

Dorchester County, SC
Department of Business Services

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended June 30, 2018

December 2018





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DORCHESTER COUNTY, SOUTH CAROLINA

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December 20, 2018

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 Generally accepted accounting principles (GAAP) in the United States of America 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, 2018.

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, 2018. 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 900 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
- Urban and 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 disbursal to appropriate entities/municipalities (Treasurer’s Office)
- Water & Sewer – operation of water wells, elevated water storage tanks, water lines, wastewater treatment plants, gravity sewer lines, sewer force main and pump stations

Dorchester County operates under a Council-Administrator form of government. 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 Council enacts, and the County Administrator administers and enforces ordinances and resolutions relative to municipal 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 to continue to surge. Between the 2010 Census and estimates dated July 1, 2017, the County experienced population growth of 14.6%, an average of 1.8% per year. Dorchester County has a strong tax base and continues to experience growth in business and residential activity. In 2018, several new and redeveloped properties were either opened or announced, along with an increase in new industrial growth. The County previously 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. In 2018, the residual land in this district was purchased by Lennar Carolinas, LLC. Lennar now holds the title of

master developer for the district and the County has initiated the process of issuing tax-exempt assessment backed revenue bonds to fund public infrastructure in that area. A new Publix grocery store has broken ground in the district which will fill a void for grocery services outside of Summerville.

Dorchester County continues to experience robust activity in residential and commercial construction. Building permits valued at \$108,346,471 (residential) and \$64,423,203 (commercial) were issued during fiscal year 2018. Permits are expected to increase as a result of newly announced residential communities, multifamily, and industrial development. Commercial permit activity in fiscal year 2018 represents a 417% increase over the prior year and the largest value in the past ten years.

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 2018, over 175 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 nearing completion 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 manufacturers (Sundaram Clayton) and expansions (Scout Boats), in addition to retail upfits for food service and retail operations.

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. In 2018, the South Carolina State Ports Authority purchased 1,000 acres at the Park and announced future plans to support import and export growth as well as distribution. This represents a significant opportunity for economic growth and employment in the next ten years.

Outside of St. George, the County recently completed 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. At this time, the building is being marketed.

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, specifically the Ridgeville Commerce Park, which is also the site of recently announced manufacturer Sundaram Clayton. The installation of the water line is underway, and a water tower is being constructed at the Park with completion occurring in mid-2019.

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. It is anticipated that County Council will give final approval to the new Comprehensive Plan in early 2019.

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 County is set to revise this plan in 2019.

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, 2018, the County's budget was balanced.

Unassigned fund balance of approximately \$21,552,775 in the General Fund for the fiscal year ended June 30, 2018, represents 38.6% 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, there will be no transfer to the Reserve Fund in fiscal year 2019. With a balance of \$5,825,950 as of June 30, 2018, the balance of the Reserve Fund is equivalent to 10.4% of subsequent year projected revenues. As the policy caps this amount at 10%, this dictates that a transfer of \$243,328 be made to the General Fund and designated as unassigned fund balance, therefore increasing that figure to \$21,796,103 or 39% of subsequent year projected revenues. In the event that both unassigned fund balance meets 40% and the Reserve Fund exceeds 10%, excess fund balance may be used for one-time capital or to retire debt. As this was the case in the prior year, \$680,257 was budgeted for one-time capital in fiscal year 2019.

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 and revised on July 1, 2018. 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 2018, Council adopted a reimbursement resolution which outlines several projects to be financed with General Obligation bonds that will be issued in 2019. Of these projects, \$6,000,000 is set aside for the design, engineering, and construction of a new Emergency Operations Center. As this project will vacate space in the County's existing Law Enforcement Complex, funding is also allocated for a \$3,000,000 renovation to that facility. Council also recognizes the need for the County to strategically acquire land for future capital construction and economic development. This bond issue will finance \$2,000,000 of the County's recent \$3,250,000 acquisition of the 300+ acre Pine Hill Commerce Park. This park will allow the County to continue industrial development on the Highway 17A corridor outside of Summerville and designates land for the development of a future wastewater treatment plant in this area.

During fiscal year 2018, County Council approved funding for the addition of another prime-time medic unit based upon call volume history in the Emergency Medical Services (EMS) department. Continuation funding was approved in the fiscal year 2019 budget. As the County experiences rapid growth, it will be important to continue to monitor all lines of service delivery to ensure long-term sustainability. As part of the base budget for fiscal year 2019, Council approved the addition of eight dispatchers to staff the County Dispatch Center. This will allow for the call-taker methodology to be observed where each employee will operate a radio or a phone, but not both.

Looking to the future, the County recognizes the need to continue to improve the provision of Fire-Rescue and EMS services. Lennar has committed \$1,500,000 towards the construction of a co-located Fire and EMS station in Summers Corner. It is anticipated that this facility will be completed in 2020 which will require fully staffing a new medic unit and fire apparatus.

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 conducted 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. The results of the study were approved and funded for full implementation in January 2019.

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, 2018. This is the second 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. Dorchester County first submitted the CAFR for the fiscal year ended June 30, 2017 and received comments addressing unmet criteria for the program. Those comments have been addressed in this submission.

The County also received GFOA's Distinguished Budget Presentation Award for the twelfth time for fiscal year 2018. 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 2019 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,



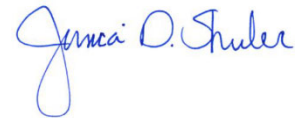
Jason L. Ward

County Administrator



Daniel T. Prentice

Chief Financial Officer



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 (Deceased)
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
Rebecca L. Vance, Deputy County Administrator
Daniel T. Prentice, Deputy County Administrator
Jessica D. Shuler, Director of Business Services

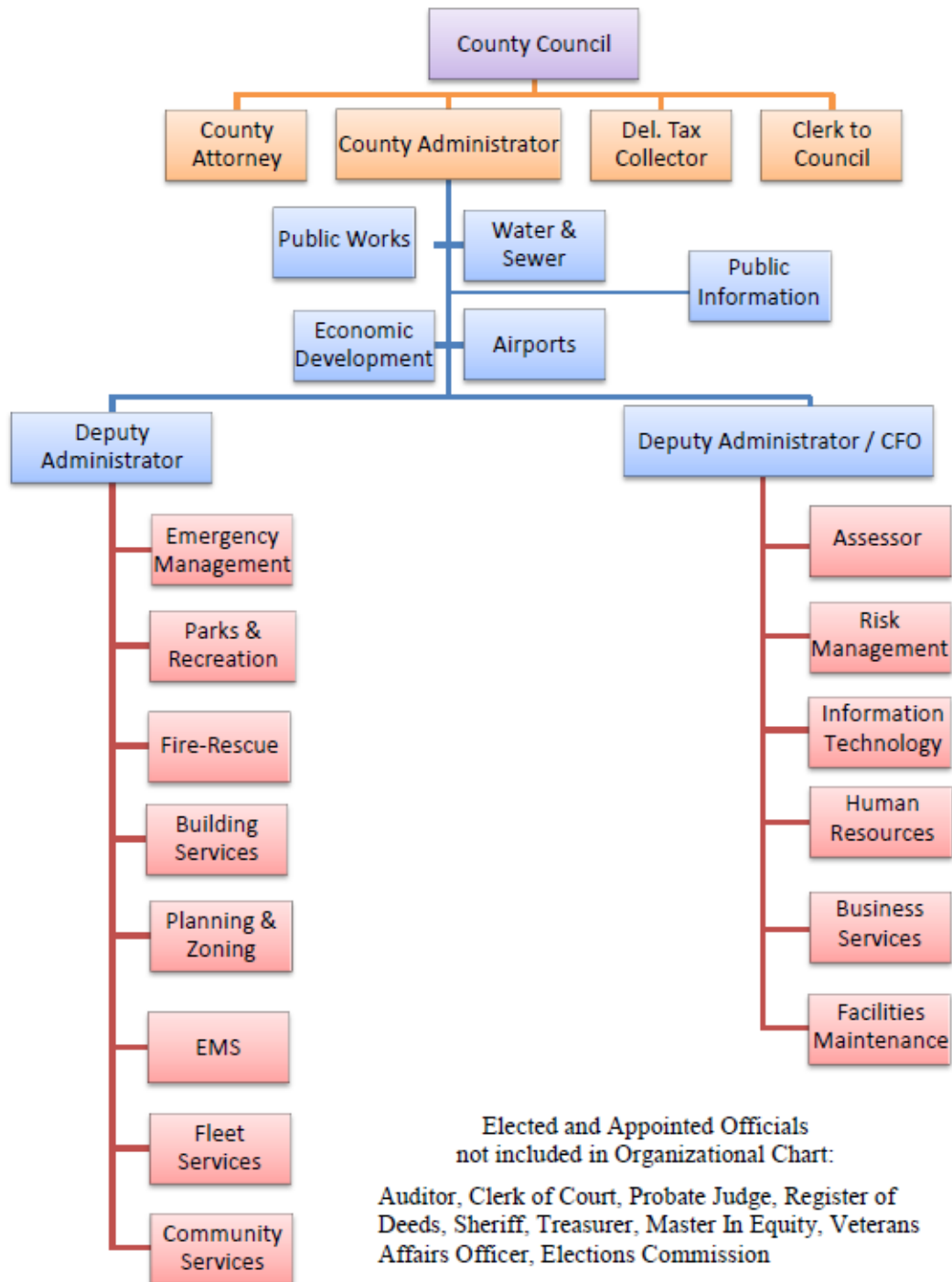
Elected Officials

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

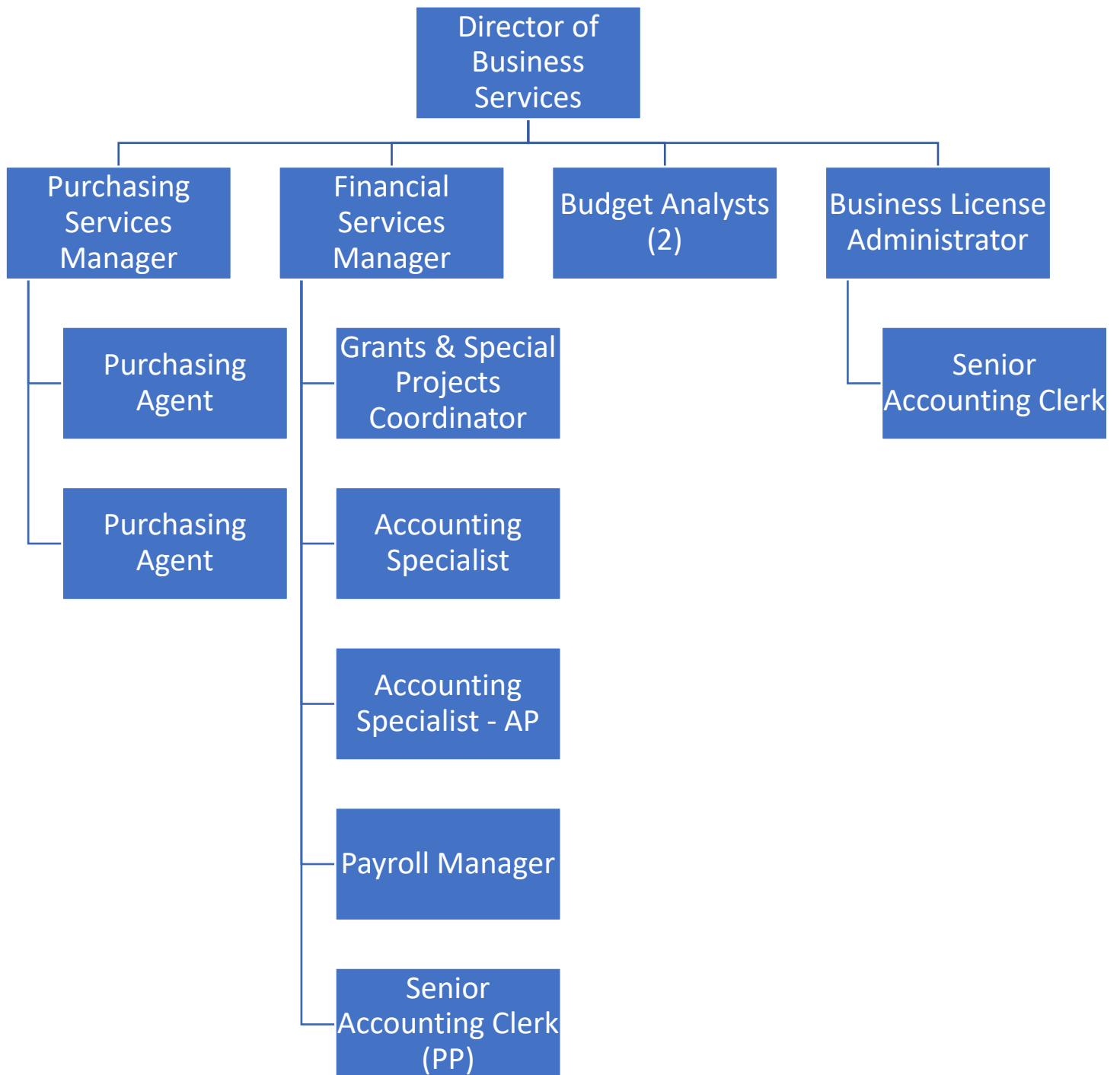
Appointed Officials

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

Organization Chart



Business Services Organization Chart





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, 2018, 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 System, 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, 2018, 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.

Change in Accounting Principle

As discussed in Note I.B to the financial statements, for the year ended June 30, 2018 the County adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. 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 plan schedules, and other postemployment benefit plan 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 20, 2018 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

Greene Finney, LLP
Mauldin, South Carolina
December 20, 2018



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DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes. This overview and analysis does not include the Dorchester County Library System, which is a discretely presented component unit of the County.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of Dorchester County exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$293,735,427.

The total net position increased by \$28,145,671, including \$16,348,001 for governmental activities and \$11,797,580 for business-type activities from the prior year net position adjusted for the change in accounting principle discussed below.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$21,552,775, which represents a 5.5 percent decrease from the prior year and represents 41.2 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 \$76,056,475. This is an increase of \$7,964,174 from the prior year. Of this amount, nonspendable fund balance was \$662,345, restricted fund balance was \$42,659,166, committed fund balance was \$10,495,406, assigned fund balance was \$1,915,702, and unassigned fund balance was \$20,323,856.

The County adopted Governmental Accounting Standards Board ("GASB") Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("Statement") for the year ended June 30, 2018. This Statement requires the County to recognize a net OPEB liability its OPEB plan, an agent multiple-employer defined benefit OPEB plan ("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.

The adoption of this Statement had no impact on the County's governmental fund financial statements, which continue to report expenditures in the amount of the contributions made to the OPEB Plan. However, the adoption has resulted in the restatement of the County's net position as of July 1, 2017 for its government-wide and enterprise fund financial statements to reflect the reporting of a net OPEB liability and deferred outflows of resources for its OPEB Plan in accordance with the provisions of this Statement. Net position of the County's government-wide financial statements as of July 1, 2017 was decreased by approximately \$7,682,000, which consisted of approximately \$6,709,000 for its governmental activities and \$973,000 for its business-type activities (enterprise funds), reflecting the cumulative change in accounting principle related to the adoption of this Statement. See Note IV.B in the notes to the financial statements for more information regarding the County's OPEB Plan.

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.

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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, which is reported as a discretely presented component unit 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.

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.

DORCHESTER COUNTY, SOUTH CAROLINA**MANAGEMENT'S DISCUSSION AND ANALYSIS****YEAR ENDED JUNE 30, 2018****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. The County's net position comparing 2018 to 2017 (as reported) is as follows for the Governmental Activities and the Business-Type Activities:

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Current, Restricted and Other Assets	\$ 93,968,442	87,698,824	47,023,994	\$ 44,712,109
Capital Assets, Net	218,551,985	212,353,620	194,125,638	186,464,904
Total Assets	312,520,427	300,052,444	241,149,632	231,177,013
Deferred Outflows of Resources	19,686,943	18,519,208	4,165,096	4,103,606
Current and Other Liabilities	21,315,742	12,318,437	6,911,900	3,586,971
Net Pension Liability	70,833,518	65,743,245	11,500,793	11,357,185
Net OPEB Liability	6,726,557	-	970,035	-
Long-Term Liabilities Outstanding	110,007,022	126,984,962	54,492,928	59,776,100
Total Liabilities	208,882,839	205,046,644	73,875,656	74,720,256
Deferred Inflows of Resources	845,273	685,147	182,903	128,789
Net Position:				
Net Investment in Capital Assets	103,976,571	92,073,636	141,719,993	131,954,008
Restricted	47,100,010	39,319,601	15,059,860	16,558,963
Unrestricted	(28,597,323)	(18,553,376)	14,476,316	11,918,603
Total Net Position	\$ 122,479,258	112,839,861	171,256,169	\$ 160,431,574

DORCHESTER COUNTY, SOUTH CAROLINA**MANAGEMENT'S DISCUSSION AND ANALYSIS****YEAR ENDED JUNE 30, 2018****GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)****Changes in Net Position.** The County's Change in Net Position for fiscal years ended June 30, 2018 and 2017 is as follows:

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Revenues:				
Program Revenues:				
Charges for Services	\$ 15,445,640	14,260,716	34,740,290	\$ 32,557,013
Operating Grants and Contributions	15,656,681	18,877,510	65,497	191,334
Capital Grants and Contributions	5,910,328	9,178,339	5,670,979	4,029,514
General Revenues:				
Property Taxes	48,856,004	47,453,185	-	-
Other Taxes	17,572,599	16,858,454	-	-
Unrestricted Grants and Contributions	5,466,870	5,297,537	-	-
Interest and Investment Earnings	884,631	487,488	128,211	103,170
Miscellaneous	1,270,117	66,008	487,155	67,701
Total Revenues	<u>111,062,870</u>	<u>112,479,237</u>	<u>41,092,132</u>	<u>36,948,732</u>
Program Expenses:				
General Government	28,454,911	26,662,840	-	-
Public Safety	41,367,732	39,232,125	-	-
Roads and Drainage	13,608,969	72,363,350	-	-
Health and Welfare	1,017,901	238,746	-	-
Recreation and Culture	313,874	514,668	-	-
Airport	468,790	496,346	-	-
Economic Development	1,705,412	2,021,210	-	-
Intergovernmental and Nonprofit Assistance	3,351,743	3,937,430	-	-
Disaster Recovery	485,816	1,682,909	-	-
Nondepartmental	-	512,367	-	-
Interest and Fiscal Charges	4,834,904	5,029,018	-	-
Water and Sewer	-	-	20,509,356	19,636,330
Solid Waste	-	-	5,885,165	6,210,952
Stormwater Management	-	-	2,004,758	1,934,984
Total Expenses	<u>95,610,052</u>	<u>152,691,009</u>	<u>28,399,279</u>	<u>27,782,266</u>
Change in Net Position Before Transfers	15,452,818	(40,211,772)	12,692,853	9,166,466
Transfers	<u>895,273</u>	<u>3,178,869</u>	<u>(895,273)</u>	<u>(3,178,869)</u>
Change in Net Position	16,348,091	(37,032,903)	11,797,580	5,987,597
Net Position, Beginning	112,839,861	89,829,659	160,431,574	152,810,863
Change in Accounting Principle - See Note I.B	(6,708,694)	60,043,105	(972,985)	1,633,114
Net Position, Ending	<u>\$ 122,479,258</u>	<u>112,839,861</u>	<u>171,256,169</u>	<u>\$ 160,431,574</u>

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. Governmental activities increased the County's net position by \$16,348,091. Charges for services accounted for \$15,445,640 or 13.9 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 \$48,856,004 of the \$111,062,870 total revenues for governmental activities, or 43.9 percent of total revenues. Another major component of general revenues was grants and contributions not restricted to specific programs, which accounted for \$5,466,870 or 4.9 percent of total revenues.

The largest governmental activity, the public safety program, accounted for \$41,367,732 of the \$95,610,052 total expenses for governmental activities, or 43.3 percent of total expenses. The next largest program was general government, accounting for \$28,454,911 and representing 29.8 percent of total governmental expenses. These two activities comprise 72 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	
	2018	2017	2018	2017
General Government	\$ 27,498,424	26,662,840	13,457,317	\$ 11,320,361
Public Safety	41,367,732	39,232,125	32,263,777	30,613,446
Roads and Drainage	13,608,969	72,363,350	2,378,467	58,830,098
Health and Welfare	1,017,901	238,746	963,151	204,015
Recreation and Culture	313,874	514,668	117,153	511,168
Airport	468,790	496,346	368,607	303,418
Economic Development	1,705,412	2,021,210	(255,813)	(1,703,670)
Intergovernmental and Nonprofit Assistance	3,351,743	3,937,430	3,351,743	3,937,430
Disaster Recovery	485,816	1,682,909	161,610	816,793
Nondepartmental	956,487	512,367	956,487	512,367
Interest and Fiscal Charges	4,834,904	5,029,018	4,834,904	5,029,018
Total Assets	\$ 95,610,052	152,691,009	58,597,403	\$ 110,374,444

Charges for services and operating grants of \$31,102,321 (32.5 percent of the total costs of services) were received and used to fund the governmental expenses of the County. An additional 6.2 percent, \$5,910,328, of capital grants were also used to fund governmental activities. The remaining \$58,597,403 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 \$11,797,580.

Charges for services were the County's largest program revenue for business-type activities, accounting for \$34,740,290, or 84.5 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, 2018

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, 2018, the County's governmental funds reported a combined ending fund balance of \$76,056,475, an increase of \$7,964,174 from the prior year. Approximately 26.7 percent of this total, \$20,323,856, 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 \$21,552,775. 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 41.2 percent of total general fund expenditures.

The fund balance of the County's general fund increased by \$2,428,475 during the current fiscal year. This was primarily a result of net transfers of \$1,334,973 offset by growth in property taxes which exceeded the budget by 4.3% or \$1,337,417.

The fund balance of the County's capital improvements fund increased by \$749,723 during the current fiscal year. This was primarily a result of growth in property taxes and interest which exceeded the budget by 3.1% or \$126,000, income related to the HVAC lease, and expenditures related various improvements throughout the county.

The fund balance of the County's capital projects fund decreased by \$306,819 during the current fiscal year. This was primarily a result of capital outlay expenditures related to various ongoing capital projects of \$609,149 offset by net transfers in of \$350,073.

The fund balance of the County's transportation authority fund increased by \$7,221,005 during the current fiscal year. This was primarily a result of growth in sales tax proceeds of 4.2 percent and a decrease in capital outlay expenditures of 62.7 percent due to several large projects being completed in the prior fiscal year.

The fund balance of the County's bond fund increased by \$358,704 during the current fiscal year. This was primarily a result of growth in property taxes by 3.3 percent or \$117,764.

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 \$8,734,967, \$4,430,935, and \$1,310,414, respectively. The net change in total net position was \$10,371,475, \$1,293,360, and \$132,745, 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, 2018

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 \$1,422,599 and \$3,266,041, 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 \$2,428,475 in the general fund and \$749,723 in the capital improvements 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 most departmental functions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's net investment in capital assets for its governmental activities at June 30, 2018, was \$218,551,985 (net of accumulated depreciation) and for its business-type activities was \$194,125,638. This investment in capital assets includes land and improvements, construction in progress, buildings and building improvements, improvements other than buildings, furniture and equipment, vehicles, infrastructure, sewer plant, and sewer and water systems.

The capital assets (net of accumulated depreciation) as of June 30, 2018 and 2017 were as follows:

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Land, Improvements, and Right of Way	\$ 16,804,211	16,209,878	1,733,728	\$ 1,733,728
Construction in Progress	88,151,918	82,026,179	15,254,251	14,228,769
Buildings and Building Improvements	64,901,671	64,495,401	2,149,528	2,040,147
Infrastructure	118,302,017	114,736,177	1,088,021	1,088,021
Furniture and Equipment	33,646,668	32,474,192	8,460,096	7,859,575
Sewer Plant	-	-	42,231,941	38,766,067
Sewer System	-	-	148,074,136	141,315,329
Water System	-	-	39,402,303	38,441,250
Less: Accumulated Depreciation	(103,254,500)	(97,588,207)	(64,268,366)	(59,007,982)
Total	<u>\$ 218,551,985</u>	<u>212,353,620</u>	<u>194,125,638</u>	<u>\$ 186,464,904</u>

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

Long-Term Debt. At June 30, 2018, the County had \$169,197,199 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	\$ 109,819,180	-	\$ 109,819,180
Revenue Bonds and Notes Payable	362,235	54,403,368	54,765,603
Capital Leases	4,612,416	-	4,612,416
Total	<u>\$ 114,793,831</u>	<u>54,403,368</u>	<u>\$ 169,197,199</u>

The County's general obligation bonded debt decreased by \$7,746,355 (6.6 percent) during fiscal year 2018. 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 \$1,140,383 (2.1 percent) during the year. This was due to the scheduled payment of debt service during the year offset by the issuance of two revenue bonds. The County's capital lease obligations increased by \$2,426,052 (111.0 percent) during the year. This was due to the issuance of two new leases offset by scheduled payment of debt service during the year.

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

Additional information on the County's long-term debt can be found in Note III.F 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 156,456 in 2017. 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 2017-18 was 953, which is a decrease of 256 from last year. This was offset by an increase in commercial reviews from 30 to 56. These numbers tend to fluctuate each year but the general trend is an increase of annual activity.

Dorchester County has worked to establish a favorable climate for business relocation and industrial expansion. Major economic development announcements made during FY 2017-18 include Paul Bippus GmbH investing \$16.1 million and creating 45 jobs as a supplier for Robert Bosch and an expansion of Sundaram-Clayton Limited investing an additional \$40 million and creating 100 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 \$2,556,933 less than required under statute in FY 2017-18. 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 2017-18. 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 four years. The budget for FY 2018-19 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 the implementation of a classification and compensation study. Increases provided as a result of this study vary, but the annual cost for the County as a whole is approximately \$2,000,000. As of the publication of the Annual Financial Report, County Council has appropriated from fund balance \$1,915,702 in the General Fund balance. This consists of \$1,235,445 for carryover items not completed in FY 2017-18 and \$680,257 in one-time capital based upon the County's fund balance policy.

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, 2018

	PRIMARY GOVERNMENT			COMPONENT
	Governmental Activities	Business-Type Activities	Total	UNIT Library System
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 36,469,234	18,141,842	54,611,076	\$ 4,376,231
Cash and Cash Equivalents, Restricted	35,095,116	18,639,803	53,734,919	-
Property Taxes Receivable, Net	1,272,899	-	1,272,899	77,364
Accounts Receivable, Net	2,561,747	9,992,878	12,554,625	-
Other Receivables, Net	591,468	-	591,468	-
Due from Other Governments	17,315,633	193,931	17,509,564	85,635
Prepaid Items	645,375	55,540	700,915	74,541
Inventories	16,970	-	16,970	-
Total Current Assets	93,968,442	47,023,994	140,992,436	4,613,771
Non-Current Assets:				
Capital Assets:				
Non-Depreciable	104,956,129	16,987,979	121,944,108	255,917
Depreciable, Net	113,595,856	177,137,659	290,733,515	5,465,839
Total Non-Current Assets	218,551,985	194,125,638	412,677,623	5,721,756
TOTAL ASSETS	312,520,427	241,149,632	553,670,059	10,335,527
DEFERRED OUTFLOWS OF RESOURCES				
Advance Refunding Charges	3,657,074	1,919,501	5,576,575	-
Deferred Pension Charges	16,003,199	2,241,749	18,244,948	391,496
Deferred OPEB Charges	26,670	3,846	30,516	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,686,943	4,165,096	23,852,039	391,496
LIABILITIES				
Current Liabilities:				
Accounts Payable	6,041,733	1,802,967	7,844,700	3,573
Accrued Liabilities	1,171,908	142,183	1,314,091	24,505
Assets Held for Others	1,364,080	579,842	1,943,922	-
Accrued Interest Payable	859,732	534,847	1,394,579	-
Unearned Revenue	829,393	-	829,393	-
Long-Term Liabilities, Due Within One Year	11,048,896	3,852,061	14,900,957	69,283
Total Current Liabilities	21,315,742	6,911,900	28,227,642	97,361
Non-Current Liabilities:				
Net Pension Liability	70,833,518	11,500,793	82,334,311	2,596,489
Net OPEB Liability	6,726,557	970,035	7,696,592	604,730
Long-Term Liabilities, Due in More than One Year	110,007,022	54,492,928	164,499,950	10,983
Total Non-Current Liabilities	187,567,097	66,963,756	254,530,853	3,212,202
TOTAL LIABILITIES	208,882,839	73,875,656	282,758,495	3,309,563
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Credits	845,273	182,903	1,028,176	383,643
TOTAL DEFERRED INFLOWS OF RESOURCES	845,273	182,903	1,028,176	383,643
NET POSITION				
Net Investment in Capital Assets	103,976,571	141,719,993	245,696,564	5,721,755
Restricted For:				
Public Safety	2,276,211	-	2,276,211	-
Health and Welfare	978,773	-	978,773	-
Capital Projects	32,823,832	-	32,823,832	-
Capital Improvements	5,888,951	15,059,860	20,948,811	-
Debt Service	3,519,132	-	3,519,132	-
Other	1,613,111	-	1,613,111	52,483
Unrestricted	(28,597,323)	14,476,316	(14,121,007)	1,259,579
TOTAL NET POSITION	\$ 122,479,258	171,256,169	293,735,427	\$ 7,033,817

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, 2018

					NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
FUNCTIONS/PROGRAMS	PROGRAM REVENUES							Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								Library System
Governmental Activities:								
General Government	\$ 28,454,911	8,055,719	4,571,176	1,414,212	(14,413,804)	-	(14,413,804)	\$ -
Public Safety	41,367,732	7,381,311	1,722,644	-	(32,263,777)	-	(32,263,777)	-
Roads and Drainage	13,608,969	-	7,016,229	4,214,273	(2,378,467)	-	(2,378,467)	-
Health and Welfare	1,017,901	130	54,620	-	(963,151)	-	(963,151)	-
Recreation and Culture	313,874	-	6,581	190,140	(117,153)	-	(117,153)	-
Airport	468,790	8,480	-	91,703	(368,607)	-	(368,607)	-
Economic Development	1,705,412	-	1,961,225	-	255,813	-	255,813	-
Intergovernmental and Nonprofit Assistance	3,351,743	-	-	-	(3,351,743)	-	(3,351,743)	-
Disaster Recovery	485,816	-	324,206	-	(161,610)	-	(161,610)	-
Interest and Other Charges	4,834,904	-	-	-	(4,834,904)	-	(4,834,904)	-
Total Governmental Activities	95,610,052	15,445,640	15,656,681	5,910,328	(58,597,403)	-	(58,597,403)	-
Business-Type Activities:								
Water and Sewer	20,509,356	25,673,345	-	5,670,979	-	10,834,968	10,834,968	-
Solid Waste	5,885,165	6,770,996	65,497	-	-	951,328	951,328	-
Stormwater Management	2,004,758	2,295,949	-	-	-	291,191	291,191	-
Total Business-Type Activities	28,399,279	34,740,290	65,497	5,670,979	-	12,077,487	12,077,487	-
TOTAL PRIMARY GOVERNMENT	\$ 124,009,331	50,185,930	15,722,178	11,581,307	(58,597,403)	12,077,487	(46,519,916)	-
COMPONENT UNIT:								
Dorchester County Library System	2,597,313	141,865	17,391	238,971	-	-	-	(2,199,086)
TOTAL COMPONENT UNIT	2,597,313	141,865	17,391	238,971	-	-	-	(2,199,086)
GENERAL REVENUES AND TRANSFERS:								
General Revenues:								
Taxes:								
Property Taxes, Including Fee in Lieu of Taxes					48,856,004	-	48,856,004	3,466,459
Franchise Fees					735,830	-	735,830	-
Sales and Use Tax					16,836,769	-	16,836,769	-
Unrestricted Investment Earnings					884,631	128,211	1,012,842	1,785
Grants and contributions not restricted to specific programs					5,466,870	-	5,466,870	-
Miscellaneous					1,270,117	-	1,270,117	-
Gain on Disposal of Capital Assets					-	487,155	487,155	-
Transfers In (Out)					895,273	(895,273)	-	-
Total General Revenues and Transfers					74,945,494	(279,907)	74,665,587	3,468,244
CHANGE IN NET POSITION					16,348,091	11,797,580	28,145,671	1,269,158
NET POSITION, Beginning of Year - As Previously Reported					112,839,861	160,431,574	273,271,435	6,302,235
Cumulative Change in Accounting Principle - See Note I.B					(6,708,694)	(972,985)	(7,681,679)	(537,576)
NET POSITION, Beginning of Year - Restated					106,131,167	159,458,589	265,589,756	5,764,659
NET POSITION, End of Year					\$ 122,479,258	171,256,169	293,735,427	\$ 7,033,817

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, 2018

	GENERAL	CAPITAL IMPROVEMENTS	CAPITAL PROJECTS
ASSETS			
Cash and Cash Equivalents	\$ 29,660,560	-	2,365,281
Cash and Cash Equivalents, Restricted	27,025	5,926,223	4,730
Receivables, Net			
Taxes	816,538	106,263	-
Accounts	1,886,941	-	-
Other	-	54,057	326,895
Due From:			
Other Governments	3,422,444	-	-
Prepaid Items	493,329	650	127,200
Inventories	16,970	-	-
TOTAL ASSETS	\$ 36,323,807	6,087,193	2,824,106
LIABILITIES			
Accounts Payable	\$ 1,481,583	198,242	326,895
Accrued Liabilities	986,683	-	-
Assets Held for Others	1,364,080	-	-
Unearned Revenue	526,103	-	-
TOTAL LIABILITIES	4,358,449	198,242	326,895
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	2,160,632	51,702	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,160,632	51,702	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	6,519,081	249,944	326,895
FUND BALANCES			
Nonspendable:			
Prepaid Items	493,329	650	127,200
Inventories	16,970	-	-
Restricted for:			
Public Safety	-	-	-
Family Court	-	-	-
Victims' Advocate	-	-	-
Growth Management	-	-	-
Tourism	-	-	-
Health and Welfare	-	-	-
Capital Projects	-	-	-
Capital Improvements	-	5,836,599	-
Debt Service	-	-	-
Airport Improvements	-	-	-
Solid Waste Grants	-	-	-
Other Grants	-	-	-
Committed for:			
Recreation	-	-	-
Economic Development	-	-	-
Capital Projects	-	-	2,370,011
Contingencies	5,825,950	-	-
Solicitor	-	-	-
Assigned for:			
Next Year's Budgeted Shortfall	680,257	-	-
Budget Carryovers	1,235,445	-	-
Unassigned	21,552,775	-	-
TOTAL FUND BALANCES	29,804,726	5,837,249	2,497,211
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 36,323,807	6,087,193	2,824,106

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
-	-	4,443,393	\$ 36,469,234
19,300,477	4,242,093	5,594,568	35,095,116
-	136,771	213,327	1,272,899
-	-	674,806	2,561,747
-	-	210,516	591,468
10,800,981	-	3,092,208	17,315,633
-	-	24,196	645,375
-	-	-	16,970
30,101,458	4,378,864	14,253,014	\$ 93,968,442
1,243,136	-	2,791,877	\$ 6,041,733
-	-	185,225	1,171,908
-	-	-	1,364,080
-	-	303,290	829,393
1,243,136	-	3,280,392	9,407,114
4,624,493	42,862	1,625,164	8,504,853
4,624,493	42,862	1,625,164	8,504,853
5,867,629	42,862	4,905,556	17,911,967
-	-	24,196	645,375
-	-	-	16,970
-	-	2,286,100	2,286,100
-	-	1,276,011	1,276,011
-	-	8,211	8,211
-	-	50,200	50,200
-	-	44,983	44,983
-	-	958,019	958,019
24,233,829	-	3,553,147	27,786,976
-	-	-	5,836,599
-	4,336,002	-	4,336,002
-	-	33,526	33,526
-	-	1,762	1,762
-	-	40,777	40,777
-	-	237,825	237,825
-	-	1,656,289	1,656,289
-	-	192,859	2,562,870
-	-	-	5,825,950
-	-	212,472	212,472
-	-	-	680,257
-	-	-	1,235,445
-	-	(1,228,919)	20,323,856
24,233,829	4,336,002	9,347,458	76,056,475
30,101,458	4,378,864	14,253,014	\$ 93,968,442



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DORCHESTER COUNTY, SOUTH CAROLINA

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

JUNE 30, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	76,056,475
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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	588,611
Grant reimbursements	3,731,017
EMS fees	1,274,024
Sales taxes	2,911,201
	<hr/>
	8,504,853

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. (55,675,592)

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 \$321,806,485 and the accumulated depreciation was \$103,254,500. 218,551,985

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 \$2,486,307. 3,657,074

The County's net OPEB liability and deferred outflows of resources related to its OPEB plan are not recorded in the governmental funds but are recorded in the Statement of Net Position. (6,699,887)

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. (859,732)

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	(114,793,831)	
Long-Term Debt Premiums	(3,537,336)	
Compensated Absences	(2,724,751)	(121,055,918)
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	122,479,258
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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, 2018

	GENERAL	CAPITAL IMPROVEMENTS	CAPITAL PROJECTS
REVENUES			
Taxes	\$ 32,793,121	4,157,966	-
Licenses and Permits	3,042,700	-	-
Intergovernmental Revenues:			
Federal	224,443	-	-
State	5,608,323	-	-
Local	940,009	-	-
Fees and Service Charges:			
Registrar of Deeds	1,798,615	-	-
EMS Charges	4,797,539	-	-
Cable Franchise Fees	367,915	-	-
Other Miscellaneous Fees	806,572	-	391,315
Judicial Fines and Assessments	1,889,643	-	-
Other Income	916,007	175,559	39,962
TOTAL REVENUE ALL SOURCES	53,184,887	4,333,525	431,277
EXPENDITURES			
Current:			
General Government	17,886,323	1,066,488	386,671
Public Safety	27,748,468	371,294	42,400
Roads and Drainage	2,387,054	9,263	-
Health and Welfare	947,222	-	-
Recreation and Culture	-	-	-
Airport	67,140	196	-
Economic Development	377,558	10,125	-
Intergovernmental and Nonprofit Assistance	1,518,891	-	49,949
Disaster Recovery	485,816	-	-
Nondepartmental	856,487	100,000	-
Capital Outlay	-	1,257,854	609,149
Debt Service:			
Principal Retirement	-	440,075	-
Interest and Fiscal Charges	-	58,687	-
TOTAL EXPENDITURES	52,274,959	3,313,982	1,088,169
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	909,928	1,019,543	(656,892)
OTHER FINANCING SOURCES (USES)			
Proceeds from Lease Purchase	-	1,000,000	-
Transfers In	4,575,934	496,676	1,326,493
Transfers Out	(3,240,961)	(1,843,343)	(976,420)
Sale of Capital Assets	-	39,185	-
Insurance Recoveries	183,574	37,662	-
TOTAL OTHER FINANCING SOURCES (USES)	1,518,547	(269,820)	350,073
NET CHANGES IN FUND BALANCES	2,428,475	749,723	(306,819)
FUND BALANCES, Beginning of Year	27,376,251	5,087,526	2,804,030
FUND BALANCES, End of Year	\$ 29,804,726	5,837,249	2,497,211

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
16,674,005	3,678,104	8,411,925	\$ 65,715,121
-	-	-	3,042,700
676,334	-	1,129,474	2,030,251
1,414,212	-	11,027,231	18,049,766
-	-	1,292,553	2,232,562
-	-	-	1,798,615
-	-	-	4,797,539
-	-	367,915	735,830
-	-	447,834	1,645,721
-	-	197,114	2,086,757
325,195	64,361	4,040,379	5,561,463
19,089,746	3,742,465	26,914,425	107,696,325
34,405	-	5,030,407	24,404,294
-	-	7,149,654	35,311,816
-	-	-	2,396,317
-	-	40,421	987,643
-	-	342,646	342,646
-	-	5,763	73,099
-	-	965,202	1,352,885
-	-	1,740,821	3,309,661
-	-	-	485,816
-	-	-	956,487
2,993,303	-	15,983,719	20,844,025
5,375,000	2,166,834	949,868	8,931,777
3,466,033	1,216,927	92,746	4,834,393
11,868,741	3,383,761	32,301,247	104,230,859
7,221,005	358,704	(5,386,822)	3,465,466
-	-	2,292,000	3,292,000
-	-	789,168	7,188,271
-	-	(232,274)	(6,292,998)
-	-	51,014	90,199
-	-	-	221,236
-	-	2,899,908	4,498,708
7,221,005	358,704	(2,486,914)	7,964,174
17,012,824	3,977,298	11,834,372	68,092,301
24,233,829	4,336,002	9,347,458	\$ 76,056,475

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, 2018

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	7,964,174
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		(185,112)
Grant reimbursements		592,616
EMS fees		216,178
Sales taxes		162,764
		<u>786,446</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.		8,931,777
Bond, capital lease, and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.		(3,292,000)
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.		33,375
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.		(3,777,319)
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.		(8,862)
Changes in the County's net OPEB liability and deferred outflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		(453,979)
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.		(1,236,791)
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.		2,580,099
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 \$11,875,689, excluding contributed assets of \$2,580,099, exceeded current year depreciation expense of \$7,020,632.		<u>4,855,057</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>16,348,091</u>

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, 2018

	WATER AND SEWER	SOLID WASTE	NONMAJOR ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 12,231,304	4,003,584	1,906,954	\$ 18,141,842
Cash and Cash Equivalents, Restricted	18,639,803	-	-	18,639,803
Accounts Receivable, Net	5,390,030	3,453,832	1,149,016	9,992,878
Due From Other Governments	193,931	-	-	193,931
Prepaid Items	45,860	7,497	2,183	55,540
Total Current Assets	36,500,928	7,464,913	3,058,153	47,023,994
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	16,478,780	55,177	454,022	16,987,979
Depreciable, Net	174,916,316	732,182	1,489,161	177,137,659
Total Noncurrent Assets	191,395,096	787,359	1,943,183	194,125,638
TOTAL ASSETS	227,896,024	8,252,272	5,001,336	241,149,632
DEFERRED OUTFLOWS OF RESOURCES				
Advance Refunding Charges	1,919,501	-	-	1,919,501
Deferred OPEB Charges	2,386	915	545	3,846
Deferred Pension Charges	1,404,682	518,646	318,421	2,241,749
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,326,569	519,561	318,966	4,165,036
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,204,768	394,665	203,534	1,802,967
Accrued Liabilities	91,491	29,196	21,496	142,183
Assets Held for Others	579,842	-	-	579,842
Accrued Interest	534,847	-	-	534,847
Current Portion of Landfill Postclosure Liability	-	14,410	-	14,410
Current Portion of Compensated Absences	219,689	39,805	38,637	298,131
Current Portion of Notes Payable	470,367	-	-	470,367
Current Portion of Revenue Bonds	3,069,153	-	-	3,069,153
Total Current Liabilities	6,170,157	478,076	263,667	6,911,900
Noncurrent Liabilities:				
Net Pension Liability	7,135,324	2,735,890	1,629,579	11,500,793
Net OPEB Liability	601,829	230,759	137,447	970,035
Landfill Postclosure Liability	-	43,230	-	43,230
Compensated Absences	51,959	22,074	10,096	84,129
Notes Payable	4,291,334	-	-	4,291,334
Revenue Bonds	50,074,235	-	-	50,074,235
Total Noncurrent Liabilities	62,154,681	3,031,953	1,777,122	66,963,756
TOTAL LIABILITIES	68,324,838	3,510,029	2,040,789	73,875,656
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Credits	113,477	43,510	25,916	182,903
TOTAL DEFERRED INFLOWS OF RESOURCES	113,477	43,510	25,916	182,903
NET POSITION				
Net Investment in Capital Assets	138,989,451	787,359	1,943,183	141,719,993
Restricted for Capital Improvements	15,059,860	-	-	15,059,860
Unrestricted	8,734,967	4,430,935	1,310,414	14,476,316
TOTAL NET POSITION	\$ 162,784,278	5,218,294	3,253,597	\$ 171,256,169

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, 2018

	WATER AND SEWER	SOLID WASTE	NONMAJOR ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS
OPERATING REVENUES				
Charges for Services, Net	\$ 19,744,987	6,662,192	2,238,993	\$ 28,646,172
Tap Fees	1,139,311	-	-	1,139,311
Origination Fee	185,322	-	-	185,322
Reconnection Fee	759,396	-	-	759,396
Inspection Fee	201,417	-	-	201,417
Other Revenue	246,456	108,804	56,956	412,216
TOTAL OPERATING REVENUES	22,276,889	6,770,996	2,295,949	31,343,834
OPERATING EXPENSES				
Personnel Services	4,852,357	1,772,505	1,238,017	7,862,879
Contractual Services	3,018,062	3,691,860	358,457	7,068,379
Maintenance and Repairs	1,055,224	78,229	37,487	1,170,940
Utilities	1,425,652	36,441	3,156	1,465,249
Office Expenses	215,785	11,270	34,329	261,384
Truck Expenses	204,019	60,141	61,078	325,238
Other Services and Charges	1,644,297	110,117	41,894	1,796,308
Supplies	401,347	23,413	47,487	472,247
Collection Expenses	221,678	-	-	221,678
Depreciation	5,504,045	101,189	182,853	5,788,087
TOTAL OPERATING EXPENSES	18,542,466	5,885,165	2,004,758	26,432,389
OPERATING INCOME	3,734,423	885,831	291,191	4,911,445
NONOPERATING REVENUES (EXPENSES)				
Investment Income	83,293	31,254	13,664	128,211
Impact Fees	3,396,456	-	-	3,396,456
Gain (Loss) on Disposition of Capital Assets	462,024	16,606	8,525	487,155
Grant Revenue	-	65,497	-	65,497
Bond Issuance Costs	(201,718)	-	-	(201,718)
Interest Expense	(1,765,172)	-	-	(1,765,172)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,974,883	113,357	22,189	2,110,429
CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	5,670,979	-	-	5,670,979
Transfers In	265,217	639,601	-	904,818
Transfers Out	(1,274,027)	(345,429)	(180,635)	(1,800,091)
TOTAL CONTRIBUTIONS AND TRANSFERS	4,662,169	294,172	(180,635)	4,775,706
CHANGE IN NET POSITION	10,371,475	1,293,360	132,745	11,797,580
NET POSITION, Beginning of Year - As Previously Reported	153,018,038	4,148,359	3,265,177	160,431,574
Cumulative Change in Accounting Principle - See Note I.B	(605,235)	(223,425)	(144,325)	(972,985)
NET POSITION, Beginning of Year - Restated	152,412,803	3,924,934	3,120,852	159,458,589
NET POSITION, End of Year	\$ 162,784,278	5,218,294	3,253,597	\$ 171,256,169

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, 2018

	WATER AND SEWER	SOLID WASTE	NONMAJOR ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS
OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 19,860,218	6,640,531	2,275,561	\$ 28,776,310
Cash Paid to Suppliers	(8,978,611)	(3,889,799)	(504,488)	(13,372,898)
Cash Paid to Employees	(4,751,909)	(1,632,326)	(1,139,556)	(7,523,791)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,129,698	1,118,406	631,517	7,879,621
NONCAPITAL FINANCING ACTIVITIES				
Transfers and Advances Between Funds	(1,008,810)	294,172	(180,635)	(895,273)
Noncapital Grants	-	65,497	-	65,497
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(1,008,810)	359,669	(180,635)	(829,776)
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(7,134,613)	(289,706)	(240,746)	(7,665,065)
Proceeds from the Sale of Capital Assets	509,902	16,824	36,000	562,726
Proceeds from the Issuance of Revenue Bonds	7,969,000	-	-	7,969,000
Payments to Refunded Debt Escrow Agent	(6,196,815)	-	-	(6,196,815)
Bond Issuance Costs	(201,718)	-	-	(201,718)
Impact Fees	3,396,456	-	-	3,396,456
Principal Paid on Revenue Bonds	(2,798,077)	-	-	(2,798,077)
Principal Paid on Notes Payable	(461,306)	-	-	(461,306)
Interest Paid	(2,127,654)	-	-	(2,127,654)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(7,044,825)	(272,882)	(204,746)	(7,522,453)
INVESTING ACTIVITIES				
Interest on Investments	83,293	31,254	13,664	128,211
NET CASH PROVIDED BY INVESTING ACTIVITIES	83,293	31,254	13,664	128,211
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,840,644)	1,236,447	259,800	(344,397)
CASH AND CASH EQUIVALENTS, Beginning of Year	32,711,751	2,767,137	1,647,154	37,126,042
CASH AND CASH EQUIVALENTS, End of Year	\$ 30,871,107	4,003,584	1,906,954	\$ 36,781,645

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2018

	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)	\$ 3,734,423	885,831	291,191	\$ 4,911,445
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	5,504,045	101,189	182,853	5,788,087
Noncash Pension Expense	19,060	144,394	92,815	256,269
Noncash OPEB Expense	40,618	15,574	9,277	65,469
Decrease (Increase) in Operating Assets:				
Accounts Receivable	(2,543,361)	(130,465)	(20,388)	(2,694,214)
Due From Other Governments	2,412	-	-	2,412
Prepaid Items	(27,421)	(7,163)	(2,161)	(36,745)
Increase (Decrease) in Operating Liabilities:				
Accounts Payable	(765,126)	71,195	81,561	(612,370)
Customer Deposits	124,278	-	-	124,278
Accrued Payroll Liability	8,584	(2,485)	(7)	6,092
Landfill Postclosure Liability	-	57,640	-	57,640
Accrued Compensated Absences	32,186	(17,304)	(3,624)	11,258
Total Adjustments	2,395,275	232,575	340,326	2,968,176
Net Cash Provided by Operating Activities	\$ 6,129,698	1,118,406	631,517	\$ 7,879,621
Schedule of Noncash Investing, Capital and Financing Activities:				
Acquisition of Capital Assets Through Developer Contributions	\$ 5,670,979	-	-	\$ 5,670,979
Amortization of Premiums	275,407	-	-	275,407
Amortization of Deferred Refunding Charges	(146,405)	-	-	(146,405)
Interest Capitalized on Assets	\$ 188,348	-	-	\$ 188,348

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, 2018

	AGENCY FUND
ASSETS	
Cash and Cash Equivalents	\$ 43,724,636
Taxes Receivable, Net	2,490,239
Due From Other Governments	620,459
TOTAL ASSETS	\$ 46,835,334
LIABILITIES	
Assets Held for Others	\$ 46,835,334
TOTAL LIABILITIES	\$ 46,835,334

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, 2018

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; (8) disaster recovery; and (9) 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 two blended component units 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's members are appointed by the County Council and the Authority provides services entirely, or almost entirely, to the County, it is reported as a blended component unit and considered part of 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, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

The Dorchester Economic Development Corporation (the “Corporation”), a blended component unit, was created on February 1, 2018 as a supporting organization exclusively for the benefit of the County by assisting the County in economic growth and development of the County. The Corporation has a 14-member board consistent of 10 members with voting power and 4 members without voting power. Each of the seven members of Dorchester County Council will have the right to nominate one voting member of the Corporation, who will be elected by majority vote of County Council. The council member may remove his or her appointee during his or her term of office, subject to a majority vote of County Council. County Council will also elect two members of County Council to the Corporation’s Board and one Mayor from local municipalities. The remaining four members are made up of heads of other local non-profit or governmental entities and do not have voting power. Because the Corporation’s members are appointed by the County Council and the Corporation provides services entirely, or almost entirely, to the County, it is reported as a blended component unit and considered part of the primary government. The Corporation’s financial information is presented in individual columns throughout the financial statements within the nonmajor governmental funds. Separate financial statements for the Corporation are not issued.

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 any legally separate component unit(s) for which the primary government is financially responsible.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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:

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 capital and other operating expenditures as well as 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 for 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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

Change in Accounting Principle

The County adopted GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“Statement”) 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 other postemployment benefits (“OPEB”). 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 requires the County to recognize a net OPEB liability, any related deferred outflows/inflows of resources, and a more comprehensive measure of OPEB expense for the Dorchester County OPEB Plan, an agent multiple-employer defined benefit OPEB plan (“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.

The adoption of this Statement had no impact on the County’s governmental fund financial statements, which continue to report expenditures in the amount of the contributions made to the OPEB Plan. However, the adoption has resulted in the restatement of the County’s net position as of July 1, 2017 for its government-wide and enterprise fund financial statements to reflect the reporting of a net OPEB liability for its OPEB Plan in accordance with the provisions of this Statement. Net position of the County’s government-wide financial statements as of July 1, 2017 was decreased by approximately \$7,682,000, which consisted of approximately \$6,709,000 for its governmental activities and \$973,000 for its business-type activities (enterprise funds), reflecting the cumulative change in accounting principle related to the adoption of this Statement. See Note IV.B for more information regarding the County’s OPEB Plan.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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)

- (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.

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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."

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

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:

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. *Accrued Liabilities and Long-Term Obligations (Continued)*

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.

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Balance (Continued)

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 of the General Fund as of June 30, 2018 is approximately \$21,553,000, which represents approximately 41% of the fiscal year 2019 General Fund projected revenues of approximately \$53,107,000.

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 three 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 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. (3) The County reports *deferred OPEB charges* in its Statements of Net Position in connection with the Dorchester County OPEB Plan. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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 (Continued)*

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.

11. *Pensions and Other Postemployment Benefits*

In government-wide financial statements, pensions and other postemployment benefits ("OPEB") are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The County recognizes net pension and net OPEB liabilities (assets) for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified 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 and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities 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 plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. 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.

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.

13. 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

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. 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, the Dorchester County Economic Development Corporation and some Other Special Revenue Funds which adopt project-length budgets,. Encumbrances are used as budgetary controls in certain special revenue funds and Capital Projects Fund. At June 30, 2018, 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.

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	\$ 81,883	Future revenues
C Funds	996,478	Future revenues
Public Defender	\$ 27,925	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, 2018, approximately \$50,000 of the County's total bank balances of approximately \$75,899,000 (with a carrying value of approximately \$70,063,000) were exposed to custodial credit risk.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

A. Deposits and Investments (Continued)

Investments

As of June 30, 2018, 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	\$ 848	\$ 848
SC Local Government Investment Pool	N/A	NR, NR	82,006,704	82,006,704
Total			<u>\$ 82,007,552</u>	<u>\$ 82,007,552</u>

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

⁽¹⁾ See Note I.C.12 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.

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, 2018, 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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

A. Deposits and Investments (Continued)

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	\$ 54,611,076
Restricted Assets:	
Cash and Cash Equivalents, Restricted	53,734,919
Statement of Assets and Liabilities - Agency Fund	
Cash and Cash Equivalents	43,724,636
Total	<u>\$ 152,070,631</u>
Notes to the Financial Statements	
Deposits	\$ 70,063,079
Investments	82,007,552
Total	<u>\$ 152,070,631</u>

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 \$562 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

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2018****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****B. Property Taxes and Other Receivables (Continued)*****Primary Government (Continued)***

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, 2018 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	\$ 1,479,645	193,599	-	-	210,427	-	-	394,142	\$ 2,277,813
Accounts	8,019,996	-	-	-	-	7,474,175	3,582,309	1,868,042	20,944,522
Other	-	54,057	326,895	-	-	-	-	210,516	591,468
Due From Other Governments	3,422,444	-	-	10,800,981	-	193,931	-	3,092,208	17,509,564
Gross Receivables	12,922,085	247,656	326,895	10,800,981	210,427	7,668,106	3,582,309	5,564,908	41,323,367
Less Allowance For:									
Taxes	(663,107)	(87,336)	-	-	(73,656)	-	-	(180,815)	(1,004,914)
Accounts	(6,133,055)	-	-	-	-	(2,084,145)	(128,477)	(44,220)	(8,389,897)
Net Receivables	<u>\$ 6,125,923</u>	<u>160,320</u>	<u>326,895</u>	<u>10,800,981</u>	<u>136,771</u>	<u>5,583,961</u>	<u>3,453,832</u>	<u>5,339,873</u>	<u>\$ 31,928,556</u>

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, 2018, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds are as follows:

Unavailable Revenue:	
Property Taxes Receivable	\$ 588,611
Grant Reimbursements	3,731,017
Fees for Emergency Medical Services	1,274,024
Sales Taxes Receivable	2,911,201
Total Unavailable Revenue - Governmental Funds	<u>\$ 8,504,853</u>
Unearned Revenue:	
Advance Tax Installments	\$ 466,008
Forfeited Land Commission	27,025
Communication Tower Deposits	33,070
Deposits Held for Collateral	100,000
Assets Seized in Connection with Unadjudicated Cases	203,290
Total Unearned Revenue - Governmental Funds	<u>\$ 829,393</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non Depreciable:					
Land, Improvements, and Right of Way	\$ 16,209,878	594,333	-	-	\$ 16,804,211
Construction in Progress	82,026,179	7,900,573	378,083	(1,396,751)	88,151,918
Total Capital Assets, Non Depreciable	98,236,057	8,494,906	378,083	(1,396,751)	104,956,129
Capital Assets, Depreciable:					
Infrastructure	114,736,177	2,273,056	-	1,292,784	118,302,017
Buildings and Improvements	64,495,401	450,841	-	(44,571)	64,901,671
Furniture and Equipment	32,474,192	3,236,985	2,213,047	148,538	33,646,668
Total Capital Assets, Depreciable	211,705,770	5,960,882	2,213,047	1,396,751	216,850,356
Less: Accumulated Depreciation for:					
Infrastructure	61,656,705	3,083,660	-	-	64,740,365
Buildings and Improvements	14,660,150	1,293,118	-	-	15,953,268
Furniture and Equipment	21,271,352	2,643,854	1,354,339	-	22,560,867
Total Accumulated Depreciation	97,588,207	7,020,632	1,354,339	-	103,254,500
Total Capital Assets, Depreciable, Net	114,117,563	(1,059,750)	858,708	1,396,751	113,595,856
Total Governmental Activities Capital Assets, Net	\$ 212,353,620	7,435,156	1,236,791	-	\$ 218,551,985

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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	14,228,769	6,825,499	-	(5,800,017)	15,254,251
Total Capital Assets, Non Depreciable	15,962,497	6,825,499	-	(5,800,017)	16,987,979
Capital Assets, Depreciable:					
Infrastructure	1,088,021	-	-	-	1,088,021
Sewer Plant	38,766,067	-	-	3,465,874	42,231,941
Sewer System	141,315,329	4,709,925	-	2,048,882	148,074,136
Water System	38,441,250	961,053	-	-	39,402,303
Buildings and Improvements	2,040,147	-	-	109,381	2,149,528
Furniture and Equipment	7,859,575	1,027,915	603,274	175,880	8,460,096
Total Capital Assets, Depreciable	229,510,389	6,698,893	603,274	5,800,017	241,406,025
Less: Accumulated Depreciation for:					
Infrastructure	99,545	48,932	-	-	148,477
Sewer Plant	19,219,967	1,245,129	-	-	20,465,096
Sewer System	29,612,034	3,132,203	-	-	32,744,237
Water System	5,600,082	571,725	-	-	6,171,807
Buildings and Improvements	246,296	60,056	-	-	306,352
Furniture and Equipment	4,230,058	730,042	527,703	-	4,432,397
Total Accumulated Depreciation	59,007,982	5,788,087	527,703	-	64,268,366
Total Capital Assets, Depreciable, Net	170,502,407	910,806	75,571	5,800,017	177,137,659
Total Business-Type Activities Capital Assets, Net	\$ 186,464,904	7,736,305	75,571	-	\$ 194,125,638

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

Governmental Activities:	
General Government	\$ 900,958
Public Safety	2,796,824
Roads and Drainage	2,805,802
Health and Welfare	13,622
Airport	399,720
Economic Development and Assistance	61,700
Intergovernmental and Private Nonprofit	42,006
Total	<u>\$ 7,020,632</u>

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2018**

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

Business-Type Activities:	
Water and Sewer	\$ 5,504,045
Solid Waste	101,189
Other	182,853
Total	<u>\$ 5,788,087</u>

Interest costs incurred on business-type activity projects during the year totaled approximately \$1,954,000 of which approximately \$188,000 was capitalized.

E. Transfers In and (Out)

Transfers from (to) other funds for the year ended June 30, 2018 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,575,934	\$ 3,240,961
Capital Improvements	496,676	1,843,343
Capital Projects	1,326,493	976,420
Nonmajor Governmental Funds	789,168	232,274
Water and Sewer Fund	265,217	1,274,027
Solid Waste Fund	639,601	345,429
Nonmajor Enterprise Fund	-	180,635
Total Transfers In/Out	<u>\$ 8,093,089</u>	<u>\$ 8,093,089</u>

General Fund

Transfers in: Funds were transferred into the General Fund from the Capital Improvements Fund and Capital Projects Fund to partially fund various capital expenditures, from the Water & Sewer Fund, Solid Waste Fund and Nonmajor Enterprise Fund as an allocation of overhead costs, and from the Nonmajor Governmental Funds as part of a merger agreement.

Transfers out: The General Fund transferred funds into the Nonmajor Governmental Funds to fund a portion of operating costs and grant matches. Funds were transferred to the Capital Improvements Fund to fund Council approved capital projects. Funds were transferred into the Water and Sewer Fund and Solid Waste Fund as a reimbursement for disaster related expenditures in prior years.

Capital Improvements Fund

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

Transfers out: The Capital Improvements Fund transferred funds into the General Fund, the Capital Projects Fund, and the Nonmajor Governmental Funds to fund Council approved capital projects and for grant matches.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

E. Transfers In and (Out) (Continued)

Capital Projects Fund

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

Transfers out: The Capital Projects Fund transferred funds into the General Fund, Capital Improvements Fund, and Nonmajor Governmental Funds to partially fund various capital expenditures and grant matches.

Nonmajor Governmental Funds

Transfers in: Funds were transferred into the Nonmajor Governmental Funds from the General Fund to fund a portion of operating costs and grant matches. Funds were transferred into the Nonmajor Governmental Funds from the Capital Improvements Fund and Capital Projects Fund to fund capital improvements and grant matches.

Transfers out: Funds were transferred from the Nonmajor Governmental Funds to the Water and Sewer Fund to defray a portion of loan and project costs related to economic development costs and to the General Fund as part of a merger agreement.

Water and Sewer Fund

Transfers in: Funds were transferred into the Water and Sewer Fund from the Nonmajor Governmental Funds to defray a portion of loan and project costs related to economic development costs and from the General Fund as a reimbursement for disaster related expenditures in prior years.

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.

Solid Waste Fund

Transfers in: Funds were transferred into the Solid Waste Fund from the General Fund as a reimbursement for disaster related expenditures in prior years.

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.

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

F. 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, 2018

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

F. 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, 2018:

Long-Term Obligations	Beginning of Year	Additions	Reductions	End of Year	Due Within One Year
Governmental Activities:					
Debt:					
General Obligation Bonds					
2009 Series: Refunding	\$ 4,680,000	-	715,000	3,965,000	\$ 745,000
2010 Series	3,961,014	-	211,834	3,749,180	220,985
2011 Series	204,521	-	204,521	-	-
2012 Series	16,010,000	-	540,000	15,470,000	560,000
2013B Series: Refunding	8,360,000	-	470,000	7,890,000	480,000
2015 Series	3,575,000	-	230,000	3,345,000	240,000
2009 Series: Transportation Authority	39,540,000	-	2,620,000	36,920,000	2,720,000
2013A Series: Refunding - Transportation Authority	41,235,000	-	2,755,000	38,480,000	2,855,000
Special Source Revenue Bonds					
2009 Series	681,709	-	319,474	362,235	362,235
Total Bonded Debt	118,247,244	-	8,065,829	110,181,415	8,183,220
Premiums					
2009 Series: Refunding	20,761	-	3,607	17,154	-
2012 Series	592,973	-	28,553	564,420	-
2013B Series: Refunding	539,361	-	39,193	500,168	-
2009 Series: Transportation Authority	92,680	-	7,825	84,855	-
2013A Series: Refunding - Transportation Authority	2,589,365	-	218,626	2,370,739	-
Total Premiums	3,835,140	-	297,804	3,537,336	-
Total Net Debt	122,082,384	-	8,363,633	113,718,751	8,183,220
Capitalized Leases	2,186,364	3,292,000	865,948	4,612,416	1,083,000
Compensated Absences	2,715,889	1,791,538	1,782,676	2,724,751	1,782,676
Governmental Activities Long-Term Obligations	\$ 126,984,637	5,083,538	11,012,257	121,055,918	\$ 11,048,896

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

F. 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, 2018:

Long-Term Obligations	Beginning of Year	Additions	Reductions	End of Year	Due Within One Year
Business-Type Activities:					
Debt:					
Revenue Bonds					
2009 Waterworks and Sewer System Revenue Bond	\$ 6,630,000	-	6,100,000	530,000	\$ 260,000
2012 Waterworks and Sewer System Revenue Bond	19,190,000	-	1,280,000	17,910,000	1,320,000
2013B Waterworks and Sewer System Revenue Bond	1,055,744	-	168,077	887,667	171,153
2015 Waterworks and Sewer System Revenue Bond	23,445,000	-	1,100,000	22,345,000	1,150,000
2017 Waterworks and Sewer System Revenue Bond	-	1,750,000	-	1,750,000	114,000
2017 Waterworks and Sewer System Refunding Bond	-	6,219,000	-	6,219,000	54,000
Total Bonded Debt	50,320,744	7,969,000	8,648,077	49,641,667	3,069,153
Premiums					
2009 Waterworks and Sewer System Revenue Bond	84,219	-	84,219	-	-
2012 Waterworks and Sewer System Revenue Bond	1,415,915	-	117,993	1,297,922	-
2015 Waterworks and Sewer System Revenue Bond	2,361,213	-	157,414	2,203,799	-
Total Premiums	3,861,347	-	359,626	3,501,721	-
Total Net Debt	54,182,091	7,969,000	9,007,703	53,143,388	3,069,153
Notes Payable	5,223,007	-	461,306	4,761,701	470,367
Landfill Postclosure Costs	-	72,050	14,410	57,640	14,410
Compensated Absences	371,002	309,389	298,131	382,260	298,131
Business-Type Activities Long-Term Obligations	\$ 59,776,100	8,350,439	9,781,550	58,344,989	\$ 3,852,061

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, 2018****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****F. Long-Term Obligations (Continued)**

The following is a summary of each long-term obligation of the County at June 30, 2018.

General obligation bonds payable at June 30, 2018 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%	\$ 3,965,000
Plus: Unamortized Issuance Premium	17,154
\$5,000,000 2010 general obligation bond due in annual principal installments of \$382,950 through April 1, 2031; interest at 4.32%	3,749,180
\$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%	15,470,000
Plus Unamortized Issuance Premium	564,420
\$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%	7,890,000
Plus Unamortized Issuance Premium	500,168
\$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%	3,345,000
\$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%.	36,920,000
Plus Unamortized Issuance Premium	84,855
\$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%	38,480,000
Plus Unamortized Issuance Premium	2,370,739
Total General Obligation Bonds Outstanding at Year End	<u>\$ 113,356,516</u>

Special Source Revenue Bonds payable at June 30, 2018 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%	<u>\$ 362,235</u>

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2018****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****F. Long-Term Obligations (Continued)**

The County has entered into several lease agreements with payment terms varying from three to twelve years and interest rates varying from 1.53% to 2.60%, secured by various vehicles, computer hardware and other equipment. As of June 30, 2018, the assets acquired through capital leases in the amount of approximately \$5,705,000 are included in equipment with accumulated amortization of approximately \$3,440,000 included in accumulated depreciation.

Revenue bonds payable at June 30, 2018 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%. Refunded in 2017 with 2 remaining principal payments ending on October 1, 2019.	\$ 530,000
\$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%	17,910,000
Plus: Unamortized Issuance Premium	1,297,922
\$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%	887,667
\$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%	22,345,000
Plus: Unamortized Issuance Premium	2,203,799
\$1,750,000 2017 Waterworks and Sewer System Revenue Bond due in annual principal installments of \$114,000 to \$245,000 through March 1, 2028; Interest at 3.54%	1,750,000
\$6,219,000 2017 Waterworks and Sewer System Revenue Refunding Bond due in annual principal installments of \$54,000 to \$490,000 through October 1, 2034; Interest at 2.69%	6,219,000
Total Revenue Bonds Outstanding at Year End	<u>\$ 53,143,388</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, 2018, 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.

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2018****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****F. Long-Term Obligations (Continued)**

Notes payable at June 30, 2018 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%	\$ 1,110,000
\$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%	2,513,055
\$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%	1,138,646
Total Notes Payable Outstanding at Year End	<u>\$ 4,761,701</u>

In December 2017, the County issued \$6,219,000 in Series 2017 Waterworks and Sewer System Revenue Refunding Bonds, using approximately \$48,000 in County funds, and incurring bond issuance costs of approximately \$70,000. The County placed the net proceeds of approximately \$6,197,000 into an irrevocable trust, which will be used to redeem the \$5,850,000 of the outstanding balance on the Series 2009 Waterworks and Sewer System Revenue Bonds maturing on October 1, 2020 through October 1, 2034. The proceeds in the trust will be used to make future debt service payments related to these bonds and redeem the bonds on October 1, 2019, the date the bonds are first callable, at a redemption price of par. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$263,000. This amount is being amortized over the life of the new debt, which was the same as the old debt. This refunding was undertaken to reduce total debt service payments over the next 17 years by an approximately \$802,000 and resulted in an economic gain of approximately \$639,000. The refunded bonds are considered to be defeased until redemption in October 2019 and the liability has been removed from the governmental activities column of the Statement of Net Position.

Annual debt service requirements to maturity for all governmental and business-type activities long-term debt as of June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
Governmental Activities:			
2019	\$ 9,266,220	4,534,369	\$ 13,800,589
2020	9,181,948	4,180,652	13,362,600
2021	9,333,491	3,826,695	13,160,186
2022	9,307,880	3,489,227	12,797,107
2023	9,653,718	3,131,528	12,785,246
2024-2028	46,974,274	9,704,929	56,679,203
2029-2033	16,296,300	1,727,274	18,023,574
2034-2038	4,780,000	438,900	5,218,900
Totals	<u>\$ 114,793,831</u>	<u>31,033,574</u>	<u>\$ 145,827,405</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

F. Long-Term Obligations (Continued)

Year Ending June 30,	Principal	Interest	Total
Business-Type Activities:			
2019	\$ 3,539,520	2,409,826	\$ 5,949,346
2020	3,732,646	1,922,900	5,655,546
2021	3,902,173	1,776,314	5,678,487
2022	4,025,694	1,632,064	5,657,758
2023	4,173,347	1,474,252	5,647,599
2024-2028	21,129,290	4,737,100	25,866,390
2029-2033	12,935,698	97,656	13,033,354
2034-2035	965,000	26,160	991,160
Totals	<u>\$ 54,403,368</u>	<u>14,076,272</u>	<u>\$ 68,479,640</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, 2018, there were an undetermined number of industrial revenue bonds and notes outstanding and the principal payable at June 30, 2018 could not be determined.

Landfill Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill sites when each site stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although postclosure care costs will be paid only after the date that the landfills stop accepting waste, the County reports a portion of these postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The approximately \$58,000 accrual for landfill postclosure care at June 30, 2018 reflects the estimated remaining liability for postclosure care of the previously closed landfill site for another four years based on the latest engineering estimates. This amount is based on what it would cost to perform all postclosure care as of June 30, 2018. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The County provides financial assurance for postclosure care costs through its ability to meet the requirements of the local government financial test as contained in SC DHEC regulations.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission ("RSIC") as co-trustees of the Retirement Trust Funds.

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.

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Membership (Continued)

- 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 the PORS. Magistrates are required to participate in the 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/current annual salary. A brief summary of benefit terms for each system is presented below.

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

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

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Benefits (Continued)

- 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.

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in the SCRS and PORS (“Plans”) employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and 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; this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively.

If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

The Retirement System Funding and Administration Act of 2017 increases employer contribution rates to 13.56 percent for the SCRS and 16.24 percent for the PORS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for the SCRS and the PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24 percent for the PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from ninety to eighty-five.

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		
	2016	2017	2018	2016	2017	2018
Employer Contribution Rate: [^]						
Retirement	10.91%	11.41%	13.41%	13.34%	13.84%	15.84%
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>11.06%</u>	<u>11.56%</u>	<u>13.56%</u>	<u>13.74%</u>	<u>14.24%</u>	<u>16.24%</u>
Employee Contribution Rate	<u>8.16%</u>	<u>8.66%</u>	<u>9.00%</u>	<u>8.74%</u>	<u>9.24%</u>	<u>9.75%</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
2018	\$ 3,548,050	100%	\$ 2,301,551	100%
2017	2,940,508	100%	1,777,460	100%
2016	\$ 2,746,160	100%	\$ 1,540,900	100%

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
2018	\$ 26,165,560	14,172,111	\$ 40,337,671
2017	25,436,922	12,482,162	37,919,084
2016	\$ 24,829,671	11,214,684	\$ 36,044,355

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2017 total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS"), and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017 and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2016 valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.25%	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 PRSC"), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2018**

IV. OTHER INFORMATION (CONTINUED)**A. Retirement Plans (Continued)***Actuarial Assumptions and Methods (Continued)*

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The long-term expected rate of returns represent 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 target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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	45.0%		
Global Public Equity	31.0%	6.72%	2.07%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Commodities	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

Pension Liabilities, 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 the June 30, 2017 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	\$ 48,244,437,494	25,732,829,268	\$ 22,511,608,226	53.3%
PORS	\$ 7,013,684,001	4,274,123,178	\$ 2,739,560,823	60.9%

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2018****IV. OTHER INFORMATION (CONTINUED)****A. Retirement Plans (Continued)***Pension Liabilities, 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, 2018, the County reported liabilities of approximately \$56,870,000 and \$25,464,000 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2017, 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 of July 1, 2016 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, 2017 measurement date, the County's SCRS proportion was 0.25263 percent, which was a decrease of 0.00387 percent from its proportion measured as of June 30, 2016. At the June 30, 2017 measurement date, the County's PORS proportion was 0.92950 percent, which was an increase of 0.04983 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of approximately \$6,298,000 and \$3,596,000 for the SCRS and PORS, respectively. At June 30, 2018, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 253,527	\$ 31,521
Change in Assumptions	3,329,138	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,587,548	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	2,071,806	872,915
Employer Contributions Subsequent to the Measurement Date	3,548,050	-
Total SCRS	10,790,069	904,436
PORS		
Differences Between Expected and Actual Experience	227,068	-
Change in Assumptions	2,416,781	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	907,392	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	1,602,087	123,740
Employer Contributions Subsequent to the Measurement Date	2,301,551	-
Total PORS	7,454,879	123,740
Total SCRS and PORS	\$ 18,244,948	\$ 1,028,176

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2018****IV. OTHER INFORMATION (CONTINUED)****A. Retirement Plans (Continued)**

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

Approximately \$3,548,000 and \$2,302,000 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, 2019. 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
2019	\$ 2,088,988	1,494,098	\$ 3,583,086
2020	3,156,553	1,914,801	5,071,354
2021	1,544,980	1,416,460	2,961,440
2022	(452,938)	204,229	(248,709)
Total	<u>\$ 6,337,583</u>	<u>5,029,588</u>	<u>\$ 11,367,171</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

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 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The County's proportionate share of the net pension liability of the SCRS	\$ 73,297,844	56,870,175	\$ 46,902,441
The County's proportionate share of the net pension liability of the PORS	34,381,427	25,464,136	18,440,104
Total	<u>\$ 107,679,271</u>	<u>82,334,311</u>	<u>\$ 65,342,545</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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 for the SCRS and PORS. 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 \$457,000 and \$286,000 to the PEBA as of June 30, 2018, representing required employer and employee contributions for the month of June 2018 for the SCRS and PORS. These amounts are included in Accrued Liabilities on the financial statements and were paid in July 2018.

B. Other Postemployment Benefits

Plan Description

The County is a participant in the South Carolina Counties OPEB Trust, an agent multiple-employer irrevocable trust administered by the South Carolina Association of Counties (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 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.

Plan Membership

As of June 30, 2017, the valuation date, the following employees were covered by the OPEB Plan's benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	48
Active Members	866
Total Membership	<u>914</u>

Plan Benefits and Contributions

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Plan Benefits and Contributions (Continued)

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.

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 75 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 Assumptions and Methods

Actuarial valuations of the OPEB Plan 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, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability 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 its members) 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.

The following table provides a summary of the significant actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Actuarial Assumptions and Methods (Continued)

Actuarial Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Inflation	2.50%
Investment Rate of Return	1.50%
Discount Rate	3.87%
Healthcare Cost Trend Rate	7.00% for 2017 decreasing to an ultimate rate of 4.15% for 2032 and beyond
Payroll Growth	2.50%
Coverage Elections	70% of eligible retirees will elect coverage, 17% of male spouses and 7% of female spouses will elect to receive coverage upon retirement
Active Participation/Marriage	80% of all active employees are assumed to be married with female spouses assumed to be 3 years younger
Mortality Table	RP-2000

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB Plan Investments is based upon market assumptions related to historical rates of return for the South Carolina Counties OPEB Trust. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach and are presented net of investment fees. There are no municipal bond rate assumptions used in deriving the discount rate, and the discount rate forecast period extends for 50 years. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation for the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
US Government Fixed Income			
US Government Obligations	100.0%	1.50%	1.50%
Total Expected Real Rate of Return	100.0%		1.50%
Inflation for Actuarial Purposes			2.50%
Total Expected Nominal Return			4.00%

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The County's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 that was rolled forward to the measurement date.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances as of June 30, 2017	\$ 9,709,130	2,562,501	\$ 7,146,629
Changes for the year:			
Service Cost	540,210	-	540,210
Interest	368,853	-	368,853
Net Investment Income	-	288	(288)
Benefit Payments	(268,826)	-	(268,826)
Implicit Rate Subsidy Fulfillment	(90,664)	-	(90,664)
Administrative Expense	-	(678)	678
Net Changes	549,573	(390)	549,963
Balances as of June 30, 2018	<u>\$ 10,258,703</u>	<u>2,562,111</u>	<u>\$ 7,696,592</u>

For the year ended June 30, 2018, the County recognized OPEB expense of approximately \$879,000. At June 30, 2018, the County reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected/Actual Earnings on OPEB Plan Investments	\$ 30,516	\$ -
Total	<u>\$ 30,516</u>	<u>\$ -</u>

The amount reported as deferred outflows of resources (deferred OPEB charges) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Total
2019	\$ 7,629
2020	7,629
2021	7,629
2022	7,629
Total	<u>\$ 30,516</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) the long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) the tax-exempt municipal bond rate on an index of 20-year general obligation bonds with an average AA/Aa crediting rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). The actuarial valuation expected rate of return on OPEB plan investments is 1.50% and the municipal bond rate is 3.87% (based on the daily rate closest to but not later than the measurement date of the Bond Buyer 20-Bond GO Index. Since the municipal bond rate exceeds the expected rate of return on OPEB plan investments, a Single Discount Rate of 3.87% was used to measure the total OPEB liability.

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

The following table presents the sensitivity of the County's net OPEB liability to changes in the discount rate, calculated using the discount rate of 3.87%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.87%) or 1% point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB Liability	\$ 8,982,927	7,696,592	\$ 6,588,740

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the sensitivity of the County's net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.15%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.15%) or 1% point higher (8.00% decreasing to 5.15%) than the current rate:

	1% Decrease (6.00% decreasing to 3.15%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.15%)	1% Increase (8.00% decreasing to 5.15%)
Net OPEB Liability	\$ 6,299,090	7,696,592	\$ 9,396,252

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

C. Deferred Compensation Plans (Continued)

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.

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, 2018, the County had approximately \$6,139,000 in construction commitments remaining on various capital projects.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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. Special Assessment A began collections in the year ended June 30, 2018. Special Assessment B will be collected when the County begins incurring maintenance and operations expenditures.

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, 2018

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, 2018, 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, 2018, the County abated property taxes totaling approximately \$3,182,000.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

I. Subsequent Events

In September 2018, the County issued \$3,654,740 in Series 2018 Waterworks and Sewer Revenue Bonds at an interest rate of 1.90% to upgrade the Lower Dorchester Wastewater Treatment Plant and to pay the costs of issuance of the bonds. The bonds will be paid in 56 installments of \$74,482.

In June 2018, the County Council passed ordinance 18-09 imposing a local hospitality tax not to exceed 2% on the sales of prepared meals and beverages to commence on January 1, 2019.



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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, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 31,455,704	31,455,704	32,793,121	\$ 1,337,417
Licenses and Permits	3,275,590	3,275,590	3,042,700	(232,890)
Intergovernmental Revenues:				
Federal	70,130	70,130	224,443	154,313
State	5,805,320	5,817,011	5,608,323	(208,688)
Local	863,879	911,879	940,009	28,130
Fees and Service Charges:				
Registrar of Deeds	1,287,245	1,287,245	1,798,615	511,370
EMS Charges	4,525,783	4,525,783	4,797,539	271,756
Cable Franchise Fees	368,000	368,000	367,915	(85)
Other Miscellaneous Fees	679,289	749,289	806,572	57,283
Judicial Fines and Assessments	1,872,826	1,872,826	1,889,643	16,817
Other Income	120,837	281,524	916,007	634,483
TOTAL REVENUE ALL SOURCES	50,324,603	50,614,981	53,184,887	2,569,906
EXPENDITURES				
Current:				
General Government:				
County Council	396,949	421,123	389,925	31,198
County Administrator	1,631,948	1,615,710	1,554,960	60,750
Human Resources	459,918	461,781	440,983	20,798
Planning	511,142	663,893	524,657	139,236
Business Services	1,022,420	1,011,085	926,970	84,115
Information Technology Services	1,254,828	1,323,830	1,273,998	49,832
Elections And Voter Registration	487,645	510,345	509,219	1,126
Risk Management And Safety	246,688	256,024	137,241	118,783
Magistrates	1,333,555	1,349,908	1,291,715	58,193
Circuit Court	84,251	86,016	71,395	14,621
Probate Court	550,820	551,420	542,967	8,453
Master In Equity	265,148	265,148	201,451	63,697
Attorney	299,467	562,336	525,105	37,231
Juvenile Justice	45,400	46,545	46,121	424
Solicitor	18,050	18,050	17,200	850
Building Utilities	1,115,780	1,090,422	1,066,723	23,699
Fleet Services	916,883	1,037,401	987,877	49,524
Facilities, Grounds And Recreation	1,908,818	2,336,503	2,126,820	209,683
Communications Support	217,113	229,589	197,613	31,976
Auditor	661,614	666,214	653,743	12,471
Treasurer	946,410	943,050	901,919	41,131
Clerk Of Court	639,620	639,610	626,790	12,820
Delinquent Tax Collector	411,663	410,739	356,641	54,098
Assessor	1,377,885	1,487,972	1,365,492	122,480
Register Of Deeds	495,541	495,541	484,534	11,007
Family Court	682,601	673,244	663,401	9,843
Planning Board	999	999	433	566
Forfeited Land Commission	1,050	1,050	430	620
Total General Government	\$ 17,984,206	19,155,548	17,886,323	\$ 1,269,225

(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, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Public Safety:				
Sheriff	\$ 12,916,691	12,946,920	13,222,536	\$ (275,616)
Jail	6,800,518	6,853,098	6,607,202	245,896
Coroner	473,275	473,016	473,531	(515)
Emergency Management	189,218	191,342	191,903	(561)
Code Enforcement and Building Services	557,268	557,026	556,743	283
Emergency Medical Services	6,643,496	6,691,696	6,696,553	(4,857)
Total Public Safety	27,580,466	27,713,098	27,748,468	(35,370)
Roads and Drainage:				
Roads Maintenance	2,323,824	2,552,101	2,387,054	165,047
Total Roads and Drainage	2,323,824	2,552,101	2,387,054	165,047
Health and Welfare:				
Health Department	25,545	25,545	20,369	5,176
Veterans Affairs	202,553	202,553	201,637	916
Community Services	741,740	755,277	725,216	30,061
Total Health and Welfare	969,838	983,375	947,222	36,153
Airport	62,078	77,042	67,140	9,902
Economic Development	390,058	390,528	377,558	12,970
Intergovernmental and Nonprofit Assistance	1,565,937	1,565,937	1,518,891	47,046
Disaster Recovery	-	150,000	485,816	(335,816)
Nondepartmental:				
Contingency	299,782	299,782	-	299,782
Insurance	590,502	590,289	593,053	(2,764)
Other	270,889	324,266	263,434	60,832
Total Nondepartmental	1,161,173	1,214,337	856,487	357,850
TOTAL EXPENDITURES	52,037,580	53,801,966	52,274,959	1,527,007
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,712,977)	(3,186,985)	909,928	4,096,913
OTHER FINANCING SOURCES (USES)				
Transfers In	2,098,177	2,677,287	4,575,934	1,898,647
Transfers Out	(385,200)	(1,076,540)	(3,240,961)	(2,164,421)
Insurance Recoveries	-	163,639	183,574	19,935
TOTAL OTHER FINANCING SOURCES (USES)	1,712,977	1,764,386	1,518,547	(245,839)
NET CHANGE IN FUND BALANCE	-	(1,422,599)	2,428,475	3,851,074
FUND BALANCES, Beginning of Year	27,376,251	27,376,251	27,376,251	-
FUND BALANCES, End of Year	\$ 27,376,251	25,953,652	29,804,726	\$ 3,851,074

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, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 4,032,075	4,032,075	4,157,966	\$ 125,891
Other Income	20,780	120,780	175,559	54,779
TOTAL REVENUE ALL SOURCES	4,052,855	4,152,855	4,333,525	180,670
EXPENDITURES				
Current:				
General Government	246,958	541,238	1,066,488	(525,250)
Public Safety	293,100	364,654	371,294	(6,640)
Roads and Drainage	-	756,995	9,263	747,732
Airport	197	197	196	1
Economic Development	11,235	11,511	10,125	1,386
Nondepartmental	97,459	100,626	100,000	626
Capital Outlay	1,585,886	4,218,220	1,257,854	2,960,366
Debt Service:				
Principal Retirement	593,167	417,021	440,075	(23,054)
Interest and Fiscal Charges	30,082	59,082	58,687	395
TOTAL EXPENDITURES	2,858,084	6,469,544	3,313,982	3,155,562
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,194,771	(2,316,689)	1,019,543	3,336,232
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease Purchase	-	1,000,000	1,000,000	-
Transfers In	-	496,676	496,676	-
Transfers Out	(1,444,771)	(2,459,228)	(1,843,343)	615,885
Sale of Capital Assets	-	7,815	39,185	31,370
Insurance Recoveries	-	5,385	37,662	32,277
TOTAL OTHER FINANCING SOURCES (USES)	(1,444,771)	(949,352)	(269,820)	679,532
NET CHANGE IN FUND BALANCE	(250,000)	(3,266,041)	749,723	4,015,764
FUND BALANCES, Beginning of Year	5,087,526	5,087,526	5,087,526	-
FUND BALANCES, End of Year	\$ 4,837,526	1,821,485	5,837,249	\$ 4,015,764

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 FIVE FISCAL YEARS**

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Dorchester County's Proportion of the Net Pension Liability	0.25263%	0.25650%	0.23473%	0.24067%	0.24067%
Dorchester County's Proportionate Share of the Net Pension Liability	\$ 56,870,175	54,788,021	44,518,617	41,436,256	\$ 43,168,509
Dorchester County's Covered Payroll	\$ 25,436,922	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	223.57%	220.66%	202.26%	189.71%	197.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.338%	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.

The County implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

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

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 3,548,050	2,940,508	2,746,160	2,399,007	\$ 2,316,115
Contributions in Relation to the Contractually Required Contribution	3,548,050	2,940,508	2,746,160	2,399,007	2,316,115
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Dorchester County's Covered Payroll	\$ 26,165,560	25,436,922	24,829,671	22,010,722	\$ 21,841,915
Contributions as a Percentage of Covered Payroll	13.56%	11.56%	11.06%	10.90%	10.60%

Notes to Schedule:

The County implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

The contractually required contribution rate was increased from 11.56% to 13.56% of eligible payroll for the year ended June 30, 2018.

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

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Dorchester County's Proportion of the Net Pension Liability	0.92950%	0.87967%	0.81799%	0.83372%	0.83372%
Dorchester County's Proportionate Share of the Net Pension Liability	\$ 25,464,136	22,312,734	17,828,084	15,960,869	\$ 17,282,683
Dorchester County's Covered Payroll	\$ 12,482,162	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	204.00%	198.96%	176.02%	159.18%	186.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.94%	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.

The County implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

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

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 2,301,551	1,777,460	1,540,900	1,358,939	\$ 1,287,528
Contributions in Relation to the Contractually Required Contribution	2,301,551	1,777,460	1,540,900	1,358,939	1,287,528
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Dorchester County's Covered Payroll	\$ 14,172,111	12,482,162	11,214,684	10,128,315	\$ 10,027,025
Contributions as a Percentage of Covered Payroll	16.24%	14.24%	13.74%	13.42%	12.84%

Notes to Schedule:

The County implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

The contractually required contribution rate was increased from 14.24% to 16.24% of eligible payroll for the year ended June 30, 2018.

DORCHESTER COUNTY, SOUTH CAROLINA**REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES****SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY AND RELATED RATIOS****LAST FISCAL YEAR**

	Year Ended June 30, 2018
Total OPEB Liability:	
Service Cost	\$ 540,210
Interest	368,853
Implicit Rate Subsidy Fulfillment	(90,664)
Benefit Payments, Including Refunds of Member Contributions	(268,826)
Net Change in Total OPEB Liability	549,573
Total OPEB Liability - Beginning of Year	9,709,130
Total OPEB Liability - End of Year (a)	<u>\$ 10,258,703</u>
OPEB Plan Fiduciary Net Position:	
Net Investment Income	\$ 288
Administrative Expense	(678)
Net Change in OPEB Plan Fiduciary Net Position	(390)
OPEB Plan Fiduciary Net Position - Beginning of Year	2,562,501
OPEB Plan Fiduciary Net Position - End of Year (b)	<u>\$ 2,562,111</u>
Net OPEB Liability (Asset) - End of Year (a) - (b)	<u>\$ 7,696,592</u>
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.97%
Covered-Employee Payroll	\$ 33,965,132
Net OPEB Liability as a Percentage of Covered-Employee Payroll	22.66%

Notes to Schedule:

The County adopted GASB #75 during the year ended June 30, 2018. Information is not available for prior years.

DORCHESTER COUNTY, SOUTH CAROLINA**REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES****SCHEDULE OF THE COUNTY'S CONTRIBUTIONS****LAST FISCAL YEAR**

	Year Ended June 30, 2018
Actuarially Determined Contribution	\$ 900,926
Contributions in Relation to the Actuarially Determined Contribution	<u>268,826</u>
Contribution Deficiency (Excess)	<u><u>\$ 632,100</u></u>
Covered-Employee Payroll	\$ 33,965,132
Contributions as a Percentage of Covered:-Employee Payroll	0.79%

Notes to Schedule:

The County adopted GASB #75 during the year ended June 30, 2018. Information is not available for prior years.

Valuation Date: June 30, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Amortization Period	25 Years
Asset Valuation Method	Market Value
Inflation	2.5%
Healthcare Cost Trend Rates	7.00% for 2017 decreasing to an ultimate rate of 4.15% for 2032 and beyond
Salary Increases	2.5%
Investment Rate of Return	1.5%
Retirement Age	Sample SCRS and PORS retirement rates
Mortality	RP-2000

Other Information:

None

SUPPLEMENTARY INFORMATION

DORCHESTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	GRANTS FUND	SHERIFF'S FUND	ECONOMIC DEVELOPMENT
ASSETS			
Cash and Cash Equivalents	\$ -	-	2,994,619
Cash and Cash Equivalents, Restricted	40,777	532,710	15,720
Receivables, Net:			
Taxes	-	-	-
Accounts	-	-	476,270
Other	-	-	-
Due From:			
Other Governments	330,568	-	-
Prepaid Items	5	-	-
TOTAL ASSETS	\$ 371,350	532,710	3,486,609
LIABILITIES			
Deficit Position in Pooled Cash	\$ 273,660	-	-
Accounts Payable	22,493	-	865,637
Accrued Liabilities	4,515	-	-
Unearned Revenue	-	203,290	100,000
TOTAL LIABILITIES	300,668	203,290	965,637
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	152,565	-	412,363
TOTAL DEFERRED INFLOWS OF RESOURCES	152,565	-	412,363
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	453,233	203,290	1,378,000
FUND BALANCES			
Nonspendable:			
Prepaid Items	5	-	-
Restricted for:			
Public Safety	-	372,533	-
Family Court	-	-	-
Victims' Advocate	-	-	-
Growth Management	-	-	-
Tourism	-	-	-
Health and Welfare	-	-	-
Capital Projects	-	-	2,108,609
Airport Improvements	33,526	-	-
Solid Waste Grants	1,762	-	-
Other Grants	40,777	-	-
Committed for:			
Recreation	-	-	-
Economic Development	-	-	-
Capital Projects	-	-	-
Solicitor	-	-	-
Unassigned	(157,953)	(43,113)	-
TOTAL FUND BALANCES	(81,883)	329,420	2,108,609
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 371,350	532,710	3,486,609

FAMILY COURT DSS	E-911	VICTIMS' ADVOCATE	FIRST CIRCUIT SOLICITOR	C-FUNDS
-	15,590	-	282,619	\$ -
213,501	-	9,569	-	-
-	-	-	-	-
-	107,628	-	-	-
-	-	3,663	-	-
47,628	-	-	17,044	953,822
-	69	-	11,490	-
261,129	123,287	13,232	311,153	\$ 953,822
-	-	1,663	-	\$ 518,470
-	8,630	-	41,103	478,008
731	1,016	3,358	46,088	-
-	-	-	-	-
731	9,646	5,021	87,191	996,478
-	-	-	-	953,822
-	-	-	-	953,822
731	9,646	5,021	87,191	1,950,300
-	69	-	11,490	-
-	113,572	-	-	-
260,398	-	-	-	-
-	-	8,211	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	212,472	-
-	-	-	-	(996,478)
260,398	113,641	8,211	223,962	(996,478)
261,129	123,287	13,232	311,153	\$ 953,822

DORCHESTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	PUBLIC DEFENDER	UPPER DORCHESTER ECONOMIC DEVELOPMENT	CHILDREN IN CRISIS	SENIOR CITIZENS CENTER
ASSETS				
Cash and Cash Equivalents	\$ -	1,539,375	-	-
Cash and Cash Equivalents, Restricted	-	-	-	918,136
Receivables, Net:				
Taxes	-	-	14,728	28,670
Accounts	-	-	-	15,502
Other	-	-	-	-
Due From:				
Other Governments	138,006	-	-	-
Prepaid Items	3,450	-	-	-
TOTAL ASSETS	\$ 141,456	1,539,375	14,728	962,308
LIABILITIES				
Deficit Position in Pooled Cash	\$ 135,450	-	-	-
Accounts Payable	315	-	-	-
Accrued Liabilities	33,616	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	169,381	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	6,925	13,829
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	6,925	13,829
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	169,381	-	6,925	13,829
FUND BALANCES				
Nonspendable:				
Prepaid Items	3,450	-	-	-
Restricted for:				
Public Safety	-	-	-	-
Family Court	-	-	-	-
Victims' Advocate	-	-	-	-
Growth Management	-	-	-	-
Tourism	-	-	-	-
Health and Welfare	-	-	7,803	948,479
Capital Projects	-	-	-	-
Airport Improvements	-	-	-	-
Solid Waste Grants	-	-	-	-
Other Grants	-	-	-	-
Committed for:				
Recreation	-	-	-	-
Economic Development	-	1,539,375	-	-
Capital Projects	-	-	-	-
Solicitor	-	-	-	-
Unassigned	(31,375)	-	-	-
TOTAL FUND BALANCES	(27,925)	1,539,375	7,803	948,479
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 141,456	1,539,375	14,728	962,308

RECREATION FUND	FIRE PROTECTION	FIRE IMPROVEMENTS	DORCHESTER COUNTY ECONOMIC DEVELOPMENT CORPORATION	OTHER SPECIAL REVENUE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
241,310	-	-	48,414	-	\$ 5,121,927
1,444,538	-	1,678,454	-	1,173,504	6,026,909
-	14,548	155,020	-	361	213,327
-	6,906	-	68,500	-	674,806
93,561	-	113,292	-	-	210,516
-	-	-	-	1,605,140	3,092,208
689	-	3,422	-	5,071	24,196
1,780,098	21,454	1,950,188	116,914	2,784,076	\$ 15,363,889
-	-	-	-	181,632	\$ 1,110,875
95,290	-	26,257	-	1,254,144	2,791,877
1,756	-	94,145	-	-	185,225
-	-	-	-	-	303,290
97,046	-	120,402	-	1,435,776	4,391,267
-	3,921	81,378	-	361	1,625,164
-	3,921	81,378	-	361	1,625,164
97,046	3,921	201,780	-	1,436,137	6,016,431
689	-	3,422	-	5,071	24,196
-	17,533	1,744,986	-	37,476	2,286,100
-	-	-	-	1,015,613	1,276,011
-	-	-	-	-	8,211
-	-	-	-	50,200	50,200
-	-	-	-	44,983	44,983
-	-	-	-	1,737	958,019
1,444,538	-	-	-	-	3,553,147
-	-	-	-	-	33,526
-	-	-	-	-	1,762
-	-	-	-	-	40,777
237,825	-	-	-	-	237,825
-	-	-	116,914	-	1,656,289
-	-	-	-	192,859	192,859
-	-	-	-	-	212,472
-	-	-	-	-	(1,228,919)
1,683,052	17,533	1,748,408	116,914	1,347,939	9,347,458
1,780,098	21,454	1,950,188	116,914	2,784,076	\$ 15,363,889

DORCHESTER COUNTY, SOUTH CAROLINA

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

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	GRANTS FUND	SHERIFF'S FUND	ECONOMIC DEVELOPMENT
REVENUES			
Taxes	\$ -	-	559,420
Intergovernmental Revenues:			
Federal	767,060	2,524	-
State	144,798	-	550,000
Local	-	-	-
Fees and Service Charges:			
Cable Franchise Fees	-	-	-
Other Miscellaneous Fees	-	-	-
Judicial Fines and Assessments	-	2,936	-
Other Income	130	7,719	1,327,646
TOTAL REVENUE ALL SOURCES	911,988	13,179	2,437,066
EXPENDITURES			
Current:			
General Government	383,851	-	275
Public Safety	233,747	94,283	-
Health and Welfare	40,421	-	-
Recreation and Culture	1,336	-	-
Airport	5,763	-	-
Economic Development	-	-	773,733
Intergovernmental and Nonprofit Assistance	-	-	-
Capital Outlay	342,260	77,021	4,573,223
Debt Service:			
Principal Retirement	-	-	319,474
Interest and Fiscal Charges	-	-	37,481
TOTAL EXPENDITURES	1,007,378	171,304	5,704,186
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(95,390)	(158,125)	(3,267,120)
OTHER FINANCING SOURCES (USES)			
Proceeds from Lease Purchase	-	-	-
Transfers In	99,762	-	489,220
Transfers Out	-	-	(79,559)
Sale of Capital Assets	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	99,762	-	409,661
NET CHANGES IN FUND BALANCES	4,372	(158,125)	(2,857,459)
FUND BALANCES, Beginning of Year	(86,255)	487,545	4,966,068
FUND BALANCES, End of Year	\$ (81,883)	329,420	2,108,609

FAMILY COURT DSS	E-911	VICTIMS' ADVOCATE	FIRST CIRCUIT SOLICITOR	C-FUNDS	PUBLIC DEFENDER
-	-	-	-	-	\$ -
63,409	-	-	-	-	-
139	215,677	1,060	1,708,776	1,108,580	11,138
-	-	-	1,039,288	-	-
-	-	-	-	-	-
-	447,834	-	-	-	-
-	-	120,488	73,690	-	-
3,098	-	33	1,407	-	1,793,308
66,646	663,511	121,581	2,823,161	1,108,580	1,804,446
58,780	-	-	2,771,898	-	1,794,077
-	639,670	170,141	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,062,402	-
-	-	-	-	-	-
-	-	-	-	-	-
58,780	639,670	170,141	2,771,898	2,062,402	1,794,077
7,866	23,841	(48,560)	51,263	(953,822)	10,369
-	-	-	-	-	-
-	110,696	62,857	-	-	-
-	-	-	(26,081)	-	-
-	-	-	-	-	-
-	110,696	62,857	(26,081)	-	-
7,866	134,537	14,297	25,182	(953,822)	10,369
252,532	(20,896)	(6,086)	198,780	(42,656)	(38,294)
260,398	113,641	8,211	223,962	(996,478)	\$ (27,925)

DORCHESTER COUNTY, SOUTH CAROLINA

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

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	UPPER DORCHESTER ECONOMIC DEVELOPMENT	CHILDREN IN CRISIS	SENIOR CITIZENS CENTER	RECREATION FUND
REVENUES				
Taxes	\$ -	599,061	1,139,963	-
Intergovernmental Revenues:				
Federal	-	-	-	-
State	188,387	-	-	6,581
Local	-	-	-	-
Fees and Service Charges:				
Cable Franchise Fees	-	-	-	367,915
Other Miscellaneous Fees	-	-	-	-
Judicial Fines and Assessments	-	-	-	-
Other Income	701	-	4,316	70,204
TOTAL REVENUE ALL SOURCES	189,088	599,061	1,144,279	444,700
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Culture	-	-	-	341,310
Airport	-	-	-	-
Economic Development	167,425	-	-	-
Intergovernmental and Nonprofit Assistance	-	599,417	1,056,786	-
Capital Outlay	-	-	-	347,506
Debt Service:				
Principal Retirement	-	-	-	204,521
Interest and Fiscal Charges	-	-	-	5,174
TOTAL EXPENDITURES	167,425	599,417	1,056,786	898,511
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,663	(356)	87,493	(453,811)
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease Purchase	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Sale of Capital Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	21,663	(356)	87,493	(453,811)
FUND BALANCES, Beginning of Year	1,517,712	8,159	860,986	2,136,863
FUND BALANCES, End of Year	\$ 1,539,375	7,803	948,479	1,683,052

FIRE PROTECTION	FIRE IMPROVEMENTS	DORCHESTER COUNTY ECONOMIC DEVELOPMENT CORPORATION	OTHER SPECIAL REVENUE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
629,152	5,484,329	-	-	\$ 8,411,925
-	-	-	296,481	1,129,474
-	31,578	-	7,060,517	11,027,231
-	253,265	-	-	1,292,553
-	-	-	-	367,915
-	-	-	-	447,834
-	-	-	-	197,114
-	690,447	140,958	412	4,040,379
629,152	6,459,619	140,958	7,357,410	26,914,425
-	-	-	21,526	5,030,407
626,117	5,385,696	-	-	7,149,654
-	-	-	-	40,421
-	-	-	-	342,646
-	-	-	-	5,763
-	-	24,044	-	965,202
-	-	-	84,618	1,740,821
-	1,427,748	-	7,153,559	15,983,719
-	425,873	-	-	949,868
-	50,091	-	-	92,746
626,117	7,289,408	24,044	7,259,703	32,301,247
3,035	(829,789)	116,914	97,707	(5,386,822)
-	2,292,000	-	-	2,292,000
5,904	20,729	-	-	789,168
(20,729)	(105,905)	-	-	(232,274)
-	51,014	-	-	51,014
(14,825)	2,257,838	-	-	2,899,908
(11,790)	1,428,049	116,914	97,707	(2,486,914)
29,323	320,359	-	1,250,232	11,834,372
17,533	1,748,408	116,914	1,347,939	\$ 9,347,458

DORCHESTER COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 3,461,780	3,678,104	\$ 216,324
Other Income	3,663	64,361	60,698
TOTAL REVENUE ALL SOURCES	3,465,443	3,742,465	277,022
EXPENDITURES			
Debt Service:			
Principal Retirement	2,166,835	2,166,834	1
Interest and Fiscal Charges	1,298,608	1,216,927	81,681
TOTAL EXPENDITURES	3,465,443	3,383,761	81,682
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	358,704	358,704
NET CHANGE IN FUND BALANCE	-	358,704	358,704
FUND BALANCES, Beginning of Year	3,977,298	3,977,298	-
FUND BALANCES, End of Year	\$ 3,977,298	4,336,002	\$ 358,704

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

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

YEAR ENDED JUNE 30, 2018

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 366,825	559,420	\$ 192,595
Intergovernmental Revenues:			
State	-	550,000	550,000
Other Income	2,400	1,327,646	1,325,246
TOTAL REVENUE ALL SOURCES	369,225	2,437,066	2,067,841
EXPENDITURES			
Current:			
General Government:			
Other	-	275	(275)
Total General Government	-	275	(275)
Economic Development:			
Direct Assistance	-	771,086	(771,086)
Other	-	2,647	(2,647)
Total Economic Development	-	773,733	(773,733)
Capital Outlay	-	4,573,223	(4,573,223)
Debt Service:			
Principal Retirement	314,437	319,474	(5,037)
Interest and Fiscal Charges	54,788	37,481	17,307
TOTAL EXPENDITURES	369,225	5,704,186	(5,334,961)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(3,267,120)	(3,267,120)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	489,220	489,220
Transfers Out	-	(79,559)	(79,559)
TOTAL OTHER FINANCING SOURCES (USES)	-	409,661	409,661
NET CHANGE IN FUND BALANCE	-	(2,857,459)	(2,857,459)
FUND BALANCES, Beginning of Year	4,966,068	4,966,068	-
FUND BALANCES, End of Year	\$ 4,966,068	2,108,609	\$ (2,857,459)

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.

Note: Expenditures exceeded appropriations by \$5,334,961, which was partially offset by revenues exceeding budget by \$2,067,841.

DORCHESTER COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL - E-911 FUND**

YEAR ENDED JUNE 30, 2018

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenues:			
State	\$ 151,977	215,677	\$ 63,700
Fees and Service Charges:			
Other Miscellaneous Fees	405,796	447,834	42,038
TOTAL REVENUE ALL SOURCES	557,773	663,511	105,738
EXPENDITURES			
Current:			
Public Safety:			
Personnel Services	62,369	48,328	14,041
Repairs and Maintenance	240,000	235,503	4,497
Communications	376,756	349,856	26,900
Other	62,660	5,983	56,677
Total Public Safety	741,785	639,670	102,115
TOTAL EXPENDITURES	741,785	639,670	102,115
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(184,012)	23,841	207,853
OTHER FINANCING SOURCES (USES)			
Transfers In	184,012	110,696	(73,316)
TOTAL OTHER FINANCING SOURCES (USES)	184,012	110,696	(73,316)
NET CHANGE IN FUND BALANCE	-	134,537	134,537
FUND BALANCES, Beginning of Year	(20,896)	(20,896)	-
FUND BALANCES, End of Year	\$ (20,896)	113,641	\$ 134,537

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL - VICTIMS' ADVOCATE**

YEAR ENDED JUNE 30, 2018

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenues:			
State	\$ -	1,060	\$ 1,060
Judicial Fines and Assessments	113,376	120,488	7,112
Other Income	12	33	21
TOTAL REVENUE ALL SOURCES	113,388	121,581	8,193
EXPENDITURES			
Current:			
Public Safety:			
Personnel Services	171,038	170,141	897
Total Public Safety	171,038	170,141	897
TOTAL EXPENDITURES	171,038	170,141	897
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(57,650)	(48,560)	9,090
OTHER FINANCING SOURCES (USES)			
Transfers In	57,650	62,857	5,207
TOTAL OTHER FINANCING SOURCES (USES)	57,650	62,857	5,207
NET CHANGE IN FUND BALANCE	-	14,297	14,297
FUND BALANCES, Beginning of Year	(6,086)	(6,086)	-
FUND BALANCES, End of Year	\$ (6,086)	8,211	\$ 14,297

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL - FIRST CIRCUIT SOLICITOR**

YEAR ENDED JUNE 30, 2018

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenues:			
State	\$ 1,356,040	1,708,776	\$ 352,736
Local	1,493,288	1,039,288	(454,000)
Judicial Fines and Assessments	73,690	73,690	-
Other Income	-	1,407	1,407
TOTAL REVENUE ALL SOURCES	2,923,018	2,823,161	(99,857)
EXPENDITURES			
Current:			
General Government:			
Personnel Services	2,640,518	2,468,912	171,606
Professional Services	18,800	18,800	-
Repairs and Maintenance	8,000	4,993	3,007
Rentals and Leases	56,000	45,156	10,844
Insurance	15,000	10,011	4,989
Communications	43,000	33,263	9,737
Printing and Binding	7,000	4,322	2,678
Intergovernmental	5,000	4,285	715
Travel	28,500	24,726	3,774
Supplies	38,775	34,277	4,498
Utilities	40,000	37,184	2,816
Books and Periodicals	20,000	16,716	3,284
Direct Assistance	-	67,500	(67,500)
Other	2,425	1,753	672
Total General Government	2,923,018	2,771,898	151,120
TOTAL EXPENDITURES	2,923,018	2,771,898	151,120
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	51,263	51,263
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	(26,081)	(26,081)
TOTAL OTHER FINANCING SOURCES (USES)	-	(26,081)	(26,081)
NET CHANGE IN FUND BALANCE	-	25,182	25,182
FUND BALANCES, Beginning of Year	198,780	198,780	-
FUND BALANCES, End of Year	\$ 198,780	223,962	\$ 25,182

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

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

YEAR ENDED JUNE 30, 2018

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenues:			
State	\$ -	11,138	\$ 11,138
Other Income	1,817,888	1,793,308	(24,580)
TOTAL REVENUE ALL SOURCES	1,817,888	1,804,446	(13,442)
EXPENDITURES			
Current:			
General Government:			
Personnel Services	1,755,715	1,750,892	4,823
Rentals and Leases	40,200	37,200	3,000
Insurance	18,853	3,139	15,714
Utilities	3,120	2,846	274
Total General Government	1,817,888	1,794,077	23,811
TOTAL EXPENDITURES	1,817,888	1,794,077	23,811
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	10,369	10,369
NET CHANGE IN FUND BALANCE	-	10,369	10,369
FUND BALANCES, Beginning of Year	(38,294)	(38,294)	-
FUND BALANCES, End of Year	\$ (38,294)	(27,925)	\$ 10,369

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

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

YEAR ENDED JUNE 30, 2018

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenues:			
State	\$ 6,000	6,581	\$ 581
Fees and Service Charges:			
Cable Franchise Fees	368,000	367,915	(85)
Other Income	10,516	70,204	59,688
TOTAL REVENUE ALL SOURCES	384,516	444,700	60,184
EXPENDITURES			
Current:			
Recreation and Culture:			
Personnel Services	110,181	89,366	20,815
Professional Services	26,120	29,320	(3,200)
Repairs and Maintenance	3,293	2,483	810
Rentals and Leases	8,255	7,948	307
Communications	1,040	794	246
Printing and Binding	114	-	114
Travel	2,100	487	1,613
Supplies	19,428	8,789	10,639
Food	564	480	84
Medical and Medicine	50	-	50
Membership Dues	420	109	311
Utilities	2,000	1,910	90
Advertising	1,000	1,000	-
Direct Assistance	1,130	198,624	(197,494)
Other	1,082	-	1,082
Total Recreation and Culture	176,777	341,310	(164,533)
Capital Outlay	3,800	347,506	(343,706)
Debt Service:			
Principal Retirement	204,521	204,521	-
Interest and Fiscal Charges	5,175	5,174	1
TOTAL EXPENDITURES	390,273	898,511	(508,238)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,757)	(453,811)	(448,054)
NET CHANGE IN FUND BALANCE	(5,757)	(453,811)	(448,054)
FUND BALANCES, Beginning of Year	2,136,863	2,136,863	-
FUND BALANCES, End of Year	\$ 2,131,106	1,683,052	\$ (448,054)

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.

Note: Expenditures exceeded appropriations by \$508,238.

DORCHESTER COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 5,028,857	5,484,329	\$ 455,472
Intergovernmental Revenues:			
State	-	31,578	31,578
Local	226,137	253,265	27,128
Other Income	155,190	690,447	535,257
TOTAL REVENUE ALL SOURCES	5,410,184	6,459,619	1,049,435
EXPENDITURES			
Current:			
Public Safety:			
Personnel Services	4,238,635	4,641,655	(403,020)
Professional Services	4,964	4,918	46
Repairs and Maintenance	154,598	152,111	2,487
Rentals and Leases	5,507	5,806	(299)
Insurance	88,606	89,081	(475)
Communications	75,600	73,388	2,212
Printing and Binding	509	508	1
Intergovernmental	975	971	4
Travel	9,500	8,581	919
Supplies	144,862	123,862	21,000
Food	5,850	2,539	3,311
Utilities	214,227	217,872	(3,645)
Books and Periodicals	8,685	8,684	1
Firemen's Assistance	28,153	28,153	-
Technical	12,356	11,896	460
Special Programs	2,948	2,948	-
Other	12,917	12,723	194
Total Public Safety	5,008,892	5,385,696	(376,804)
Capital Outlay	1,433,783	1,427,748	6,035
Debt Service:			
Principal Retirement	425,830	425,873	(43)
Interest and Fiscal Charges	50,136	50,091	45
TOTAL EXPENDITURES	6,918,641	7,289,408	(370,767)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,508,457)	(829,789)	678,668
OTHER FINANCING SOURCES (USES)			
Proceeds from Lease Purchase	2,292,000	2,292,000	-
Transfers In	-	20,729	20,729
Transfers Out	(852,896)	(105,905)	746,991
Sale of Capital Assets	4,353	51,014	46,661
TOTAL OTHER FINANCING SOURCES (USES)	1,443,457	2,257,838	814,381
NET CHANGE IN FUND BALANCE	(65,000)	1,428,049	1,493,049
FUND BALANCES, Beginning of Year	320,359	320,359	-
FUND BALANCES, End of Year	\$ 255,359	1,748,408	\$ 1,493,049

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.

Note: Expenditures exceeded appropriations by \$370,767, which was covered by revenues exceeding appropriations by \$1,049,435.

DORCHESTER COUNTY, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2018

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	\$ 823,450	2,021,698	-	\$ 2,845,148
Court fines and assessments remitted to State Treasurer	(644,584)	(975,656)	-	(1,620,240)
Total Court Fines and Assessments retained	178,866	1,046,042	-	1,224,908
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	30,170	21,092	-	51,262
Assessments retained	2,331	66,895	-	69,226
Total Surcharges and Assessments retained for victim services	\$ 32,501	87,987	-	\$ 120,488

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ -	(6,086)	\$ (6,086)
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-	-	-
Victim Service Assessments Retained by City/County Treasurer	-	69,226	69,226
Victim Service Surcharges Retained by City/County Treasurer	-	51,262	51,262
Interest Earned	-	33	33
Grant Funds Received			
Grant from: South Carolina Public Employee Benefit Authority	-	1,060	1,060
General Funds Transferred to Victim Service Fund	-	62,857	62,857
Contribution Received from Victim Service Contracts:			
(1) Town of	-	-	-
(2) Town of	-	-	-
(3) City of	-	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ -	178,352	\$ 178,352
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	\$ -	170,141	\$ 170,141
Operating Expenditures	-	-	-
Victim Service Contract(s):			
(1) Beaufort County Sheriff's Office	-	-	-
(2) Entity's Name	-	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency:	-	-	-
Transferred to General Fund	-	-	-
Total Expenditures from Victim Service Fund/Program (B)	-	170,141	170,141
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-	8,211	8,211
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	\$ -	8,211	\$ 8,211

STATISTICAL SECTION

DORCHESTER COUNTY, SOUTH CAROLINA

Table 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment In Capital Assets	\$ 80,541,728	77,734,049	80,117,436	84,846,841	83,934,721	68,135,305	77,061,370	90,697,922	92,073,636	\$ 103,976,571
Restricted	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	47,100,010
Unrestricted	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)	(28,597,323)
Total Governmental Activities Net Position	\$ 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	\$ 122,479,258
Business-Type Activities:										
Net Investment In Capital Assets	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	\$ 141,719,993
Restricted	-	-	-	-	-	17,380,812	18,634,320	20,820,572	16,558,963	15,059,860
Unrestricted	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	14,476,316
Total Business-Type Activities Net Position	\$ 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	\$ 171,256,169
County										
Primary Government										
Net Investment In Capital Assets	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	\$ 245,696,564
Restricted	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	62,159,870
Unrestricted	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)	(14,121,007)
Total Primary Government Net Position	\$ 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	\$ 293,735,427

DORCHESTER COUNTY, SOUTH CAROLINA

Table 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
General Government	\$ 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	\$ 28,454,911
Public Safety	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	41,367,732
Roads and Drainage	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	13,608,969
Health and Welfare	383,239	215,664	206,355	202,674	222,328	241,831	244,878	247,183	238,746	1,017,901
Recreation and Culture	258,231	232,527	265,554	28,223	118,776	35,234	110,993	237,200	514,668	313,874
Airport	176,533	204,697	199,098	189,454	189,107	275,423	454,663	453,120	496,346	468,790
Economic Development	1,156,663	622,350	976,421	877,687	4,603,409	849,935	2,356,220	1,899,177	2,021,210	1,705,412
Intergovernmental and nonprofi	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	3,351,743
Disaster Recovery	-	-	-	-	-	-	-	-	1,682,909	485,816
Nondepartmental	-	-	-	-	-	-	-	-	512,367	-
Interest and fiscal charges	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	4,834,904
Total Government Activities Expenses	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	95,610,052
Business-Type Activities:										
Water and Sewer	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	20,509,356
Stormwater	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	5,885,165
Solid Waste	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	2,004,758
Total Business-Type Activities Expenses	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	28,399,279
Total Primary Government Expenses	\$ 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	\$ 124,009,331
Program Revenues										
Governmental Activities										
Charges for Services:										
General Government	\$ 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	\$ 8,055,719
Public Safety	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	7,381,311
Roads and Drainage	34,343	120,819	27,678	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	402	130
Recreation and Culture	40	-	-	241,848	244,706	325,711	333,555	351,474	-	-
Airport	5,853	6,456	8,077	-	-	-	-	8,894	8,002	8,480
Economic Development	27,300	21,900	13,800	5,275	4,800	-	10,600	400	-	-
Operating Grants and Contributions	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	15,656,681
Capital Grants and Contributions	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	5,910,328
Total Governmental Activities Program Revenue	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	37,012,649
Business-Type Activities:										
Charges For Services:										
Water and Sewer	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	25,673,345
Stormwater	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	6,770,996
Solid Waste	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	2,295,949
Operating Grants and Contributions	37,755	40,786	48,596	52,141	48,439	607,177	105,592	105,673	191,334	65,497
Capital Grants and Contributions	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	5,670,979
Total Business-Type Activities Program Revenue	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	40,476,766
Total Primary Government Program Revenue	\$ 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	\$ 77,489,415

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense) Revenue										
Governmental Activities	\$ (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)	\$ (58,597,403)
Business-Type Activities	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	12,077,487
Total Primary Government Net Expense	\$ (31,481,622)	(36,994,750)	(33,235,632)	(28,422,637)	(30,650,570)	(38,887,429)	(30,812,240)	(33,555,525)	(101,378,849)	\$ (46,519,916)
General Revenues and Other Changes in Net Position										
Governmental activities										
Property Taxes	\$ 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	\$ 48,856,004
Franchise Fees	553,113	774,604	555,720	362,772	367,059	327,164	333,555	351,474	634,424	735,830
Sales and Use Tax	-	-	-	-	-	-	-	-	16,224,030	16,836,769
Grants and contributions not restricted to specific programs	5,296,245	4,421,678	4,244,334	1,973,604	4,208,779	5,530,885	-	7,407,563	5,297,537	5,466,870
Unrestricted revenue from use of money and property	366,934	137,881	147,287	-	-	-	3,884,508	-	487,488	-
Gain on disposition of assets	39,769	35,466	-	-	-	-	75,603	-	-	-
Miscellaneous	104	-	148	85,802	-	-	175,302	-	-	-
Investment Income	-	-	-	-	-	-	-	96,882	66,008	1,270,117
Transfers	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	884,631
Total Governmental Activities	43,759,586	43,069,820	44,208,643	40,454,547	44,497,645	49,521,965	47,866,903	54,719,333	73,341,541	74,945,494
Business-Type Activities:										
Unrestricted revenue from use of money and property	383,542	160,039	164,645	112,743	-	-	-	-	103,170	-
Investment Income	-	-	-	-	86,410	30,247	50,328	94,510	-	128,211
Gain on disposition of assets	83,741	5,302	43,421	45,496	111,679	52,393	-	-	67,701	487,155
Transfers	(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)	(895,273)
Total Business-Type Activities	(650,838)	53,193	(1,242,519)	(1,415,539)	834,854	(1,216,365)	(1,283,902)	(1,207,956)	(3,007,998)	(279,907)
Total primary government	\$ 43,108,748	43,123,013	42,966,124	39,039,008	45,332,499	48,305,600	46,583,001	53,511,377	70,333,543	\$ 74,665,587
Change in Net Position										
Governmental Activities	\$ 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)	\$ 16,348,091
Business-Type Activities	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	11,797,580
Total Primary Government	\$ 11,627,126	6,128,263	9,730,492	10,616,371	14,681,929	9,418,171	15,770,761	19,955,852	(31,045,306)	\$ 28,145,671

DORCHESTER COUNTY, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Pre-GASB #54*										
Reserved	\$ 276,122	296,986	-	-	-	-	-	-	-	\$ -
Unreserved	16,797,476	18,044,211	-	-	-	-	-	-	-	-
Post GASB #54*										
Nonspendable	-	-	291,055	270,837	291,602	295,392	545,846	175,150	218,763	510,299
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	3,767,568	3,780,688	3,799,711	1,304,804	3,965,900	3,988,014	3,154,772	5,825,950
Assigned	-	-	1,649,658	2,337,233	2,554,765	1,544,094	566,542	1,167,793	1,202,514	1,915,702
Unassigned	-	-	13,258,918	12,681,078	14,445,084	15,138,578	17,140,840	19,174,747	22,800,202	21,552,775
Total General Fund	\$ 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	\$ 29,804,726
All Other Governmental Funds										
Pre-GASB #54*										
Reserved, Reported In:										
Special Revenue Funds	\$ 242,650	186,400	-	-	-	-	-	-	-	\$ -
Unreserved, Reported In:										
Capital Improvements Fund	3,332,629	3,492,404	-	-	-	-	-	-	-	-
Fire Fund	1,342,353	-	-	-	-	-	-	-	-	-
Special Revenue Funds	7,841,054	10,706,781	-	-	-	-	-	-	-	-
Capital Projects Funds	(188,532)	(1,010,258)	-	-	-	-	-	-	-	-
Debt Service Funds	3,122,724	3,189,768	-	-	-	-	-	-	-	-
Post GASB #54*										
Nonspendable	-	-	142,650	105,150	105,150	4,583	251,532	4,042	174,415	152,046
Restricted	-	-	11,825,798	7,488,836	28,733,579	27,732,371	24,218,572	15,161,003	34,510,714	42,659,166
Committed	-	-	9,071,599	15,126,341	9,475,595	8,970,109	7,400,381	8,943,633	6,288,134	4,669,456
Assigned	-	-	1,640,133	-	323,308	-	-	-	-	-
Unassigned	-	-	(1,102,198)	(307,818)	(435,900)	(2,123,327)	(1,989,176)	(250,581)	(257,213)	(1,228,919)
Total All Other Governmental Funds	\$ 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	\$ 46,251,749

(*) 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 35,755,990	37,761,064	38,095,316	38,576,035	40,595,172	42,306,300	42,206,478	45,603,856	63,325,356	\$ 65,715,121
Licenses, Fines and Permits	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	3,042,700
Charges for Services	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	8,977,705
Intergovernmental	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	22,312,579
Other Income	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	7,648,220
Total Revenues	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	107,696,325
Expenditures										
General Government	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	24,404,294
Public Safety	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	35,311,816
Public Works	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	2,396,317
Health and Welfare	367,020	203,064	199,254	201,362	221,016	240,519	244,222	241,183	228,921	987,643
Culture and Recreation	258,231	232,527	265,554	28,223	118,776	35,234	110,675	236,896	111,186	342,646
Airport	-	-	-	-	-	-	-	-	-	73,099
Economic Development	-	-	-	-	-	-	-	-	-	1,352,885
Intergovernmental and nonprofit assistance	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	3,309,661
Disaster Recovery	-	-	-	-	-	-	-	-	1,682,909	485,816
Non-Departmental	1,130,999	563,984	530,390	667,029	481,074	1,736,818	1,062,342	758,228	512,367	956,487
Capital Outlay	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	20,844,025
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	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	8,931,777
Interest	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	4,834,393
Bond Issuance Cost	-	161,139	38,466	-	74,865	-	-	-	-	-
Total Expenditures	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	104,230,859
Excess of Revenues	(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	3,465,466
Over (Under) Expenditures										
Other Financing Sources (Uses)										
Transfers In	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	7,188,271
Transfers Out	(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)	(6,292,998)
Sale of Capital Assets	321,038	118,006	296,269	87,378	276,510	489,101	336,863	58,638	257,253	90,199
Insurance proceeds	24,577	123,224	1,237,000	72,932	17,166	38,835	-	52,172	348,177	221,236
Capital lease proceeds	800,000	-	2,882,554	52,466	1,315,762	-	2,514,055	-	-	3,292,000
Debt proceeds	-	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)	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	4,498,708
Net Change in Fund Balances	\$ (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	\$ 7,964,174
Debt Service as a Percentage of Noncapital Expenditures	5.74%	5.98%	5.59%	6.90%	5.75%	7.03%	7.03%	7.62%	15.03%	14.91%

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
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
2018	\$	48,948,514	16,674,005	92,602	\$	65,715,121

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					
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%
2018	\$ 270,179,680	171,851,810		66,902,650	79,502,275	5,646,570	582,789,845	0.0994	\$ 12,005,735,659	4.85%

^ 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
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
2018	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	Total School District Millage	Total Direct & Overlapping Rates
2009	0.1615	0.0298	0.0084	0.2364	0.0300	0.4661	0.5615
2010	0.1650	0.0309	0.0091	0.2387	0.0280	0.4717	0.5635
2011	0.1686	0.0360	0.0093	0.2387	0.0280	0.4806	0.5725
2012	0.1686	0.0360	0.0093	0.2302	0.0280	0.4721	0.5640
2013	0.1686	0.0360	0.0093	0.2200	0.0280	0.4619	0.5538
2014	0.1686	0.0460	0.0093	0.2200	0.0280	0.4719	0.5660
2015	0.1686	0.0530	0.0093	0.2200	0.0280	0.4789	0.5732
2016	0.1699	0.0530	0.0093	0.2150	0.0280	0.4752	0.5740
2017	0.1699	0.0530	0.0093	0.2150	0.0280	0.4752	0.5746
2018	0.1736	0.0530	0.0093	0.2150	0.0280	0.4789	0.5783

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 17,097,760	1	3.07%	\$ 9,472,520	2	2.36%
Robert Bosch LLC	9,467,550	2	1.70%	11,668,620	1	2.91%
Showa Denko Carbon Inc.	6,239,600	3	1.12%	4,507,550	4	1.12%
Argos Cement LLC	4,186,470	4	0.75%	-		-
Giant Cement Co	3,650,060	5	0.65%	5,160,690	3	1.29%
Bellsouth Telecommunications	2,104,530	6	0.38%	3,441,160	5	0.86%
Argos USA LLC	1,804,490	7	0.32%	-		-
Chartweel Wescott LLC	1,754,550	8	0.31%	-		-
Kapstone Charleston Kraft LLC	1,582,670	9	0.28%	-		-
Trident Medical Center LLC	1,499,410	10	0.27%	1,163,980	10	0.29%
LaFrage Building Materials, Inc.	-		-	2,709,850	6	0.67%
James Hardee Building Products	-		-	1,467,960	7	0.37%
Giant Cement Co	-		-	1,393,950	8	0.35%
Edisto Electric Coop Inc.	-		-	1,222,950	9	0.30%
Total	<u>\$ 49,387,090</u>		<u>8.85%</u>	<u>\$ 42,209,230</u>		<u>10.51%</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
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%
2018	\$ 39,746,267	38,514,748	96.9%	1,454,441	\$ 39,969,189	100.6%

(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 Revenue Bonds	Water/Sewer Capital Leases	Water/Sewer Notes Payable				
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	2.08%	\$ 738
2016	39,498,844	3,324,866	996,146	61,468,766	-	-	-	105,288,622	N/A	N/A
2017	121,400,675	*	681,709	54,182,091	-	-	5,223,007	183,673,846	N/A	N/A
2018	\$ 113,356,516	*	362,235	53,143,388	-	-	4,761,701	\$ 176,236,256	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) *
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
2018	\$ 113,356,516 **	4,336,002	\$ 109,020,514	0.91%	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, 2018

UNAUDITED

	<u>Governmental Activities Debt</u>	<u>Applicable to County Taxpayers</u>	<u>Taxpayers Share of Debt</u>
Direct			
County	\$ 118,331,167 ¹	100%	\$ 118,331,167
Overlapping			
School District #2	193,382,000	100%	193,382,000
School District #4	15,117,000	100%	15,117,000
Town of Summerville	31,054,215	29%	9,005,722
City of North Charleston	189,269,789	18%	34,068,562
Total Overlapping Debt	<u>428,823,004</u>		<u>251,573,284</u>
Total Direct and Overlapping Debt	<u>\$ 547,154,171</u>		<u>\$ 369,904,451</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 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	\$ 44,933,397
Total net debt applicable to limit	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	30,670,000
Legal debt margin	\$ 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	\$ 14,263,397
Total net debt applicable to the limit as a percentage of debt limit	62.07%	53.77%	49.54%	47.91%	90.46%	94.27%	88.17%	81.07%	72.77%	68.26%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 561,667,461
Debt limit (8% of total assessed value)	44,933,397
Debt applicable to limit: General obligation bonds	30,670,000
Legal debt margin	\$ 14,263,397

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			
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
2018	\$	22,360,182	13,038,421		9,321,761	2,848,077	\$ 2,041,658	1.91

(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
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	4,832,865,290	33,259	6.6%
2014	148,499	5,154,400,290	34,710	5.8%
2015	152,536	5,406,943,592	35,447	5.5%
2016	153,773	5,606,563,580	36,460	4.6%
2017	156,456	5,921,390,232	37,847	3.8%
2018	-	\$ -	\$ -	2.5%

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	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Robert Bosch Corporation	2,180	1	37.91%	2,400	1	39.41%
iQor	1,100	2	19.13%	460	5	7.55%
The Bid Group/Comact USA	512	3	8.90%			0.00%
Scout Boats, Inc.	400	4	6.96%			0.00%
WABCO	328	5	5.70%	180	9	2.96%
Sportsman Boats Manufacturing	264	6	4.59%			0.00%
Key West Boats, Inc.	245	7	4.26%			0.00%
Showa Denko Carbon, Inc.	242	8	4.21%	230	6	3.78%
KION Linde Material Handling NA	240	9	4.17%	200	8	3.28%
Knight's Companies	239	10	4.16%	220	7	3.61%
Giant Cement Holdings, Inc.				1,050	2	17.24%
InterContinental Hotels Group				650	3	10.67%
CAT Reman Powertrain Services				570	4	9.36%
KapStone Paper and Packaging Corp.				130	10	
Total	5,750		100.00%	6,090		97.87%

Source: Dorchester County Economic Development

DORCHESTER COUNTY, SOUTH CAROLINA

FULL TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administrator	4.5	4.5	4.5	4.0	4.0	6.0	7.0	8.0	8.0	7.0
Animal Control	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	6.0	0.0
Assessor	21.0	21.0	20.0	20.0	20.0	20.0	20.0	20.0	20.5	21.5
Attorney	0.0	0.0	0.0	0.0	0.0	2.0	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	9.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0	10.0
Business Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.5
Codes Enforcement	23.0	7.0	7.0	7.0	7.0	7.0	7.0	0.0	0.0	0.0
County Council	9.0	9.0	9.0	9.5	8.5	8.5	8.0	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	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Facilities & Grounds Maintenance	29.0	29.0	29.0	29.0	30.5	31.5	31.5	31.5	31.5	33.5
Finance	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.5	7.5	0.0
Fleet Services	12.0	11.0	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	5.0
Information Technology	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Planning & Zoning	0.0	5.0	5.0	7.0	7.0	7.0	8.0	10.0	10.0	7.0
Purchasing	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.5	0.0
Register of Deeds	8.5	8.0	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	11.0	11.0	11.0	11.0	11.0	11.0	11.0	10.5	10.5
Family Court	11.0	11.0	11.0	11.0	11.5	11.5	11.5	11.5	12.5	12.5
Magistrates	22.0	22.0	24.0	19.0	19.5	19.5	20.0	20.0	20.0	19.5
Master-in-Equity	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Probate Court	6.5	6.5	6.5	6.5	6.5	6.5	6.5	7.0	7.0	7.5

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

FULL TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	5.0	5.0	5.0	5.0	5.0	5.0
Detention	65.5	72.0	71.5	70.5	70.0	70.0	74.0	102.0	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	2.5	2.5	2.0	2.5	2.5	3.0	3.0	3.0	3.0
Emergency Medical Services	65.5	65.5	66.0	66.0	66.0	74.0	74.0	90.0	90.0	90.5
Fire Department	0.0	0.0	1.0	12.0	26.5	26.5	26.5	26.5	49.5	49.5
Sheriff	148.0	158.0	163.0	175.0	181.0	187.5	187.5	195.0	197.0	196.5
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	51.0	46.0	48.0	48.0	48.0	47.0	47.0	47.0	47.0
Health and Welfare										
Community Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.0
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	1.0	1.0	1.0	1.0	2.0
Water & Sewer										
Water & Sewer	62.0	64.0	69.0	77.0	78.0	78.0	79.0	80.0	84.5	89.0
Stormwater Utility										
Stormwater Utility	23.0	31.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Solid Waste										
Solid Waste	36.0	36.0	36.0	36.0	36.0	36.0	37.0	38.0	38.0	38.5
Total	696.50	719.00	719.00	747.00	771.00	792.50	799.00	855.00	886.50	900.00

Source: Dorchester County Human Resources Department

DORCHESTER COUNTY, SOUTH CAROLINA

OPERATING INDICATORS

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General										
Number of building permits	420	639	346	320	398	383	564	479	502	417
Coroner										
Calls for service*	490	531	539	503	639	729	813	907	892	856
Sheriff										
Calls for service*	128,596	124,611	115,073	143,007	138,992	138,137	133,489	113,747	105,398	101,100
EMS										
Calls for service	12,921	14,304	14,189	14,697	15,308	15,840	17,595	19,038	19,901	20,033
Fire										
Number of calls answered	-	-	-	-	425	1,576	1,498	1,434	1,561	4,568
Number of inspections conducted	-	-	-	-	38	142	216	328	527	1,251
Number of investigations conducted	-	-	-	-	6	7	9	8	11	18
Number of customers										
Retail - Water	7,444	7,774	7,832	7,972	8,148	8,292	8,478	8,655	9,090	9,539
Retail - Sewer	20,193	21,820	22,109	22,701	23,254	23,894	24,518	25,204	26,087	26,969
Sales/Usage in Millions of Gallons										
Retail Average Monthly Water Usage	1.66	1.76	1.86	1.95	1.87	2.34	2.27	2.43	2.65	2.87
Total Average Monthly Water Usage	1.66	1.76	1.86	1.95	1.87	2.34	2.27	2.43	2.65	2.87
Retail Gallons Sold - Water **	593	593	597	624	604	607	635	644	688	690
Total Gallons Sold - Water	593	593	597	624	604	607	635	644	688	690
Retail Gallons Sold - Sewer **	3,099	3,195	3,327	3,654	3,093	3,059	3,277	3,016	3,118	3,138
Total Gallons Sold - Sewer	3,099	3,195	3,327	3,654	3,093	3,059	3,277	3,016	3,118	3,138

* These figures are as of December 1, 2018

** 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	16
Sheriff vehicles	144	151	157	149	168	167	168	176	178	190
Sheriff stations (including substations)	2	2	2	2	2	2	2	2	2	2
Highways & Streets										
County maintained paved roads (miles)	347	347	349	353	362	365	365	372	374	375
County maintained unpaved roads (miles)	91	91	89	85	77	76	76	70	70	69
Recreation										
Parks open to the public	1	1	2	2	2	2	2	2	2	3
Parklands open to the public	7.9	7.9	77.9	77.9	77.9	77.9	77.9	77.9	77.9	77
Parklands owned by the County for future development	76.2	92.1	400.4	400.4	491.5	491.5	491.5	491.5	495.5	613.0

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, 2018

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 - Ashley River Access Site	15.904	SCNHC 2017	\$ 95,070
South Carolina National Heritage Corridor Grant Program - Gateway to the Future	15.939	SCNHC 2017	37,654
TOTAL US DEPARTMENT OF THE INTERIOR			132,724
U.S. DEPARTMENT OF JUSTICE			
Passed-through the South Carolina Department of Public Safety:			
Solicitor's Victim Assistance Program	16.575	I-V-16-024	20,606
Solicitor's Victim Assistance Program	16.575	I-V-17-018	82,535
		Total Solicitor's Victim Assistance Program	103,141
Direct Programs:			
Equitable Sharing Program	16.922	N/A	113,379
TOTAL U.S. DEPARTMENT OF JUSTICE			216,520
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	LPA-16-14	750,000
Fixing America's Surface Transportation (FAST) Act (previously MAP-21)	20.205	LPA-12-14	3,626
Fixing America's Surface Transportation (FAST) Act (previously MAP-21)	20.205	LPA-10-15	1,067
Fixing America's Surface Transportation (FAST) Act (previously MAP-21)	20.205	LPA-11-15	970
Fixing America's Surface Transportation (FAST) Act (previously MAP-21)	20.205	LPA-12-15	530
		Total Highway Planning and Construction Cluster	756,193
Direct Programs:			
Airport Improvement Program	20.106	3-45-0052-006-2017	114,869
Passed-through the South Carolina Department of Public Safety:			
Highway Safety Cluster:			
Sheriff's Highway Safety Traffic Division Enhancement Unit - 3rd Year	20.600	PT-2014-HS-10-17	113,665
Sheriff's Highway Safety Traffic Division Enhancement Unit - 1st Year	20.600	PT-2018-HS-13-18	18,715
		Total Highway Safety Cluster	132,380
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ 1,003,442

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****YEAR ENDED JUNE 30, 2018**

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 Health and Environmental Control: Local Mosquito Control Support Grant	93.323	N/A	\$ 12,749
Passed-through the South Carolina Department of Social Services: Child Support Enforcement	93.563	N/A	486,952
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>486,952</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Programs:			
Assistance to Firefighters Grant	97.044	N/A	133,027
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-4286-DR-SC	462,760
Passed-through the South Carolina Emergency Management Division: Emergency Management Performance Grants:			
EMD - LEMPG 2015 Emergency Management - Supplemental	97.042	15EMPG01 Supplement	10,849
EMD - LEMPG 2016 Emergency Management	97.042	16EMPG01	5,518
EMD - LEMPG 2017 Emergency Management	97.042	17EMPG01	73,016
Total Emergency Management Performance Grants			<u>89,383</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>685,170</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 2,537,557</u>

Note: There were no federal awards disbursed to subrecipients during the year ended June 30, 2018.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

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, 2018. 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. 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

To the Members of 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, 2018, 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 20, 2018. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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*.

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 20, 2018



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

To the Members of 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, 2018. 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 *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, 2018.

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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 20, 2018

DORCHESTER COUNTY, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2018

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>
Status:	<p>The County closed out timelier and more accurately in the year ended June 30, 2018, which resulted in fewer journal entries made by the County and the auditors after the final trial balance was provided and no prior period adjustments.</p>

DORCHESTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

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> </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
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
--	-----------------------	-------------------------

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster
97.036	Disasters Grants - Public Assistance

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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Section II - Findings - Current Year Financial Statement Audit

No matters to report.

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

No matters to report.