstanding at Year End	<u>\$ 5,223,007</u>

The South Carolina constitution permits the County to incur general obligation (general purpose) bonded indebtedness not to exceed eight percent of the assessed value of taxable property in the County, unless approved by referendum. The 2010 general obligation bond was approved by referendum and is therefore not subject to the debt limit. The 2009 and 2013A general obligation bonds issued by the Authority were also approved by referendum and are not subject to the debt limit. At June 30, 2017, the County was in compliance with this requirement. Further, the general obligation bonds, as well as the revenue bonds, are supported by full faith, credit, and taxing power of the County.

Annual debt service requirements to maturity for all governmental and business-type activities long-term debt as of June 30, 2017 are as follows:

Year Ending June 30,	Principal	Interest	Total
Governmental Activities:			
2018	\$ 8,903,450	4,777,299	\$ 13,680,749
2019	8,568,964	4,459,683	13,028,647
2020	8,516,532	4,126,580	12,643,112
2021	8,612,491	3,788,338	12,400,829
2022	8,921,880	3,466,925	12,388,805
2023-2027	45,800,642	11,635,625	57,436,267
2028-2032	25,454,649	2,735,870	28,190,519
2033-2037	4,640,000	578,100	5,218,100
2038	1,015,000	30,450	1,045,450
Totals	<u>\$ 120,433,608</u>	<u>35,598,870</u>	<u>\$ 156,032,478</u>

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2017****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****G. Long-Term Obligations (Continued)**

Year Ending June 30,	Principal	Interest	Total
Business-Type Activities:			
2018	\$ 3,259,384	2,198,012	\$ 5,457,396
2019	3,371,520	2,086,924	5,458,444
2020	3,493,646	1,965,499	5,459,145
2021	3,626,173	1,825,073	5,451,246
2022	3,763,694	1,686,352	5,450,046
2023-2027	19,675,488	5,932,693	25,608,181
2028-2032	16,752,406	1,771,679	18,524,085
2033-2035	1,601,440	105,026	1,706,466
Totals	<u>\$ 55,543,751</u>	<u>17,571,258</u>	<u>\$ 73,115,009</u>

From time to time, the County issues industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Additionally, not-for-profit entities which provide fire protection within the County occasionally borrow funds to purchase equipment. The lending institutions require the County to authorize the borrowings although the loans and the related assets belong to the not-for-profit entities. The County is not obligated in any manner for repayment of the bonds and notes. Accordingly, the bonds and notes are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, there were an undetermined number of industrial revenue bonds and notes outstanding and the principal payable at June 30, 2017 could not be determined.

IV. OTHER INFORMATION**A. Retirement Plans**

The County participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors ("PEBA Board"), 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.

The PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the System's Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The 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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Description

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.

Plan 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.

Plan 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 benefit terms for each system is presented below.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Benefits (Continued)

- 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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan 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 in the SCRS and PORS ("Plans") employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA 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 PEBA Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the PEBA 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 earlier, 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. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates			PORS Rates		
	2015	2016	2017	2015	2016	2017
Employer Contribution 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%
	<u>10.90%</u>	<u>11.06%</u>	<u>11.56%</u>	<u>13.41%</u>	<u>13.74%</u>	<u>14.24%</u>
Employee Contribution Rate	<u>8.00%</u>	<u>8.16%</u>	<u>8.66%</u>	<u>8.41%</u>	<u>8.74%</u>	<u>9.24%</u>

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

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

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2017	\$ 2,940,508	100%	\$ 1,777,460	100%
2016	2,746,160	100%	1,540,900	100%
2015	\$ 2,399,007	100%	\$ 1,358,939	100%

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

Eligible payrolls of the County covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2017	\$ 25,436,922	12,482,162	\$ 37,919,084
2016	24,829,671	11,214,684	36,044,355
2015	\$ 22,010,722	10,128,315	\$ 32,139,037

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. An experience report on the Systems was most recently issued as of July 1, 2015. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2016 actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017 measurement date.

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 the 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 these notes are based on the certification provided by GRS.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

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

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.50%	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* 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 the SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	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 and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

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 represents assumptions developed 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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

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

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 No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2016 measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 45,356,214,752	23,996,362,354	\$ 21,359,852,398	52.9%
PORS	\$ 6,412,510,458	3,876,035,732	\$ 2,536,474,726	60.4%

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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 No. 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.

At June 30, 2017, the County reported liabilities of approximately \$54,788,000 and \$22,313,000 for its proportionate share of the net pension liabilities for the SCRS and PORS ("Plans"), respectively. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2015 that was projected forward to the measurement date. The County's proportion of the net pension liabilities were based on a projection of the County's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2016 measurement date, the County's SCRS proportion was 0.25650 percent, which was an increase of 0.02177 percent from its proportion measured as of June 30, 2015. At the June 30, 2016 measurement date, the County's PORS proportion was 0.87967 percent, which was an increase of 0.06168 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of approximately \$5,597,000 and \$2,621,000 for the SCRS and PORS, respectively. At June 30, 2017, the County reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 567,942	\$ 59,500
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,609,433	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	3,050,920	561,798
The County's Contributions Subsequent to the Measurement Date	2,940,508	-
Total SCRS	<u>11,168,803</u>	<u>621,298</u>
PORS		
Differences Between Expected and Actual Experience	331,078	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,530,067	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	1,023,332	192,638
The County's Contributions Subsequent to the Measurement Date	1,777,460	-
Total PORS	<u>5,661,937</u>	<u>192,638</u>
Total SCRS and PORS	<u>\$ 16,830,740</u>	<u>\$ 813,936</u>

Approximately \$2,941,000 and \$1,777,000 that were reported as deferred outflows of resources related to the County's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2018	\$ 1,990,012	854,520	\$ 2,844,532
2019	1,693,145	837,737	2,530,882
2020	2,773,753	1,236,644	4,010,397
2021	1,150,087	762,938	1,913,025
Total	<u>\$ 7,606,997</u>	<u>3,691,839</u>	<u>\$ 11,298,836</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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.

The following table presents the sensitivity of the County's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.50 percent, as well as what it 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:

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
The County's proportionate share of the net pension liability of the SCRS	\$ 68,346,556	54,788,021	\$ 43,501,052
The County's proportionate share of the net pension liability of the PORS	29,242,749	22,312,734	16,084,816
Total Pension Liability	<u>\$ 97,589,305</u>	<u>77,100,755</u>	<u>\$ 59,585,868</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to Plans

The County reported payables of approximately \$596,000 and \$342,000 to the PEBA as of June 30, 2017, representing required employer and employee contributions for the month of June 2017 for the SCRS and PORS, respectively. These amounts are included in Accrued Liabilities on the financial statements and were paid in July 2017.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Developments

House Bill 3726 was signed by the Governor of the State on April 25, 2017 and is effective immediately. This new law increases the employer SCRS and PORS contribution rates to 13.56% and 16.24%, respectively, beginning July 1, 2017. Employer rates will continue to increase annually by 1% through July 1, 2022, which would result in the SCRS and PORS employer rate totaling 18.56% and 21.24%, respectively, for fiscal year 2023 and thereafter. The legislation (a) would also increase and cap the employee SCRS and PORS contribution rates to 9.00% and 9.75%, respectively, after June 30, 2027, (b) provide for a decrease in employer and employee contribution rates in equal amounts if the ratio between the actuarial value of assets and the actuarial value of liabilities is equal to or greater than 85%, (c) lower the assumed annual rate of return on pension investments from 7.50% to 7.25%, and (d) for some years reduce the funding period of unfunded liabilities from 30 years to 20 years.

B. Other Postemployment Benefits

Plan Description

The County administers a single-employer defined benefit healthcare plan (the "Plan"). The Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the County's group health insurance plan, which covers both active and retired members. Benefit provisions are established by County Council. The Retiree Health Plan does not issue a publicly available financial report. The County is a participant in the South Carolina Counties OPEB Trust, an irrevocable trust for the benefit of participants.

As of July 1, 2015, the measurement date, there were 775 covered participants, including 38 currently retired participants receiving benefits.

Funding Policy

Contribution requirements are established by County Council. The required contribution is based on projected pay-as-you-go financing requirements. Medical coverage levels and premiums for retirees and their families are the same as coverage provided to active County employees under the State Health Insurance Plan. For employees who retired on or before December 31, 2011 or employees who had at least 25 years of service as of December 31, 2011, the County pays 100% of the employer portion of the retiree's insurance premium provided:

- The retiree has a minimum of 15 years of continuous lifetime employment with the County, and
- The retiree has reached eligibility for full retirement under the SCRS or the PORS.

In addition, the County pays 25% of the spouse's premium if the employee retired from the County with 20 years of continuous lifetime employment with the County and has reached eligibility for full retirement under SCRS or PORS.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Funding Policy (Continued)

For employees with less than 25 years of continuous fulltime service with Dorchester County as of December 31, 2011, Dorchester County will pay 100% of the employer portion of the medical and dental premiums for the retiree until the retiree reaches age 65 or is Medicare eligible provided the employee:

- Meets all eligibility criteria for fulltime retiree and insurance benefits set by PEBA.
- Has 15 years continuous fulltime service with Dorchester County
- Elects to receive retirement and insurance benefits at the time of separation from the County.

If the employee retires with 20 or more years continuous lifetime service, Dorchester County will pay 25% of the spousal portion of the premiums for medical dental benefits for the spouse until the spouse reaches age 65 or is Medicare eligible.

The State Health Insurance Plan prohibits its participants from separately rating retiree and active employees. The County, therefore, pays an equal blended rate premium for both groups. Although both groups are charged the same rate, GASB 45 requires the actuarial figures to be calculated using age adjusted premiums approximating claim cost for retirees separately from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability.

The County's annual other postemployment benefits ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and the plan members) in place as of June 30, 2017 and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

The following table summarizes the key actuarial assumptions and cost method:

Actuarial Valuation Date:	July 1, 2015
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Dollar
Amortization Period:	30 Years
Actuarial Assumptions:	
Investment Rate of Return:	Discount rate of 4.5% annual return
Healthcare Trend Rate	6.00% in 2015 declining by 0.25% beginning in 2018 until it reaches 4.50% in 2024 and remains at 4.55% thereafter
Coverage Elections:	70% of eligible retirees and 17% of male spouses and 7% of female spouses will elect to receive coverage upon retirement
Active Participant Marriage Assumption	100% of all active employees are assumed to be married with female spouses assumed to be 3 years younger than males
Mortality Table:	RP-2000

Annual OPEB Cost, Net OPEB Obligation (Asset), Funded Status and Funding Progress

For FY2017, the annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2014) were as follows:

1.	Net OPEB Obligation (Asset), Beginning of the Plan Year	\$ (692,744)
2.	One Year's Interest on the Net OPEB Obligation (Asset)	(31,173)
3.	ARC (Normal Cost Plus Any Amortization Payments)	355,619
4.	Adjustment to Annual Required Contribution	40,697
5.	Annual OPEB Cost: (2)+(3)+(4)	<u>365,143</u>
6.	Contributions Made for the Plan Year	(207,450)
7.	Increase (Decrease) in Net OPEB Obligation (Asset): (5)+(6)	<u>157,693</u>
8.	Net OPEB Obligation (Asset), End of the Plan Year: (1)+(7)	<u><u>\$ (535,051)</u></u>

Schedule of Employer Contributions

The County did not make contributions to the Plan in 2017 to pre-fund benefits; therefore, contributions only include approximately \$192,000 made by the County through payment of covered participants' subsidized benefits and approximately \$16,000 in implicit subsidy discharged.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Schedule of Employer Contributions (Continued)

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the Net OPEB Obligation for the past three years were as follows:

Schedule of Employer Contributions				
Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2017	\$ 365,143	207,450	56.81%	\$ (535,051)
June 30, 2016	362,498	554,841	153.06%	(692,744)
June 30, 2015	\$ 362,498	700,000	193.10%	\$ (500,401)

Schedule of Funding Progress

This schedule provides multiyear trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress for the OPEB Plan is as follows:

Schedule of Funding Progress				
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)
June 30, 2012	\$ -	4,377,372	\$ 4,377,372	0.00%
July 1, 2013	-	4,443,174	4,443,174	0.00%
July 1, 2015	\$ 2,177,473	5,649,438	\$ 3,471,965	38.54%

C. Deferred Compensation Plans

Internal Revenue Code Section 457 Plan – The County offers its employees a deferred compensation plan, offered through the South Carolina Deferred Compensation Program (SCDCP), created in accordance with Internal Revenue Code Section 457. The plan, available to all regular full-time employees, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to the employee or his beneficiaries until termination, retirement, death, disability or an approved hardship.

All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The plan is administered by the SCDCP.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

C. Deferred Compensation Plans (Continued)

Internal Revenue Code Section 401(k) Plan – The County also offers its employees participation in a deferred compensation plan, offered through SCDCP, created in accordance with Internal Revenue Code Section 401(k). The 401(k) plan has the same eligibility requirements as the 457 plan, although the withdrawal provisions are different under the 401(k) plan. All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The funds are administrated by the SCDCP.

D. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the County is covered by the Insurance Reserve Fund administered by the SFAA. The County pays an annual premium for general insurance coverage.

The County is also subject to risks of loss from providing life, accident, dental and other medical benefits to employees, retirees, and their dependents. The County has enrolled substantially all employees in the State's health insurance plans administered by the Public Employees Benefit Authority. The State reinsures through commercial companies for these risks. In addition, the County insures the risk of job related injury or illness to employees through the South Carolina Counties Worker's Compensation Trust, a public entity risk pool operating for the benefit of local governments. The County pays an annual premium to the Worker's Compensation Trust for insurance coverage.

For all of the above risk management programs, the County has not significantly reduced insurance coverage from the previous year and settled claims in excess of insurance coverage for the past three years was immaterial. For each of the insurance programs and public entity risk pools in which they participate, the County has effectively transferred all risk with no liability for unfilled claims.

E. Commitments and Contingencies

Grants – The County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Litigation – The County is party to various legal proceedings that normally occur in governmental operations. These lawsuits involve environmental issues, employment matters and certain claims under contractual agreements. In the opinion of County management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the County's financial position. Additionally, the County would be allowed to appropriate any required funds in a subsequent fiscal year.

Construction Commitments – As of June 30, 2017, the County had approximately \$14,840,000 in construction commitments remaining on various capital projects.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

E. Commitments and Contingencies (Continued)

Summers Corner Improvement District – In April 2017, the County Council approved an ordinance creating the Summers Corner Improvement District (“SCID”), approving and authorizing the improvement plan, providing for the financing of improvements within the SCID by assessment, approving the rate and method of apportionment of assessments, and approving the assessment reports. The improvements, which are estimated to cost approximately \$100,000,000 (inflated cost), include recreational facilities, a fire station, an EMS station, various infrastructure, and other public facilities. As a result of this ordinance, the County plans to levy two annual assessments on properties in the SCID: (1) Special Assessment A will be levied to finance certain capital improvements and (2) Special Assessment B will be levied to pay for maintenance and operations of the improvements. Special Assessment A is expected to finance approximately \$65,000,000 (uninflated cost) of the cost of the improvements and will be used to pay the debt service on bonds that the County expects to issue to finance the improvements. The assessments are expected to be collected beginning in the year ended June 30, 2018.

F. Joint Ventures

Lake Marion Water Agency – During fiscal year 2008, the County executed an agreement with the Lake Marion Regional Water Agency (“Lake Marion WA”), a joint municipal water system. The County has an 11.8% voting representation on this system’s board, representing its proportionate commitment to purchase water to the system’s total capacity. Lake Marion WA is not owned nor is it fiscally dependent upon the County.

The Lake Marion WA was formed in the mid 1990’s in order to provide safe reliable drinking water to the residents of central South Carolina and to help bring economic growth to the Interstate 95 corridor. Members include Calhoun, Clarendon, Dorchester, Orangeburg, and Berkeley Counties and the Town of Santee. In November 2007, the County entered into a contract with Lake Marion WA. The County has committed to purchase up to 1.0 million gallons a day, or 11.8% of the total capacity of the plant. The initial term of the agreement is for twenty years, which shall be extended for subsequent twenty-year terms unless the County notifies Lake Marion WA in writing of its intent to terminate not less than thirty months prior to the expiration of the initial term or the expiration date of any renewal. Provisions of the agreement require the County to pay its share of the funds required to operate and maintain Lake Marion WA and to defray its capital costs, in addition to monthly demand (fixed) and volumetric (variable) charges based upon the amount of water purchased. The County is not currently purchasing water from the Lake Marion WA, but is paying its annual membership fees for contract demand in monthly installments.

In September 2017, County Council approved the use of \$5,000,000 in water and sewer funds to pay the non-federal sponsor contribution related to the Dorchester Reach project, which is expected to extend approximately 56,000 linear feet of water line for the Lake Marion WA from the previously completed Harleyville Reach to Ridgeville. The total project cost is expected to be approximately \$11,483,000 based on the latest estimates with the Army Corps of Engineers funding approximately \$6,829,000, Santee Cooper funding approximately \$1,100,000 and the County funding approximately \$3,554,000. The County has requested reimbursement from the South Carolina Rural Infrastructure Authority in the amount of \$3,000,000. The County is expected to begin purchasing water from the Lake Marion WA once this project is completed.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

F. Joint Ventures (Continued)

St. George New Century Industrial Park – In 2001, the Town of St. George entered into an agreement with Dorchester County for the development of the St. George New Century Industrial Park. The Town provided approximately 14 acres, and the County provided funds for development and infrastructure. The development of the park is supervised by the Park Committee, which is comprised of five individuals, two selected by the Town, two by the County, and the Upper Dorchester County representative of the Charleston Regional Development Alliance or his designee. The Park Committee must obtain approval from both the Town and the County for expenditures in excess of \$10,000. The Town and County must also jointly agree and execute any notes, mortgages, deeds or contracts to sell, buy, lease, manage or market the property. Funds received from any sales of Park property will be required to be designated for further economic development in Upper Dorchester County, as are any donations received by area business for such purposes. As of June 30, 2017, the County has provided all required funds for development and infrastructure and has no further obligation related to this agreement.

G. Concentrations of Credit Risk

The County grants credit to water, sewer and solid waste customers in Dorchester County, South Carolina. In addition, the County grants credit to individuals requiring emergency medical services while in Dorchester County. Accounts receivable and financed impact fees are financial instruments that potentially subject the County to credit risk. No collateral is required for credit granted to customers.

The County may terminate services for water, sewer and solid waste accounts unpaid after 90 days, but may not refuse emergency medical services to citizens for non-payment of accounts. The County participates in the State of South Carolina debt collection program whereby delinquent customer balances may be withheld from customers' state income tax refunds.

H. Tax Abatements

The County enters into property tax abatement agreements with local businesses through the Fee in Lieu of Ad Valorem Tax ("FILOT") program under the Title 12, Chapter 44 "Fee in Lieu of Tax Simplification Act" and the related Special Source Revenue Credit ("SSRC") program under Title 4, Chapter 29 "Industrial Development Projects" of the Code of Laws of South Carolina 1976, as amended. Under the FILOT program, taxpayers are eligible to receive a reduction in property taxes, through reduced assessed values and locked millage rates, if they enter into an agreement with the County and invest at least \$2.5 million in taxable property (or some other negotiated investment floor) in the County within a 5-year period. The amount of the tax abatement is determined by applying the reduced assessment rate and locked millage rate to the total taxable values of the taxpayer. Under the SSRC program, taxpayers are eligible to receive a reduction in property taxes, through bill credits, if the taxpayer is located in a Multi-County Industrial Park ("MCIP"), and infrastructure credits are granted as part of the FILOT program agreements. The amount of the tax abatement is generally determined by multiplying the agreed-upon SSRC percentage by the FILOT. These abatements may be granted to businesses located within or promising to relocate to the County.

If the taxpayers do not meet the minimum requirements agreed to as part of the FILOT and SSRC programs, the County can terminate the abatement agreements and collect the total amount of ad valorem taxes that would result from normal operations.

For the fiscal year ended June 30, 2017, the County abated property taxes totaling approximately \$3,441,000.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

I. Pending Implementation of GASB Statement on OPEB

GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“Statement”), which was issued by the GASB in June 2015, is required to be implemented by the County for the year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local government employers about financial support for OPEB that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net OPEB liability of that plan. It is GASB’s intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the County’s financial obligations to current and former employees for past services rendered.

In particular, this Statement will require the County to recognize a net OPEB liability (and related deferred outflows and inflows of resources) for its OPEB plan on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. It is anticipated that its implementation will not have a significant impact on the County’s governmental funds.

Based on the Plan’s latest actuarial valuation, it is anticipated that the County will need to record an additional net OPEB liability which will decrease its governmental activities, business-type activities, water and sewer fund, solid waste fund, and nonmajor enterprise fund beginning net position for the year ended June 30, 2018 by a material amount, although the exact amount has yet to be determined.

J. Adjustments

Change in Accounting Principle – Effective July 1, 2016, the County elected to change its policy for accounting and reporting of the Authority from a discretely presented component unit to a blended component unit. This change in accounting principle resulted in the Authority being reported as a major governmental fund for the year ended June 30, 2017 with adjustments to beginning fund balance of the Transportation Authority Fund and beginning net position of governmental activities of approximately \$12,910,000 and \$60,043,000, respectively.

Correction of an Error – In prior years, the County reported commercial solid waste user fees based on the understanding that amounts billed on the tax bills were billed for the subsequent calendar year. However, both commercial and residential solid waste user fees are billed in arrears for the calendar year in which the tax bills are issued. As a result, the solid waste user fees receivable and related revenue were understated as of June 30, 2016 while the related unearned revenue was overstated. The County recorded an adjustment of approximately \$1,633,000 during the current year to properly report net position of the Solid Waste Fund and business-type activities as of June 30, 2016.

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2017**

IV. OTHER INFORMATION (CONTINUED)**J. Adjustments (Continued)**

The table below summarizes the adjustments to beginning fund balance and net position.

	Transportation Authority Fund	Solid Waste Fund	Governmental Activities	Business-type Activities
Fund Balance/Net Position - Beginning of Year - As Previously Reported	\$ -	3,487,631	89,829,659	\$ 152,810,863
Adjustment - Change in Accounting Principle	12,909,910	-	60,043,105	-
Adjustment - Correction of Error	-	1,633,114	-	1,633,114
Fund Balance/Net Position - Beginning of Year - Restated	<u>\$ 12,909,910</u>	<u>5,120,745</u>	<u>149,872,764</u>	<u>\$ 154,443,977</u>

K. Subsequent Events

In October 2017, the County issued \$1,750,000 in Series 2017 Waterworks and Sewer Revenue Bonds to defray a portion of the cost of the design, engineering, acquisition and construction of providing water and sewer service to the Ridgeville Commerce Park located in the County and to pay the costs of issuance of the bonds.

In October 2017, the County issued \$2,292,000 in a Series 2017 Lease Purchase Agreement to purchase 3 rescue pumper fire trucks, 52 mobile radios, 125 portable radios, and 100 mobile pagers and to pay the costs of issuance of the lease purchase agreement.

In November 2016, the voters of Dorchester County approved a bond referendum authorizing the County to issue up to \$43,000,000 in General Obligation Bonds for the purposes of funding new library facilities, parks, recreational facilities, and hiking, biking and pedestrian trails. In May 2017, the County Council approved the issuance of the bonds; however, the bonds have not been issued as of the date of this report.

In December 2017, the County issued \$6,219,000 in Series 2017 Waterworks and Sewer System Revenue Refunding Bonds and placed approximately \$6,197,000 in the refunding escrow account to advance refund \$5,850,000 in Series 2009 Waterworks and Sewer System Revenue Bonds. The refunding escrow account will be used to make the interest payments until the refunded bonds are called on October 1, 2019. This refunding was undertaken to reduce total debt service payments over the next 18 years by approximately \$802,000 and resulted in an economic gain of approximately \$639,000.



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REQUIRED SUPPLEMENTARY INFORMATION

DORCHESTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 30,336,350	30,420,102	31,675,916	\$ 1,255,814
Licenses and Permits	2,195,000	2,195,000	2,187,080	(7,920)
Intergovernmental Revenues:				
Federal	71,367	71,367	528,358	456,991
State	5,540,190	5,540,190	5,497,112	(43,078)
Local	863,879	863,879	838,620	(25,259)
Fees and Service Charges:				
Registrar of Deeds	1,249,740	1,249,740	1,747,686	497,946
EMS Charges	4,400,000	4,400,000	4,924,913	524,913
Cable Franchise Fees	335,000	335,000	273,519	(61,481)
Other Miscellaneous Fees	684,176	744,176	823,166	78,990
Judicial Fines and Assessments	1,995,152	1,995,152	1,885,614	(109,538)
Other Income	109,980	369,337	672,559	303,222
TOTAL REVENUE ALL SOURCES	47,780,834	48,183,943	51,054,543	2,870,600
EXPENDITURES				
Current:				
General Government:				
County Council	398,974	382,193	337,191	45,002
County Administrator	1,656,909	1,629,316	1,615,204	14,112
Human Resources	317,597	321,927	324,015	(2,088)
Planning	703,221	689,391	577,561	111,830
Purchasing	200,857	200,857	208,872	(8,015)
Finance	570,448	560,586	529,700	30,886
Information Technology Services	1,243,961	1,296,237	1,305,985	(9,748)
Elections And Voter Registration	505,509	501,879	502,808	(929)
Risk Management And Safety	234,246	239,190	220,191	18,999
Magistrates	1,398,179	1,398,179	1,234,301	163,878
Circuit Court	84,251	84,251	77,425	6,826
Probate Court	491,684	538,435	547,572	(9,137)
Master In Equity	252,909	252,818	265,951	(13,133)
Attorney	284,647	319,929	299,491	20,438
Juvenile Justice	45,400	45,400	44,136	1,264
Solicitor	18,050	18,050	18,050	-
Building Utilities	954,757	960,208	1,174,178	(213,970)
Fleet Services	882,243	1,031,227	1,022,035	9,192
Facilities, Grounds And Recreation	1,917,606	2,023,454	1,946,102	77,352
Communications Support	197,322	197,322	188,514	8,808
Auditor	632,261	634,881	628,718	6,163
Treasurer	925,049	935,677	912,187	23,490
Clerk Of Court	647,570	632,733	620,966	11,767
Delinquent Tax Collector	411,117	416,405	390,418	25,987
Assessor	1,374,940	1,374,982	1,273,602	101,380
Register Of Deeds	482,657	478,301	457,716	20,585
Family Court	622,459	637,205	640,392	(3,187)
Planning Board	999	999	97	902
Forfeited Land Commission	1,050	1,050	37,042	(35,992)
Total General Government	\$ 17,456,872	17,803,082	17,400,420	\$ 402,662

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Public Safety:				
Sheriff	\$ 12,560,388	12,760,595	12,752,880	\$ 7,715
Jail	6,699,953	6,810,546	6,611,569	198,977
Coroner	476,003	479,756	416,469	63,287
Emergency Management	190,405	190,668	179,811	10,857
Code Enforcement and Building Services	991,461	994,277	948,451	45,826
Emergency Medical Services	6,437,768	6,545,297	6,521,650	23,647
Total Public Safety	27,355,978	27,781,139	27,430,830	350,309
Roads and Drainage:				
Roads Maintenance	2,247,304	2,558,600	2,149,927	408,673
Total Roads and Drainage	2,247,304	2,558,600	2,149,927	408,673
Health and Welfare:				
Health Department	25,545	25,545	23,552	1,993
Veterans Affairs	191,981	191,981	190,018	1,963
Total Health and Welfare	217,526	217,526	213,570	3,956
Airport	61,164	61,073	54,735	6,338
Economic Development	375,632	385,632	381,881	3,751
Intergovernmental and Nonprofit Assistance	1,549,151	1,548,351	1,509,541	38,810
Disaster Recovery	-	2,981,600	1,682,909	1,298,691
Nondepartmental:				
Contingency	99,994	99,994	-	99,994
Insurance	388,025	388,025	380,918	7,107
Other	100,000	130,000	131,281	(1,281)
Total Nondepartmental	588,019	618,019	512,199	105,820
TOTAL EXPENDITURES	49,851,646	53,955,022	51,336,012	2,619,010
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,070,812)	(5,771,079)	(281,469)	5,489,610
OTHER FINANCING SOURCES (USES)				
Transfers In	2,458,983	5,912,564	3,462,537	(2,450,027)
Transfers Out	(388,171)	(1,931,297)	(561,197)	1,370,100
Insurance Recoveries	-	131,812	250,676	118,864
TOTAL OTHER FINANCING SOURCES (USES)	2,070,812	4,113,079	3,152,016	(961,063)
NET CHANGE IN FUND BALANCE	-	(1,658,000)	2,870,547	4,528,547
FUND BALANCES, Beginning of Year	24,505,704	24,505,704	24,505,704	-
FUND BALANCES, End of Year	\$ 24,505,704	22,847,704	27,376,251	\$ 4,528,547

Note: The budgets are presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

DORCHESTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 3,857,749	3,857,749	4,025,729	\$ 167,980
Other Income	12,100	12,100	46,572	34,472
TOTAL REVENUE ALL SOURCES	3,869,849	3,869,849	4,072,301	202,452
EXPENDITURES				
Current:				
General Government	146,780	290,396	205,856	84,540
Public Safety	65,407	90,849	81,737	9,112
Airport	276	40,536	40,456	80
Economic Development	3,697	3,697	3,658	39
Nondepartmental	-	-	168	(168)
Capital Outlay	1,956,001	2,809,326	1,608,243	1,201,083
Debt Service:				
Principal Retirement	708,393	708,393	708,381	12
Interest and Fiscal Charges	42,475	42,475	42,435	40
TOTAL EXPENDITURES	2,923,029	3,985,672	2,690,934	1,294,738
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	946,820	(115,823)	1,381,367	1,497,190
OTHER FINANCING SOURCES (USES)				
Transfers In	43,808	199,068	188,637	(10,431)
Transfers Out	(2,069,487)	(2,290,391)	(1,507,838)	782,553
Sale of Capital Assets	-	89,693	136,859	47,166
Insurance Recoveries	-	39,260	97,501	58,241
TOTAL OTHER FINANCING SOURCES (USES)	(2,025,679)	(1,962,370)	(1,084,841)	877,529
NET CHANGE IN FUND BALANCE	(1,078,859)	(2,078,193)	296,526	2,374,719
FUND BALANCES, Beginning of Year	4,791,000	4,791,000	4,791,000	-
FUND BALANCES, End of Year	\$ 3,712,141	2,712,807	5,087,526	\$ 2,374,719

Note: The budgets are presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

DORCHESTER COUNTY, SOUTH CAROLINA**REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF DORCHESTER COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM****LAST FOUR FISCAL YEARS**

	Year Ended June 30,			
	2017	2016	2015	2014
Dorchester County's Proportion of the Net Pension Liability	0.25650%	0.23473%	0.24067%	0.24067%
Dorchester County's Proportionate Share of the Net Pension Liability	\$ 54,788,021	44,518,617	41,436,256	\$ 43,168,509
Dorchester County's Covered Payroll	\$ 24,829,671	22,010,722	21,841,915	\$ 21,860,495
Dorchester County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	220.66%	202.26%	189.71%	197.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.906%	56.992%	59.919%	56.388%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. Only four years of data were available; thus, only four years were presented.

DORCHESTER COUNTY, SOUTH CAROLINA**REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF DORCHESTER COUNTY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM****LAST FOUR FISCAL YEARS**

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 2,940,508	2,746,160	2,399,007	\$ 2,316,115
Contributions in Relation to the Contractually Required Contribution	2,940,508	2,746,160	2,399,007	2,316,115
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Dorchester County's Covered Payroll	\$ 25,436,922	24,829,671	22,010,722	\$ 21,841,915
Contributions as a Percentage of Covered Payroll	11.56%	11.06%	10.90%	10.60%

Notes to Schedule:

Only four years of data were available; thus, only four years were presented.

DORCHESTER COUNTY, SOUTH CAROLINA**REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF DORCHESTER COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM****LAST FOUR FISCAL YEARS**

	Year Ended June 30,			
	2017	2016	2015	2014
Dorchester County's Proportion of the Net Pension Liability	0.87967%	0.81799%	0.83372%	0.83372%
Dorchester County's Proportionate Share of the Net Pension Liability	\$ 22,312,734	17,828,084	15,960,869	\$ 17,282,683
Dorchester County's Covered Payroll	\$ 11,214,684	10,128,315	10,027,025	\$ 9,285,854
Dorchester County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	198.96%	176.02%	159.18%	186.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. Only four years of data were available; thus, only four years were presented.

DORCHESTER COUNTY, SOUTH CAROLINA**REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF DORCHESTER COUNTY'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM****LAST FOUR FISCAL YEARS**

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,777,460	1,540,900	1,358,939	\$ 1,287,528
Contributions in Relation to the Contractually Required Contribution	1,777,460	1,540,900	1,358,939	1,287,528
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Dorchester County's Covered Payroll	\$ 12,482,162	11,214,684	10,128,315	\$ 10,027,025
Contributions as a Percentage of Covered Payroll	14.24%	13.74%	13.42%	12.84%

Notes to Schedule:

Only four years of data were available; thus, only four years were presented.

DORCHESTER COUNTY, SOUTH CAROLINA**REQUIRED SUPPLEMENTARY INFORMATION****OTHER POSTEMPLOYMENT BENEFIT PLAN – DEFINED BENEFIT HEALTHCARE PLAN –
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS****YEAR ENDED JUNE 30, 2017****SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Applicable to Fiscal Year Ending	Annual Required Contribution	Annual Contributed	Percentage Contributed
June 30, 2017	\$ 365,143	\$ 207,450	56.81%
June 30, 2016	355,619	554,841	156.02%
June 30, 2015	336,728	860,508	255.55%
June 30, 2014	411,387	1,429,817	347.56%
June 30, 2013	374,082	115,180	30.79%
June 30, 2012	355,921	78,231	21.98%
June 30, 2011	1,277,697	79,728	6.24%
June 30, 2010	\$ 2,199,664	\$ 99,865	4.54%

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)
June 30, 2012	\$ -	4,377,372	\$ 4,377,372	0.00%
July 1, 2013	-	4,443,174	4,443,174	0.00%
July 1, 2015	\$ 2,177,473	5,649,438	\$ 3,471,965	38.54%



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SUPPLEMENTARY INFORMATION

DORCHESTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2017

	GRANTS FUND	SHERIFF'S FUND	ECONOMIC DEVELOPMENT
ASSETS			
Cash and Cash Equivalents	\$ -	-	1,448,628
Cash and Cash Equivalents, Restricted	53,481	635,524	3,748,507
Receivables, Net:			
Taxes	-	-	-
Accounts	-	-	3,464
Other	-	-	-
Due From:			
Other Governments	303,898	-	-
Prepaid Items	-	-	-
TOTAL ASSETS	\$ 357,379	635,524	5,200,599
LIABILITIES			
Deficit Position in Pooled Cash	\$ 200,669	-	-
Accounts Payable	50,341	-	134,531
Accrued Liabilities	3,981	-	-
Due to Other Funds	-	-	-
Unearned Revenue	-	147,979	100,000
TOTAL LIABILITIES	254,991	147,979	234,531
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	188,643	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	188,643	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	443,634	147,979	234,531
FUND BALANCES			
Nonspendable:			
Prepaid Items	-	-	-
Restricted for:			
Public Safety	-	487,545	-
Family Court	-	-	-
Growth Management	-	-	-
Tourism	-	-	-
Health and Welfare	-	-	-
Capital Projects	-	-	3,613,976
Airport Improvements	14,573	-	-
Solid Waste Grants	1,632	-	-
Other Grants	43,721	-	-
Committed for:			
Recreation	-	-	-
Economic Development	-	-	1,352,092
Capital Projects	-	-	-
Solicitor	-	-	-
Unassigned	(146,181)	-	-
TOTAL FUND BALANCES	(86,255)	487,545	4,966,068
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 357,379	635,524	5,200,599

FAMILY COURT DSS	E-911	VICTIMS' ADVOCATE	FIRST CIRCUIT SOLICITOR	C-FUNDS
-	-	-	178,168	\$ -
250,933	-	14,974	-	-
-	-	-	-	-
-	66,153	-	-	-
-	-	12,758	-	-
876	-	-	105,483	-
1,430	-	-	-	-
253,239	66,153	27,732	283,651	\$ -
-	85,575	30,559	-	\$ 42,656
-	333	-	37,963	-
707	1,141	3,259	46,908	-
-	-	-	-	-
-	-	-	-	-
707	87,049	33,818	84,871	42,656
-	-	-	-	-
-	-	-	-	-
707	87,049	33,818	84,871	42,656
1,430	-	-	-	-
-	-	-	-	-
251,102	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	198,780	-
-	(20,896)	(6,086)	-	(42,656)
252,532	(20,896)	(6,086)	198,780	(42,656)
253,239	66,153	27,732	283,651	\$ -

DORCHESTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2017

	PUBLIC DEFENDER	UPPER DORCHESTER ECONOMIC DEVELOPMENT	CHILDREN IN CRISIS
ASSETS			
Cash and Cash Equivalents	\$ -	1,517,653	-
Cash and Cash Equivalents, Restricted	-	-	-
Receivables, Net:			
Taxes	-	-	17,416
Accounts	-	59	-
Other	-	-	-
Due From:			
Other Governments	193,570	-	-
Prepaid Items	3,100	-	-
TOTAL ASSETS	\$ 196,670	1,517,712	17,416
LIABILITIES			
Deficit Position in Pooled Cash	\$ 201,401	-	-
Accounts Payable	165	-	-
Accrued Liabilities	33,398	-	-
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES	234,964	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	-	9,257
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	9,257
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	234,964	-	9,257
FUND BALANCES			
Nonspendable:			
Prepaid Items	3,100	-	-
Restricted for:			
Public Safety	-	-	-
Family Court	-	-	-
Growth Management	-	-	-
Tourism	-	-	-
Health and Welfare	-	-	8,159
Capital Projects	-	-	-
Airport Improvements	-	-	-
Solid Waste Grants	-	-	-
Other Grants	-	-	-
Committed for:			
Recreation	-	-	-
Economic Development	-	1,517,712	-
Capital Projects	-	-	-
Solicitor	-	-	-
Unassigned	(41,394)	-	-
TOTAL FUND BALANCES	(38,294)	1,517,712	8,159
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 196,670	1,517,712	17,416

SENIOR CITIZENS CENTER	RECREATION FUND	FIRE PROTECTION	FIRE IMPROVEMENTS	OTHER SPECIAL REVENUE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
-	179,635	-	-	-	\$ 3,324,084
831,291	1,901,735	-	1,600,802	900,085	9,937,332
33,981	-	115,379	90,512	-	257,288
14,096	-	6,846	-	25	90,643
-	90,500	-	78,112	-	181,370
-	-	-	-	2,035,954	2,639,781
-	130	-	155	-	4,815
879,368	2,172,000	122,225	1,769,581	2,936,064	\$ 16,435,313
-	-	33,346	-	580,993	\$ 1,175,199
-	11,359	-	652,961	1,104,839	1,992,492
-	23,778	-	51,841	-	165,013
-	-	-	688,900	-	688,900
-	-	-	-	-	247,979
-	35,137	33,346	1,393,702	1,685,832	4,269,583
18,382	-	59,556	55,520	-	331,358
18,382	-	59,556	55,520	-	331,358
18,382	35,137	92,902	1,449,222	1,685,832	4,600,941
-	130	-	155	-	4,815
-	-	29,323	320,204	37,066	874,138
-	-	-	-	745,728	996,830
-	-	-	-	50,200	50,200
-	-	-	-	65,379	65,379
860,986	-	-	-	1,737	870,882
-	1,901,735	-	-	-	5,515,711
-	-	-	-	-	14,573
-	-	-	-	-	1,632
-	-	-	-	-	43,721
-	234,998	-	-	-	234,998
-	-	-	-	-	2,869,804
-	-	-	-	350,122	350,122
-	-	-	-	-	198,780
-	-	-	-	-	(257,213)
860,986	2,136,863	29,323	320,359	1,250,232	11,834,372
879,368	2,172,000	122,225	1,769,581	2,936,064	\$ 16,435,313

DORCHESTER COUNTY, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	GRANTS FUND	SHERIFF'S FUND	ECONOMIC DEVELOPMENT
REVENUES			
Taxes	\$ -	-	546,762
Intergovernmental Revenues:			
Federal	622,532	819	-
State	118,581	-	400,000
Local	-	-	-
Fees and Service Charges:			
Cable Franchise Fees	-	-	-
Other Miscellaneous Fees	-	-	-
Judicial Fines and Assessments	-	64,468	-
Other Income	22,588	4,582	3,347,696
TOTAL REVENUE ALL SOURCES	763,701	69,869	4,294,458
EXPENDITURES			
Current:			
General Government	155,341	-	310
Public Safety	219,584	81,743	-
Health and Welfare	15,351	-	-
Recreation and Culture	-	-	-
Airport	7,213	-	-
Economic Development	-	-	600,443
Intergovernmental and Nonprofit Assistance	-	-	-
Capital Outlay	459,369	52,297	611,977
Debt Service:			
Principal Retirement	-	-	314,437
Interest and Fiscal Charges	-	-	36,935
TOTAL EXPENDITURES	856,858	134,040	1,564,102
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(93,157)	(64,171)	2,730,356
OTHER FINANCING SOURCES (USES)			
Transfers In	173,238	30,941	-
Transfers Out	(10,826)	(30,941)	(158,670)
Sale of Capital Assets	-	12,913	-
TOTAL OTHER FINANCING SOURCES (USES)	162,412	12,913	(158,670)
NET CHANGES IN FUND BALANCES	69,255	(51,258)	2,571,686
FUND BALANCES, Beginning of Year	(155,510)	538,803	2,394,382
FUND BALANCES, End of Year	\$ (86,255)	487,545	4,966,068

FAMILY COURT DSS	E-911	VICTIMS' ADVOCATE	FIRST CIRCUIT SOLICITOR	C-FUNDS	PUBLIC DEFENDER
-	-	-	-	-	\$ -
57,102	-	-	-	-	-
-	127,981	-	1,315,464	1,172,628	-
-	-	-	1,392,182	-	-
-	-	-	-	-	-
-	414,327	-	-	-	-
-	-	125,305	73,690	-	-
1,910	-	21	907	-	1,699,461
59,012	542,308	125,326	2,782,243	1,172,628	1,699,461
35,590	-	-	2,662,394	-	1,712,413
-	702,049	162,579	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,051,339	-
-	-	-	-	-	-
-	-	-	-	-	-
35,590	702,049	162,579	2,662,394	1,051,339	1,712,413
23,422	(159,741)	(37,253)	119,849	121,289	(12,952)
-	140,014	16,835	-	-	-
-	(1,169)	-	(18,930)	-	-
-	-	-	-	-	-
-	138,845	16,835	(18,930)	-	-
23,422	(20,896)	(20,418)	100,919	121,289	(12,952)
229,110	-	14,332	97,861	(163,945)	(25,342)
252,532	(20,896)	(6,086)	198,780	(42,656)	\$ (38,294)

DORCHESTER COUNTY, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	UPPER DORCHESTER ECONOMIC DEVELOPMENT	CHILDREN IN CRISIS	SENIOR CITIZENS CENTER
REVENUES			
Taxes	\$ -	566,944	1,104,851
Intergovernmental Revenues:			
Federal	-	-	-
State	187,067	-	-
Local	-	-	-
Fees and Service Charges:			
Cable Franchise Fees	-	-	-
Other Miscellaneous Fees	-	-	-
Judicial Fines and Assessments	-	-	-
Other Income	722	15	3,539
TOTAL REVENUE ALL SOURCES	187,789	566,959	1,108,390
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Health and Welfare	-	-	-
Recreation and Culture	-	-	-
Airport	-	-	-
Economic Development	745,400	-	-
Intergovernmental and Nonprofit Assistance	-	574,991	1,032,526
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
TOTAL EXPENDITURES	745,400	574,991	1,032,526
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(557,611)	(8,032)	75,864
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Sale of Capital Assets	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGES IN FUND BALANCES	(557,611)	(8,032)	75,864
FUND BALANCES, Beginning of Year	2,075,323	16,191	785,122
FUND BALANCES, End of Year	\$ 1,517,712	8,159	860,986

RECREATION FUND	FIRE PROTECTION	FIRE IMPROVEMENTS	OTHER SPECIAL REVENUE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
-	2,837,238	3,009,826	-	\$ 8,065,621
-	-	-	141,327	821,780
2,500	-	-	8,365,562	11,689,783
-	-	223,924	-	1,616,106
360,905	-	-	-	360,905
-	-	-	39,200	453,527
-	-	-	-	263,463
21,274	86	18,884	253	5,121,938
384,679	2,837,324	3,252,634	8,546,342	28,393,123
-	-	-	8,283	4,574,331
-	2,885,902	3,382,970	-	7,434,827
-	-	-	-	15,351
111,186	-	-	-	111,186
-	-	-	-	7,213
-	-	-	-	1,345,843
-	-	-	52,735	1,660,252
398,751	-	146,353	8,298,957	11,019,043
199,474	-	430,121	-	944,032
10,221	-	17,621	-	64,777
719,632	2,885,902	3,977,065	8,359,975	27,176,855
(334,953)	(48,578)	(724,431)	186,367	1,216,268
-	-	5,629	-	366,657
-	-	(59,315)	-	(279,851)
-	-	55,903	-	68,816
-	-	2,217	-	155,622
(334,953)	(48,578)	(722,214)	186,367	1,371,890
2,471,816	77,901	1,042,573	1,063,865	10,462,482
2,136,863	29,323	320,359	1,250,232	\$ 11,834,372

DORCHESTER COUNTY, SOUTH CAROLINA**SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES****YEAR ENDED JUNE 30, 2017**

COURT FINES

Court Fines Collected	\$ 2,787,136
Court Fines Retained by the County	(815,430)
Total Court Fines Remitted to State Treasurer	\$ 1,971,706

COURT ASSESSMENTS

Court Assessments Collected	\$ 87,038
Court Assessments Retained by the County	(81,143)
Total Court Assessments Remitted to the State Treasurer	\$ 5,895

COURT SURCHARGES

Court Surcharges Collected	\$ 164,971
Court Surcharges Retained by the County	(29,193)
Total Court Surcharges Remitted to the State Treasurer	\$ 135,778

COURT PULLOUTS

Court Pullouts Collected	\$ 5,275
Court Pullouts Retained by the County	-
Total Court Pullouts Remitted to the State Treasurer	\$ 5,275

VICTIMS' ADVOCATE

Funds Available for Carryforward, Beginning of Year	\$ 14,332
Court Assessments and Surcharges Allocated to Victims' Advocate	125,305
Investment and Other Income	21
Transfer from the General Fund	16,835
Victims' Advocate Expenditures	(162,579)
Funds Available for Carryforward, End of Year	\$ (6,086)

STATISTICAL SECTION

DORCHESTER COUNTY, SOUTH CAROLINA

Table 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net Investment In Capital Assets	\$ 70,623,592	80,541,728	77,734,049	80,117,436	84,846,841	83,934,721	68,133,305	77,061,370	90,697,922	\$ 92,073,636
Restricted	7,369,615	9,536,026	9,485,130	7,379,586	6,372,705	9,912,214	27,732,371	24,218,572	15,150,003	39,319,601
Unrestricted	31,804,558	21,669,363	22,686,071	26,424,079	26,077,081	27,149,247	28,604,995	(21,067,847)	(16,018,266)	(18,553,376)
Total Governmental Activities Net Position	\$ 109,797,765	111,747,117	109,905,250	113,921,101	117,296,627	120,996,182	124,472,671	80,212,095	89,829,659	\$ 112,839,861
Business-Type Activities										
Net Investment In Capital Assets	\$ 59,885,962	93,444,908	76,011,128	82,729,805	94,195,771	94,439,140	103,133,248	110,857,746	116,970,205	\$ 131,954,008
Restricted	-	-	-	-	-	-	17,380,812	18,634,320	20,820,572	16,558,963
Unrestricted	40,792,908	17,473,634	41,852,190	43,017,250	38,211,350	38,897,165	18,763,927	12,980,509	15,020,086	11,918,603
Total Business-Type Activities Net Position	\$ 100,678,870	110,918,542	117,863,318	125,747,055	132,407,121	133,336,305	139,277,987	142,472,575	152,810,863	\$ 160,431,574
County										
Primary Government										
Net Investment In Capital Assets	\$ 130,509,554	173,986,636	153,745,177	162,847,241	179,042,612	178,373,861	171,268,553	187,919,116	207,668,127	\$ 224,027,644
Restricted	7,369,615	9,536,026	9,485,130	7,379,586	6,372,705	9,912,214	45,113,183	42,852,892	35,970,575	55,878,564
Unrestricted	72,597,466	39,142,997	64,538,261	69,441,329	64,288,431	66,046,412	47,368,922	(8,087,338)	(998,180)	(6,634,773)
Total Primary Government Net Position	\$ 210,476,635	222,665,659	227,768,568	239,668,156	249,703,748	254,332,487	263,750,658	222,684,670	242,640,522	\$ 273,271,435

DORCHESTER COUNTY, SOUTH CAROLINA

Table 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
General Government										
Public Safety	\$ 17,101,810	20,273,371	23,338,639	20,016,378	18,291,138	21,911,552	19,861,442	22,424,729	23,886,033	\$ 26,662,840
Roads and Drainage	23,641,523	26,598,347	28,126,084	28,723,843	29,391,010	31,130,513	34,866,977	32,719,023	35,601,493	39,232,125
Health and Welfare	7,323,882	6,272,542	6,106,783	5,712,611	5,636,111	6,357,715	6,116,543	5,286,855	5,646,460	72,363,350
Recreation and Culture	367,371	383,239	215,664	206,355	202,674	222,328	241,831	244,878	238,746	238,746
Airport	301,675	258,231	232,527	265,554	28,223	118,776	35,234	110,993	237,200	514,668
Economic Development	172,504	176,533	204,697	199,098	189,454	189,107	275,423	454,663	453,120	496,346
Intergovernmental and nonprofi	487,491	1,156,663	622,350	976,421	877,687	4,603,409	849,935	2,356,220	1,899,177	2,021,210
Disaster Recovery	3,108,519	2,526,993	2,319,041	2,819,834	3,196,521	3,871,376	3,974,127	3,878,048	3,828,998	3,937,430
Nondepartmental	-	-	-	-	-	-	-	-	-	1,682,909
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	512,367
Total Government Activities Expenses	1,323,435	1,239,030	1,183,809	1,133,029	1,210,415	1,415,801	1,492,345	1,534,015	1,506,366	5,029,018
	\$ 53,828,210	58,884,949	62,349,594	60,053,123	59,023,233	69,820,577	67,713,857	69,009,424	73,300,030	152,691,009
Business-Type Activities:										
Water and Sewer	15,126,318	15,624,837	16,051,768	15,467,603	16,575,397	16,822,748	17,828,038	17,912,760	18,230,792	19,636,330
Stormwater	1,292,290	1,186,340	1,606,213	1,328,895	1,363,335	1,436,570	1,395,018	1,465,142	1,492,067	1,934,984
Solid Waste	5,039,434	5,220,554	5,063,829	4,869,123	4,776,820	4,938,151	5,699,231	5,494,895	5,619,162	6,210,952
Total Business-Type Activities Expenses	21,458,042	22,031,731	22,721,810	21,665,621	22,715,552	23,197,469	24,922,287	24,872,797	25,342,021	27,782,266
Total Primary Government Expenses	\$ 75,286,252	80,916,680	85,071,404	81,718,744	81,738,785	93,018,046	92,636,144	93,882,221	98,642,051	\$ 180,473,275
Program Revenues										
Governmental Activities										
Charges for Services:										
General Government	\$ 4,439,324	4,133,101	4,825,447	4,827,628	13,618,989	15,417,364	15,201,871	17,082,183	18,700,504	\$ 7,110,898
Public Safety	6,011,412	5,547,988	6,740,078	5,631,308	1,771,733	1,613,412	1,313,635	1,863,387	1,989,904	7,141,414
Roads and Drainage	9,537	34,343	120,819	27,678	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	402
Recreation and Culture	140	40	-	-	241,848	244,706	325,711	333,555	351,474	-
Airport	8,739	5,853	6,456	8,077	-	-	-	-	8,894	8,002
Economic Development	34,200	27,300	21,900	13,800	5,275	4,800	-	10,600	400	-
Operating Grants and Contributions	4,329,860	4,337,796	3,678,347	3,868,556	3,901,811	4,226,485	3,904,055	4,319,845	5,235,052	18,877,510
Capital Grants and Contributions	3,723,267	2,426,396	2,852,600	3,594,251	2,404,556	7,675,100	923,109	2,409,443	1,912,033	9,178,339
Total Governmental Activities Program Revenue	18,556,479	16,512,817	18,245,647	17,971,298	21,944,212	29,181,867	21,668,381	26,019,013	28,198,261	42,316,565
Business-Type Activities:										
Charges For Services:										
Water and Sewer	18,628,070	16,709,618	16,987,490	17,184,591	18,620,545	21,317,601	21,576,438	25,749,039	23,985,721	24,185,944
Stormwater	1,650,407	1,259,734	2,653,941	2,544,175	2,109,013	1,485,120	1,530,622	1,605,836	1,599,545	1,932,013
Solid Waste	4,771,449	5,558,951	5,782,935	6,066,503	5,897,575	5,820,192	5,845,499	6,370,972	5,792,244	6,439,056
Operating Grants and Contributions	44,170	37,755	40,786	48,596	52,141	48,439	607,177	105,592	105,673	191,334
Capital Grants and Contributions	9,084,776	9,356,183	4,365,855	4,667,949	4,692,662	4,514,257	2,520,598	3,219,529	5,405,082	4,029,514
Total Business-Type Activities Program Revenue	34,178,872	32,922,241	29,831,007	30,511,814	31,371,936	33,185,609	32,080,334	37,050,968	36,888,265	36,777,861
Total Primary Government Program Revenue	\$ 52,735,351	49,435,058	48,076,654	48,483,112	53,316,148	62,367,476	53,748,715	63,069,981	65,086,526	\$ 79,094,426

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

Table 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense) Revenue										
Governmental Activities	\$ (35,271,731)	(42,372,132)	(44,103,947)	(42,081,825)	(37,079,021)	(40,638,710)	(46,045,476)	(42,990,411)	(45,101,769)	\$ (110,374,444)
Business-Type Activities	12,720,830	10,890,510	7,109,197	8,846,193	8,656,384	9,988,140	7,158,047	12,178,171	11,546,244	8,995,595
Total Primary Government Net Expense	<u>\$ (22,550,901)</u>	<u>(31,481,622)</u>	<u>(36,994,750)</u>	<u>(33,235,632)</u>	<u>(28,422,637)</u>	<u>(30,650,570)</u>	<u>(38,887,429)</u>	<u>(30,812,240)</u>	<u>(33,555,525)</u>	<u>\$ (101,378,849)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Property Taxes	\$ 32,954,978	36,385,300	37,588,043	37,810,569	36,458,591	40,558,572	42,364,911	42,063,705	45,560,948	\$ 47,453,185
Franchise Fees	607,420	553,113	774,604	555,720	362,772	367,059	327,164	333,555	351,474	634,424
Sales and Use Tax	-	-	-	-	-	-	-	-	-	16,224,030
Grants and contributions not restricted to specific programs	5,553,705	5,296,245	4,421,678	4,244,334	1,973,604	4,208,779	5,530,885	-	7,407,563	5,297,537
Unrestricted revenue from use of money and property	1,423,318	366,934	137,881	147,287	-	-	-	3,884,508	-	487,488
Gain on disposition of assets	60,852	39,769	35,466	-	-	-	-	75,603	-	-
Miscellaneous	60,852	104	-	148	85,802	-	-	175,302	-	66,008
Investment Income	-	-	-	-	-	-	-	-	96,882	-
Transfers	818,076	1,118,121	112,148	1,450,585	1,573,778	(636,765)	1,299,005	1,334,230	1,302,466	3,178,869
Total Governmental Activities	<u>41,479,201</u>	<u>43,759,586</u>	<u>43,069,820</u>	<u>44,208,643</u>	<u>40,454,547</u>	<u>44,497,645</u>	<u>49,521,965</u>	<u>47,866,903</u>	<u>54,719,333</u>	<u>73,341,541</u>
Business-Type Activities:										
Unrestricted revenue from use of money and property	1,467,061	383,542	160,039	164,645	112,743	-	-	-	-	103,170
Investment Income	-	-	-	-	-	86,410	30,247	50,328	94,510	-
Gain on disposition of assets	20,549	83,741	5,302	43,421	45,496	111,679	52,393	-	-	67,701
Transfers	(818,076)	(1,118,121)	(112,148)	(1,450,585)	(1,573,778)	636,765	(1,299,005)	(1,334,230)	(1,302,466)	(3,178,869)
Total Business-Type Activities	<u>669,534</u>	<u>(650,838)</u>	<u>53,193</u>	<u>(1,242,519)</u>	<u>(1,415,539)</u>	<u>834,854</u>	<u>(1,216,365)</u>	<u>(1,283,902)</u>	<u>(1,207,956)</u>	<u>(3,007,998)</u>
Total primary government	<u>\$ 42,148,735</u>	<u>43,108,748</u>	<u>43,123,013</u>	<u>42,966,124</u>	<u>39,039,008</u>	<u>45,332,499</u>	<u>48,305,600</u>	<u>46,583,001</u>	<u>53,511,377</u>	<u>\$ 70,333,543</u>
Change in Net Position										
Governmental Activities	\$ 6,207,470	1,387,454	(1,034,127)	2,126,818	3,375,526	3,858,935	3,476,489	4,876,492	9,617,564	\$ (37,032,903)
Business-Type Activities	13,390,364	10,239,672	7,162,390	7,603,674	7,240,845	10,822,994	5,941,682	10,894,269	10,338,288	5,987,597
Total Primary Government	<u>\$ 19,597,834</u>	<u>11,627,126</u>	<u>6,128,263</u>	<u>9,730,492</u>	<u>10,616,371</u>	<u>14,681,929</u>	<u>9,418,171</u>	<u>15,770,761</u>	<u>19,955,852</u>	<u>\$ (31,045,306)</u>

DORCHESTER COUNTY, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Pre-GASB #54*										
Reserved	\$ 281,508	276,122	296,986	-	-	-	-	-	-	-
Unreserved	17,045,529	16,797,476	18,044,211	-	-	-	-	-	-	-
Post GASB #54*										
Nonspendable	-	-	-	291,055	270,837	291,602	295,392	545,846	175,150	218,763
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	3,767,568	3,780,688	3,799,711	1,304,804	3,965,900	3,988,014	3,154,772
Assigned	-	-	-	1,649,658	2,337,233	2,554,765	1,544,094	566,542	1,167,793	1,202,514
Unassigned	-	-	-	13,258,918	12,681,078	14,445,084	15,138,578	17,140,840	19,174,747	22,800,202
Total General Fund	\$ 17,327,037	17,073,598	18,341,197	18,967,199	19,069,836	21,091,162	18,282,868	22,219,128	24,505,704	\$ 27,376,251
All Other Governmental Funds										
Pre-GASB #54*										
Reserved, Reported In:	\$ 317,650	242,650	186,400	-	-	-	-	-	-	\$ -
Special Revenue Funds										
Unreserved, Reported In:										
Capital Improvements Fund	1,639,297	3,332,629	3,492,404	-	-	-	-	-	-	-
Fire Fund	1,438,130	1,342,353	-	-	-	-	-	-	-	-
Special Revenue Funds	7,967,309	7,841,054	10,706,781	-	-	-	-	-	-	-
Capital Projects Funds	8,229,304	(188,532)	(1,010,258)	-	-	-	-	-	-	-
Debt Service Funds	2,814,330	3,122,724	3,189,768	-	-	-	-	-	-	-
Post GASB #54*										
Nonspendable	-	-	-	142,650	105,150	105,150	4,583	251,532	4,042	174,415
Restricted	-	-	-	11,825,798	7,488,836	28,733,579	27,732,371	24,218,572	15,161,003	34,510,714
Committed	-	-	-	9,071,599	15,126,341	9,475,595	8,970,109	7,400,381	8,943,633	6,288,134
Assigned	-	-	-	1,640,133	-	323,308	-	-	-	-
Unassigned	-	-	-	(1,102,198)	(307,818)	(435,900)	(2,123,327)	(1,989,176)	(250,581)	(257,213)
Total All Other Governmental Funds	\$ 22,406,020	15,692,878	16,565,095	21,577,982	22,412,509	38,201,732	34,583,736	29,881,309	23,858,097	\$ 40,716,050

(*) The County implemented Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB #54") in 2011. GASB #54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The County has elected to apply GASB #54 prospectively - and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property Taxes	\$ 32,696,772	35,755,990	37,761,064	38,095,316	38,576,035	40,595,172	42,306,300	42,206,478	45,603,856	\$ 63,325,357
Licenses, Fines and Permits	4,184,609	4,111,433	3,932,128	3,712,414	3,536,872	3,735,393	3,922,050	4,789,935	4,535,839	4,336,157
Charges for Services	5,200,227	5,324,919	5,896,176	6,093,668	6,426,454	6,795,920	6,921,012	7,527,433	8,380,831	9,362,446
Intergovernmental	10,543,776	8,875,423	9,828,095	9,467,596	10,829,324	16,763,652	9,700,574	15,315,012	13,195,675	25,601,351
Other Income	2,424,995	2,977,068	1,388,321	364,307	1,711,674	2,261,812	1,400,609	2,271,365	3,419,154	6,072,083
Total Revenues	55,050,379	57,044,833	58,805,784	57,733,301	61,080,359	70,151,949	64,250,545	72,110,223	75,135,355	108,697,393
Expenditures										
General Government	16,157,356	18,554,498	19,236,056	18,802,048	18,579,997	23,009,713	19,441,018	21,920,805	22,479,433	27,276,393
Public Safety	21,844,095	24,061,056	25,330,008	26,142,414	27,209,316	29,025,905	32,650,690	30,162,858	33,225,811	34,991,866
Public Works	3,032,211	2,394,242	2,561,749	2,216,668	2,115,283	2,783,891	2,439,988	2,112,544	2,348,247	2,252,331
Health and Welfare	357,365	367,020	203,064	199,254	201,362	221,016	240,519	244,222	241,183	228,921
Culture and Recreation	301,675	258,231	232,527	265,554	28,223	118,776	35,234	110,675	236,896	111,186
Intergovernmental and nonprofit assistance	3,068,082	2,486,556	2,278,586	2,779,396	3,157,070	3,832,118	3,934,869	3,836,042	3,786,196	3,895,399
Disaster Recovery	-	-	-	-	-	-	-	-	-	1,682,909
Non-Departmental	472,511	1,130,999	563,984	530,390	667,029	481,074	1,736,818	1,062,342	758,228	512,367
Capital Outlay	10,795,309	14,582,977	5,935,685	5,166,063	7,471,886	9,009,636	7,451,746	17,156,290	12,188,154	20,719,795
Debt Service										
Principal	1,224,706	1,779,882	2,141,724	1,913,909	2,532,756	2,293,868	3,075,557	2,971,114	3,669,800	8,945,476
Interest	1,212,664	1,221,587	1,075,964	1,102,231	1,316,827	1,338,902	1,497,337	1,524,646	1,529,555	5,046,459
Bond Issuance Cost	-	-	161,139	38,466	-	74,865	-	-	-	-
Total Expenditures	58,465,974	66,837,048	59,720,486	59,156,393	63,279,749	72,189,764	72,503,776	81,101,538	80,463,503	105,663,102
Excess of Revenues Over (Under) Expenditures	(3,415,595)	(9,792,215)	(914,702)	(1,423,092)	(2,199,390)	(2,037,815)	(8,253,231)	(8,991,315)	(5,328,148)	3,034,291
Other Financing Sources (Uses)										
Transfers In	2,709,604	4,832,284	5,726,240	9,003,379	5,887,277	5,387,996	6,694,307	3,190,512	4,326,084	5,597,755
Transfers Out	(1,594,850)	(3,714,163)	(5,614,092)	(7,552,794)	(4,313,499)	(6,024,761)	(5,395,302)	(1,856,282)	(2,845,382)	(2,418,886)
Sale of Capital Assets	53,254	321,038	118,006	296,269	87,378	276,510	489,101	336,863	58,638	257,253
Insurance proceeds	7,598	24,577	123,224	1,237,000	72,932	17,166	38,835	-	52,172	348,177
Capital lease proceeds	3,521,122	800,000	-	2,882,554	52,466	1,315,762	-	2,514,055	-	-
Debt proceeds	700,000	-	2,650,000	5,000,000	1,350,000	28,617,065	-	4,040,000	-	-
Refunding bond proceeds	-	-	9,705,000	-	-	-	-	-	-	-
Payments to refund general obligation bonds	-	-	(9,733,885)	(2,568,664)	-	(9,741,374)	-	-	-	-
Premium on issuance of debt	-	-	80,025	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	5,396,728	2,263,736	3,054,518	7,061,981	3,136,554	19,848,364	1,826,941	8,225,148	1,591,512	3,784,299
Net Change in Fund Balances	\$ 1,981,133	(7,528,479)	2,139,816	5,638,889	937,164	17,810,549	(6,426,290)	(766,167)	(3,736,636)	\$ 6,818,590
Debt Service as a Percentage of Noncapital Expenditures	5.11%	5.74%	5.98%	5.59%	6.90%	5.75%	7.03%	7.03%	7.62%	16.47%

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

Fiscal Year Ended June 30		Property Tax	Sales Tax	Accommodation Tax		Total
2008	\$	32,954,978	9,644,613	60,254	\$	42,659,845
2009		36,385,300	9,385,457	57,200		45,827,957
2010		37,588,043	9,469,357	54,748		47,112,148
2011		37,810,569	9,817,880	63,601		47,692,050
2012		36,458,591	10,356,875	74,345		46,889,811
2013		40,558,572	10,867,238	75,760		51,501,570
2014		42,364,911	11,945,213	85,117		54,395,241
2015		42,063,705	13,045,978	89,700		55,199,383
2016		45,560,948	15,128,857	84,470		60,774,275
2017	\$	47,453,185	16,224,030	89,861	\$	63,767,076

Source: Dorchester County Treasurer

DORCHESTER COUNTY, SOUTH CAROLINA

Table 6

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Real Property ^		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2008	\$ 186,281,440	119,237,890	51,127,248	67,096,977	8,042,950	415,700,605	0.0928	\$ 8,240,672,888	5.04%
2009	200,888,090	133,017,020	51,815,239	68,196,499	7,660,490	446,256,358	0.0954	8,869,328,773	5.03%
2010	228,283,741	148,684,590	45,453,943	68,567,193	6,790,160	484,199,307	0.0918	9,734,837,041	4.97%
2011	232,088,420	152,708,580	43,201,312	70,919,359	6,934,100	491,983,571	0.0919	9,871,241,362	4.98%
2012	235,014,120	156,073,470	47,741,503	68,831,015	6,520,490	501,139,618	0.0919	10,057,534,031	4.98%
2013	237,450,480	157,859,970	52,980,226	70,068,167	8,122,640	510,236,203	0.0919	10,230,961,301	4.99%
2014	242,858,930	158,155,890	58,616,458	69,423,045	7,669,370	521,384,953	0.0941	10,458,211,841	4.99%
2015	249,382,760	156,661,220	62,985,586	69,549,535	7,971,840	530,607,261	0.0943	10,669,450,800	4.97%
2016	248,055,090	165,666,090	67,488,390	71,926,673	8,341,990	544,794,253	0.0988	10,875,119,104	5.01%
2017	\$ 258,180,820	169,595,340	68,498,712	76,976,811	7,613,480	565,638,203	0.0994	\$ 11,272,958,074	5.02%

^ Real Property Assessments do not include exemptions.

Source: Dorchester County Auditor

DORCHESTER COUNTY, SOUTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

County

Fiscal Year	General	Capital	Debt	TTC	Library	Children in Crisis	Senior Center	Fire	Fire Capital	Total Direct Rate
2008	0.0493	0.0074	0.0063	0.0034	0.0046	0.0010	0.0018	0.0150	0.0040	0.0928
2009	0.0531	0.0074	0.0045	0.0035	0.0050	0.0010	0.0019	0.0150	0.0040	0.0954
2010	0.0502	0.0070	0.0043	0.0035	0.0049	0.0010	0.0019	0.0150	0.0040	0.0918
2011	0.0502	0.0070	0.0043	0.0035	0.0050	0.0010	0.0019	0.0150	0.0040	0.0919
2012	0.0502	0.0070	0.0043	0.0035	0.0050	0.0010	0.0019	0.0150	0.0040	0.0919
2013	0.0502	0.0070	0.0043	0.0035	0.0050	0.0010	0.0019	0.0150	0.0040	0.0919
2014	0.0502	0.0070	0.0065	0.0035	0.0050	0.0010	0.0019	0.0150	0.0040	0.0941
2015	0.0502	0.0070	0.0065	0.0035	0.0052	0.0010	0.0019	0.0150	0.0040	0.0943
2016	0.0550	0.0070	0.0062	0.0035	0.0052	0.0010	0.0019	0.0150	0.0040	0.0988
2017	0.0550	0.0070	0.0062	0.0035	0.0058	0.0010	0.0019	0.0150	0.0040	0.0994

Source: Dorchester County Auditor

Note: Millage rates above are per \$100 of assessed value

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Overlapping Rates (Continued)

School Districts

Fiscal Year	DD2 Op	DD2 Debt	Voc Oper	DD4 Op	DD4 Debt	Voc Oper	Total School District Millage	Total Direct & Overlapping Rates
2008	0.1568	0.0298	0.0086	0.2313	0.0300	0.0086	0.4651	0.5579
2009	0.1615	0.0298	0.0084	0.2364	0.0300	0.0084	0.4745	0.5699
2010	0.1650	0.0309	0.0091	0.2387	0.0280	0.0091	0.4808	0.5726
2011	0.1686	0.0360	0.0093	0.2387	0.0280	0.0093	0.4899	0.5818
2012	0.1686	0.0360	0.0093	0.2302	0.0280	0.0093	0.4814	0.5733
2013	0.1686	0.0360	0.0093	0.2200	0.0280	0.0093	0.4712	0.5631
2014	0.1686	0.0460	0.0093	0.2200	0.0280	0.0093	0.4812	0.5753
2015	0.1686	0.0530	0.0093	0.2200	0.0280	0.0093	0.4882	0.5825
2016	0.1699	0.0530	0.0093	0.2150	0.0280	0.0093	0.4845	0.5833
2017	0.1699	0.0530	0.0093	0.2150	0.0280	0.0093	0.4845	0.5839

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 15,850,480	1	2.84%	\$ 8,621,820	2	2.15%
Robert Bosch LLC	9,058,230	2	1.62%	13,137,530	1	3.27%
Showa Denko Carbon Inc.	6,257,950	3	1.12%	3,740,320	4	0.93%
Argos Cement LLC	6,246,610	4	1.12%	-	-	-
Giant Cement Co	3,712,660	5	0.67%	1,272,110	8	0.32%
Charleston-N CHAS MSA CO 646	2,076,100	6	0.37%	-	-	-
Bellsouth Telecommunications	2,073,620	7	0.37%	3,855,700	3	0.96%
FAE Holdings LLC	1,754,550	8	0.31%	-	-	-
Trident Medical Center LLC	1,499,410	9	0.27%	1,073,590	9	0.27%
Atrium at Wescott LLC	1,425,390	10	0.26%	-	-	-
LaFrage Building Materials, Inc.	-	-	-	2,559,170	5	0.64%
James Hardee Building Products	-	-	-	1,518,630	6	0.38%
Linq Industrial Fabrics Inc.	-	-	-	1,347,080	7	0.34%
Edisto Electric Coop Inc.	-	-	-	976,600	10	0.24%
Total	<u>\$ 49,955,000</u>		<u>8.96%</u>	<u>\$ 38,102,550</u>		<u>9.49%</u>

Source: Dorchester County Auditor

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 27,020,539	24,158,388	89.4%	1,664,017	\$ 25,822,405	95.6%
2009	27,444,766	24,552,418	89.5%	1,731,677	26,284,095	95.8%
2010	29,778,257	28,175,487	94.6%	1,960,493	30,135,980	101.2%
2011	30,256,990	28,679,540	94.8%	1,839,683	30,519,223	100.9%
2012	30,820,087	29,434,165	95.5%	1,591,794	31,025,959	100.7%
2013	32,502,046	30,165,665	92.8%	1,761,348	31,927,012	98.2%
2014	33,212,221	31,925,907	96.1%	1,417,765	33,343,672	100.4%
2015	33,799,683	32,667,544	96.7%	1,355,541	34,023,085	100.7%
2016	37,154,968	35,609,309	95.8%	1,475,835	37,085,144	99.8%
2017	\$ 38,576,525	37,127,741	96.2%	1,630,268	\$ 38,758,009	100.5%

(1) The levy for any given fiscal year is based on the assessed values from the tax rolls of the preceding calendar year.

(2) All vehicle collections are shown in the fiscal year collected, regardless of levy year. The only taxes shown as collections in subsequent years are taxes collected on real property.

Source: Dorchester County Auditor and Dorchester County Treasurer

Table 10

DORCHESTER COUNTY, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Governmental Activities				Business Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Financing Lease - Notes Payable	Revenue Bonds	Water/Sewer Capital Leases	Water/Sewer Revenue Bonds	Water/Sewer Notes Payable					
2008	\$ 23,197,278	4,013,039	-	-	62,600,000	-	-	89,810,317	2.22%	\$ 706	
2009	22,158,078	4,072,359	-	-	60,890,000	-	-	87,120,437	2.14%	668	
2010	20,829,815	3,523,125	2,439,697	-	71,377,063	-	-	98,169,700	2.28%	719	
2011	24,499,111	3,363,027	2,338,880	-	71,459,479	-	-	101,660,497	2.19%	726	
2012	24,105,236	2,875,599	2,098,293	-	69,155,341	245,589	-	98,480,058	2.07%	691	
2013	41,648,342	3,343,729	1,844,474	-	70,489,753	187,712	-	117,514,010	2.43%	809	
2014	39,707,418	2,675,628	1,576,695	-	68,480,771	127,549	-	112,568,061	2.18%	758	
2015	41,784,084	4,452,463	1,294,189	-	64,915,270	65,035	-	112,511,041	2.05%	\$ 738	
2016	39,498,844	3,324,866	996,146	-	61,468,766	-	-	105,288,622	N/A	N/A	
2017	\$ 121,400,675	2,186,364	681,709	-	54,182,091	-	5,223,007	183,673,846	N/A	N/A	

(1) See Table 14 for personal income and population data.

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

* The Dorchester County Transportation Authority was reported in prior years as a discretely presented component unit, however based on their governance, it was determined that they would be reported as part of the primary government's governmental activities in FY2017. Therefore, their outstanding principal on referendum approved General Obligation Bonds is reflected in the above figure.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2) *
2008	\$ 23,197,278	1,005,408	\$ 22,191,870	0.27%	\$ 175
2009	22,158,078	262,821	21,895,257	0.25%	168
2010	20,829,815	454,182	20,375,633	0.21%	149
2011	24,499,111	(654,422)	25,153,533	0.25%	180
2012	24,105,236	(411,399)	24,516,635	0.24%	172
2013	41,648,342	261,026	41,387,316	0.40%	285
2014	39,707,418	297,745	39,409,673	0.38%	265
2015	41,784,084	451,185	41,332,899	0.39%	271
2016	39,498,844	92,031	39,406,813	0.36%	\$ 256
2017	\$ 121,400,675 **	3,977,298	\$ 117,423,377	1.04%	N/A

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Table 6 for property value data.

(2) Population data can be found on Table 15.

* Population data not available for 2017.

** The Dorchester County Transportation Authority was reported in prior years as a discretely presented component unit, however based on their governance, it was determined that they would be reported as part of the primary government's governmental activities in FY2017. Therefore, their outstanding principal on referendum approved General Obligation Bonds is reflected in the above figure.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

YEAR ENDED JUNE 30, 2017

UNAUDITED

	<u>Governmental Activities Debt</u>	<u>Applicable to County Taxpayers</u>	<u>Taxpayers Share of Debt</u>
Direct			
County	\$ 124,268,748 ¹	100%	\$ 124,268,748
Overlapping			
School District #2	202,234,230	100%	202,234,230
School District #4	15,686,000	100%	15,686,000
Town of Summerville	7,221,152	29%	2,094,134
City of North Charleston	201,531,109	18%	36,275,600
Total Overlapping Debt	<u>426,672,491</u>		<u>256,289,964</u>
Total Direct and Overlapping Debt	<u>\$ 550,941,239</u>		<u>\$ 380,558,712</u>

Source: Contact with each entity in the county, requesting information.

¹Net debt outstanding for the County is all general long-term debt (excluding accrued vacation benefits).

DORCHESTER COUNTY, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 33,256,048	35,700,509	38,735,945	39,358,686	40,091,169	40,818,896	41,710,796	42,448,581	43,583,540	\$ 45,115,800
Total net debt applicable to limit	23,197,278	22,158,078	20,829,815	19,499,111	19,209,594	36,924,158	39,319,601	37,425,357	35,334,768	32,829,521
Legal debt margin	\$ 10,058,770	13,542,431	17,906,130	19,859,575	20,881,575	3,894,738	2,391,195	5,023,224	8,248,772	\$ 12,286,279
Total net debt applicable to the limit as a percentage of debt limit	69.75%	62.07%	53.77%	49.54%	47.91%	90.46%	94.27%	88.17%	81.07%	72.77%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 563,947,504
Debt limit (8% of total assessed value)	45,115,800
Debt applicable to limit: General obligation bonds	32,829,521
Legal debt margin	\$ 12,286,279

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Water and Sewer Revenue Bonds							
	Charges and Other Revenues		Less: Operating Expenses		Net Available Revenue	Debt Service		Coverage
	(1)	(2)		Principal	Interest			
2008	\$	14,637,820	9,309,296		5,328,524	1,654,662	\$ 2,590,019	1.26
2009		15,821,830	9,610,613		6,211,217	1,708,888	2,349,830	1.53
2010		16,150,459	9,484,276		6,666,183	1,764,772	2,650,808	1.51
2011		16,320,361	8,765,226		7,555,135	2,563,697	2,586,756	1.47
2012		17,419,761	9,030,163		8,389,598	2,759,547	3,092,121	1.43
2013		17,779,769	10,637,441		7,142,328	2,831,719	2,009,248	1.48
2014		19,166,155	11,504,750		7,661,405	3,347,615	1,964,249	1.44
2015		19,651,915	11,447,522		8,204,393	3,524,459	1,784,886	1.55
2016		20,766,525	11,369,472		9,397,053	3,648,119	1,847,550	1.71
2017	\$	21,750,557	12,357,589		9,392,968	3,724,461	\$ 1,797,625	1.70

(1) Total operating revenues plus interest income

(2) Total operating expenses less depreciation

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	(1)	(2)	(2)	(3)
	Population	Personal Income*	Per Capita Personal Income	Unemployment Rate
2008	127,133	\$ 4,037,871,213	\$ 31,761	5.7%
2009	130,417	4,071,618,740	31,220	9.7%
2010	136,555	4,305,032,930	31,526	9.5%
2011	140,072	4,636,663,344	33,102	9.0%
2012	142,466	4,760,073,992	33,412	7.8%
2013	145,310	4,835,044,940	33,274	6.6%
2014	148,499	5,155,142,785	34,715	5.8%
2015	152,536	5,486,109,776	35,966	5.5%
2016	153,773	-	-	4.4%
2017	-	\$ -	\$ -	N/A

Source:

- (1) South Carolina Division of Research and Statistic.
- (2) U.S. Department of Commerce, Bureau of the Census.
- (3) South Carolina Employment Security Commission.
- * In Thousands.

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2017			2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Robert Bosch Corporation	2,141	1	35.72%	2,400	1	39.41%
iQor	1,100	2	18.35%	460	5	7.55%
InterContinental Hotels Group	700	3	11.68%	650	3	10.67%
BAE	524	4	8.74%			0.00%
Scout Boats	360	5	6.01%	180	9	2.96%
Sportsman Boats	264	6	4.40%			0.00%
Showa Denko Carbon	242	7	4.04%	230	6	3.78%
Key West Boats	235	8	3.92%			0.00%
Knight's Companies	218	9	3.64%	220	7	3.61%
KION North America Corporation	210	10	3.50%	200	8	3.28%
Giant Cement Holdings, Inc.				1,050	2	17.24%
CAT Reman Powertrain Services				570	4	9.36%
KapStone Paper and Packaging Corp.				130	10	2.13%
Total	5,994		100.00%	6,090		100.00%

Source: Dorchester County Economic Development

DORCHESTER COUNTY, SOUTH CAROLINA

FULL TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administrator	4.5	4.5	4.5	4.5	4.0	4.0	6.0	7.0	8.0	8.0
Animal Control	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	6.0
Assessor	21.0	21.0	21.0	20.0	20.0	20.0	20.0	20.0	20.0	20.5
Attorney	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0
Auditor	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Building Services	2.0	2.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0
Codes Enforcement	22.0	23.0	7.0	7.0	7.0	7.0	7.0	7.0	0.0	0.0
County Council	9.0	9.0	9.0	9.0	9.5	8.5	8.5	8.0	8.0	8.0
Delinquent Tax Collector	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Elections and Voter Registration	6.5	6.5	6.5	6.5	6.0	6.0	6.0	6.0	6.0	6.0
Facilities & Grounds Maintenance	29.0	29.0	29.0	29.0	29.0	30.5	31.5	31.5	31.5	31.5
Finance	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.5	7.5
Fleet Services	10.0	12.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Human Resources	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Information Technology	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Planning & Zoning	0.0	0.0	5.0	5.0	7.0	7.0	7.0	8.0	10.0	10.0
Purchasing	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.5
Register of Deeds	8.5	8.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Risk Management & Safety	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Treasurer	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Judicial										
Clerk of Court	8.0	8.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	10.5
Family Court	11.0	11.0	11.0	11.0	11.0	11.5	11.5	11.5	11.5	12.5
Magistrates	22.0	22.0	22.0	24.0	19.0	19.5	19.5	20.0	20.0	20.0
Master-in-Equity	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Probate Court	6.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	7.0	7.0

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

FULL TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Communications Support	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Coroner	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Detention	65.5	65.5	72.0	71.5	70.5	70.0	70.0	74.0	102.0	102.0
E911	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Emergency Management	2.0	2.0	2.5	2.5	2.0	2.5	2.5	3.0	3.0	3.0
Emergency Medical Services	65.5	65.5	65.5	66.0	66.0	66.0	74.0	74.0	90.0	90.0
Fire Department	0.0	0.0	0.0	1.0	12.0	26.5	26.5	26.5	26.5	49.5
Sheriff	144.0	148.0	158.0	163.0	175.0	181.0	187.5	187.5	195.0	197.0
Victims Advocate	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Works										
Airport Operations	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Road Maintenance	52.0	52.0	51.0	46.0	48.0	48.0	48.0	47.0	47.0	47.0
Health and Welfare										
Veteran's Affairs	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Economic Development										
Economic Development	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Culture and Recreation										
Recreation	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
Water & Sewer										
Water & Sewer	62.0	62.0	64.0	69.0	77.0	78.0	78.0	79.0	80.0	84.5
Stormwater Utility										
Stormwater Utility	23.0	23.0	31.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Solid Waste										
Solid Waste	37.0	36.0	36.0	36.0	36.0	36.0	36.0	37.0	38.0	38.0
Total	690.00	696.50	719.00	719.00	747.00	771.00	792.50	799.00	855.00	886.50

Source: Dorchester County Human Resources Department

DORCHESTER COUNTY, SOUTH CAROLINA

OPERATING INDICATORS

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General										
Number of building permits	543	420	639	346	320	398	383	564	479	502
Coroner										
Calls for service*	452	490	531	539	503	639	729	813	907	856
Sheriff										
Calls for service*	102,427	128,596	124,611	115,073	143,007	138,992	138,137	133,489	113,747	60,801
EMS										
Calls for service	13,572	12,921	14,304	14,189	14,697	15,308	15,840	17,595	19,038	19,901
Fire										
Number of calls answered	-	-	-	-	-	425	1,576	1,498	1,438	2,165
Number of inspections conducted	-	-	-	-	-	38	142	216	328	527
Number of investigations conducted	-	-	-	-	-	6	7	9	8	11
Number of customers										
Retail - Water	7,255	7,444	7,774	7,832	7,972	8,148	8,292	8,478	8,655	9,090
Retail - Sewer	20,336	20,193	21,820	22,109	22,701	23,254	23,894	24,518	25,204	26,087
Sales/Usage in Millions of Gallons										
Retail Average Monthly Water Usage	1.62	1.66	1.76	1.86	1.95	1.87	2.34	2.27	2.43	2.65
Wholesale Average Monthly Water Usage	-	-	-	-	-	-	-	-	-	-
Total Average Monthly Water Usage	1.62	1.66	1.76	1.86	1.95	1.87	2.34	2.27	2.43	2.65
Retail Gallons Sold - Water **	591	593	593	597	624	604	607	635	644	688
Wholesale Gallons Sold - Water	-	-	-	-	-	-	-	-	-	-
Total Gallons Sold - Water	591	593	593	597	624	604	607	635	644	688
Retail Gallons Sold - Sewer **	2,098	3,099	3,195	3,327	3,654	3,093	3,059	3,277	3,016	3,118
Wholesale Gallons Sold - Sewer	-	-	-	-	-	-	-	-	-	-
Total Gallons Sold - Sewer	2,098	3,099	3,195	3,327	3,654	3,093	3,059	3,277	3,016	3,118

* These figures are as of December 18, 2017

** Figures in 1 million gallons

Source:

Dorchester County Building Services Department, Dorchester County Emergency Medical Services Department, Dorchester County Sheriff's Office, Dorchester County Fire-Rescue Department, and Dorchester County Water & Sewer Department

Dorchester County Coroner and Sheriff's Office data based on calendar year as this is how crime is reported nationally.

Dorchester County Fire-Rescue Department was not established until 2013, therefore information is not available prior to this year.

All sewer usage is commercial only - do not calculate residential sewer usage.

DORCHESTER COUNTY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
EMS stations	7	7	7	7	7	7	7	7	7	7
Fire stations	-	0	0	0	11	11	11	12	12	14
Sheriff vehicles	147	144	151	157	149	168	167	168	176	178
Sheriff stations (including substations)	2	2	2	2	2	2	2	2	2	2
Highways & Streets										
County maintained paved roads (miles)	344	347	347	349	353	362	365	365	372	374
County maintained unpaved roads (miles)	92	91	91	89	85	77	76	76	70	70
Recreation										
Parks open to the public	1	1	1	2	2	2	2	2	2	2
Parklands open to the public	7.9	7.9	7.9	77.9	77.9	77.9	77.9	77.9	77.9	77.9
Parklands owned by the County for future development	76.2	76.2	92.1	400.4	400.4	491.5	491.5	491.5	491.5	495.5

Source:

EMS information provided by the County Emergency Medical Services Department

Fire information provided by the County Fire Department. DCFR was not established until 2013, therefore information is not available prior to this year.

Police information provided by the County Sheriff's Department.

Recreation information provided by County Recreation in terms of acreage. County Recreation was not established until 2011, therefore information is not available prior to this year.



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COMPLIANCE SECTION

DORCHESTER COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Share Expenditures
U.S. DEPARTMENT OF THE INTERIOR			
Passed-through the South Carolina Department of Parks, Recreation, and Tourism: South Carolina National Heritage Corridor Grant Program - Middleton Place Foundation - Documentary "Beyond the Fields"	15.904	SCNHC 2016	\$ 28,970
TOTAL US DEPARTMENT OF THE INTERIOR			28,970
U.S. DEPARTMENT OF JUSTICE			
Direct Programs: State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	5,398
Direct Programs: Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	25,574
Passed-through the South Carolina Department of Public Safety: Solicitor's Victim Assistance Program	16.575	I-V-15-153	21,246
Solicitor's Victim Assistance Program	16.575	I-V-15-154	54,468
Total Solicitor's Victim Assistance Program			75,714
Direct Programs: Equitable Sharing Program	16.922	N/A	80,370
TOTAL U.S. DEPARTMENT OF JUSTICE			187,056
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-through the South Carolina Department of Transportation: Highway Planning and Construction Cluster: Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users	20.205	IGA-11-07-A7	144,473
Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users	20.205	IGA-11-07-A8	4,240,928
Fixing America's Surface Transportation (FAST) Act (previously MAP-21)	20.205	LPA-12-14	43,800
Fixing America's Surface Transportation (FAST) Act (previously MAP-21)	20.205	LPA-10-15	19,933
Fixing America's Surface Transportation (FAST) Act (previously MAP-21)	20.205	LPA-11-15	26,301
Fixing America's Surface Transportation (FAST) Act (previously MAP-21)	20.205	LPA-12-15	35,165
Total Highway Planning and Construction Cluster			4,510,600
Direct Programs: Airport Improvement Program	20.106	N/A	166,117
Passed-through the South Carolina Department of Public Safety: Highway Safety Cluster: Sheriff's Highway Safety Traffic Division Enhancement Unit - 1st Year	20.600	PT-2016-HS-10-16	16,215
Sheriff's Highway Safety Traffic Division Enhancement Unit - 2nd Year	20.600	PT-2017-HS-10-17	55,025
Total Highway Safety Cluster			71,240
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ 4,747,957

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Share Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed-through the South Carolina Department of Social Services: Child Support Enforcement	93.563	N/A	\$ 327,284
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			327,284
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-through the South Carolina Emergency Management Division: Disaster Grants - Public Assistance (Presidentially Declared Disasters) - South Carolina - Major Disasters and Related Determinations	97.036	FEMA-4241-DR-SC	94,401
Passed-through the South Carolina Emergency Management Division: Hazard Mitigation Grant (HMGP)	97.039	FEMA-4166-SC-036	131,910
Passed-through the South Carolina Emergency Management Division: Emergency Management Performance Grants: EMD - LEMPG 2015 Emergency Management	97.042	15EMPG01	3,215
EMD - LEMPG 2015 Emergency Management	97.042	16EMPG01	69,851
EMD - LEMPG 2015 Emergency Management - Supplemental	97.042	15EMPG01 Supplement	6,935
Total Emergency Management Performance Grants			80,001
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			306,312
TOTAL FEDERAL EXPENDITURES			\$ 5,597,579

Note: There were no federal awards disbursed to subrecipients during the year ended June 30, 2017.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Dorchester County (the "County") under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Loans Outstanding

In 2011 the County issued debt in the amount of \$4,034,983 through the State of South Carolina's revolving loan fund program, of which \$2,017,491 (50%), was funded by federal American Recovery and Reinvestment Act (ARRA) funds (CFDA Number 66.458) received by the state. Activity relating to the debt during the year ended June 30, 2017 is as follows:

	Federal	State	Total
Balance at July 1, 2016	\$ 2,017,491	\$ 856,972	\$ 2,874,463
Drawn down in current year	-	-	-
Expended to date	<u>\$ 2,017,491</u>	<u>\$ 856,972</u>	2,874,463
Payments			(180,115)
Balance at June 30, 2017			<u>\$ 2,694,348</u>

Note 4. Indirect Costs

The County elected not to use the de minimis indirect cost rate of 10%.



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Dorchester County Council
Dorchester County, South Carolina
St. George, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dorchester County, South Carolina (the "County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 27, 2017. Our report includes a reference to other auditors who audited the financial statements of the Dorchester County Library System, a discretely presented component unit, as described in our report on Dorchester County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to the Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Greene Finney, LLP".

Greene Finney, LLP
Mauldin, South Carolina
December 27, 2017



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Dorchester County Council
Dorchester County, South Carolina
St. George, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Dorchester County, South Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Greene Finney, LLP
Mauldin, South Carolina
December 27, 2017

DORCHESTER COUNTY, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

There were no audit findings in the prior year.

DORCHESTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and type B programs:	<u> \$ </u> 750,000
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Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
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DORCHESTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

Section II – Current Year Financial Statement Findings

2017-001: PRIOR PERIOD ADJUSTMENT AND BALANCE SHEET MONITORING/FINANCIAL CLOSEOUT

Condition:	<p>The beginning net position in the Solid Waste Fund was restated due to the incorrect recording of revenues, receivables, and unearned revenues related to commercial solid waste user fees in prior years.</p> <p>There were 30 journal entries made by the County and the auditors after the final trial balance was provided. In addition, there were several balance sheet accounts that were adjusted by the auditors as of June 30, 2017 that had not been adjusted in several years.</p>
Criteria:	<p>The County's internal control over financial reporting should include obtaining supporting documentation and recording appropriate adjustments for all balance sheet accounts in a timely manner during the annual financial closeout process.</p>
Cause:	<p>The County has had significant turnover in key financial positions in recent years.</p>
Context:	<p>Net position for the Solid Waste Fund as of June 30, 2016 was understated by approximately \$1,633,000.</p>
Effect:	<p>A prior period adjustment was recorded to increase net position in the Solid Waste Fund by approximately \$1,633,000, and, as noted above, there were a total of 30 journal entries made for various adjustments by the County and the auditors after the final trial balance was provided.</p>
Recommendation:	<p>The County is doing a good job of monitoring the income statement, including budget to actual comparisons; however, we recommend that the County also review the balance sheet in detail at least annually and evaluate all significant balances to ensure that they are accurate.</p>
Response:	<p>Dorchester County historically billed Solid Waste fees through the Logics accounting system for residential and commercial user fees. The aforementioned Logics system is not the County's proprietary system of record and therefore visibility of some information is limited. Staff will work to consolidate systems that are being used for auxiliary functions in the future. Commercial billings were billed in entirety on County tax bills in FY2017 which represents a complete conversion from the former process of billing directly on behalf of Public Works using the Logics system. This will assist in ensuring that balances are reported correctly in the future.</p> <p>In order to ensure that balances are evaluated and accurately reported, a liaison from the Financial Services Division will be assigned to work with their counterparts in departments that represent the County's business-type activities to ensure tasks are handled correctly.</p>

Section III – Findings and Questioned Costs – Major Federal Awards Programs Audit

No matters to report.

Dorchester County
Corrective Action Plan for Audit Finding

Corrective Action Plan Information:	
Audit Report Fiscal Year:	June 30, 2017
Finding Number:	2017-001
Finding:	Prior Period Adjustment and Balance Sheet Monitoring/Financial Closeout
Corrective Action Taken or To Be Taken: If already taken, date of completion: If to be taken, estimated date of completion:	In order to ensure that balances are evaluated and accurately reported, a liaison from the Financial Services Division will be assigned to work with their counterparts in departments that represent the County's business-type activities to ensure tasks are handled correctly. This process will be implemented in the 3rd quarter of FY2018. Thorough review of the County's balance sheet will occur monthly at the same time that the monthly budget reports are published.
Response: Does entity agree with finding?: If no or partially, please explain reason(s) why:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Partially <input type="checkbox"/>
Additional Comments:	
Contact Responsible for Corrective Action: Name: Title: Address or Mailstop: City, State, Zip code: Phone Number: Email:	Jessica D. Shuler Director of Business Services 201 Johnston Street Saint George, SC 29477 (843)832-0365 jshuler@dorchestercountysc.gov