

Dorchester County, SC
Department of Business Services

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended June 30, 2019

December 2019





THIS PAGE INTENTIONALLY LEFT BLANK

DORCHESTER COUNTY, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2019

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1
Listing of Key Officials	7
Organization Chart	8
Business Services Organization Chart	9
Mission Statement	10
Certificate of Achievement for Excellence in Financial Reporting	11
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	13
Management's Discussion and Analysis	15
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	24
Statement of Activities	25
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	30
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	32
Statement of Net Position - Proprietary Funds	33
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	34
Statement of Cash Flows - Proprietary Funds	35
Statement of Fiduciary Net Position - Agency Fund	37
Notes to the Financial Statements	38
Required Supplementary Information	
<u>Budgetary Comparison Schedules</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual - General Fund	86

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2019

	<u>Page</u>
<u>FINANCIAL SECTION (CONTINUED)</u>	
<u>Budgetary Comparison Schedules (Continued)</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual - Capital Improvements Fund	88
<u>Pension Plan Schedules</u>	
Schedule of Dorchester County's Proportionate Share of the Net Pension Liability - South Carolina Retirement System	89
Schedule of Contributions - South Carolina Retirement System	90
Schedule of Dorchester County's Proportionate Share of the Net Pension Liability - Police Officers Retirement System	91
Schedule of Contributions - Police Officers Retirement System	92
<u>Other Postemployment Benefit Plan Schedules</u>	
Schedule of Changes in the County's Net OPEB Liability and Related Ratios	93
Schedule of the County's Contributions	94
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	100
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budgets and Actual:	
County Bonds Fund	104
Economic Development Fund	105
E-911 Fund	106
Victims' Advocate	107
First Circuit Solicitor	108
Public Defender	109
Recreation Fund	110
Fire Improvements Fund	111
Statement of Changes in Assets and Liabilities - Agency Fund	112
Uniform Schedule of Fines, Assessments, and Surcharges (Per Act 96)	113
<u>STATISTICAL SECTION (UNAUDITED)</u>	
Net Position by Component	116
Changes in Net Position	117

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2019

	<u>Page</u>
<u>STATISTICAL SECTION (UNAUDITED) (CONTINUED)</u>	
Fund Balances of Governmental Funds	119
Changes in Fund Balances of Governmental Funds	120
General Government Tax Revenues by Source	121
Assessed Value and Estimated Actual Value of Taxable Property	122
Property Tax Rates - Direct and Overlapping Governments	123
Principal Property Taxpayers	125
Property Tax Levies and Collections	126
Ratios of Outstanding Debt by Type	127
Ratios of General Obligation Bonded Debt Outstanding	128
Direct and Overlapping Governmental Activities Debt	129
Legal Debt Margin Information	130
Pledged Revenue Coverage	131
Demographic and Economic Statistics	132
Principal Employers	133
Full Time Equivalent County Employees by Function	134
Operating Indicators	136
Capital Asset Statistics	137
<u>COMPLIANCE SECTION</u>	
Schedule of Expenditures of Federal Awards	140
Notes to the Schedule of Expenditures of Federal Awards	142
Independent Auditor's Report - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	143
Independent Auditor's Report - Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	145
Summary Schedule of Prior Audit Findings	147
Schedule of Findings and Questioned Costs	148
Corrective Action Plan	151



THIS PAGE INTENTIONALLY LEFT BLANK



December 20, 2019

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, 2019.

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, 2019. 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 950 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, 2018, the County experienced population growth of 17.6%, an average of 1.95% per year. Dorchester County has a strong tax base and continues to experience growth in business and residential activity. In 2019, 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. The County issued \$17,105,000, Summers Corner Improvement District, Series 2018, Special Assessment Revenue Bonds in December 2018 to finance public infrastructure in the district. While the County is the issuer, there is no repayment obligation to the County for this special assessment debt. Over the past year, Lennar has cleared land for over 400 new homes, indicating plans for continued growth in the East Edisto area.

Dorchester County continues to experience robust activity in residential and commercial construction. Building permits valued at \$128,541,613 (residential) and \$25,546,501 (commercial) were issued during fiscal year 2019. Permits are expected to increase as a result of newly announced residential communities, multifamily, and industrial development. Residential permit activity in fiscal year 2019 represents an 18.6% increase over the prior year.

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 2019, over 200 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.

Several unique retail and service industries established operations in Dorchester County in 2019. Aldi Grocery Stores is building a second location in downtown Summerville less than five miles away from their existing location in the Oakbrook area. Parkers Convenience Stores, a new concept for upscale convenience and fueling centers, is building two locations in Dorchester County, both in the Knightsville area and adjacent to the Ponds subdivision as part of a \$50,000,000 expansion in the Charleston market.

Additionally, numerous commercial projects are under construction or are in the plan review process. Some of these projects include new manufacturing and distribution centers (United Cannabis, Dennis Eagle, Inc.) and expansions (DC Machine), 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 2019, DHL Supply Chain announced a nearly \$100,000,000 investment in the Winding Woods Commerce Park to build a 1,700,000 square foot distribution center on 125 acres near St. George. This project will bring 500 jobs to the area and represents the single largest investment west of Four Holes Swamp in unincorporated Dorchester County. The announcement is a testament to the County's foresight to install over \$10,000,000 in water and wastewater infrastructure to serve the park. The County is also contemplating purchasing the remaining 600+ acres of residual land in the park to control its future use for economic development purposes.

In early 2019, Dorchester County completed the purchase of the 300+ acre Pine Hill Commerce Park for \$3,250,000 using a combination of General Obligation bond proceeds and private contributions. In December 2019, the County took the first steps regarding an industry locating in the park when Magnolia Botanicals (United Cannabis) announced a \$3,200,000 investment to establish an industrial hemp processing facility.

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 manufacturer Sundaram Clayton. The installation of the water line is nearly complete and a 750,000 gallon water storage tank was constructed in 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 2019, Dorchester County Council approved a new plan which was under consideration at the time of publish of this transmittal for fiscal year 2019. The new Comprehensive Plan will serve as a guiding document over the next ten years.

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 revised and County Council subsequently adopted a new plan in March 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 April 2019, Moody's Investors Service upgraded Dorchester County's General Obligation bonds to Aa1, which represents the first rating upgrade for the County's General Obligation bonds by either Moody's or Standard & Poor's since 2012. The factors contributing to Moody's decision to upgrade the County's rating are the county's sizeable tax base, healthy resident income levels, extremely robust reserve and liquidity position supported by formal fiscal policies, and manageable debt and pension burdens. In November 2012, the County's General Obligation bond rating was upgraded from AA- to AA by Standard & Poor's Rating Services.

As a result of surveillance, Standard & Poor's upgraded Dorchester County's long-term rating on outstanding waterworks and sewer system bonds to from AA- to AA in March 2019. The last upgrade occurred in March 2012.

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, 2019, the County's budget was balanced.

Unassigned fund balance of approximately \$23,063,282 in the General Fund for the fiscal year ended June 30, 2019, represents 38.8% 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 \$5,310,010 as of June 30, 2019, the balance of the Reserve Fund is equivalent to 8.9% of subsequent year projected revenues. The County is actively seeking reimbursement from FEMA for four federally declared disasters which will continue to increase this balance as reimbursements are received. A reimbursement for Hurricane Matthew in the amount of \$243,324.83 was received as recently as December 17, 2019. 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.

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 and post issuance disclosure policy was adopted by County Council on December 1, 2014 and revised on July 1, 2019. 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 2019, Dorchester County issued \$19,030,000, Series 2019, General Obligation Refunding and Improvement Bonds, which resulted in a project fund of \$15,852,863. Of this total, \$2,000,000 was used to complete the purchase of the Pine Hill Commerce Park. Other projects to be funded include the design, engineering, and construction of a new Emergency Operations and 911 Dispatch Center, renovation of the Law Enforcement Complex on Deming Way near Summerville, and future land acquisition for transportation infrastructure right of way, public facilities, and conservation.

During fiscal year 2019, 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, following the new prime-time unit that was added in fiscal year 2018. 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 2020, County Council included a millage increase to support nine new firefighter positions in the Dorchester County Fire Rescue Department. These positions will supplement trucks that were previously in service with only one full-time firefighter per shift.

Looking to the future, the County recognizes the need to continue to improve the provision of Fire-Rescue and EMS services. Stations are planned for Summers Corner (new), Ladson Road (replacement), Harleyville (replacement), and Wire Road (new). Each of these projects are either partially or fully funded for implementation over the next year. When these projects are completed, all EMS services will be co-located within a Fire-Rescue and EMS combination facility, with the exception of EMS Headquarters. This represents a significant efficiency for the County's overall building footprint and eliminates duplication.

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 2019, Dorchester County conducted countywide reassessment, a process that is required to be implemented under State law every five years. Through this process, the County appraised each parcel of real property and assigned updated values based on the market. State law caps the increase in assessed value at 15%, and due to significant growth in property values over the last five years, 46% of properties countywide were assessed at this cap.

In November 2019, Dorchester County Council approved 3rd reading of an ordinance to establish a Tax Increment Financing (TIF) district in the Oakbrook area of Summerville. This effectively freezes the assessed value of all real property within the district at 2019 values. Incremental increases in assessed value are captured in a fund administered by the County in order to support debt service on TIF Revenue Bonds. This enables the County to issue such bonds to fund public infrastructure projects either in directly

benefitting the district to stimulate redevelopment. Plans are in place to issue the first series in the amount of \$15,000,000, in early 2020. Initial funds will allow the redevelopment of the Summerville Soccer Complex owned by Dorchester County, streetscape major thoroughfares in the district, and build a replacement Fire-Rescue and EMS station on Ladson Road.

Also in November 2019, voters approved two separate referendum questions; one of which authorizes the County to issue \$30,000,000 in General Obligation bonds for library facilities in the Summerville, North Charleston, and Ridgeville areas of the County. The other authorizes the County to issue \$38,000,000 for the design and construction of new park facilities throughout the County. Bond ordinances were enacted by County Council in December 2019 and the County is in the process of issuing the first series in the amount of \$25,000,000, with plans to close the transaction by February 6, 2020.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the first year that Dorchester County has received this Certificate of Achievement. The County announced the receipt of the award for the first time at its regularly scheduled County Council meeting on December 9, 2019. In order 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.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility.

The County also received GFOA's Distinguished Budget Presentation Award for the thirteenth time for fiscal year 2019. 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 2020 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,



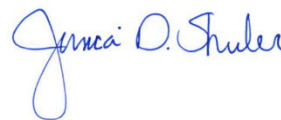
Jason L. Ward

County Administrator



Daniel T. Prentice

Chief Financial Officer



Jessica D. Shuler

Director of Business Services

DORCHESTER COUNTY, SC
LISTING OF KEY OFFICIALS

County Council

George Bailey – District 3 – Chairman
David Chinnis – District 2 – Vice Chairman
Harriet Holman – District 1
Larry Hargett – District 4
Eddie Crosby – District 5
William (Bill) Hearn – District 6
James Lex Byars, III – District 7

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

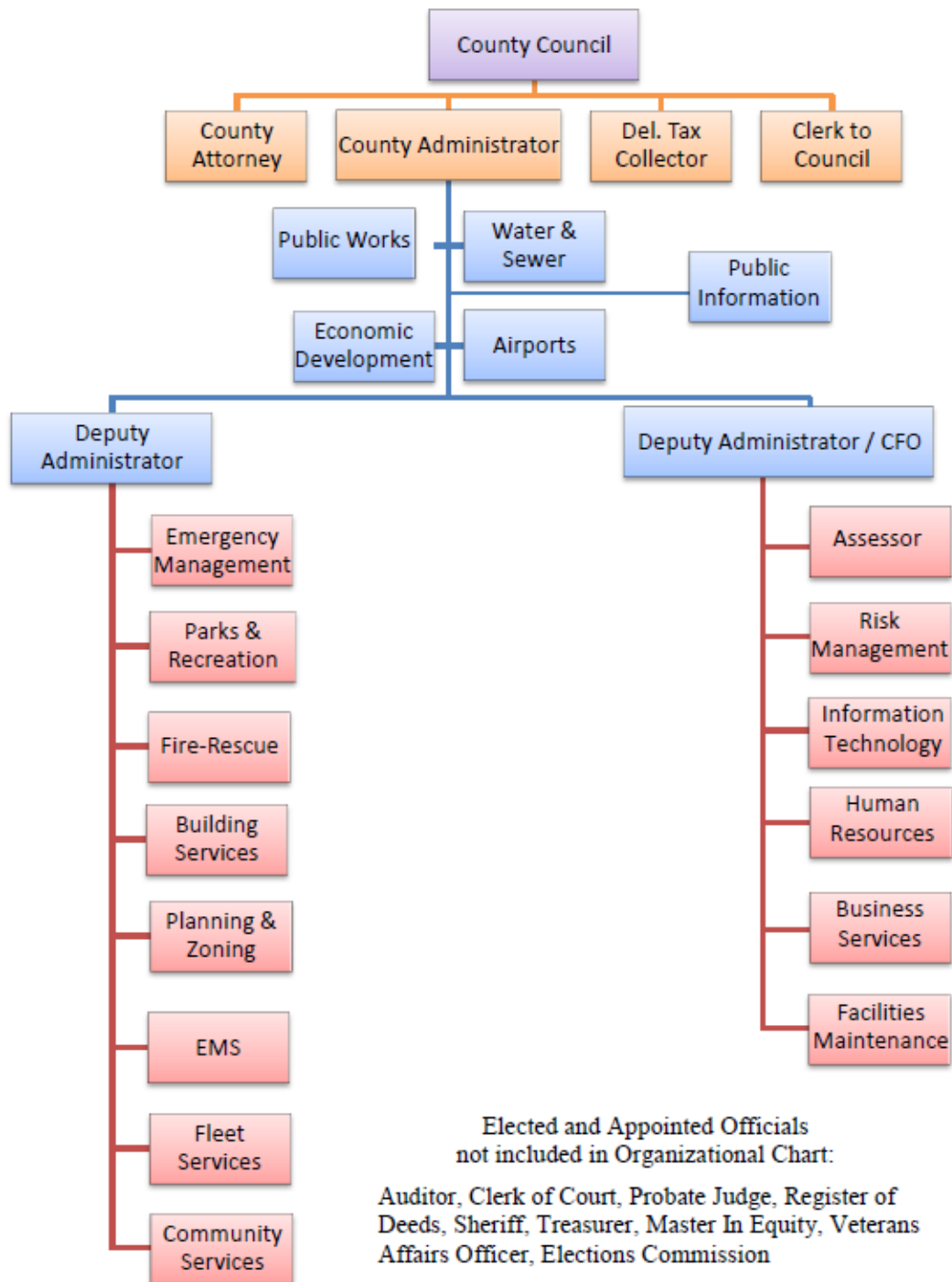
Elected Officials

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

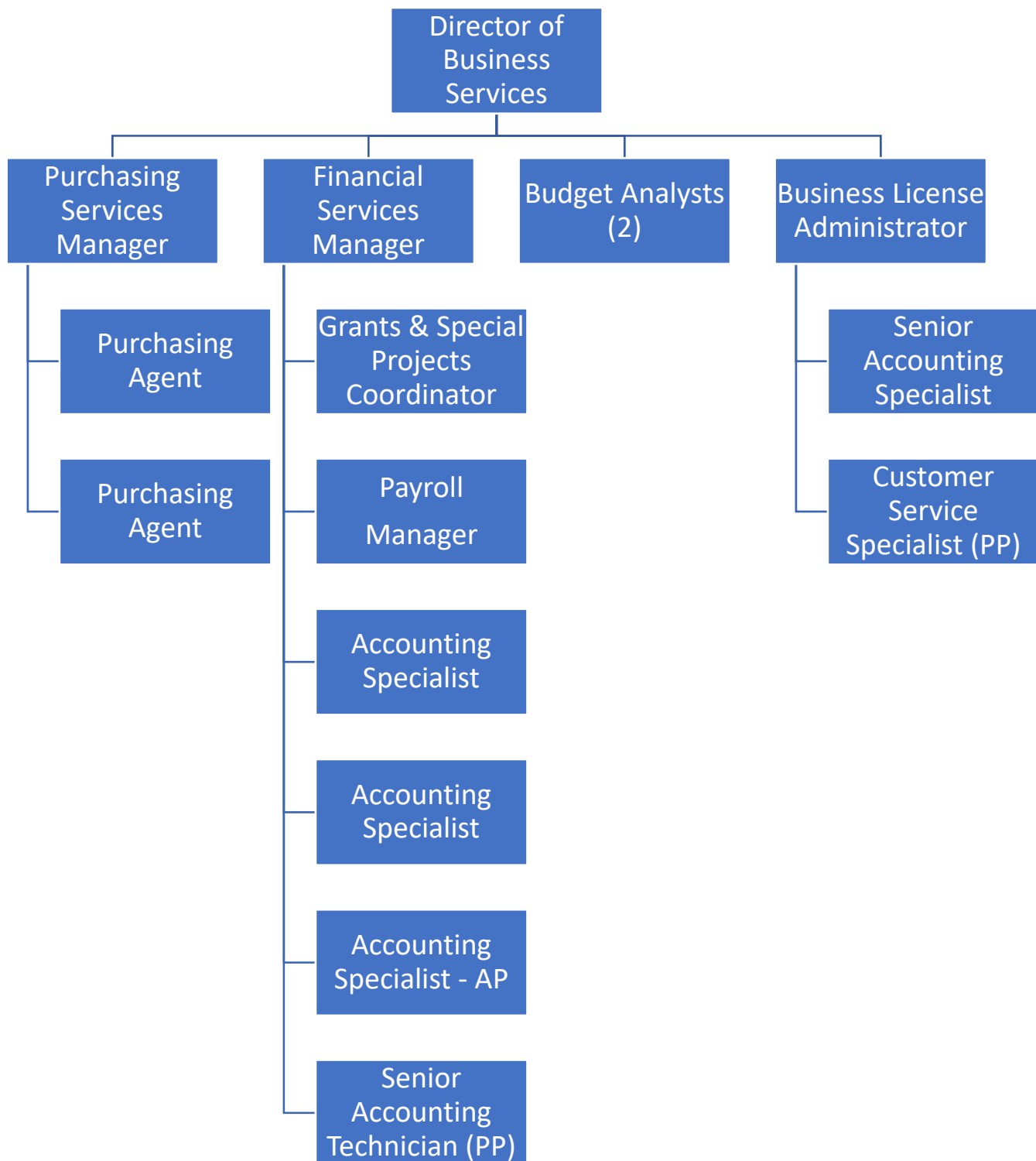
Appointed Officials

James Chellis – Master in Equity
Tera Richardson – Chief Magistrate
Cynthia Busby – 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.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Dorchester County
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO



THIS PAGE INTENTIONALLY LEFT BLANK



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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2019, 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.

GREENEFINNEY.COM · INFO@GREENEFINNEY.COM

MAULDIN, SC
864.232.5204

CHARLESTON, SC
843.735.5805

SPARTANBURG, SC
864.232.5204

ASHEVILLE, NC
828.771.0847
OPEN BY APPOINTMENT ONLY

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

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, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Greene Finney, LLP
Mauldin, South Carolina
December 20, 2019

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes. This overview and analysis do 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, 2019 by \$245,161,240.

The total net position decreased by \$48,574,187, including \$61,217,147 for governmental activities, partially offset by an increase of \$12,642,960 for business-type activities from the prior year net position.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$23,063,282, which represents a 7 percent increase from the prior year and represents 40.7 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 \$99,906,596. This is an increase of \$23,850,121 from the prior year. Of this amount, nonspendable fund balance was \$611,510, restricted fund balance was \$64,212,565, committed fund balance was \$11,275,156, assigned fund balance was \$1,453,270, and unassigned fund balance was \$22,354,095.

On the government-wide basis, unrestricted net position was a deficit of \$19,127,951, primarily due to the net pension liability (including related deferred outflows and inflows of resources) of \$69,619,136 and the net other postemployment benefits ("OPEB") liability (including related deferred outflows and inflows of resources) of \$8,400,828. The net pension liability is required by Governmental Accounting Standard Boards ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" ("GASB 68"). The net OPEB liability is required by GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"). The County participates in the South Carolina Retirement System's ("SCRS") pension plans and the South Carolina Counties OPEB Trust. The County is required by GASB 68 to recognize its proportionate share of the SCRS' unfunded liabilities on the County's government-wide financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

DORCHESTER COUNTY, SOUTH CAROLINA**MANAGEMENT'S DISCUSSION AND ANALYSIS****YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. The County's net position comparing 2019 to 2018 (as reported) is as follows for the Governmental Activities and the Business-Type Activities:

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Current, Restricted and Other Assets	\$ 116,089,237	93,968,442	48,818,978	\$ 47,023,994
Capital Assets, Net	144,858,099	218,551,985	204,696,150	194,125,638
Total Assets	<u>260,947,336</u>	<u>312,520,427</u>	<u>253,515,128</u>	<u>241,149,632</u>
Deferred Outflows of Resources	<u>20,050,370</u>	<u>19,686,943</u>	<u>3,846,219</u>	<u>4,165,096</u>
Current and Other Liabilities	22,118,328	21,315,742	8,327,904	6,911,900
Net Pension Liability	73,240,113	70,833,518	12,403,550	11,500,793
Net OPEB Liability	9,013,892	6,726,557	1,371,671	970,035
Long-Term Liabilities Outstanding	114,709,753	110,007,022	51,191,752	54,492,928
Total Liabilities	<u>219,082,086</u>	<u>208,882,839</u>	<u>73,294,877</u>	<u>73,875,656</u>
Deferred Inflows of Resources	<u>653,509</u>	<u>845,273</u>	<u>167,341</u>	<u>182,903</u>
Net Position:				
Net Investment in Capital Assets	37,657,298	103,976,571	154,321,376	141,719,993
Restricted	55,642,172	47,100,010	16,668,345	15,059,860
Unrestricted	(32,037,359)	(28,597,323)	12,909,408	14,476,316
Total Net Position	<u>\$ 61,262,111</u>	<u>122,479,258</u>	<u>183,899,129</u>	<u>\$ 171,256,169</u>

DORCHESTER COUNTY, SOUTH CAROLINA**MANAGEMENT'S DISCUSSION AND ANALYSIS****YEAR ENDED JUNE 30, 2019****GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)****Changes in Net Position.** The County's Change in Net Position for fiscal years ended June 30, 2019 and 2018 is as follows:

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Revenues:				
Program Revenues:				
Charges for Services	\$ 14,924,813	15,445,640	36,066,257	\$ 34,740,290
Operating Grants and Contributions	7,193,336	15,656,681	93,572	65,497
Capital Grants and Contributions	6,739,077	5,910,328	4,339,194	5,670,979
General Revenues:				
Property Taxes	51,607,166	48,856,004	-	-
Other Taxes	18,810,036	17,572,599	-	-
Unrestricted Grants and Contributions	5,517,465	5,466,870	-	-
Interest and Investment Earnings	1,648,617	884,631	220,068	128,211
Miscellaneous	354,918	1,270,117	776,789	487,155
Total Revenues	106,795,428	111,062,870	41,495,880	41,092,132
Program Expenses:				
General Government	29,925,262	28,454,911	-	-
Public Safety	42,088,535	41,367,732	-	-
Roads and Drainage	78,308,048	13,608,969	-	-
Health and Welfare	1,025,696	1,017,901	-	-
Recreation and Culture	310,336	313,874	-	-
Airport	478,903	468,790	-	-
Economic Development	4,235,715	1,705,412	-	-
Intergovernmental and Nonprofit Assistance	4,618,709	3,351,743	-	-
Disaster Recovery	375,362	485,816	-	-
Interest and Fiscal Charges	4,859,879	4,834,904	-	-
Water and Sewer	-	-	22,607,782	20,509,356
Solid Waste	-	-	5,938,070	5,885,165
Stormwater Management	-	-	2,093,198	2,004,758
Total Expenses	166,226,445	95,610,052	30,639,050	28,399,279
Change in Net Position Before Transfers	(59,431,017)	15,452,818	10,856,830	12,692,853
Transfers	(1,786,130)	895,273	1,786,130	(895,273)
Change in Net Position	(61,217,147)	16,348,091	12,642,960	11,797,580
Net Position, Beginning	122,479,258	106,131,167	171,256,169	159,458,589
Net Position, Ending	\$ 61,262,111	122,479,258	183,899,129	\$ 171,256,169

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. Governmental activities decreased the County's net position by \$61,217,147.

Charges for services accounted for \$14,924,813 or 14.0 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 \$51,607,166 of the \$106,795,428 total revenues for governmental activities, or 48.3 percent of total revenues. Other tax revenues, primarily for sales and use taxes, accounted for \$18,810,036 or 17.6 percent of total revenues. Another major component of general revenues was grants and contributions not restricted to specific programs, which accounted for \$5,517,465 or 5.2 percent of total revenues.

The largest governmental activity, the roads and drainage, accounted for \$78,308,048 of the \$166,226,445 total expenses for governmental activities, or 47.1 percent of total expenses. However, \$74,255,614 is associated with the completion of road projects related to roads that are not owned by the County that represented capital asset disposals (expenses) in the current year. Absent these disposals, total expenses for governmental activities was \$91,970,831. Roads and drainage expenses, absent these disposals, was \$4,052,434. The next two largest programs were public safety, accounting for \$42,088,535, and general government, accounting for \$29,925,262.

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	
	2019	2018	2019	2018
General Government	\$ 29,925,262	27,498,424	16,862,697	\$ 13,457,317
Public Safety	42,088,535	41,367,732	33,520,805	32,263,777
Roads and Drainage	78,308,048	13,608,969	75,651,129	2,378,467
Health and Welfare	1,025,696	1,017,901	968,210	963,151
Recreation and Culture	310,336	313,874	259,901	117,153
Airport	478,903	468,790	425,165	368,607
Economic Development	4,235,715	1,705,412	(168,698)	(255,813)
Intergovernmental and Nonprofit Assistance	4,618,709	3,351,743	4,618,709	3,351,743
Disaster Recovery	375,362	485,816	371,422	161,610
Nondepartmental	-	956,487	-	956,487
Interest and Fiscal Charges	4,859,879	4,834,904	4,859,879	4,834,904
Total Assets	<u>\$ 166,226,445</u>	<u>95,610,052</u>	<u>137,369,219</u>	<u>\$ 58,597,403</u>

Charges for services and operating grants of \$22,118,149 (13.3 percent of the total costs of services) were received and used to fund the governmental expenses of the County. An additional 4.1 percent, \$6,739,077, were for capital grants that were also used to fund governmental activities. The remaining \$137,369,219 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 \$12,642,960.

Charges for services were the County's largest program revenue for business-type activities, accounting for \$36,066,257, or 86.9 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, 2019

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 and impact fees, partially offset by a decrease in contributions 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, 2019, the County's governmental funds reported a combined ending fund balance of \$99,906,596, an increase of \$23,850,121 from the prior year. Approximately 22.4 percent of this total, \$22,345,095, is unassigned fund balance. The remainder of fund balance is not available for new spending because it has been restricted, committed, or assigned for a variety of 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 \$23,063,282. 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 40.7 percent of total general fund expenditures.

The fund balance of the County's General Fund increased by \$633,346 during the current fiscal year to \$30,438,072, or 2.1%, as revenues of \$55,976,677 and net other financing sources (primarily net transfers in) of \$1,297,183 exceeded expenditures of \$56,640,514. Revenues increased by \$2,791,790, primarily due to an increase in taxes of \$1,622,912, combined with changes in state, local and other miscellaneous revenues. Expenditures increased by \$4,365,555 due to higher public safety (\$1,274,392) and general government (\$959,425) resulting primarily from increases in payroll costs as a result of a salary study that was performed and implemented in 2019. In addition, intergovernmental and nonprofit assistance increased by \$1,208,154. Also, the County expended \$1,214,952 for capital outlay for the purchase of land in 2019.

The fund balance of the County's Capital Improvements fund decreased by \$2,976,085 during the current fiscal year to \$2,861,164. This was primarily due to an increase in expenditures related to various improvement throughout the county, combined with net transfers to other funds (primarily the Capital Projects Fund) of \$2,340,060.

The fund balance of the County's Capital Projects fund increased by \$15,791,559 during the current fiscal year to \$18,288,770. This was primarily due to revenues of \$121,599 and net transfers received from other funds of \$18,177,984, which was partially offset by expenditures of \$2,508,024. Approximately \$15.8 million of the transfers were the result of new proceeds from the County's issuance of its Series 2019 General Obligation Refunding and Improvement Bonds.

The fund balance of the County's Transportation Authority fund increased by \$9,007,842 during the current fiscal year, compared to an increase of \$7,221,005 from the prior year. This was primarily a result of an increase in sales and use tax revenues of 4 percent; expenditures were \$11,893,615, which was a slight increase of \$24,874 from the prior year.

The fund balance of the County Bonds fund increased by \$1,892,314 during the current fiscal year. This was due to an increase in revenues of \$180,715 (primarily due to increase in property taxes), an increase in expenditures of \$3,536,515 (consisting of increases in required principal and interest payments totaling \$305,037 and a \$3,231,478 payment to the refunded bond escrow agent). In addition, the County received \$20,743,379 in proceeds when it issued its Series 2019 General Obligation Refunding and Improvement Bonds in May 2019, which included a premium of \$1,713,379. The County used \$3,231,478 to currently refund and redeem the outstanding balance of \$3,220,000 on its Series 2009 Refunding Bonds and used \$1,367,063 to fund required debt service reserves associated with the new debt. The County also transferred approximately \$15.8 million to the Capital Projects fund for new capital outlay.

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

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 \$6,894,541, \$4,841,530, and \$1,173,337, respectively. The net change in total net position was \$11,807,693, \$493,462, and \$341,805, 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

By State statute, the Dorchester County Council adopts the annual operating budget for the General Fund for the County by the last day of June. The budget, which was not amended during the year, included a planned use of fund balance of \$680,257.

The actual net increase in the General Fund balance was \$633,346, which was a positive variance of \$1,313,603. The primary reasons for the variance in the General Fund was better than anticipated collections in taxes and charges for services and other income, as actual revenues exceeded budget by \$2,868,394. Actual expenditures came in over budget by \$1,498,637, due primarily to the purchase of land of \$1,214,952, reflected in capital outlay, which was not budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's capital assets for its governmental activities at June 30, 2019, was \$144,858,099 (net of accumulated depreciation) and for its business-type activities was \$204,696,150. 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, 2019 and 2018 were as follows:

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Land, Improvements, and Right of Way	\$ 20,272,874	16,804,211	1,733,728	\$ 1,733,728
Construction in Progress	11,221,358	88,151,918	13,008,112	15,254,251
Buildings and Building Improvements	64,936,996	64,901,671	2,157,399	2,145,399
Infrastructure	122,231,527	118,302,017	1,088,021	1,088,021
Furniture and Equipment	33,745,819	33,646,668	9,333,205	8,460,096
Sewer Plant		-	42,231,941	42,231,941
Sewer System		-	173,310,598	158,575,238
Water System		-	32,060,314	28,905,330
Less: Accumulated Depreciation	(107,550,475)	(103,254,500)	(70,227,168)	(64,268,366)
Total	\$ 144,858,099	218,551,985	204,696,150	\$ 194,125,638

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, 2019, the County had \$172,894,560 in outstanding debt consisting of general obligation bonds, revenue bonds, installment notes and capital leases. The general obligation bonds are secured by the full faith and credit, and taxing power of the County. The revenue bonds are secured by specific revenue sources.

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 117,808,195	-	\$ 117,808,195
Revenue Bonds and Notes Payable	-	51,579,710	51,579,710
Capital Leases	3,506,654	-	3,506,654
Total	\$ 121,314,849	51,579,710	\$ 172,894,559

DORCHESTER COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

The County's general obligation bonded debt increased by \$7,989,015 (7.3 percent) during fiscal year 2019. This was due to the issuance of the Series 2019 General Obligation Bonds of \$19,030,000, which was partially offset by the scheduled debt service during the year of \$7,820,985 and the redemption of the outstanding balance of \$3,220,000 on the Series 2009 General Obligation Refunding Bonds in May 2019 using a portion of the proceeds from the issuance of the Series 2019 General Obligation Bonds. The County's revenue bonded debt obligations decreased by \$3,185,892 (5.8 percent) during the year. This was due to the scheduled payment of debt service during the year of \$3,901,757, partially offset by the entering into a new State Revolving Fund note payable, with draws totaling \$715,865 in 2019. The County's capital lease obligations decreased by \$1,105,762 (24.0 percent) during the year due to the scheduled payment of debt service during the year. Additional information on the County's long-term debt can be found in Note III.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 160,647 in 2018. 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 2018-19 was 1,060, which is an increase of 107 from last year.

Dorchester County has worked to establish a favorable climate for business relocation and industrial expansion. Major economic development announcements made during FY 2018-19 include DHL Supply Chain, one of the largest third-party logistics providers in the world, announcing a new \$96,000,000 distribution complex totaling almost 1,700,000 square feet and creating over 500 new jobs in the Winding Woods Commerce Park in St. George. Since that time, the County has also announced a \$3,200,000 investment from Magnolia Botanicals, a joint venture that will establish an industrial hemp processing facility at the Pine Hill Commerce Park and create 52 new jobs. This is a testament to the County's early-2019 purchase of residual land at the Pine Hill Commerce Park to market the property for economic development purposes. 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.

Following the close of FY 2018-19, Dorchester County finalized negotiations on a lease for a 28,000 square foot space which formerly served as a Big Lots store in the Oakbrook Area of Summerville. The County is working with Trident Technical College to bring a campus to that location in 2020. Presently, Dorchester County is the largest County in South Carolina without a technical college campus and this project would fill that void. The campus will offer general education, health science, HVAC maintenance, and cyber security courses.

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 2019-20. 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 the pension reform plan which calls for continuous 1% increases to both SCRS and PORS for the next three years. As of the publication of the Annual Financial Report, County Council has appropriated from fund balance \$1,453,270 in the General Fund fund balance, consisting of carryover items not completed in the fiscal year ended June 30, 2019.

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, 2019

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental	Business-Type		Library
	Activities	Activities	Total	System
ASSETS				
Current Assets:				
Cash and Investments	\$ 41,302,736	19,974,448	61,277,184	\$ 5,567,174
Cash and Investments, Restricted	58,409,987	19,333,317	77,743,304	-
Property Taxes Receivable, Net	991,881	-	991,881	100,744
Accounts Receivable, Net	2,353,005	9,225,811	11,578,816	-
Other Receivables, Net	183,391	-	183,391	-
Due from Other Governments	12,109,646	178,587	12,288,233	122,411
Prepaid Items	712,962	106,815	819,777	46,972
Inventories	25,629	-	25,629	-
Total Current Assets	116,089,237	48,818,978	164,908,215	5,837,301
Non-Current Assets:				
Capital Assets:				
Non-Depreciable	31,494,232	14,741,840	46,236,072	255,917
Depreciable, Net	113,363,867	189,954,310	303,318,177	5,438,180
Total Non-Current Assets	144,858,099	204,696,150	349,554,249	5,694,097
TOTAL ASSETS	260,947,336	253,515,128	514,462,464	11,531,398
DEFERRED OUTFLOWS OF RESOURCES				
Advance Refunding Charges	3,300,178	1,766,299	5,066,477	-
Deferred Pension Charges	15,023,068	1,817,099	16,840,167	312,748
Deferred OPEB Charges	1,727,124	262,821	1,989,945	21,330
TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,050,370	3,846,219	23,896,589	334,078
LIABILITIES				
Current Liabilities:				
Accounts Payable	3,264,404	2,770,611	6,035,015	14,266
Accrued Liabilities	2,951,928	153,935	3,105,863	48,956
Assets Held for Others	1,489,756	841,236	2,330,992	-
Accrued Interest Payable	856,537	503,762	1,360,299	-
Unearned Revenue	939,536	-	939,536	-
Long-Term Liabilities, Due Within One Year	12,616,167	4,058,360	16,674,527	90,103
Total Current Liabilities	22,118,328	8,327,904	30,446,232	153,325
Non-Current Liabilities:				
Net Pension Liability	73,240,113	12,403,550	85,643,663	2,488,487
Net OPEB Liability	9,013,892	1,371,671	10,385,563	599,086
Long-Term Liabilities, Due in More than One Year	114,709,753	51,191,752	165,901,505	-
Total Non-Current Liabilities	196,963,758	64,966,973	261,930,731	3,087,573
TOTAL LIABILITIES	219,082,086	73,294,877	292,376,963	3,240,898
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Credits	648,987	166,653	815,640	309,946
Deferred OPEB Credits	4,522	688	5,210	21,602
TOTAL DEFERRED INFLOWS OF RESOURCES	653,509	167,341	820,850	331,548
NET POSITION				
Net Investment in Capital Assets	37,657,298	154,321,376	191,978,674	5,694,097
Restricted For:				
Public Safety	2,968,034	-	2,968,034	-
Health and Welfare	1,107,320	-	1,107,320	-
Capital Projects	40,123,391	-	40,123,391	-
Capital Improvements	2,925,609	16,668,345	19,593,954	-
Debt Service	5,428,877	-	5,428,877	-
Other	3,088,941	-	3,088,941	-
Unrestricted	(32,037,359)	12,909,408	(19,127,951)	2,598,933
TOTAL NET POSITION	\$ 61,262,111	183,899,129	245,161,240	\$ 8,293,030

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, 2019

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Library System
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	\$ 29,925,262	8,327,296	4,735,269	-	(16,862,697)	-	(16,862,697)	\$ -
Public Safety	42,088,535	6,590,055	1,977,675	-	(33,520,805)	-	(33,520,805)	-
Roads and Drainage	78,308,048	-	102,573	2,554,346	(75,651,129)	-	(75,651,129)	-
Health and Welfare	1,025,696	-	57,486	-	(968,210)	-	(968,210)	-
Recreation and Culture	310,336	-	4,581	45,854	(259,901)	-	(259,901)	-
Airport	478,903	7,462	-	46,276	(425,165)	-	(425,165)	-
Economic Development	4,235,715	-	311,812	4,092,601	168,698	-	168,698	-
Intergovernmental and Nonprofit Assistance	4,618,709	-	-	-	(4,618,709)	-	(4,618,709)	-
Disaster Recovery	375,362	-	3,940	-	(371,422)	-	(371,422)	-
Interest and Other Charges	4,859,879	-	-	-	(4,859,879)	-	(4,859,879)	-
Total Governmental Activities	166,226,445	14,924,813	7,193,336	6,739,077	(137,369,219)	-	(137,369,219)	-
Business-Type Activities:								
Water and Sewer	22,607,782	26,892,036	-	4,339,194	-	8,623,448	8,623,448	-
Solid Waste	5,938,070	6,601,900	88,312	-	-	752,142	752,142	-
Stormwater Management	2,093,198	2,572,321	5,260	-	-	484,383	484,383	-
Total Business-Type Activities	30,639,050	36,066,257	93,572	4,339,194	-	9,859,973	9,859,973	-
TOTAL PRIMARY GOVERNMENT	196,865,495	50,991,070	7,286,908	11,078,271	(137,369,219)	9,859,973	(127,509,246)	-
COMPONENT UNIT:								
Dorchester County Library System	2,708,767	124,531	344,193	-	-	-	-	(2,240,043)
TOTAL COMPONENT UNIT	\$ 2,708,767	124,531	344,193	-	-	-	-	(2,240,043)
GENERAL REVENUES AND TRANSFERS:								
General Revenues:								
Taxes:								
Property Taxes, Including Fee in Lieu of Taxes					51,607,166	-	51,607,166	3,490,641
Franchise Fees and Hospitality Taxes					1,395,542	-	1,395,542	-
Sales and Use Tax					17,414,494	-	17,414,494	-
Unrestricted Investment Earnings					1,648,617	220,068	1,868,685	8,615
Grants and contributions not restricted to specific programs					5,517,465	-	5,517,465	-
Miscellaneous					354,918	667,000	1,021,918	-
Gain on Disposal of Capital Assets					-	109,789	109,789	-
Transfers In (Out)					(1,786,130)	1,786,130	-	-
Total General Revenues and Transfers					76,152,072	2,782,987	78,935,059	3,499,256
CHANGE IN NET POSITION					(61,217,147)	12,642,960	(48,574,187)	1,259,213
NET POSITION, Beginning of Year					122,479,258	171,256,169	293,735,427	7,033,817
NET POSITION, End of Year	\$ 61,262,111	183,899,129	245,161,240	\$ 8,293,030				

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, 2019

	GENERAL	CAPITAL IMPROVEMENTS	CAPITAL PROJECTS
ASSETS			
Cash and Investments	\$ 29,845,141	-	4,192,416
Cash and Investments, Restricted	27,025	2,835,772	14,043,470
Receivables, Net			
Taxes	659,457	83,038	-
Accounts	1,630,045	-	-
Other	-	22,961	-
Due From:			
Other Funds	3,635,462	-	-
Other Governments	2,061,432	-	-
Prepaid Items	585,881	27,468	84,800
Inventories	25,629	-	-
TOTAL ASSETS	\$ 38,470,072	2,969,239	18,320,686
LIABILITIES			
Accounts Payable	\$ 1,902,441	24,304	31,916
Accrued Liabilities	2,512,952	-	-
Assets Held for Others	1,339,756	-	-
Due to Other Funds	-	19,326	-
Unearned Revenue	558,257	-	-
TOTAL LIABILITIES	6,313,406	43,630	31,916
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	1,718,594	64,445	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,718,594	64,445	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	8,032,000	108,075	31,916
FUND BALANCES			
Nonspendable:			
Prepaid Items	585,881	-	-
Inventories	25,629	-	-
Restricted for:			
Public Safety	-	-	-
Family Court	-	-	-
Victims' Advocate	-	-	-
Growth Management	-	-	-
Tourism	-	-	-
Health and Welfare	-	-	-
Capital Projects	-	-	14,039,855
Capital Improvements	-	2,861,164	-
Debt Service	-	-	-
Airport Improvements	-	-	-
Solid Waste Grants	-	-	-
Other Grants	-	-	-
Summers Corner Special Assessment District	-	-	-
Committed for:			
Recreation	-	-	-
Economic Development	-	-	-
Capital Projects	-	-	4,248,915
Contingencies	5,310,010	-	-
Solicitor	-	-	-
Assigned for:			
Budget Carryovers	1,453,270	-	-
Unassigned	23,063,282	-	-
TOTAL FUND BALANCES	30,438,072	2,861,164	18,288,770
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 38,470,072	2,969,239	18,320,686

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
-	-	6,387,466	\$ 40,425,023
29,120,290	6,238,063	6,145,367	58,409,987
-	71,260	178,126	991,881
-	-	722,960	2,353,005
-	-	160,430	183,391
-	-	-	3,635,462
9,366,872	-	681,342	12,109,646
-	-	14,813	712,962
-	-	-	25,629
38,487,162	6,309,323	14,290,504	\$ 118,846,986
366,370	-	763,425	\$ 3,088,456
-	-	193,352	2,706,304
-	-	150,000	1,489,756
-	23,909	3,592,227	3,635,462
-	-	381,279	939,536
366,370	23,909	5,080,283	11,859,514
4,879,120	57,098	361,619	7,080,876
4,879,120	57,098	361,619	7,080,876
5,245,490	81,007	5,441,902	18,940,390
-	-	-	585,881
-	-	-	25,629
-	-	1,893,748	1,893,748
-	-	1,635,980	1,635,980
-	-	1,485	1,485
-	-	57,900	57,900
-	-	709,076	709,076
-	-	1,080,633	1,080,633
33,241,672	-	2,002,599	49,284,126
-	-	-	2,861,164
-	6,228,316	-	6,228,316
-	-	317,234	317,234
-	-	1,762	1,762
-	-	44,085	44,085
-	-	97,056	97,056
-	-	461,924	461,924
-	-	652,570	652,570
-	-	408,735	4,657,650
-	-	-	5,310,010
-	-	193,002	193,002
-	-	-	1,453,270
-	-	(709,187)	22,354,095
33,241,672	6,228,316	8,848,602	99,906,596
38,487,162	6,309,323	14,290,504	\$ 118,846,986



THIS PAGE INTENTIONALLY LEFT BLANK

DORCHESTER COUNTY, SOUTH CAROLINA

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

JUNE 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	99,906,596
---	-----------	-------------------

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	770,351
Grant reimbursements	2,370,854
EMS fees	963,717
Sales taxes	2,975,954
	<hr/>
	7,080,876

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.	(58,866,032)
---	--------------

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 \$252,408,574 and the accumulated depreciation was \$107,550,475.	144,858,099
---	-------------

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 \$2,843,203.	3,300,178
--	-----------

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.	(7,291,290)
---	-------------

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.	(856,537)
--	-----------

The internal service fund is used by management to account for the costs and administration of workers compensation. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	456,141
--	---------

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	(121,314,849)	
Long-Term Debt Premiums	(3,225,985)	
Compensated Absences	(2,785,086)	(127,325,920)
	<hr/>	

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	61,262,111
---	-----------	-------------------

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, 2019

	GENERAL	CAPITAL IMPROVEMENTS	CAPITAL PROJECTS
REVENUES			
Taxes	\$ 34,416,033	4,298,186	-
Licenses and Permits	3,086,240	-	-
Intergovernmental Revenues:			
Federal	26,188	-	-
State	5,691,904	-	-
Local	1,213,352	-	-
Fees and Service Charges:			
Registrar of Deeds	1,835,362	-	-
EMS Charges	4,870,457	-	-
Cable Franchise Fees	394,006	-	-
Other Miscellaneous Fees	1,107,964	-	-
Judicial Fines and Assessments	1,770,965	-	-
Other Income	1,564,206	101,561	121,599
TOTAL REVENUE ALL SOURCES	55,976,677	4,399,747	121,599
EXPENDITURES			
Current:			
General Government	18,845,748	512,233	1,115
Public Safety	29,022,860	318,898	42,400
Roads and Drainage	2,136,777	1,143,132	-
Health and Welfare	964,643	660	-
Recreation and Culture	-	-	-
Airport	60,430	196	-
Economic Development	446,515	5,002	-
Intergovernmental and Nonprofit Assistance	2,727,045	-	140,043
Disaster Recovery	375,362	-	-
Nondepartmental	846,182	-	-
Capital Outlay	1,214,952	2,471,767	2,324,466
Debt Service:			
Principal Retirement	-	722,000	-
Interest and Fiscal Charges	-	49,812	-
Payment to Refunded Bond Escrow Agent	-	-	-
TOTAL EXPENDITURES	56,640,514	5,223,700	2,508,024
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(663,837)	(823,953)	(2,386,425)
OTHER FINANCING SOURCES (USES)			
Premium on Bonds Issued	-	-	-
Issuance of General Obligation Bonds	-	-	-
Transfers In	2,940,829	455,065	18,362,725
Transfers Out	(1,786,279)	(2,795,125)	(184,741)
Sale of Capital Assets	-	125,454	-
Insurance Recoveries	142,633	62,474	-
TOTAL OTHER FINANCING SOURCES (USES)	1,297,183	(2,152,132)	18,177,984
NET CHANGES IN FUND BALANCES	633,346	(2,976,085)	15,791,559
FUND BALANCES, Beginning of Year	29,804,726	5,837,249	2,497,211
FUND BALANCES, End of Year	\$ 30,438,072	2,861,164	18,288,770

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
17,349,741	3,802,596	9,516,140	\$ 69,382,696
-	-	-	3,086,240
643,617	-	1,308,699	1,978,504
2,054,057	-	5,686,673	13,432,634
-	-	1,897,543	3,110,895
-	-	-	1,835,362
-	-	-	4,870,457
-	-	394,006	788,012
-	-	430,447	1,538,411
-	-	191,986	1,962,951
854,043	120,588	2,870,802	5,632,799
20,901,458	3,923,184	22,296,296	107,618,961
29,639	-	5,204,292	24,593,027
-	-	7,509,474	36,893,632
-	-	-	3,279,909
-	-	25,096	990,399
-	-	294,022	294,022
-	-	16,490	77,116
-	-	3,597,426	4,048,943
-	-	1,709,844	4,576,932
-	-	-	375,362
-	-	13,889	860,071
3,023,493	-	4,571,621	13,606,299
5,575,000	2,245,985	745,997	9,288,982
3,265,483	1,442,813	47,943	4,806,051
-	3,231,478	-	3,231,478
11,893,615	6,920,276	23,736,094	106,922,223
9,007,843	(2,997,092)	(1,439,798)	696,738
-	1,713,379	-	1,713,379
-	19,030,000	-	19,030,000
-	-	1,052,255	22,810,874
-	(15,853,973)	(154,613)	(20,774,731)
-	-	43,300	168,754
-	-	-	205,107
-	4,889,406	940,942	23,153,383
9,007,843	1,892,314	(498,856)	23,850,121
24,233,829	4,336,002	9,347,458	76,056,475
33,241,672	6,228,316	8,848,602	\$ 99,906,596

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, 2019

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	23,850,121
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		181,740
Grant reimbursements		(1,360,163)
EMS fees		(310,307)
Sales taxes		64,753
		<u>(1,423,977)</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.		9,288,982
Payment to refunding debt escrow agent is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets.		3,231,478
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.		(19,030,000)
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.		3,195
Deferred advanced refunding charges are not recognized by the governmental funds but are amortized over the life of the refunded debt in the Statement of Activities. This amount represents the amortization for the year.		(356,896)
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 if material. This amount represents the current year amortization of premiums.		311,351
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.		(3,190,440)
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.		(71,813)
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.		(591,403)
The internal service fund is used by management to account for the costs and administration of workers compensation. The net revenue of the activities of the internal service fund is reported with governmental activities.		456,141
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.		(74,751,089)
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.		600,444
In the Statement of Activities, infrastructure and equipment transferred to business-type activities are reported as transfers. Since such transfers result in neither the receipt nor the use of current financial resources, they are not reflected in the governmental fund statements.		(3,822,273)
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 \$11,576,794, excluding contributed assets of \$600,444, exceeded current year depreciation expense of \$7,297,792.		<u>4,279,032</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	(61,217,147)

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

JUNE 30, 2019

	WATER AND SEWER	SOLID WASTE	STORMWATER NONMAJOR FUND	TOTAL ENTERPRISE FUNDS	WORKERS COMPENSATION INTERNAL SERVICE FUND
ASSETS					
Current Assets:					
Cash and Investments	\$ 13,937,553	4,343,679	1,693,216	19,974,448	\$ 877,713
Cash and Investments, Restricted	19,333,317	-	-	19,333,317	-
Accounts Receivable, Net	4,286,549	3,600,946	1,338,316	9,225,811	-
Due From Other Governments	178,587	-	-	178,587	-
Prepaid Items	91,511	9,831	5,473	106,815	-
Total Current Assets	37,827,517	7,954,456	3,037,005	48,818,978	877,713
Noncurrent Assets:					
Capital Assets:					
Nondepreciable	13,719,330	214,249	808,261	14,741,840	-
Depreciable, Net	187,684,529	655,977	1,613,804	189,954,310	-
Total Noncurrent Assets	201,403,859	870,226	2,422,065	204,696,150	-
TOTAL ASSETS	239,231,376	8,824,682	5,459,070	253,515,128	877,713
DEFERRED OUTFLOWS OF RESOURCES					
Advance Refunding Charges	1,766,299	-	-	1,766,299	-
Deferred OPEB Charges	167,745	57,572	37,504	262,821	-
Deferred Pension Charges	1,173,323	391,215	252,561	1,817,099	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,107,367	448,787	290,065	3,846,219	-
LIABILITIES					
Current Liabilities:					
Accounts Payable	2,305,283	366,471	98,857	2,770,611	175,948
Accrued Liabilities	101,679	30,593	21,663	153,935	245,624
Assets Held for Others	841,236	-	-	841,236	-
Accrued Interest	503,762	-	-	503,762	-
Current Portion of Landfill Postclosure Liability	-	14,410	-	14,410	-
Current Portion of Compensated Absences	181,791	32,678	39,476	253,945	-
Current Portion of Notes Payable	536,719	-	-	536,719	-
Current Portion of Revenue Bonds	3,253,286	-	-	3,253,286	-
Total Current Liabilities	7,723,756	444,152	159,996	8,327,904	421,572
Noncurrent Liabilities:					
Net Pension Liability	7,916,536	2,717,037	1,769,977	12,403,550	-
Net OPEB Liability	875,466	300,469	195,736	1,371,671	-
Landfill Postclosure Liability	-	28,820	-	28,820	-
Compensated Absences	108,190	34,578	4,145	146,913	-
Notes Payable	4,470,478	-	-	4,470,478	-
Revenue Bonds	46,545,541	-	-	46,545,541	-
Total Noncurrent Liabilities	59,916,211	3,080,904	1,969,858	64,966,973	-
TOTAL LIABILITIES	67,639,967	3,525,056	2,129,854	73,294,877	421,572
DEFERRED INFLOWS OF RESOURCES					
Deferred OPEB Credits	439	151	98	688	-
Deferred Pension Credits	106,366	36,506	23,781	166,653	-
TOTAL DEFERRED INFLOWS OF RESOURCES	106,805	36,657	23,879	167,341	-
NET POSITION					
Net Investment in Capital Assets	151,029,085	870,226	2,422,065	154,321,376	-
Restricted for Capital Improvements	16,668,345	-	-	16,668,345	-
Unrestricted	6,894,541	4,841,530	1,173,337	12,909,408	456,141
TOTAL NET POSITION	\$ 174,591,971	5,711,756	3,595,402	183,899,129	\$ 456,141

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, 2019

	WATER AND SEWER	SOLID WASTE	STORMWATER NONMAJOR FUND	TOTAL ENTERPRISE FUNDS	WORKERS COMPENSATION INTERNAL SERVICE FUND
OPERATING REVENUES					
Charges for Services, Net	\$ 20,336,209	6,555,765	2,466,336	29,358,310	\$ -
Tap Fees	1,345,024	-	-	1,345,024	-
Origination Fee	167,814	-	-	167,814	-
Reconnection Fee	673,173	-	-	673,173	-
Inspection Fee	226,129	-	-	226,129	-
Premiums and Billings to Other Funds	-	-	-	-	2,044,136
Other Revenue	344,689	46,135	105,985	496,809	13,062
TOTAL OPERATING REVENUES	23,093,038	6,601,900	2,572,321	32,267,259	2,057,198
OPERATING EXPENSES					
Personnel Services	6,272,289	1,748,192	1,348,176	9,368,657	-
Contractual Services	3,272,325	3,891,260	280,684	7,444,269	-
Maintenance and Repairs	1,536,423	6,595	54,983	1,598,001	-
Utilities	1,244,807	35,140	4,989	1,284,936	-
Office Expenses	205,632	6,625	25,391	237,648	-
Truck Expenses	208,342	57,049	69,128	334,519	-
Other Services and Charges	1,306,239	67,068	31,336	1,404,643	-
Supplies	604,236	19,867	56,231	680,334	-
Collection Expenses	220,057	-	-	220,057	-
Claims Paid and Premium Expenses	-	-	-	-	1,601,057
Depreciation	5,854,207	106,274	222,280	6,182,761	-
TOTAL OPERATING EXPENSES	20,724,557	5,938,070	2,093,198	28,755,825	1,601,057
OPERATING INCOME	2,368,481	663,830	479,123	3,511,434	456,141
NONOPERATING REVENUES (EXPENSES)					
Investment Income	147,498	49,693	22,877	220,068	-
Impact Fees	3,798,998	-	-	3,798,998	-
Settlement of Legal Claim	667,000	-	-	667,000	-
Gain (Loss) on Disposition of Capital Assets	39,809	50,088	19,892	109,789	-
Grant Revenue	-	88,312	5,260	93,572	-
Interest Expense	(1,883,225)	-	-	(1,883,225)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	2,770,080	188,093	48,029	3,006,202	-
CONTRIBUTIONS AND TRANSFERS					
Capital Contributions	8,161,467	-	-	8,161,467	-
Transfers Out	(1,492,335)	(358,461)	(185,347)	(2,036,143)	-
TOTAL CONTRIBUTIONS AND TRANSFERS	6,669,132	(358,461)	(185,347)	6,125,324	-
CHANGE IN NET POSITION	11,807,693	493,462	341,805	12,642,960	456,141
NET POSITION, Beginning of Year	162,784,278	5,218,294	3,253,597	171,256,169	-
NET POSITION, End of Year	\$ 174,591,971	5,711,756	3,595,402	183,899,129	\$ 456,141

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, 2019

	WATER AND SEWER	SOLID WASTE	STORMWATER NONMAJOR FUND	TOTAL ENTERPRISE FUNDS	WORKERS COMPENSATION INTERNAL SERVICE FUND
OPERATING ACTIVITIES					
Cash Received from Customers and Users	\$ 24,912,622	6,454,786	2,383,021	33,750,429	\$ 2,057,198
Cash Paid to Suppliers, Premiums and Claims	(7,543,197)	(4,128,542)	(630,709)	(12,302,448)	(1,179,485)
Cash Paid to Employees	(5,129,591)	(1,626,640)	(1,127,570)	(7,883,801)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,239,834	699,604	624,742	13,564,180	877,713
NONCAPITAL FINANCING ACTIVITIES					
Transfers and Advances Between Funds	(1,492,335)	(358,461)	(185,347)	(2,036,143)	-
Noncapital Grants	-	88,312	5,260	93,572	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(1,492,335)	(270,149)	(180,087)	(1,942,571)	-
CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(7,705,056)	(200,123)	(709,770)	(8,614,949)	-
Proceeds from the Sale of Capital Assets	43,362	61,070	28,500	132,932	-
Proceeds from the Issuance of Notes Payable	276,500	-	-	276,500	-
Impact Fees	3,798,998	-	-	3,798,998	-
Legal Settlement	667,000	-	-	667,000	-
Principal Paid on Revenue Bonds	(3,069,154)	-	-	(3,069,154)	-
Principal Paid on Notes Payable	(470,369)	-	-	(470,369)	-
Interest Paid	(2,036,515)	-	-	(2,036,515)	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(8,495,234)	(139,053)	(681,270)	(9,315,557)	-
INVESTING ACTIVITIES					
Interest on Investments	147,498	49,693	22,877	220,068	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	147,498	49,693	22,877	220,068	-
NET CHANGE IN CASH AND CASH EQUIVALENTS / INVESTMENTS (including RESTRICTED CASH)	2,399,763	340,095	(213,738)	2,526,120	877,713
CASH AND CASH EQUIVALENTS / INVESTMENTS (including RESTRICTED CASH), Beginning of Year	30,871,107	4,003,584	1,906,954	36,781,645	-
CASH AND CASH EQUIVALENTS / INVESTMENTS (including RESTRICTED CASH), End of Year	\$ 33,270,870	4,343,679	1,693,216	39,307,765	\$ 877,713

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2019

	WATER AND SEWER	SOLID WASTE	STORMWATER NONMAJOR FUND	TOTAL ENTERPRISE FUNDS	WORKERS COMPENSATION INTERNAL SERVICE FUND
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:					
Operating Income (Loss)	\$ 2,368,481	663,830	479,123	3,511,434	\$ 456,141
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation Expense	5,854,207	106,274	222,280	6,182,761	-
Noncash Pension Expense	1,005,460	101,574	204,123	1,311,157	-
Noncash OPEB Expense	108,717	13,204	21,428	143,349	-
Decrease (Increase) in Operating Assets:					
Accounts Receivable	1,542,846	(147,114)	(189,300)	1,206,432	-
Due From Other Governments	15,344	-	-	15,344	-
Prepaid Items	(45,651)	(2,334)	(3,290)	(51,275)	-
Increase (Decrease) in Operating Liabilities:					
Accounts Payable	1,100,515	(28,194)	(104,677)	967,644	175,948
Unearned Revenue	-	-	-	-	-
Assets Held for Others	261,394	-	-	261,394	-
Accrued Liabilities	10,188	1,397	167	11,752	245,624
Landfill Postclosure Liability	-	(14,410)	-	(14,410)	-
Accrued Compensated Absences	18,333	5,377	(5,112)	18,598	-
Total Adjustments	9,871,353	35,774	145,619	10,052,746	421,572
Net Cash Provided by Operating Activities	\$ 12,239,834	699,604	624,742	13,564,180	\$ 877,713
Schedule of Noncash Capital and Financing Activities:					
Acquisition of Capital Assets Through					
Developer Contributions	\$ 4,339,194	-	-	4,339,194	\$ -
Transfer of Capital Assets from Governmental Activities	3,822,273	-	-	3,822,273	-
Amortization of Premiums	275,407	-	-	275,407	-
Amortization of Deferred Refunding Charges	(153,202)	-	-	(153,202)	-
Issuance of Note Payable not yet Funded	\$ 439,365	-	-	439,365	\$ -

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, 2019

	AGENCY FUNDS
ASSETS	
Cash and Investments	\$ 42,763,387
Taxes Receivable, Net	2,490,238
Due From Other Governments	215,966
TOTAL ASSETS	\$ 45,469,591
LIABILITIES	
Assets Held for Others	\$ 45,469,591
TOTAL LIABILITIES	\$ 45,469,591

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, 2019

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. County Council 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 County 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, 2019

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 consisting of 10 members with voting power and 4 members without voting power. Each of the seven members of 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 N. 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, 2019

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 Funds 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 generally considers all revenues to be available if they are collected within 90 days of the end of the current fiscal period (60 days for property taxes). 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, 2019

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 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.

The County also reports several nonmajor special revenue funds, which 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 County has the following nonmajor special revenue funds:

Grant Fund	Upper Dorchester Economic Development
Sheriff's Fund	Children in Crisis
Economic Development	Senior Citizens Center
Hospitality Tax Fund	Recreation Fund
Family Court DSS	Fire Protection Fund
E-911	Fire Improvements Fund
Victims' Advocate	Dorchester County Economic
First Circuit Solicitor	Development Corporation
C-Funds	Other Special Revenue Fund
Public Defender	

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Proprietary fund types include the following funds:

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County has the following enterprise funds:

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

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

The **Stormwater Fund, a nonmajor fund**, accounts for the operation and maintenance of the County's stormwater drainage operations.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. The County has the following internal service fund:

The **Workers' Compensation Fund** is used to account for the County's workers' compensation costs.

Fiduciary Fund Types include the **Agency Fund**, which is generally used to account for assets that the government holds on behalf of others, including municipalities, school districts, special districts and other agencies that use the County as a depository of property taxes that are collected on behalf of the other governments. The **Agency Fund** is custodial in nature and does not present results of operations.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

For purposes of the statement of cash flows for the proprietary funds, 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, 2019

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. To assist in achieving these objectives, the County maintains a cash and investment pool that is available for use by other funds. Investments are reported at their fair values, which are normally determined by quoted market prices.

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

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

- South Carolina Local Government Investment Pool ("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.
- U.S. securities are generally United States Treasury notes and bonds and related securities which are debt obligations of the U.S. government (lending money to the federal government for a specified period of time). These debt obligations are backed by the "full faith and credit" of the government, and thus by its ability to raise tax revenues and print currency, United States Treasury securities are considered the safest of all investments.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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)

- Agency securities are securities that are generally backed by mortgage loans, and due to their creation from particular corporations that are sponsored by the United States government, they enjoy credit protection based on either an implicit or explicit guarantee from the United States government.
- Open-Ended Money Market Mutual Funds which invest in obligations of the United States and repurchase agreements collateralized by U.S. Government obligations.

2. Interfund Receivables and Payables

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

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

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

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.

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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*

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

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

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

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 (an ordinance or resolution) 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, 2019

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, 2019 is approximately \$23,063,000, which represents approximately 39% of the fiscal year 2020 General Fund projected revenues of approximately \$59,452,000.

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 other postemployment benefits ("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, 2019

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 three 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. (3) The County also reports *deferred OPEB credits* in its Statements of Net Position in connection with its participation in the Dorchester County OPEB Plan. These *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of OPEB 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 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 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, 2019

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, 2019

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 used 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 use project-length budgets. Encumbrances are used as budgetary controls in certain special revenue funds and Capital Projects Fund. At June 30, 2019, 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	\$ 145,532	Future revenues
E-911	66,388	Future revenues
C Funds	65,697	Future revenues
Public Defender	\$ 35,838	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, 2019, none of the County's total bank balances of approximately \$76,056,000 (with a carrying value of approximately \$74,484,000) were exposed to custodial credit risk.

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2019****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****A. Deposits and Investments (Continued)*****Investments***

As of June 30, 2019, the County had the following investments and maturities:

Investment Type	Fair Value Level ⁽¹⁾	Credit Rating [^]	Fair Value	Investment Maturity in Years	
				< 1 yr	1 - 3 yrs
SC Local Government Investment Pool	N/A	NR, NR	\$ 74,910,166	74,910,166	\$ -
US Treasuries	Level 1	Aaa, AA+	5,423,468	4,027,948	1,395,520
US Govt Agencies	Level 1	Aaa, AA+	26,966,566	14,691,281	12,275,285
Total			<u>\$ 107,300,200</u>	<u>93,629,395</u>	<u>\$ 13,670,805</u>

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

(1) See Note I.C.12 for details on the County's fair value hierarchy.

N/A - Not Applicable

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, 2019, 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, 2019

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:	
Cash and Investments	\$ 61,277,184
Cash and Investments, Restricted	77,743,304
Statement of Assets and Liabilities - Agency Fund	
Cash and Investments	42,763,387
Total	<u>\$ 181,783,875</u>
Notes to the Financial Statements	
Deposits	\$ 74,483,675
Investments	107,300,200
Total	<u>\$ 181,783,875</u>

B. Property Taxes and Other Receivables

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 \$608 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, 56.1 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, 2019

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

B. Property Taxes and Other Receivables (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, 2019 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	Transportation Authority	County Bonds	Water and Sewer	Solid Waste	Nonmajor Funds	Total
Taxes	\$ 1,295,824	163,169	-	142,233	-	-	350,364	\$ 1,951,590
Accounts	8,755,102	-	-	-	6,602,633	3,734,967	2,113,074	21,205,776
Other	-	22,961	-	-	-	-	160,430	183,391
Due From Other								
Governments	2,061,432	-	9,366,872	-	178,587	-	681,342	12,288,233
Gross Receivables	12,112,358	186,130	9,366,872	142,233	6,781,220	3,734,967	3,305,210	35,628,990
Less Allowance For:								
Taxes	(636,367)	(80,131)	-	(70,973)	-	-	(172,238)	(959,709)
Accounts	(7,125,057)	-	-	-	(2,316,084)	(134,021)	(51,798)	(9,626,960)
Net Receivables	\$ 4,350,934	105,999	9,366,872	71,260	4,465,136	3,600,946	3,081,174	\$ 25,042,321

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, 2019, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds are as follows:

Unavailable Revenue:	
Property Taxes Receivable	\$ 770,350
Grant Reimbursements	2,370,855
Fees for Emergency Medical Services	963,717
Sales Taxes Receivable	2,975,954
Total Unavailable Revenue - Governmental Funds	<u>\$ 7,080,876</u>
Unearned Revenue:	
Advance Tax Installments	\$ 498,162
Forfeited Land Commission	27,025
Communication Tower Deposits	33,070
Deposits Held for Collateral	100,000
Assets Seized in Connection with Unadjudicated Cases	281,279
Total Unearned Revenue - Governmental Funds	<u>\$ 939,536</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non Depreciable:					
Land, Improvements, and Right of Way	\$ 16,804,211	3,468,663	-	-	\$ 20,272,874
Construction in Progress	88,151,918	5,293,523	(74,436,975)	(7,787,108)	11,221,358
Total Capital Assets, Non Depreciable	104,956,129	8,762,186	(74,436,975)	(7,787,108)	31,494,232
Capital Assets, Depreciable:					
Infrastructure	118,302,017	-	-	3,929,510	122,231,527
Buildings and Improvements	64,901,671	-	-	35,325	64,936,996
Furniture and Equipment	33,646,668	3,415,052	(3,252,778)	(63,123)	33,745,819
Total Capital Assets, Depreciable	216,850,356	3,415,052	(3,252,778)	3,901,712	220,914,342
Less: Accumulated Depreciation for:					
Infrastructure	64,740,365	3,270,863	-	-	68,011,228
Buildings and Improvements	15,953,268	1,289,528	-	-	17,242,796
Furniture and Equipment	22,560,867	2,737,371	(2,938,664)	(63,123)	22,296,451
Total Accumulated Depreciation	103,254,500	7,297,762	(2,938,664)	(63,123)	107,550,475
Total Capital Assets, Depreciable, Net	113,595,856	(3,882,710)	(314,114)	3,964,835	113,363,867
Total Governmental Activities Capital Assets, Net	\$ 218,551,985	4,879,476	(74,751,089)	(3,822,273)	\$ 144,858,099

During the year ended June 30, 2019, the County transferred assets with a net book value totaling \$3,822,273 from governmental activities to business-type activities. This transfer is appropriately not reflected in the governmental funds statements. However, it is included in with capital contributions on the enterprise funds' Statement of Revenues, Expenses and Changes in Net Position. On the government-wide Statement of Activities, this transfer is included in with transfers.

Depreciation expense for the year ended June 30, 2019 was charged to functions of the primary government as follows:

Governmental Activities:	
General Government	\$ 929,394
Public Safety	2,811,676
Roads and Drainage	3,015,637
Health and Welfare	26,315
Parks and Recreation	11,914
Airport	400,897
Economic Development and Assistance	60,152
Intergovernmental and Nonprofit Assistance	41,777
Total	<u>\$ 7,297,762</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

D. Capital Assets (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2019 was as follows:

	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	15,254,251	7,482,738	-	(9,728,877)	13,008,112
Total Capital Assets, Non Depreciable	16,987,979	7,482,738	-	(9,728,877)	14,741,840
Capital Assets, Depreciable:					
Infrastructure	1,088,021	-	-	-	1,088,021
Sewer Plant	42,231,941	-	-	-	42,231,941
Sewer System	158,575,238	3,688,133	-	11,047,227	173,310,598
Water System	28,905,330	651,061	-	2,503,923	32,060,314
Buildings and Improvements	2,145,399	12,000	-	-	2,157,399
Furniture and Equipment	8,460,096	1,120,211	(310,225)	63,123	9,333,205
Total Capital Assets, Depreciable	241,406,025	5,471,405	(310,225)	13,614,273	260,181,478
Less: Accumulated Depreciation for:					
Infrastructure	148,477	48,933	-	-	197,410
Sewer Plant	20,465,096	1,368,965	-	-	21,834,061
Sewer System	32,744,237	3,291,237	-	-	36,035,474
Water System	6,171,807	593,966	-	-	6,765,773
Buildings and Improvements	306,352	59,599	-	-	365,951
Furniture and Equipment	4,432,397	820,061	(287,082)	63,123	5,028,499
Total Accumulated Depreciation	64,268,366	6,182,761	(287,082)	63,123	70,227,168
Total Capital Assets, Depreciable, Net	177,137,659	(711,356)	(23,143)	13,551,150	189,954,310
Total Business-Type Activities Capital Assets, Net	\$ 194,125,638	6,771,382	(23,143)	3,822,273	\$ 204,696,150

* Beginning balances were adjusted to reflect changes in classifications with no net changes in cost or accumulated depreciation.

E. Transfers In and (Out) and Interfund Balances

Transfers from (to) other funds for the year ended June 30, 2019 were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 2,940,829	\$ 1,786,279
Capital Improvements	455,065	2,795,125
Capital Projects	18,362,725	184,741
County Bonds	-	15,853,973
Nonmajor Governmental Funds	1,052,255	154,613
Water and Sewer Fund	-	1,492,335
Solid Waste Fund	-	358,461
Nonmajor Enterprise Fund	-	185,347
Total Transfers In/Out	\$ 22,810,874	\$ 22,810,874

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

E. Transfers In and (Out) and Interfund Balances (Continued)

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 and Sewer Fund, Solid Waste Fund, Stormwater Fund and Fire Improvements Fund as an allocation of overhead costs.

Transfers out: The General Fund transferred funds into the Nonmajor Governmental Funds (Victim's Advocate Fund, Summers Corner Special Assessment District, which is a sub-fund in the Other Special Revenue Fund) and Family Court DSS Fund) to fund a portion of operating costs and other matters and to the Fire Improvements Fund for the Wire Road Station. Funds were transferred to Capital Improvements to fund ongoing capital projects as well as approved capital purchases.

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.

Capital Projects Fund

Transfers in: Funds were transferred into the Capital Projects Fund from the Capital Improvements Fund to fund Council approved capital projects; funds were also transferred from the County Bonds fund from proceeds received from the issuance of debt.

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

County Bonds Fund

Transfers out: The County Bonds Fund transferred a portion of the proceeds from the issuance of the Series 2019 General Obligation Bonds to the Capital Projects Fund.

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 for the Wire Road Station. 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 Fire Improvements Fund to the General Fund as an allocation of overhead costs.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

E. Transfers In and (Out) and Interfund Balances (Continued)

Water and Sewer Fund

Transfers out: Funds were transferred from the Water and Sewer Fund to the General Fund as an allocation of overhead costs as well as to assist in the purchase of Pine Hill Commerce Park.

Solid Waste and Stormwater Funds

Transfers out: Funds were transferred from the Solid Waste and Stormwater Funds to the General Fund as an allocation of overhead costs.

In addition, as noted at Note III.D Capital Assets, the County transferred \$3,822,273 in assets from governmental activities to business-type activities during the year-ended June 30, 2019, which is included in Transfers In (Out) on the Statement of Activities.

Interfund Balances

Interfund balances at June 30, 2019 result from the timing of payments made by the General Fund for expenditures incurred by other funds during the year, all of which are expected to be paid within one year:

Fund	Receivables	Payables
General Fund	\$ 3,635,462	\$ -
Capital Improvements	-	19,326
County Bonds	-	23,909
Nonmajor Governmental Funds	-	3,592,227
Total Transfers In/Out	<u>\$ 3,635,462</u>	<u>\$ 3,635,462</u>

F. Long-Term Obligations

The County has the following forms of long-term indebtedness as of June 30, 2019:

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. General obligation bonds reported in governmental activities are direct obligations and pledge the full faith and credit of the County. Resources from the County Bonds Fund, the Transportation Authority Fund and the Recreation Fund have been used in the past to liquidate these obligations.

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.

Capital Lease Obligations – The County uses capital leases to finance the purchase of various equipment. Resources in the Capital Improvements Fund and the Fire Improvements Fund have been used in the past to liquidate these obligations.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

F. Long-Term Obligations (Continued)

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

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 pay for their own obligations.

Type of Issue: Each of the County's outstanding debt issues are either direct borrowings/placements ("DBP") or publicly traded ("PT"). The County's DBP debt (excluding General Obligation Bonds) generally are secured/collateralized by the underlying assets and contain provisions that in an event of default, (a) outstanding amounts can become immediately due if the County is unable to make payment and (b) the lender could exercise its option to demand return of the financed assets.

The following is a summary of changes in the County's governmental activities long-term obligations for the year ended June 30, 2019:

Long-Term Obligations	Type of Issue	Beginning of Year	Additions	Reductions	End of Year	Due Within One Year
Governmental Activities:						
Debt:						
General Obligation Bonds						
2009 Series: Refunding	PT	\$ 3,965,000	-	3,965,000	-	\$ -
2010 Series	DBP	3,749,180	-	220,985	3,528,195	230,532
2012 Series	PT	15,470,000	-	560,000	14,910,000	585,000
2013B Series: Refunding	PT	7,890,000	-	480,000	7,410,000	490,000
2015 Series	DBP	3,345,000	-	240,000	3,105,000	245,000
2009 Series: Transportation Authority	PT	36,920,000	-	2,720,000	34,200,000	2,820,000
2013A Series: Refunding - Transportation Authority	PT	38,480,000	-	2,855,000	35,625,000	2,980,000
2019 Series GO Refunding and Improvement Bonds	PT	-	19,030,000	-	19,030,000	2,810,000
Special Source Revenue Bonds						
2009 Series	DBP	362,235	-	362,235	-	-
Total Bonded Debt		110,181,415	19,030,000	11,403,220	117,808,195	10,160,532
Premiums						
2009 Series: Refunding	PT	17,154	-	17,154	-	-
2012 Series	PT	564,420	-	28,553	535,867	-
2013B Series: Refunding	PT	500,168	-	39,193	460,975	-
2009 Series: Transportation Authority	PT	84,855	-	7,825	77,030	-
2013A Series: Refunding - Transportation Authority	PT	2,370,739	-	218,626	2,152,113	-
Total Premiums		3,537,336	-	311,351	3,225,985	-
Total Net Debt		113,718,751	19,030,000	11,714,571	121,034,180	10,160,532
Capitalized Leases	DBP	4,612,416	-	1,105,762	3,506,654	1,048,654
Compensated Absences		2,724,751	1,467,315	1,406,980	2,785,086	1,406,981
Governmental Activities Long-Term Obligations		\$ 121,055,918	20,497,315	14,227,313	127,325,920	\$ 12,616,167

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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, 2019:

Long-Term Obligations	Type of Issue	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	PT	\$ 530,000	-	260,000	270,000	\$ 270,000
2012 Waterworks and Sewer System Revenue Bond	PT	17,910,000	-	1,320,000	16,590,000	1,360,000
2012B Waterworks and Sewer System Revenue Bond	PT	887,667	-	171,154	716,513	174,286
2015 Waterworks and Sewer System Revenue Bond	PT	22,345,000	-	1,150,000	21,195,000	1,210,000
2017 Waterworks and Sewer System Revenue Bond	DBP	1,750,000	-	114,000	1,636,000	184,000
2017 Waterworks and Sewer System Refunding Bond	DBP	6,219,000	-	54,000	6,165,000	55,000
Total Bonded Debt		49,641,667	-	3,069,154	46,572,513	3,253,286
Premiums						
2012 Waterworks and Sewer System Revenue Bond	PT	1,297,922	-	117,993	1,179,929	-
2015 Waterworks and Sewer System Revenue Bond	PT	2,203,799	-	157,414	2,046,385	-
Total Premiums		3,501,721	-	275,407	3,226,314	-
Total Net Debt		53,143,388	-	3,344,561	49,798,827	3,253,286
Notes Payable	DBP	4,761,701	715,865	470,369	5,007,197	536,719
Landfill Postclosure Costs		57,640	-	14,410	43,230	14,410
Compensated Absences		382,260	272,543	253,945	400,858	253,945
Business-Type Activities Long-Term Obligations		\$ 58,344,989	988,408	4,083,285	55,250,112	\$ 4,058,360

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.

In May 2019, the County issued its Series 2019 General Obligation Refunding and Improvement Bonds were in the amount of \$19,030,000, with annual principal installments ranging from \$550,000 to \$1,335,000 through April 2039; interest ranges from 3.00% to 5.00%. The County received a premium of \$1,713,379, which was recognized in the Statement of Activities due to its immateriality, and incurred issuance costs of \$290,864, which are included in interest and fiscal charges. Proceeds were used to provide funds for constructing, furnishing and equipping an emergency operations center and renovating, furnishing and equipping a law enforcement center; to refund the remaining outstanding principal its Series 2009B General Obligation Refunding Bonds; and to pay issuance costs related to the new debt. The County also established a debt service fund of approximately \$1,367,000 for this indebtedness. The County placed net proceeds of approximately \$3,231,000 into an irrevocable trust which was used to currently refund and redeem the \$3,220,000 outstanding balance on its Series 2009B General Obligation Refunding Bonds. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$26,000, which was recognized in the Statement of Activities due to its immateriality. This refunding was undertaken to reduce total debt service payments over the next five years by approximately \$112,000 and resulted in an economic gain of approximately \$107,000.

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2019****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****F. Long-Term Obligations (Continued)**

In September 2018, the County entered into a State Revolving Fund Loan in an amount not to exceed \$3,654,740, due in 56 quarterly installments of approximately \$74,000 beginning in May 2020, maturing in 2034, with interest at 1.90%. There is no debt service fund required for this note payable. The proceeds are to be used for improvements for the Lower Dorchester Wastewater Treatment Plan. The County has recognized draws on this note totaling approximately \$716,000 as of June 30, 2019.

The following is a summary of each long-term obligation of the County at June 30, 2019.

General obligation bonds payable are comprised of the following individual issuances:

Issue	Type	Outstanding at Year End
\$5,000,000 2010 general obligation bond due in annual principal installments of \$382,950 through April 1, 2031; interest at 4.32%	DBP	\$ 3,528,195
\$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%	PT	14,910,000
Plus Unamortized Issuance Premium	PT	535,867
\$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%	PT	7,410,000
Plus Unamortized Issuance Premium	PT	460,975
\$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%	DBP	3,105,000
\$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%.	PT	34,200,000
Plus Unamortized Issuance Premium	PT	77,030
\$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%	PT	35,625,000
Plus Unamortized Issuance Premium	PT	2,152,113
\$19,030,000 2019 general obligation serial refunding and improvement bond due in annual payments of \$550,000 to \$2,810,000, through April 1, 2039; interest ranging from 3.0 to 5.0%	PT	19,030,000
Total General Obligation Bonds Outstanding at Year End		<u>\$ 121,034,180</u>

The County has entered into several lease agreements with payment terms varying from three to eight years with interest rates varying from 1.53% to 2.60%, secured by various vehicles, computer hardware and other equipment. As of June 30, 2019, the assets acquired through capital leases in the amount of approximately \$1,987,000 are included in equipment with accumulated amortization of approximately \$1,682,000 included in accumulated depreciation.

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2019****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****F. Long-Term Obligations (Continued)**

Revenue bonds payable are comprised of the following individual issuances:

Issue	Type	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.	PT	\$ 270,000
\$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%	PT	16,590,000
Plus: Unamortized Issuance Premium	PT	1,179,929
\$1,700,000 2012B 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%	PT	716,513
\$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%	PT	21,195,000
Plus: Unamortized Issuance Premium	PT	2,046,385
\$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%	DBP	1,636,000
\$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%	DBP	6,165,000
Total Revenue Bonds Outstanding at Year End		<u>\$ 49,798,827</u>

In December 2017, the County issued \$6,219,000 in Series 2017 Waterworks and Sewer System Revenue Refunding Bonds. The County placed the net proceeds of approximately \$6,197,000 into an irrevocable trust, which were used to pay future debt service and to redeem the outstanding balance of \$5,850,000 on its Series 2009 Waterworks and Sewer System Revenue Bonds. The refunded bonds were considered to be defeased until redemption in October 2019. These bonds were redeemed at par on October 1, 2019, the date the bonds were first callable.

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 bonds, as well as the 2009 and 2013A general obligation bonds issued by the Authority, were approved by referendum and are not subject to the debt limit. At June 30, 2019, the County was in compliance with this requirement. Further, the general obligation bonds, as well as the revenue bonds, are supported by the full faith, credit, and taxing power of the County.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

F. Long-Term Obligations (Continued)

Notes payable are comprised of the following individual issuances:

Issue	Type	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%	DBP	\$ 895,000
\$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%	DBP	2,328,402
\$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%	DBP	1,067,930
\$3,654,740 Revolving Loan, \$715,865 drawn to date, due in quarterly installments of \$74,482, maturing February 2034, interest at 1.90%	DBP	715,865
Total Notes Payable Outstanding at Year End		<u>\$ 5,007,197</u>

Annual debt service requirements to maturity for all governmental activities long-term debt as of June 30, 2019 are as follows:

Year Ending June 30,	Direct Borrowing/Placement		Publicly Traded		Total
	Principal	Interest	Principal	Interest	
Governmental Activities:					
2020	\$ 1,524,186	299,902	9,685,000	4,485,933	\$ 15,995,021
2021	1,393,491	262,056	8,360,000	4,136,608	14,152,155
2022	1,082,880	226,111	8,680,000	3,802,160	13,791,151
2023	1,108,719	198,155	9,030,000	3,438,460	13,775,334
2024	949,024	169,421	8,615,000	2,988,633	12,722,078
2025-2029	3,037,567	515,690	48,520,000	9,170,747	61,244,004
2030-2034	1,043,982	55,011	9,740,000	2,149,550	12,988,543
2035-2039	-	-	8,545,000	723,600	9,268,600
Totals	<u>\$ 10,139,849</u>	<u>1,726,346</u>	<u>111,175,000</u>	<u>30,895,691</u>	<u>\$ 153,936,886</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

F. Long-Term Obligations (Continued)

Annual debt service requirements to maturity for all business-type activities long-term debt as of June 30, 2019 are as follows:

Year Ending June 30,	Direct Borrowing/Placement		Publically Traded		
	Principal	Interest	Principal	Interest	Total
Business-Type Activities:					
2020	\$ 775,719	316,291	3,014,286	1,617,943	\$ 5,724,239
2021	1,270,898	297,736	2,862,475	1,491,854	5,922,963
2022	1,280,595	267,741	2,980,723	1,373,206	5,902,265
2023	1,240,999	237,609	3,124,030	1,241,049	5,843,687
2024	811,647	207,834	3,080,000	1,087,181	5,186,662
2025-2029	4,082,642	731,332	17,730,000	3,122,131	25,666,105
2030-2034	2,855,696	246,357	5,980,000	319,491	9,401,544
2035-2039	490,000	6,591	-	-	496,591
Totals	\$ 12,808,196	2,311,491	38,771,514	10,252,855	\$ 64,144,056

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, 2019, there were an undetermined number of industrial revenue bonds and notes outstanding and the principal payable at June 30, 2019 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 accrual of approximately \$43,000 for landfill postclosure care at June 30, 2019 reflects the estimated remaining liability for postclosure care of the previously closed landfill site for another three 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, 2019. 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, 2019

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"). The PEBA, created on July 1, 2012 and governed by an 11-member Board of Directors ("PEBA Board"), is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, the PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission ("RSIC") and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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 firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in 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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Benefits (Continued)

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

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

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the PEBA Board, are insufficient to maintain the period set in statute, the PEBA Board shall increase employer contribution rates as necessary.

After June 30, 2027, 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 eighty-five 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 eighty-five percent. 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 eighty-five 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 eighty-five percent.

The Retirement System Funding and Administration Act 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 period.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

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		
	2017	2018	2019	2017	2018	2019
Employer Contribution Rate: [^]						
Retirement	11.41%	13.41%	14.41%	13.84%	15.84%	16.84%
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>11.56%</u>	<u>13.56%</u>	<u>14.56%</u>	<u>14.24%</u>	<u>16.24%</u>	<u>17.24%</u>
Employee Contribution Rate	<u>8.66%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.24%</u>	<u>9.75%</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 to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2019	\$ 3,992,484	100%	\$ 2,676,695	100%
2018	3,548,050	100%	2,301,551	100%
2017	\$ 2,940,508	100%	\$ 1,777,460	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2018. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (non-employer contributing entity) for the year ended June 30, 2018 (measurement date) to the County were approximately \$253,000 and \$115,000 for the SCRS and PORS, respectively.

The County recognized contributions (on-behalf benefits) from the State of approximately \$253,000 and \$115,000 for the year ended June 30, 2019. These contributions by the State are recognized as intergovernmental revenues and pension expenditures in the County's governmental fund financial statements.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

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

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2019	\$ 27,420,904	15,526,072	\$ 42,946,976
2018	26,165,560	14,172,111	40,337,671
2017	\$ 25,436,922	12,482,162	\$ 37,919,084

Actuarial Assumptions and Methods

Actuarial valuations of the 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 for the period ending June 30, 2015.

The June 30, 2018 total pension liability ("TPL"), net pension liability ("NPL"), 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, 2017. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018 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, 2019**

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 represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 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 TPL 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, 2019

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	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Commodities	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2018 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	\$ 48,821,730,067	26,414,916,370	\$ 22,406,813,697	54.1%
PORS	\$ 7,403,972,673	4,570,430,247	\$ 2,833,542,426	61.7%

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2019****IV. OTHER INFORMATION (CONTINUED)****A. Retirement Plans (Continued)***Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL 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, 2019, the County reported liabilities of approximately \$85,644,000, consisting of approximately \$56,624,000 and \$29,020,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2018, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2017 that was projected forward to the measurement date. The County's proportion of the NPL 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, 2018 measurement date, the County's SCRS proportion was 0.252709 percent, which was an increase of 0.000083 from its proportion measured as of June 30, 2017. At the June 30, 2018 measurement date, the County's PORS proportion was 1.024144 percent, which was an increase of 0.094644 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized total pension expense of approximately \$10,826,000, consisting of \$6,050,000 and \$4,776,000 for the SCRS and PORS, respectively. At June 30, 2019, 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	\$ 102,213	\$ 333,217
Change in Assumptions	2,246,528	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	899,475	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	1,105,075	427,580
Employer Contributions Subsequent to the Measurement Date	3,739,079	-
Total SCRS	<u>8,092,370</u>	<u>760,797</u>
PORS		
Differences Between Expected and Actual Experience	894,140	-
Change in Assumptions	1,913,401	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	580,321	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	2,798,502	54,843
Employer Contributions Subsequent to the Measurement Date	2,561,433	-
Total PORS	<u>8,747,797</u>	<u>54,843</u>
Total SCRS and PORS	<u>\$ 16,840,167</u>	<u>\$ 815,640</u>

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

Approximately \$3,739,000 and \$2,561,000 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 NPL in the year ended June 30, 2020. 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
2020	\$ 2,969,399	2,770,581	\$ 5,739,980
2021	1,357,566	2,225,434	3,583,000
2022	(641,029)	919,665	278,636
2023	(93,442)	215,841	122,399
Total	\$ 3,592,494	6,131,521	\$ 9,724,015

Discount Rate

The discount rate used to measure the TPL 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 TPL.

Sensitivity Analysis

The following table presents the sensitivity of the County's proportionate share of the NPL 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	\$ 72,355,086	56,624,101	\$ 45,377,954
The County's proportionate share of the net pension liability of the PORS	39,121,996	29,019,562	20,744,820
Total	\$ 111,477,082	85,643,663	\$ 66,122,774

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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 a payable of approximately \$839,000 to the PEBA as of June 30, 2019, representing required employer and employee contributions for the month of June 2019 for the SCRS and PORS. These amounts are included in Accounts Payable on the financial statements and were paid in July 2019.

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.

Plan Membership

As of June 30, 2019, the valuation date, the following employees were covered by the OPEB Plan's benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	85
Active Members	<u>902</u>
Total Membership	<u><u>987</u></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, 2019

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.

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Actuarial Assumptions and Methods (Continued)

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

Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Amortization Period	25 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	3.50%
Inflation	2.50%
Healthcare Cost Trend Rate	6.50% for 2019 decreasing to an ultimate rate of 4.15%
Salary Increases	2.50%
Investment Rate of Return	1.50%
Coverage Elections	70% of eligible retirees will elect coverage, 17% of male spouses and 7% of female spouses will elect to receive coverage upon
Active Participation/Marriage	80% of all active employees are assumed to be married with female spouses assumed to be 3 years younger
Retirement Rates	July 1, 2018 SCRS and PORS Valuations
Mortality Table	July 1, 2018 SCRS and PORS Valuations

The discount rate decreased from 3.87% that was used in the June 30, 2017 actuarial valuation to 3.50% for this valuation. In addition, the healthcare trend rates were decreased from 6.75% that was used in the June 30, 2017 actuarial valuation to 6.50% for this valuation. In addition, the difference between actual and expected experience was an approximately \$1.7 million loss, primarily related to retirements and a change in coverage period for three retired participants. During the fiscal year ended June 30, 2019, the actual return on assets was 1.75% compared to an expected return of 1.50%.

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 return represent assumptions developed using an arithmetic building block approach and are presented net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation for the beginning of the 2019 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%

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

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, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances as of June 30, 2018	\$ 10,258,703	2,562,111	\$ 7,696,592
Changes for the year:			
Service Cost	561,116	-	561,116
Interest	388,204	-	388,204
Difference Between Expected/Actual Experience	1,710,363	-	1,710,363
Changes in assumptions or other inputs	532,903	-	532,903
Net Investment Income	-	44,937	(44,937)
Benefit Payments	(336,961)	-	(336,961)
Implicit Rate Subsidy Fulfillment	(122,606)	-	(122,606)
Administrative Expense	-	(889)	889
Net Changes	2,733,019	44,048	2,688,971
Balances as of June 30, 2019	\$ 12,991,722	2,606,159	\$ 10,385,563

For the year ended June 30, 2019, the County recognized OPEB expense of approximately \$1,194,000. At June 30, 2019, 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
Differences Between Expected and Actual Experience	\$ 1,499,771	\$ -
Net Difference Between Projected/Actual Earnings on OPEB Plan Investments	22,887	5,210
Changes of Assumptions	467,287	-
Total	\$ 1,989,945	\$ 5,210

DORCHESTER COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2019****IV. OTHER INFORMATION (CONTINUED)****B. Other Postemployment Benefits (Continued)**

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

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

Year Ended June 30,	Total
2020	\$ 282,534
2021	282,534
2022	282,534
2023	274,903
2024	276,207
Thereafter	586,023
Total	<u>\$ 1,984,735</u>

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 3.50% (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 3.50% 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 3.50%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.50%) or 1% point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$ 11,992,060	10,385,563	\$ 9,012,644

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

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 6.50% 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 (5.50% decreasing to 3.15%) or 1% point higher (7.50% decreasing to 5.15%) than the current rate:

	1% Decrease (5.50% decreasing to 3.15%)	Current Healthcare Cost Trend Rate (6.50% decreasing to 4.15%)	1% Increase (7.50% decreasing to 5.15%)
Net OPEB Liability	\$ 8,807,143	10,385,563	\$ 12,292,722

C. Deferred Compensation Plans

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

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

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Risk Management (Continued)

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, with a deductible of \$100,000 per claim. The County pays an annual premium to the Worker's Compensation Trust for insurance coverage. Effective July 1, 2018, the County established an internal service fund for workers compensation. This fund is responsible for collecting premiums from departments and for paying claims up to the deductible. The County increased its deductible to \$200,000, effective July 1, 2019.

An estimate for workers compensation claims that were incurred on or before June 30, 2019 but were unreported at that time has been accrued in the internal service fund. This estimate is based upon the County's claims history, claims processed following the close of year end and other factors. The County estimates that all of the workers compensation claims will be paid within one year.

Changes in the reported liabilities for the workers compensation claims, which are included in Accrued Liabilities in the Statement of Net Position, were as follows:

Fund/Year	Beginning Balance	Claims and Changes in Estimates	Claims/ Payments	Ending Balance
2019	\$ -	462,020	(216,396)	\$ 245,624

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 were immaterial.

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, 2019, the County had approximately \$7,338,000 in construction commitments remaining on various projects.

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.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

E. Commitments and Contingencies (Continued)

Summers Corner Improvement District (Continued) - 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 will 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 was first levied in the year ended June 30, 2018. Special Assessment B will be levied in future years when the SCID begins to incur maintenance and operations expenditures. In addition, the County issued its SCID Special Assessment Revenue Bonds, Series 2018 in the amount of \$17,105,000 in December 2018. The County is not obligated in any manner for this special assessment debt. Accordingly, the County has not recorded this debt in its financial statements. The County is recording the assessments collected and then remitted to the Trustee in a newly established special revenue fund as the bond documents required the establishment of a special revenue fund to account for these transactions. The balance in this fund is approximately \$97,000 at June 30, 2019.

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 and received reimbursement from the South Carolina Rural Infrastructure Authority in the amount of approximately \$3,500,000. 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, 2019

IV. OTHER INFORMATION (CONTINUED)

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 also 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, 2019, the County abated property taxes totaling approximately \$5,394,000.

I. Subsequent Events

In August 2019 the County entered into a ten year lease for 28,100 square feet at 10055 Dorchester Road for a Trident Technical College campus, beginning January 1, 2020 and continuing through December 31, 2029. The initial monthly base rent is approximately \$17,600 plus upfit and other fees in the amount of approximately \$11,100, for a total monthly payment of approximately \$28,700. The lease also includes annual increases throughout the term.

The County Council adopted a resolution in November 2019 to authorize the County to be reimbursed for expenditures incurred in fiscal 2020 for new fire engines and equipment. The General Fund advanced the Fire Fund approximately \$607,000 in November 2019 to proceed with the purchase of two trucks. The approximately \$155,000 balance for this portion of the purchase is due in December for a total of approximately \$762,000. The County anticipates entering into a Lease Purchase Obligation in November 2020 in an amount not to exceed \$3,500,000, at which time all funds advanced by the General Fund will be repaid.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

I. Subsequent Events (Continued)

On November 5, 2019, voters in Dorchester County approved a referendum question pertaining to proposed new library facilities in the Summerville, North Charleston, and Ridgeville areas of the County. Therefore, in enacting this ordinance, the County will be enabled to issue General Obligation bonds in an amount not to exceed \$30,000,000 to finance the new library facilities. In December 2019 County Council approved the 3rd and final reading of an ordinance to provide for the issuance and sale of not to exceed \$30,000,000 for General Obligation Bonds to be used to fund the new library facilities. County Council also adopted a resolution authorizing the County to be reimbursed for expenditures incurred prior to the issuance of bonds for the acquisition of land and the design and construction of new library facilities in the Summerville, North Charleston and Ridgeville areas of the County. These expenditures will be incurred in anticipation of the issuance of general obligation bonds. The County plans to issue these bonds in January 2020.

On November 5, 2019, voters in Dorchester County approved a referendum question pertaining to proposed new parks and recreational facilities at various locations throughout the County, including the development of the Dorchester County Courthouse Park in St. George, the Ashley River Park, the Ashley River Park-Rosebrock Park-Swamp Fox Connector and the Pine Trace Natural Area in Summerville, and the development of hiking, biking and pedestrian trails and bridges, together with associated infrastructure, at various locations throughout the County. Therefore, in enacting this ordinance, the County will be enabled to issue General Obligation bonds in an amount not to exceed \$38,000,000 to finance the projects. In December 2019 County Council approved the 3rd and final reading of an ordinance to provide for the issuance and sale of not to exceed \$38,000,000 for General Obligation Bonds to be used to fund the new parks and recreational facilities. County Council also adopted a resolution authorizing the County to be reimbursed for expenditures incurred prior to the issuance of bonds for acquisition of land and the design and construction of parks and recreational facilities at various locations throughout the County. These expenditures will be incurred in anticipation of the issuance of general obligation bonds. The County plans to issue these bonds in January 2020.

The County Council approved the 3rd and final reading of an ordinance establishing the Oakbrook Redevelopment Project Area in November 2019. The County is also planning to create a Tax Increment Financing ("TIF") District in the Oakbrook area to fund public infrastructure projects. A TIF District is a funding mechanism outlined in the SC Code of Laws §31-7-10 to §31-7-130 that allows a government to utilize the incremental increase in property tax revenues in an area to issue bonds to fund public infrastructure projects in a designated redevelopment area. The establishment of a TIF District is not a tax increase and all funds generated by the TIF District must be utilized on public infrastructure projects. These projects are intended to encourage redevelopment and revitalization and reduce blight in the Oakbrook area. These projects are listed in the Redevelopment Plan and were presented to County Council and the public at a public hearing held, as required by State law, in November 2019. Per State law, all taxing entities in a TIF District must agree to their participation in the TIF District. Each taxing entity has the right to participate, not participate or participate at a negotiated level in the TIF District. The County has been in contact with the two major taxing entities in the TIF District; the Town of Summerville and Dorchester School District Two, and both have expressed an interest to participate. The County has approved its redevelopment plans for this new TIF District. A bond ordinance will be brought to County Council in 2020 for a first series of bonds in the amount of \$15,000,000. Future bond issues not to exceed the approved amount of \$35,000,000 will depend on growth in the TIF District.

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

I. Subsequent Events (Continued)

In December 2019, County Council authorized the County Administrator to enter into discussions and negotiations for the purchase of property in the Winding Woods Industrial Park, which is anticipated to cost approximately \$7,000,000. Their discussions center around the necessity of DHL Supply Chain ("DHL"), a leader in contract logistics and part of Deutsche Post DHL Group, to break ground on the first phase of its previously announced distribution and warehousing center at Winding Woods Industrial Park. This would enable the County to leverage the fee stream generated from DHL's investment to issue special source revenue bonds in the amount of \$4,500,000 to finance a portion of the cost of purchasing this property. Grant funding from the South Carolina Department of Commerce and the South Carolina Power Team would fund the remaining balance.

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, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 33,177,595	33,177,595	34,416,033	\$ 1,238,438
Licenses and Permits	3,200,590	3,200,590	3,086,240	(114,350)
Intergovernmental Revenues:				
Federal	69,210	69,210	26,188	(43,022)
State	5,541,437	5,541,437	5,691,904	150,467
Local	1,207,187	1,207,187	1,213,352	6,165
Fees and Service Charges:				
Registrar of Deeds	1,590,450	1,590,450	1,835,362	244,912
EMS Charges	4,954,000	4,954,000	4,870,457	(83,543)
Cable Franchise Fees	368,000	368,000	394,006	26,006
Other Miscellaneous Fees	746,498	746,498	1,107,964	361,466
Judicial Fines and Assessments	1,901,270	1,901,270	1,770,965	(130,305)
Other Income	352,046	352,046	1,564,206	1,212,160
TOTAL REVENUE ALL SOURCES	53,108,283	53,108,283	55,976,677	2,868,394
EXPENDITURES				
Current:				
General Government:				
County Council	398,359	398,359	392,783	5,576
County Administrator	913,662	913,662	912,923	739
Human Resources	415,964	415,964	431,193	(15,229)
Planning	508,987	508,987	567,877	(58,890)
Building Services	633,657	633,657	587,418	46,239
Business Services	1,011,705	1,011,705	1,096,793	(85,088)
Information Technology Services	1,391,997	1,391,997	1,371,448	20,549
Elections And Voter Registration	511,827	511,827	552,394	(40,567)
Risk Management And Safety	224,919	224,919	193,758	31,161
Magistrates	1,333,178	1,333,178	1,314,075	19,103
Circuit Court	84,251	84,251	74,628	9,623
Probate Court	575,637	575,637	523,896	51,741
Master In Equity	242,562	242,562	207,307	35,255
Attorney	388,279	388,279	408,778	(20,499)
Juvenile Justice	47,945	47,945	47,104	841
Solicitor	16,350	16,350	16,350	-
Building Utilities	1,118,780	1,118,780	879,524	239,256
Fleet Services	980,563	980,563	1,052,706	(72,143)
Facilities, Grounds And Recreation	1,966,932	1,966,932	2,580,364	(613,432)
Communications Support	350,658	350,658	320,039	30,619
Auditor	721,440	721,440	706,900	14,540
Treasurer	967,916	967,916	885,004	82,912
Clerk Of Court	669,705	669,705	662,605	7,100
Delinquent Tax Collector	418,729	418,729	397,577	21,152
Assessor	1,450,230	1,450,230	1,477,549	(27,319)
Register Of Deeds	505,073	505,073	500,280	4,793
Family Court	698,416	698,416	684,024	14,392
Forfeited Land Commission	1,050	1,050	451	599
Total General Government	\$ 18,548,771	18,548,771	18,845,748	\$ (296,977)

(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, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Public Safety:				
Sheriff	\$ 14,045,485	14,045,485	14,069,432	\$ (23,947)
Jail	6,869,888	6,869,888	7,018,782	(148,894)
Coroner	491,849	491,849	470,891	20,958
Emergency Management	189,429	189,429	179,608	9,821
Emergency Medical Services	7,169,102	7,169,102	7,284,147	(115,045)
Total Public Safety	28,765,753	28,765,753	29,022,860	(257,107)
Roads and Drainage:				
Roads Maintenance	2,343,738	2,343,738	2,136,777	206,961
Total Roads and Drainage	2,343,738	2,343,738	2,136,777	206,961
Health and Welfare:				
Health Department	25,545	25,545	12,001	13,544
Veterans Affairs	206,511	206,511	190,484	16,027
Community Services	762,718	762,718	762,158	560
Total Health and Welfare	994,774	994,774	964,643	30,131
Recreation and Culture	-	-	-	-
Airport	63,948	63,948	60,430	3,518
Economic Development	481,559	481,559	446,515	35,044
Intergovernmental and Nonprofit Assistance	2,722,677	2,722,677	2,727,045	(4,368)
Disaster Recovery	-	-	375,362	(375,362)
Nondepartmental:				
Contingency	299,782	299,782	-	299,782
Insurance	679,078	679,078	679,665	(587)
Other	241,797	241,797	166,517	75,280
Total Nondepartmental	1,220,657	1,220,657	846,182	374,475
Capital Outlay	-	-	1,214,952	(1,214,952)
TOTAL EXPENDITURES	55,141,877	55,141,877	56,640,514	(1,498,637)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,033,594)	(2,033,594)	(663,837)	1,369,757
OTHER FINANCING SOURCES (USES)				
Transfers In	2,244,187	2,244,187	2,940,829	696,642
Transfers Out	(890,850)	(890,850)	(1,786,279)	(895,429)
Insurance Recoveries	-	-	142,633	142,633
TOTAL OTHER FINANCING SOURCES (USES)	1,353,337	1,353,337	1,297,183	(56,154)
NET CHANGE IN FUND BALANCE	(680,257)	(680,257)	633,346	1,313,603
FUND BALANCES, Beginning of Year	29,804,726	29,804,726	29,804,726	-
FUND BALANCES, End of Year	\$ 29,124,469	29,124,469	30,438,072	\$ 1,313,603

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: The original budget and final budget included a planned use of fund balance of \$680,257. Actual expenditures exceeded budget by \$1,498,637, which was offset by revenues exceeding budget by \$2,868,394.

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, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 4,117,902	4,117,902	4,298,186	\$ 180,284
Other Income	50,000	50,000	101,561	51,561
TOTAL REVENUE ALL SOURCES	4,167,902	4,167,902	4,399,747	231,845
EXPENDITURES				
Current:				
General Government	58,696	110,318	512,233	(401,915)
Public Safety	133,250	325,086	318,898	6,188
Roads and Drainage	150,798	150,798	1,143,132	(992,334)
Health and Welfare	661	661	660	1
Airport	197	197	196	1
Economic Development	-	-	5,002	(5,002)
Nondepartmental	5,113	5,113	-	5,113
Capital Outlay	2,891,868	2,648,410	2,471,767	176,643
Debt Service:				
Principal Retirement	730,089	730,089	722,000	8,089
Interest and Fiscal Charges	50,797	50,797	49,812	985
TOTAL EXPENDITURES	4,021,469	4,021,469	5,223,700	(1,202,231)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	146,433	146,433	(823,953)	(970,386)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	455,065	455,065
Transfers Out	(646,433)	(646,433)	(2,795,125)	(2,148,692)
Sale of Capital Assets	-	-	125,454	125,454
Insurance Recoveries	-	-	62,474	62,474
TOTAL OTHER FINANCING SOURCES (USES)	(646,433)	(646,433)	(2,152,132)	(1,505,699)
NET CHANGE IN FUND BALANCE	(500,000)	(500,000)	(2,976,085)	(2,476,085)
FUND BALANCES, Beginning of Year	5,837,249	5,837,249	5,837,249	-
FUND BALANCES, End of Year	\$ 5,337,249	5,337,249	2,861,164	\$ (2,476,085)

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: The original budget and final budget included a planned use of fund balance of \$500,000. Actual expenditures exceeded budget by \$1,202,231, which was partially offset by revenues exceeding budget by \$231,485.

DORCHESTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF DORCHESTER COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST SIX FISCAL YEARS

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Dorchester County's Proportion of the Net Pension Liability	0.252709%	0.252626%	0.256500%	0.234735%	0.240675%
Dorchester County's Proportionate Share of the Net Pension Liability	\$ 56,624,101	56,870,175	54,788,021	44,518,617	41,436,256
Dorchester County's Covered Payroll	\$ 26,165,560	25,436,922	24,829,671	22,010,722	21,841,915
Dorchester County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	216.41%	223.57%	220.66%	202.26%	189.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.105%	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 CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 3,992,484	3,548,050	2,940,508	2,746,160	2,399,007
					\$ 2,316,115
Contributions in Relation to the Contractually Required Contribution					
Contributions from the County	3,739,078	3,294,685	2,940,508	2,746,160	2,399,007
Contributions from the State	253,406	253,365			
Contribution Deficiency (Excess)	\$ 253,406	253,365	-	-	-
Dorchester County's Covered Payroll	\$ 27,420,904	26,165,560	25,436,922	24,829,671	22,010,722
					\$ 21,841,915
Contributions as a Percentage of Covered Payroll	14.56%	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 13.56% to 14.56% of eligible payroll for the year ended June 30, 2019.

DORCHESTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF DORCHESTER COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM**

LAST SIX FISCAL YEARS

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Dorchester County's Proportion of the Net Pension Liability	1.02414%	0.92950%	0.87967%	0.81799%	0.83372%
Dorchester County's Proportionate Share of the Net Pension Liability	\$ 29,019,562	25,464,136	22,312,734	17,828,084	15,960,869
Dorchester County's Covered Payroll	\$ 14,172,111	12,482,162	11,214,684	10,128,315	10,027,025
Dorchester County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	204.77%	204.00%	198.96%	176.02%	159.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.73%	60.94%	60.44%	64.57%	67.55%

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 CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 2,676,695	2,301,551	1,777,460	1,540,900	1,358,939
					\$ 1,287,528
Contributions in Relation to the Contractually Required Contribution					
Contributions from the County	2,561,433	2,186,249	1,777,460	1,540,900	1,358,939
Contributions from the State	115,262	115,302			
Contribution Deficiency (Excess)	\$ 115,262	115,302	-	-	\$ -
Dorchester County's Covered Payroll	\$ 15,526,072	14,172,111	12,482,162	11,214,684	10,128,315
Contributions as a Percentage of Covered Payroll	17.24%	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 16.24% to 17.24% 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 TWO FISCAL YEARS**

	Year Ended June 30, 2019	Year Ended June 30, 2018
Total OPEB Liability:		
Service Cost	\$ 561,116	\$ 540,210
Interest	388,204	368,853
Differences Between Expected and Actual Experience	1,710,363	-
Changes of Assumptions	532,903	-
Implicit Rate Subsidy Fulfillment	(122,606)	(90,664)
Benefit Payments, Including Refunds of Member Contributions	(336,961)	(268,826)
Net Change in Total OPEB Liability	2,733,019	549,573
Total OPEB Liability - Beginning of Year	10,258,703	9,709,130
Total OPEB Liability - End of Year (a)	<u>\$ 12,991,722</u>	<u>\$ 10,258,703</u>
OPEB Plan Fiduciary Net Position:		
Net Investment Income	\$ 44,937	\$ 288
Administrative Expense	(889)	(678)
Net Change in OPEB Plan Fiduciary Net Position	44,048	(390)
OPEB Plan Fiduciary Net Position - Beginning of Year	2,562,111	2,562,501
OPEB Plan Fiduciary Net Position - End of Year (b)	<u>\$ 2,606,159</u>	<u>\$ 2,562,111</u>
Net OPEB Liability (Asset) - End of Year (a) - (b)	<u>\$ 10,385,563</u>	<u>\$ 7,696,592</u>
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.06%	24.97%
Covered Payroll	\$ 38,197,851	\$ 33,965,132
Net OPEB Liability as a Percentage of Covered Payroll	27.19%	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 TWO FISCAL YEARS**

	Year Ended June 30, 2019	Year Ended June 30, 2018
Actuarially Determined Contribution	\$ 963,376	\$ 900,926
Contributions in Relation to the Actuarially Determined Contribution	336,961	268,826
Contribution Deficiency (Excess)	\$ 626,415	\$ 632,100
Covered Payroll	\$ 38,197,851	\$ 33,965,132
Contributions as a Percentage of Covered Payroll	0.88%	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, 2019

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
Discount Rate	3.5%
Inflation	2.5%
Healthcare Cost Trend Rates	6.5% initial, decreasing to an ultimate rate of 4.15%
Salary Increases	2.5%
Investment Rate of Return	1.5%
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
Retirement Rates	July 1, 2018 SCRS and PORS Valuations
Mortality	July 1, 2018 SCRS and PORS Valuations

Other Information:

Changes from the June 30, 2017 actuarial valuation to the June 30, 2019 actuarial valuation:

The Discount Rate was decreased from 3.87% to 3.50%.

The Healthcare Cost Trend Rate was decreased from 6.75% to 6.50%.

The difference between the actual and expected experience was a loss of \$1.7 million, primarily related to retirements and a change in coverage for three retired participants.

The actual return on assets was 1.75% compared to an expected return of 1.50%.

SUPPLEMENTARY INFORMATION

DORCHESTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2019

	GRANTS FUND	SHERIFF'S FUND	ECONOMIC DEVELOPMENT	HOSPITALITY TAX FUND
ASSETS				
Cash and Investments	\$ -	-	4,036,085	493,431
Cash and Investments, Restricted	44,085	550,536	15,793	-
Receivables, Net:				
Taxes	-	-	-	-
Accounts	-	-	483,245	122,295
Other	-	-	-	-
Due From:				
Other Governments	389,009	-	-	-
Prepaid Items	50	-	-	-
TOTAL ASSETS	\$ 433,144	550,536	4,535,123	615,726
LIABILITIES				
Accounts Payable	\$ 63,674	-	346,467	8,197
Accrued Liabilities	9,050	-	-	-
Assets Held for Others	-	-	150,000	-
Due to Other Funds	281,588	-	2,980,119	-
Unearned Revenue	-	281,279	100,000	-
TOTAL LIABILITIES	354,312	281,279	3,576,586	8,197
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	224,364	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	224,364	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	578,676	281,279	3,576,586	8,197
FUND BALANCES				
Restricted for:				
Public Safety	-	368,296	-	-
Family Court	-	-	-	-
Victims' Advocate	-	-	-	-
Growth Management	-	-	-	-
Tourism	-	-	-	607,529
Health and Welfare	-	-	-	-
Capital Projects	-	-	958,537	-
Airport Improvements	317,234	-	-	-
Solid Waste Grants	1,762	-	-	-
Other Grants	44,085	-	-	-
Summers Corner Special Assessment District	-	-	-	-
Committed for:				
Recreation	-	-	-	-
Economic Development	-	-	-	-
Capital Projects	-	-	-	-
Solicitor	-	-	-	-
Unassigned	(508,613)	(99,039)	-	-
TOTAL FUND BALANCES	(145,532)	269,257	958,537	607,529
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 433,144	550,536	4,535,123	615,726

FAMILY COURT DSS	E-911	VICTIMS' ADVOCATE	FIRST CIRCUIT SOLICITOR	C-FUNDS
-	86,920	-	272,401	\$ -
290,673	-	10,075	-	-
-	-	-	-	-
-	68,920	-	-	-
-	-	42	-	-
-	-	-	94,845	-
-	160	-	3,456	-
290,673	156,000	10,117	370,702	\$ -
-	222,388	-	23,550	\$ -
2,267	-	3,497	50,477	-
-	-	-	-	-
-	-	5,135	103,673	65,697
-	-	-	-	-
2,267	222,388	8,632	177,700	65,697
-	-	-	-	-
-	-	-	-	-
2,267	222,388	8,632	177,700	65,697
-	(66,388)	-	-	-
288,406	-	-	-	-
-	-	1,485	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	193,002	-
-	-	-	-	(65,697)
288,406	(66,388)	1,485	193,002	(65,697)
290,673	156,000	10,117	370,702	\$ -

DORCHESTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2019

	PUBLIC DEFENDER	UPPER DORCHESTER ECONOMIC DEVELOPMENT	CHILDREN IN CRISIS	SENIOR CITIZENS CENTER
ASSETS				
Cash and Investments	\$ -	467,164	-	-
Cash and Investments, Restricted	-	-	-	1,071,176
Receivables, Net:				
Taxes	-	-	11,861	22,540
Accounts	-	-	-	-
Other	-	-	-	-
Due From:				
Other Governments	151,616	-	-	-
Prepaid Items	3,193	-	-	-
TOTAL ASSETS	\$ 154,809	467,164	11,861	1,093,716
LIABILITIES				
Accounts Payable	\$ 371	-	-	-
Accrued Liabilities	34,261	-	-	-
Assets Held for Others	-	-	-	-
Due to Other Funds	156,015	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	190,647	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	9,201	17,485
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	9,201	17,485
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	190,647	-	9,201	17,485
FUND BALANCES				
Restricted for:				
Public Safety	-	-	-	-
Family Court	-	-	-	-
Victims' Advocate	-	-	-	-
Growth Management	-	-	-	-
Tourism	-	-	-	-
Health and Welfare	-	-	2,660	1,076,231
Capital Projects	-	-	-	-
Airport Improvements	-	-	-	-
Solid Waste Grants	-	-	-	-
Other Grants	-	-	-	-
Summers Corner Special Assessment District	-	-	-	-
Committed for:				
Recreation	-	-	-	-
Economic Development	-	467,164	-	-
Capital Projects	-	-	-	-
Solicitor	-	-	-	-
Unassigned	(35,838)	-	-	-
TOTAL FUND BALANCES	(35,838)	467,164	2,660	1,076,231
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 154,809	467,164	11,861	1,093,716

RECREATION FUND	FIRE PROTECTION	FIRE IMPROVEMENTS	DORCHESTER COUNTY ECONOMIC DEVELOPMENT CORPORATION	OTHER SPECIAL REVENUE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
388,274	-	-	136,906	506,285	\$ 6,387,466
1,044,062	-	1,633,135	-	1,485,832	6,145,367
-	12,612	131,113	-	-	178,126
-	-	-	48,500	-	722,960
101,902	-	2,476	-	56,010	160,430
-	-	-	-	45,872	681,342
958	-	838	-	6,158	14,813
1,535,196	12,612	1,767,562	185,406	2,100,157	\$ 14,290,504
27,162	-	24,176	-	47,440	\$ 763,425
2,048	-	91,752	-	-	193,352
-	-	-	-	-	150,000
-	-	-	-	-	3,592,227
-	-	-	-	-	381,279
29,210	-	115,928	-	47,440	5,080,283
-	12,574	97,995	-	-	361,619
-	12,574	97,995	-	-	361,619
29,210	12,574	213,923	-	47,440	5,441,902
-	38	1,553,639	-	38,163	1,893,748
-	-	-	-	1,347,574	1,635,980
-	-	-	-	-	1,485
-	-	-	-	57,900	57,900
-	-	-	-	101,547	709,076
-	-	-	-	1,742	1,080,633
1,044,062	-	-	-	-	2,002,599
-	-	-	-	-	317,234
-	-	-	-	-	1,762
-	-	-	-	-	44,085
-	-	-	-	97,056	97,056
461,924	-	-	-	-	461,924
-	-	-	185,406	-	652,570
-	-	-	-	408,735	408,735
-	-	-	-	-	193,002
-	-	-	-	-	(709,187)
1,505,986	38	1,553,639	185,406	2,052,717	8,848,602
1,535,196	12,612	1,767,562	185,406	2,100,157	\$ 14,290,504

DORCHESTER COUNTY, SOUTH CAROLINA

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

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

	GRANTS FUND	SHERIFF'S FUND	ECONOMIC DEVELOPMENT	HOSPITALITY TAX FUND
REVENUES				
Taxes	\$ -	-	734,997	607,529
Intergovernmental Revenues:				
Federal	479,108	3,103	476,779	-
State	271,321	-	2,128,822	-
Local	-	-	-	-
Fees and Service Charges:				
Cable Franchise Fees	-	-	-	-
Other Miscellaneous Fees	-	-	-	-
Judicial Fines and Assessments	-	13,784	-	-
Other Income	-	10,735	540,689	-
TOTAL REVENUE ALL SOURCES	750,429	27,622	3,881,287	607,529
EXPENDITURES				
Current:				
General Government	265,564	-	-	-
Public Safety	271,341	53,757	-	-
Health and Welfare	25,096	-	-	-
Recreation and Culture	32,159	-	-	-
Airport	16,490	-	-	-
Economic Development	-	-	2,080,011	-
Intergovernmental and Nonprofit Assistance	-	-	-	-
Nondepartmental	-	-	-	-
Capital Outlay	963,633	34,028	2,588,700	-
Debt Service:				
Principal Retirement	-	-	362,235	-
Interest and Fiscal Charges	-	-	413	-
TOTAL EXPENDITURES	1,574,283	87,785	5,031,359	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(823,854)	(60,163)	(1,150,072)	607,529
OTHER FINANCING SOURCES (USES)				
Transfers In	760,205	-	-	-
Transfers Out	-	-	-	-
Sale of Capital Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	760,205	-	-	-
NET CHANGES IN FUND BALANCES	(63,649)	(60,163)	(1,150,072)	607,529
FUND BALANCES, Beginning of Year	(81,883)	329,420	2,108,609	-
FUND BALANCES, End of Year	\$ (145,532)	269,257	958,537	607,529

FAMILY COURT DSS	E-911	VICTIMS' ADVOCATE	FIRST CIRCUIT SOLICITOR	C-FUNDS
-	-	-	-	\$ -
67,826	-	-	-	-
139	197,627	1,060	1,319,070	1,252,773
-	-	-	1,542,059	-
-	-	-	-	-
-	422,747	-	-	-
-	-	104,512	73,690	-
5,188	-	56	751	-
73,153	620,374	105,628	2,935,570	1,252,773
45,145	-	-	2,933,958	-
-	562,902	178,036	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	237,501	-	-	321,992
-	-	-	-	-
-	-	-	-	-
45,145	800,403	178,036	2,933,958	321,992
28,008	(180,029)	(72,408)	1,612	930,781
-	-	65,682	-	-
-	-	-	(32,572)	-
-	-	-	-	-
-	-	65,682	(32,572)	-
28,008	(180,029)	(6,726)	(30,960)	930,781
260,398	113,641	8,211	223,962	(996,478)
288,406	(66,388)	1,485	193,002	\$ (65,697)

DORCHESTER COUNTY, SOUTH CAROLINA

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

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

	PUBLIC DEFENDER	UPPER DORCHESTER ECONOMIC DEVELOPMENT	CHILDREN IN CRISIS	SENIOR CITIZENS CENTER
REVENUES				
Taxes	\$ -	-	627,810	1,177,312
Intergovernmental Revenues:				
Federal	-	-	-	-
State	11,138	288,090	-	-
Local	-	-	-	-
Fees and Service Charges:				
Cable Franchise Fees	-	-	-	-
Other Miscellaneous Fees	-	-	-	-
Judicial Fines and Assessments	-	-	-	-
Other Income	1,909,375	746	-	7,226
TOTAL REVENUE ALL SOURCES	1,920,513	288,836	627,810	1,184,538
EXPENDITURES				
Current:				
General Government	1,928,426	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Culture	-	-	-	-
Airport	-	-	-	-
Economic Development	-	1,361,047	-	-
Intergovernmental and Nonprofit Assistance	-	-	632,953	1,056,786
Nondepartmental	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL EXPENDITURES	1,928,426	1,361,047	632,953	1,056,786
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,913)	(1,072,211)	(5,143)	127,752
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Sale of Capital Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	(7,913)	(1,072,211)	(5,143)	127,752
FUND BALANCES, Beginning of Year	(27,925)	1,539,375	7,803	948,479
FUND BALANCES, End of Year	\$ (35,838)	467,164	2,660	1,076,231

RECREATION FUND	FIRE PROTECTION	FIRE IMPROVEMENTS	DORCHESTER COUNTY ECONOMIC DEVELOPMENT CORPORATION	OTHER SPECIAL REVENUE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
-	632,287	5,655,421	-	80,784	\$ 9,516,140
-	-	-	-	281,883	1,308,699
4,581	-	32,810	-	179,242	5,686,673
-	-	306,334	49,150	-	1,897,543
394,006	-	-	-	-	394,006
-	-	-	-	7,700	430,447
-	-	-	-	-	191,986
40,103	-	66,229	175,710	113,994	2,870,802
438,690	632,287	6,060,794	224,860	663,603	22,296,296
-	-	-	-	31,199	5,204,292
-	649,782	5,793,656	-	-	7,509,474
-	-	-	-	-	25,096
261,863	-	-	-	-	294,022
-	-	-	-	-	16,490
-	-	-	156,368	-	3,597,426
-	-	-	-	20,105	1,709,844
-	-	-	-	13,889	13,889
351,852	-	73,915	-	-	4,571,621
-	-	383,762	-	-	745,997
-	-	47,530	-	-	47,943
613,715	649,782	6,298,863	156,368	65,193	23,736,094
(175,025)	(17,495)	(238,069)	68,492	598,410	(1,439,798)
-	-	120,000	-	106,368	1,052,255
(2,041)	-	(120,000)	-	-	(154,613)
-	-	43,300	-	-	43,300
(2,041)	-	43,300	-	106,368	940,942
(177,066)	(17,495)	(194,769)	68,492	704,778	(498,856)
1,683,052	17,533	1,748,408	116,914	1,347,939	9,347,458
1,505,986	38	1,553,639	185,406	2,052,717	\$ 8,848,602

DORCHESTER COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 3,654,616	3,802,596	\$ 147,980
Other Income	40,000	120,588	80,588
TOTAL REVENUE ALL SOURCES	3,694,616	3,923,184	228,568
EXPENDITURES			
Debt Service:			
Principal Retirement	2,542,941	2,245,985	296,956
Interest and Fiscal Charges	1,151,675	1,442,813	(291,138)
Payment to Refunded Debt Escrow Agent	-	3,231,478	(3,231,478)
TOTAL EXPENDITURES	3,694,616	6,920,276	(3,225,660)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(2,997,092)	(2,997,092)
OTHER FINANCING SOURCES (USES)			
Premium on Bonds Issued	-	1,713,379	1,713,379
Issuance of General Obligation Bonds	-	19,030,000	19,030,000
Transfers Out	-	(15,853,973)	(15,853,973)
TOTAL OTHER FINANCING SOURCES (USES)	-	4,889,406	4,889,406
NET CHANGE IN FUND BALANCE	-	1,892,314	1,892,314
FUND BALANCE, Beginning of Year	4,336,002	4,336,002	-
FUND BALANCE, End of Year	\$ 4,336,002	6,228,316	\$ 1,892,314

Note: The budget is 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 budget by \$3,225,660 due primarily to classifying the payment to refunded debt escrow agent as an expenditure as required by GAAP, which was funded by the issuance of bonds.

DORCHESTER COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 369,225	734,997	\$ 365,772
Intergovernmental Revenues:			
Federal	-	476,779	476,779
State	-	2,128,822	2,128,822
Other Income	-	540,689	540,689
TOTAL REVENUE ALL SOURCES	369,225	3,881,287	3,512,062
EXPENDITURES			
Current:			
Economic Development:			
Direct Assistance	-	1,972,465	(1,972,465)
Professional Services	-	25,000	(25,000)
Other	-	82,546	(82,546)
Total Economic Development	-	2,080,011	(2,080,011)
Capital Outlay	-	2,588,700	(2,588,700)
Debt Service:			
Principal Retirement	349,977	362,235	(12,258)
Interest and Fiscal Charges	19,248	413	18,835
TOTAL EXPENDITURES	369,225	5,031,359	(4,662,134)
NET CHANGE IN FUND BALANCE	-	(1,150,072)	(1,150,072)
FUND BALANCE, Beginning of Year	2,108,609	2,108,609	-
FUND BALANCE, End of Year	\$ 2,108,609	958,537	\$ (1,150,072)

Note: The budget is 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 \$4,662,134, which was partially offset by revenues exceeding budget by \$3,512,062.

DORCHESTER COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenues:			
State	\$ 141,876	197,627	\$ 55,751
Fees and Service Charges:			
Other Miscellaneous Fees	383,500	422,747	39,247
TOTAL REVENUE ALL SOURCES	525,376	620,374	94,998
EXPENDITURES			
Current:			
Public Safety:			
Personnel Services	62,478	102,250	(39,772)
Repairs and Maintenance	90,957	102,390	(11,433)
Communications	376,756	351,312	25,444
Other	7,312	6,950	362
Total Public Safety	537,503	562,902	(25,399)
Capital Outlay	-	237,501	(237,501)
TOTAL EXPENDITURES	537,503	800,403	(262,900)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,127)	(180,029)	(167,902)
OTHER FINANCING SOURCES (USES)			
Transfers In	12,127	-	(12,127)
TOTAL OTHER FINANCING SOURCES (USES)	12,127	-	(12,127)
NET CHANGE IN FUND BALANCE	-	(180,029)	(180,029)
FUND BALANCE, Beginning of Year	113,641	113,641	-
FUND BALANCE, End of Year	\$ 113,641	(66,388)	\$ (180,029)

Note: The budget is 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 \$262,900, which was partially offset by revenues exceeding budget by \$94,998.

DORCHESTER COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenues:			
State	\$ -	1,060	\$ 1,060
Fees and Service Charges:			
Judicial Fines and Assessments	119,988	104,512	(15,476)
Other Income	24	56	32
TOTAL REVENUE ALL SOURCES	120,012	105,628	(14,384)
EXPENDITURES			
Current:			
Public Safety:			
Personnel Services	175,891	178,036	(2,145)
Total Public Safety	175,891	178,036	(2,145)
TOTAL EXPENDITURES	175,891	178,036	(2,145)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(55,879)	(72,408)	(16,529)
OTHER FINANCING SOURCES (USES)			
Transfers In	55,879	65,682	9,803
TOTAL OTHER FINANCING SOURCES (USES)	55,879	65,682	9,803
NET CHANGE IN FUND BALANCE	-	(6,726)	(6,726)
FUND BALANCE, Beginning of Year	8,211	8,211	-
FUND BALANCE, End of Year	\$ 8,211	1,485	\$ (6,726)

Note: The budget is 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 \$2,145, which was offset by additional transfers in from the General Fund.

DORCHESTER COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenues:			
State	\$ 1,356,040	1,319,070	\$ (36,970)
Local	1,619,359	1,542,059	(77,300)
Judicial Fines and Assessments	73,690	73,690	-
Other Income	-	751	751
TOTAL REVENUE ALL SOURCES	3,049,089	2,935,570	(113,519)
EXPENDITURES			
Current:			
General Government:			
Personnel Services	2,766,589	2,606,998	159,591
Professional Services	17,000	18,750	(1,750)
Repairs and Maintenance	5,500	4,763	737
Rentals and Leases	56,000	52,007	3,993
Insurance	15,000	10,407	4,593
Communications	42,000	32,041	9,959
Printing and Binding	7,000	5,473	1,527
Intergovernmental	12,000	8,404	3,596
Travel	30,000	25,886	4,114
Supplies	38,000	34,840	3,160
Utilities	40,000	31,435	8,565
Books and Periodicals	20,000	18,922	1,078
Direct Assistance	-	83,510	(83,510)
Other	-	522	(522)
Total General Government	3,049,089	2,933,958	115,131
TOTAL EXPENDITURES	3,049,089	2,933,958	115,131
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	1,612	1,612
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	(32,572)	(32,572)
TOTAL OTHER FINANCING SOURCES (USES)	-	(32,572)	(32,572)
NET CHANGE IN FUND BALANCE	-	(30,960)	(30,960)
FUND BALANCE, Beginning of Year	223,962	223,962	-
FUND BALANCE, End of Year	\$ 223,962	193,002	\$ (30,960)

Note: The budget is 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, 2019

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenues:			
State	\$ -	11,138	\$ 11,138
Other Income	1,699,462	1,909,375	209,913
TOTAL REVENUE ALL SOURCES	1,699,462	1,920,513	221,051
EXPENDITURES			
Current:			
General Government:			
Personnel Services	1,637,289	1,881,597	(244,308)
Rentals and Leases	40,200	38,316	1,884
Insurance	18,853	3,921	14,932
Utilities	3,120	4,592	(1,472)
Total General Government	1,699,462	1,928,426	(228,964)
TOTAL EXPENDITURES	1,699,462	1,928,426	(228,964)
NET CHANGE IN FUND BALANCE	-	(7,913)	(7,913)
FUND BALANCES, Beginning of Year	(27,925)	(27,925)	-
FUND BALANCES, End of Year	\$ (27,925)	(35,838)	\$ (7,913)

Note: The budget is 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 \$228,964, which was partially offset by revenues exceeding budget by \$221,051.

DORCHESTER COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenues:			
State	\$ -	4,581	\$ 4,581
Fees and Service Charges:			
Cable Franchise Fees	368,000	394,006	26,006
Other Income	26,457	40,103	13,646
TOTAL REVENUE ALL SOURCES	394,457	438,690	44,233
EXPENDITURES			
Current:			
Recreation and Culture:			
Personnel Services	148,646	147,226	1,420
Professional Services	16,500	17,876	(1,376)
Repairs and Maintenance	8,380	23,844	(15,464)
Rentals and Leases	9,200	7,409	1,791
Communications	1,050	848	202
Printing and Binding	1,500	234	1,266
Travel	2,000	775	1,225
Supplies	15,443	23,232	(7,789)
Food	1,000	2,983	(1,983)
Medical and Medicine	50	13	37
Membership Dues	355	393	(38)
Utilities	3,000	2,263	737
Advertising	2,000	1,768	232
Direct Assistance	-	32,655	(32,655)
Other	185,333	344	184,989
Total Recreation and Culture	394,457	261,863	132,594
Capital Outlay	-	351,852	(351,852)
TOTAL EXPENDITURES	394,457	613,715	(219,258)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(175,025)	(175,025)
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	(2,041)	(2,041)
TOTAL OTHER FINANCING SOURCES (USES)	-	(2,041)	(2,041)
NET CHANGE IN FUND BALANCE	-	(177,066)	(177,066)
FUND BALANCE, Beginning of Year	1,683,052	1,683,052	-
FUND BALANCE, End of Year	\$ 1,683,052	1,505,986	\$ (177,066)

Note: The budget is 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 \$219,258, which was partially offset by revenues exceeding budget by \$44,233.

DORCHESTER COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 5,515,149	5,655,421	\$ 140,272
Intergovernmental Revenues:			
State	-	32,810	32,810
Local	210,000	306,334	96,334
Other Income	18,105	66,229	48,124
TOTAL REVENUE ALL SOURCES	5,743,254	6,060,794	317,540
EXPENDITURES			
Current:			
Public Safety:			
Personnel Services	4,551,513	4,986,853	(435,340)
Professional Services	6,500	5,032	1,468
Repairs and Maintenance	64,700	140,303	(75,603)
Rentals and Leases	3,200	5,207	(2,007)
Insurance	90,000	92,209	(2,209)
Communications	76,810	76,441	369
Printing and Binding	500	850	(350)
Intergovernmental	700	1,212	(512)
Travel	8,000	6,899	1,101
Supplies	85,703	211,078	(125,375)
Food	3,000	1,324	1,676
Utilities	202,500	215,007	(12,507)
Books and Periodicals	11,000	10,901	99
Firemen's Assistance	40,000	20,366	19,634
Technical	10,000	11,069	(1,069)
Special Programs	4,000	2,294	1,706
Other	40,655	6,611	34,044
Total Public Safety	5,198,781	5,793,656	(594,875)
Capital Outlay	180,942	73,915	107,027
Debt Service:			
Principal Retirement	361,000	383,762	(22,762)
Interest and Fiscal Charges	47,531	47,530	1
TOTAL EXPENDITURES	5,788,254	6,298,863	(510,609)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,000)	(238,069)	(193,069)
OTHER FINANCING SOURCES (USES)			
Transfers In	120,000	120,000	-
Transfers Out	(120,000)	(120,000)	-
Sale of Capital Assets	-	43,300	43,300
TOTAL OTHER FINANCING SOURCES (USES)	-	43,300	43,300
NET CHANGE IN FUND BALANCE	(45,000)	(194,769)	(149,769)
FUND BALANCE, Beginning of Year	1,748,408	1,748,408	-
FUND BALANCE, End of Year	\$ 1,703,408	1,553,639	\$ (149,769)

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 \$510,609, which was partially offset by revenues exceeding budget by \$317,540.

DORCHESTER COUNTY, SOUTH CAROLINA**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****AGENCY FUND****YEAR ENDED JUNE 30, 2019**

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year</u>
ASSETS				
Cash and Investments	\$ 43,724,636	-	961,249	\$ 42,763,387
Taxes Receivable, Net	2,490,239	-	1	2,490,238
Due From Other Governments	620,459	-	404,493	215,966
TOTAL ASSETS	<u>\$ 46,835,334</u>	<u>-</u>	<u>1,365,743</u>	<u>\$ 45,469,591</u>
LIABILITIES				
Assets Held for Others	\$ 46,835,334	-	1,365,743	\$ 45,469,591
TOTAL LIABILITIES	<u>\$ 46,835,334</u>	<u>-</u>	<u>1,365,743</u>	<u>\$ 45,469,591</u>

DORCHESTER COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

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	\$ 804,228	1,937,817	-	\$ 2,742,045
Court fines and assessments remitted to State Treasurer	(641,628)	(930,756)	-	(1,572,384)
Total Court Fines and Assessments retained	162,600	1,007,061	-	1,169,661
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	16,052	19,546	-	35,598
Assessments retained	842	68,072	-	68,914
Total Surcharges and Assessments retained for victim services	\$ 16,894	87,618	-	\$ 104,512

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ -	8,211	\$ 8,211
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-	-	-
Victim Service Assessments Retained by City/County Treasurer	-	68,914	68,914
Victim Service Surcharges Retained by City/County Treasurer	-	35,598	35,598
Interest Earned	-	56	56
Grant Funds Received			
Grant from: South Carolina Public Employee Benefit Authority	-	1,060	1,060
General Funds Transferred to Victim Service Fund	-	65,682	65,682
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)	\$ -	179,521	\$ 179,521
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	\$ -	178,036	\$ 178,036
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)	-	178,036	178,036
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-	1,485	1,485
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	\$ -	1,485	\$ 1,485



THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

(UNAUDITED)

This part of Dorchester County's (the "County") comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends Information

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain information to help the reader assess the County's most significant local revenue source.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports or financial statements for the relevant year.

DORCHESTER COUNTY, SOUTH CAROLINA

Table 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment In Capital Assets	\$ 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	\$ 37,657,298
Restricted	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	55,642,172
Unrestricted	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)	(32,037,359)
Total Governmental Activities Net Position	\$ 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	\$ 61,262,111
Business-Type Activities										
Net Investment In Capital Assets	\$ 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	\$ 154,321,376
Restricted	-	-	-	-	17,380,812	18,634,320	20,820,572	16,558,963	15,059,860	16,668,345
Unrestricted	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	12,909,408
Total Business-Type Activities Net Position	\$ 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	\$ 183,899,129
County										
Primary Government										
Net Investment In Capital Assets	\$ 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	\$ 191,978,674
Restricted	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	72,310,517
Unrestricted	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)	(19,127,951)
Total Primary Government Net Position	\$ 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	\$ 245,161,240

DORCHESTER COUNTY, SOUTH CAROLINA

Table 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
General Government	\$ 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	\$ 29,925,262
Public Safety	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	42,088,535
Roads and Drainage	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	78,308,048
Health and Welfare	215,664	206,355	202,674	222,328	241,831	244,878	241,183	238,746	1,017,901	1,025,696
Recreation and Culture	232,527	265,554	28,223	118,776	35,234	110,993	237,200	514,668	313,874	310,336
Airport	204,697	199,098	189,454	189,107	275,423	454,663	453,120	496,346	468,790	478,903
Economic Development	622,350	976,421	877,687	4,603,409	849,935	2,356,220	1,899,177	2,021,210	1,705,412	4,235,715
Intergovernmental and nonprofit	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	4,618,709
Disaster Recovery	-	-	-	-	-	-	-	1,682,909	485,816	375,362
Nondepartmental	-	-	-	-	-	-	-	512,367	-	-
Interest and fiscal charges	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	4,859,879
Total Government Activities Expenses	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	166,226,445
Business-Type Activities										
Water and Sewer	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	22,607,782
Stormwater	1,606,213	1,328,895	1,363,335	1,436,570	1,395,018	1,465,142	1,492,067	1,934,984	2,004,758	2,093,198
Solid Waste	5,063,829	4,869,123	4,776,820	4,938,151	5,699,231	5,494,895	5,619,162	6,210,952	5,885,165	5,938,070
Total Business-Type Activities Expenses	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	30,639,050
Total Primary Government Expenses	\$ 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	\$ 196,865,495
Program Revenues										
Governmental Activities										
Charges For Services:										
General Government	\$ 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	\$ 8,327,296
Public Safety	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	6,590,055
Roads and Drainage	120,819	27,678	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	402	130	-
Recreation and Culture	-	-	241,848	244,706	325,711	333,555	351,474	-	-	-
Airport	6,456	8,077	-	-	-	-	8,894	8,002	8,480	7,462
Economic Development	21,900	13,800	5,275	4,800	-	10,600	400	-	-	-
Operating Grants and Contributions	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	7,193,336
Capital Grants and Contributions	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	6,739,077
Total Governmental Activities Program Revenue:	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	28,857,226
Business-Type Activities										
Charges For Services:										
Water and Sewer	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	26,892,036
Stormwater	2,653,941	2,544,175	2,109,013	1,485,120	1,530,622	1,605,836	1,599,545	1,932,013	2,295,949	2,572,321
Solid Waste	5,782,935	6,066,503	5,897,575	5,820,192	5,845,499	6,370,972	5,792,244	6,439,056	6,770,996	6,601,900
Operating Grants and Contributions	40,786	48,596	52,141	48,439	607,177	105,592	105,673	191,334	65,497	93,572
Capital Grants and Contributions	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	4,339,194
Total Business-Type Activities Program Revenue:	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	40,499,023
Total Primary Government Program Revenue:	\$ 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	\$ 69,356,249

(continued)

DORCHESTER COUNTY, SOUTH CAROLINA

Table 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense) Revenue										
Governmental Activities	\$ (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)	\$ (137,369,219)
Business-Type Activities	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	9,859,973
Total Primary Government Net Expense	\$ (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)	\$ (127,509,246)
General Revenues and Other Changes in Net Position										
Governmental activities										
Property Taxes	\$ 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	\$ 51,607,166
Franchise Fees and Hospitality Taxes	774,604	555,720	362,772	367,059	327,164	333,555	351,474	634,424	735,830	1,395,542
Sales and Use Tax	-	-	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific program	4,421,678	4,244,334	1,973,604	4,208,779	5,530,885	-	7,407,563	16,224,030	16,836,769	17,414,494
Unrestricted revenue from use of money and property	137,881	147,287	-	-	-	-	-	5,297,537	5,466,870	5,517,465
Gain on disposition of assets	35,466	-	-	-	-	3,884,508	-	487,488	884,631	1,648,617
Miscellaneous	-	148	85,802	-	-	75,603	-	-	-	-
Investment Income	-	-	-	-	-	175,302	-	66,008	1,270,117	354,918
Transfers	112,148	1,450,585	1,573,778	(636,765)	1,299,005	1,334,230	1,302,466	3,178,869	895,273	(1,786,130)
Total Governmental Activities	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	76,152,072
Business-Type Activities										
Unrestricted revenue from use of money and property	160,039	164,645	112,743	-	-	-	-	103,170	128,211	220,068
Miscellaneous	-	-	-	-	-	-	-	-	-	667,000
Investment Income	5,302	43,421	45,496	86,410	30,247	50,328	94,510	-	-	-
Gain on disposition of assets	(112,148)	(1,450,585)	(1,573,778)	111,679	52,393	-	-	67,701	487,155	109,789
Transfers	-	-	-	636,765	(1,299,005)	(1,334,230)	(1,302,466)	(3,178,869)	(895,273)	1,786,130
Total Business-Type Activities	53,193	(1,242,519)	(1,415,539)	834,854	(1,216,365)	(1,283,902)	(1,207,956)	(3,007,998)	(279,907)	2,782,987
Total primary government	\$ 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	\$ 78,935,059
Change in Net Position										
Governmental Activities	\$ (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	\$ (61,217,147)
Business-Type Activities	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	12,642,960
Total Primary Government	\$ 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	\$ (48,574,187)

DORCHESTER COUNTY, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Pre-GASB #54*										
Reserved	\$ 296,986	-	-	-	-	-	-	-	-	\$ -
Unreserved	18,044,211	-	-	-	-	-	-	-	-	-
Post GASB #54*										
Nonspendable	-	291,055	270,837	291,602	295,392	545,846	175,150	218,763	510,299	611,510
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	5,310,010
Assigned	-	1,649,658	2,337,233	2,554,765	1,544,094	566,542	1,167,793	1,202,514	1,915,702	1,453,270
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	23,063,282
Total General Fund	\$ 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	\$ 30,438,072
All Other Governmental Funds										
Pre-GASB #54*										
Reserved, Reported In:										
Special Revenue Funds	\$ 186,400	-	-	-	-	-	-	-	-	\$ -
Unreserved, Reported In:										
Capital Improvements Fund	3,492,404	-	-	-	-	-	-	-	-	-
Fire Fund	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds	10,706,781	-	-	-	-	-	-	-	-	-
Capital Projects Funds	(1,010,258)	-	-	-	-	-	-	-	-	-
Debt Service Funds	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	64,212,565
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	5,965,146
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)	(709,187)
Total All Other Governmental Funds	\$ 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	\$ 69,468,524

(*) 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.

DORCHESTER COUNTY, SOUTH CAROLINA

Table 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property Taxes	\$ 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	\$ 69,382,696
Licenses, Fines and Permits	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	3,086,240
Charges for Services	5,896,176	6,093,668	6,426,454	6,795,920	6,921,012	7,527,433	8,380,831	9,362,446	11,064,462	10,995,193
Intergovernmental	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	18,522,033
Other Income	1,388,321	364,307	1,711,674	2,261,812	1,400,609	2,271,365	3,419,154	6,072,083	5,561,463	5,632,799
Total Revenues	58,805,784	57,733,301	61,080,359	70,151,949	64,250,545	72,110,223	75,135,555	108,697,393	107,696,325	107,618,961
Expenditures										
General Government	19,236,056	18,802,048	18,579,997	23,009,713	19,441,018	21,920,805	22,479,433	27,276,393	25,757,179	28,641,970
Public Safety	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	36,893,632
Public Works	2,561,749	2,216,668	2,115,283	2,783,891	2,439,988	2,112,544	2,348,247	2,252,331	2,469,416	3,357,025
Health and Welfare	203,064	199,254	201,362	221,016	240,519	244,222	241,183	228,921	987,643	990,399
Culture and Recreation	232,527	265,554	28,223	118,776	35,234	110,675	236,896	111,186	342,646	294,022
Intergovernmental and nonprofit assistance	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	4,576,932
Disaster Recovery	-	-	-	-	-	-	-	1,682,909	485,816	375,362
Non-Departmental	563,984	530,390	667,029	481,074	1,736,818	1,062,342	758,228	512,367	956,487	860,071
Capital Outlay	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	13,606,299
Debt Service										
Principal	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	9,288,982
Interest and Fiscal Charges	1,237,103	1,140,697	1,316,827	1,413,767	1,497,337	1,524,646	1,529,555	5,046,459	4,834,393	4,806,051
Payment to Refund Bond Escrow	-	-	-	-	-	-	-	-	-	3,231,478
Total Expenditures	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	106,922,223
Excess of Revenues Over (Under) Expenditures	(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	696,738
Other Financing Sources (Uses)										
Transfers In	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	22,810,874
Transfers Out	(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)	(20,774,731)
Sale of Capital Assets	118,006	296,269	87,378	276,510	489,101	336,863	58,638	257,253	90,199	168,754
Insurance proceeds	123,224	1,237,000	72,932	17,166	38,835	-	52,172	348,177	221,236	205,107
Capital lease proceeds	-	2,882,554	52,466	1,315,762	-	2,514,055	-	-	-	-
Debt proceeds	2,650,000	5,000,000	1,350,000	28,617,065	-	4,040,000	-	-	3,292,000	-
Issuance of Bonds	9,705,000	-	-	-	-	-	-	-	-	19,030,000
Payments to refund general obligation bond	(9,733,885)	(2,568,664)	-	(9,741,374)	-	-	-	-	-	-
Premium on issuance of debt	80,025	-	-	-	-	-	-	-	-	1,713,379
Total Other Financing Sources (Uses)	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	23,153,383
Net Change in Fund Balances	\$ 2,139,816	\$ 6,338,889	937,164	17,810,549	(6,426,290)	(766,167)	(3,736,636)	\$ 6,818,590	7,964,174	\$ 23,850,121
Debt Service as a Percentage of Noncapital Expenditures	6.28%	5.66%	6.90%	5.87%	7.03%	7.03%	7.62%	16.47%	16.51%	18.57%

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	Hospitality Tax		Total
2010	\$	37,588,043	9,469,357	-	\$	47,057,400
2011		37,810,569	9,817,880	-		47,628,449
2012		36,458,591	10,356,875	-		46,815,466
2013		40,558,572	10,867,238	-		51,425,810
2014		42,364,911	11,945,213	-		54,310,124
2015		42,063,705	13,045,978	-		55,109,683
2016		45,560,948	15,128,857	-		60,689,805
2017		47,101,326	16,224,030	-		63,325,356
2018		49,041,116	16,674,005	-		65,715,121
2019	\$	51,425,426	17,349,741	607,529	\$	69,382,696

Source: Dorchester County Treasurer

Table 6

DORCHESTER COUNTY, SOUTH CAROLINA

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					
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	242,871,661	158,149,880	56,144,419	69,325,461	7,664,610	518,826,811	0.0941	10,424,958,992	4.98%
2015	249,383,731	156,629,160	61,233,413	69,539,321	7,501,820	529,283,805	0.0943	10,648,393,908	4.97%
2016	247,764,800	166,034,160	65,689,382	71,866,290	7,836,140	543,518,492	0.0988	10,856,593,273	5.01%
2017	258,088,630	169,548,000	69,126,712	77,304,139	7,116,040	566,951,441	0.0994	11,303,806,612	5.02%
2018	270,589,850	171,123,720	67,487,536	79,501,975	5,646,770	583,056,311	0.0994	11,643,814,763	5.01%
2019	\$ 284,748,990	178,374,370	66,846,342	84,257,983	6,191,700	\$ 608,035,985	0.1005	\$ 12,154,523,924	5.00%

^ 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
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
2019	0.0561	0.0070	0.0062	0.0035	0.0058	0.0010	0.0019	0.0150	0.0040	0.1005

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)									
Fiscal Year	School Districts								
	DD2 Op	DD2 Debt	Voc Oper	DD4 Op	DD4 Debt	Voc Oper	Total School District Millage	Total Direct & Overlapping Rates	
2010	0.1650	0.0309	0.0091	0.2387	0.0280	0.0091	0.4808	0.5726	
2011	0.1686	0.0360	0.0093	0.2387	0.0280	0.0093	0.4899	0.5818	
2012	0.1686	0.0360	0.0093	0.2302	0.0280	0.0093	0.4814	0.5733	
2013	0.1686	0.0360	0.0093	0.2200	0.0280	0.0093	0.4712	0.5631	
2014	0.1686	0.0460	0.0093	0.2200	0.0280	0.0093	0.4812	0.5753	
2015	0.1686	0.0530	0.0093	0.2200	0.0280	0.0093	0.4882	0.5825	
2016	0.1699	0.0530	0.0093	0.2150	0.0280	0.0093	0.4845	0.5833	
2017	0.1699	0.0530	0.0093	0.2150	0.0280	0.0093	0.4845	0.5839	
2018	0.1736	0.0530	0.0093	0.2150	0.0280	0.0093	0.4882	0.5876	
2019	0.1736	0.0530	0.0093	0.2150	0.0280	0.0093	0.4882	0.5887	

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Showa Denko Carbon Inc.	\$ 17,998,870	1	28.46%	\$ 4,507,550	4	10.68%
South Carolina Electric & Gas	17,718,810	2	28.02%	9,472,520	2	22.44%
Robert Bosch LLC	9,921,520	3	15.69%	11,668,620	1	27.64%
Argos Cement LLC	3,927,330	4	6.21%			
Giant Cement Co	3,531,140	5	5.58%	1,393,950	8	3.30%
Norfolk Southern Railway Co	3,100,910	6	4.90%			
Bellsouth Telecommunications	2,236,740	7	3.54%	3,441,160	5	8.15%
Chartwell Wescott LLC	1,754,550	8	2.77%			
Trident Medical Center LLC	1,631,600	9	2.58%	1,163,980	10	2.76%
Atrium at Wescott LLC	1,425,390	10	2.25%			
LaFarge Building Materials, Inc.				2,709,850	6	6.42%
James Hardee Building Products				1,467,960	7	3.48%
Giant Cement Company				5,160,690	3	12.23%
Edisto Electric Coop Inc.				1,222,950	9	2.90%
Total	<u>\$ 63,246,860</u>		<u>100.00%</u>	<u>\$ 42,209,230</u>		<u>100%</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
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	31,379,527	30,165,665	96.1%	1,761,348	31,927,012	101.7%
2014	33,049,268	31,925,907	96.6%	1,417,765	33,343,672	100.9%
2015	33,715,378	32,667,544	96.9%	1,355,541	34,023,085	100.9%
2016	37,067,961	35,609,309	96.1%	1,475,835	37,085,144	100.0%
2017	38,666,088	37,127,741	96.0%	1,630,268	38,758,009	100.2%
2018	39,764,440	38,514,748	96.9%	1,454,441	39,969,189	100.5%
2019	\$ 42,136,894	\$ 40,613,787	96.4%	\$ -	\$ 40,613,787	96.4%

(1) The levy for any given fiscal year is based on the assessed values from the tax rolls of the preceding calendar year for the General, Capital Improvement and Debt Service Funds only.

(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

DORCHESTER COUNTY, SOUTH CAROLINA

Table 10

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		Revenue Bonds	Water/Sewer		Water/Sewer Notes Payable				
		Lease - Notes Payable			Capital Leases						
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	3.08%	758	
2015	41,784,084	4,452,463		1,294,189	64,915,270	65,035	-	112,511,041	2.92%	738	
2016	39,498,844	3,324,866		996,146	61,468,766	-	-	105,288,622	2.60%	685	
2017	121,400,675	2,186,364	*	681,709	54,182,091	-	5,223,007	183,673,846	4.30%	1,174	
2018	109,816,180	4,612,416	*	362,235	49,641,667	-	4,761,701	169,194,199	3.68%	1,053	
2019	\$ 117,808,195	3,506,654	*	-	46,572,513	-	5,007,197	\$ 172,894,559	3.55%	\$ 1,069	

(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 OBLIGATION BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	General Obligation Bonds	Less: Amounts Available for Debt Service	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
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 *	3,140,297	118,260,378	1.05%	756
2018	109,816,180 *	3,519,132	106,297,048	0.91%	662
2019	\$ 117,808,195 *	5,428,877	\$ 112,379,318	0.92%	\$ 695

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.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

YEAR ENDED JUNE 30, 2019

UNAUDITED

	<u>Governmental Activities Debt</u>	<u>Applicable to County Taxpayers</u>	<u>Taxpayers Share of Debt</u>
Direct			
County	\$ 121,314,849 ¹	100%	\$ 121,314,849
Overlapping			
School District #2	334,584,713	100%	334,584,713
School District #4	14,215,387	100%	14,215,387
Town of Summerville	29,788,595	78%	23,235,104
City of North Charleston	228,782,318	14%	32,029,525
Total Overlapping Debt	<u>607,371,013</u>		<u>404,064,729</u>
Total Direct and Overlapping Debt	<u>\$ 728,685,862</u>		<u>\$ 525,379,578</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 38,735,945	39,358,686	40,091,169	40,818,896	41,710,796	42,448,581	43,583,540	45,115,800	45,930,967	\$ 48,642,879
Total net debt applicable to limit	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	44,455,000
Legal debt margin	\$ 17,906,130	19,859,575	20,881,575	3,894,738	2,391,195	5,023,224	8,248,772	12,286,279	15,260,967	\$ 4,187,879
Total net debt applicable to the limit as a percentage of debt limit	53.77%	49.54%	47.91%	90.46%	94.27%	88.17%	81.07%	72.77%	66.77%	91.39%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 608,035,985
Debt limit (8% of total assessed value)	48,642,879
Debt applicable to limit: General obligation bonds	44,455,000
Legal debt margin	\$ 4,187,879

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Water and Sewer Revenue Bonds						
	Charges and Other Revenues	(1)	Less: Operating Expenses	(2)	Net Available Revenue	Debt Service	Coverage
						Principal Interest	
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	3,259,383 2,127,654	1.73
2019	\$ 23,240,536		14,870,350		8,370,186	3,539,522 \$ 2,036,515	1.50

(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
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	3,657,975,867	24,633	5.8%
2015	152,536	3,847,415,528	25,223	5.5%
2016	153,773	4,042,384,624	26,288	4.4%
2017	156,456	4,273,908,552	27,317	3.4%
2018	160,647	4,596,753,258	28,614	2.5%
2019	161,775	\$ 4,873,957,200	\$ 30,128	2.9%

Source:

- (1) South Carolina Revenue and Fiscal Affairs Office
- (2) U.S. Department of Commerce, Bureau of the Census
- (3) U.S. Bureau of Labor and Statistics

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Robert Bosch Corporation	2,200	1	38.74%	2,400	1	39.41%
iQor	900	2	15.85%	460	5	7.55%
The Bid Group/Comact USA	502	3	8.84%			0.00%
Scout Boats, Inc.	430	4	7.57%	180	9	2.96%
WABCO	352	5	6.20%			0.00%
Sportsman Boats Manufacturing	280	6	4.93%			0.00%
Key West Boats, Inc.	285	7	5.02%			0.00%
Showa Denko Carbon, Inc.	245	8	4.31%	230	6	3.78%
KION Linde Material Handling NA	243	9	4.28%	200	8	3.28%
Knight's Companies	242	10	4.26%	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	2.13%
Total	5,679		100.00%	6,090		100.00%

Source: Dorchester County Economic Development

DORCHESTER COUNTY, SOUTH CAROLINA

Table 17

FULL TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Administrator	4.5	4.5	4.0	4.0	6.0	7.0	8.0	8.0	7.0	7.0
Animal Control	0.0	0.0	0.0	0.0	0.0	0.0	5.0	6.0	0.0	0.0
Assessor	21.0	20.0	20.0	20.0	20.0	20.0	20.0	20.5	21.5	22.0
Attorney	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	3.0
Auditor	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	13.0
Building Services	9.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0	10.0	10.0
Business Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.5	13.0
Codes Enforcement	7.0	7.0	7.0	7.0	7.0	7.0	0.0	0.0	0.0	0.0
County Council	9.0	9.0	9.5	8.5	8.5	8.0	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	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Facilities & Grounds Maintenance	29.0	29.0	29.0	30.5	31.5	31.5	31.5	31.5	33.5	33.0
Finance	8.0	8.0	8.0	8.0	8.0	7.0	7.5	7.5	0.0	0.0
Fleet Services	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	12.0
Human Resources	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Information Technology	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Planning & Zoning	5.0	5.0	7.0	7.0	7.0	8.0	10.0	10.0	7.0	7.0
Purchasing	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.5	0.0	0.0
Register of Deeds	8.0	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	11.0	11.0	11.0	11.0	11.0	11.0	11.0	10.5	10.5	10.5
Family Court	11.0	11.0	11.0	11.5	11.5	11.5	11.5	12.5	12.5	12.5
Magistrates	22.0	24.0	19.0	19.5	19.5	20.0	20.0	20.0	19.5	19.5
Master-in-Equity	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Probate Court	6.5	6.5	6.5	6.5	6.5	6.5	7.0	7.0	7.5	7.5
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	5.0	5.0	5.0	5.0	5.0	5.0	5.5
Detention	72.0	71.5	70.5	70.0	70.0	74.0	102.0	102.0	102.0	102.0

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

Table 17

FULL TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety (Continued)										
E911	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Emergency Management	2.5	2.5	2.0	2.5	2.5	3.0	3.0	3.0	3.0	3.0
Fire Department	65.5	66.0	66.0	66.0	74.0	74.0	90.0	90.0	90.5	94.5
Sheriff	0.0	1.0	12.0	26.5	26.5	26.5	26.5	49.5	49.5	82.0
Victims Advocate	158.0	163.0	175.0	181.0	187.5	187.5	195.0	197.0	196.5	208.5
	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	51.0	46.0	48.0	48.0	48.0	47.0	47.0	47.0	47.0	44.0
Health and Welfare										
Community Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.0	10.0
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	5.0
Culture and Recreation										
Recreation	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	2.0	2.5
Water & Sewer										
Water & Sewer	64.0	69.0	77.0	78.0	78.0	79.0	80.0	84.5	89.0	92.0
Stormwater Utility										
Stormwater Utility	31.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	21.0
Solid Waste										
Solid Waste	36.0	36.0	36.0	36.0	36.0	37.0	38.0	38.0	38.5	38.5
Total	<u>719.00</u>	<u>719.00</u>	<u>747.00</u>	<u>771.00</u>	<u>792.50</u>	<u>799.00</u>	<u>855.00</u>	<u>886.50</u>	<u>900.00</u>	<u>950.00</u>

Source: Dorchester County Human Resources Department

DORCHESTER COUNTY, SOUTH CAROLINA

OPERATING INDICATORS

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Coroner										
Calls for service*	531	539	503	639	729	813	907	892	856	863
Sheriff										
Calls for service*	124,611	115,073	143,007	138,992	138,137	133,489	113,747	105,398	101,100	105,596
EMS										
Calls for service	14,304	14,189	14,697	15,308	15,840	17,595	19,038	19,901	20,033	21,352
Fire										
Number of calls answered	-	-	-	425	1,576	1,498	1,434	1,561	4,568	4,749
Number of inspections conducted	-	-	-	38	142	216	328	527	1,251	1,295
Number of investigations conducted	-	-	-	6	7	9	8	11	18	17
Number of customers										
Retail - Water	7,774	7,832	7,972	8,148	8,292	8,478	8,655	9,090	9,539	9,821
Retail - Sewer	21,820	22,109	22,701	23,254	23,894	24,518	25,204	26,087	26,969	28,040
Sales/Usage in Millions of Gallons										
Retail Average Monthly Water Usage	1.76	1.86	1.95	1.87	2.34	2.27	2.43	2.65	2.87	2.37
Wholesale Average Monthly Water Usage	-	-	-	-	-	-	-	-	-	-
Total Average Monthly Water Usage	1.76	1.86	1.95	1.87	2.34	2.27	2.43	2.65	2.87	2.37
Retail Gallons Sold - Water**	593	597	624	604	607	635	644	688	690	712
Wholesale Gallons Sold - Water	-	-	-	-	-	-	-	-	-	-
Total Gallons Sold - Water	593	597	624	604	607	635	644	688	690	712
Retail Gallons Sold - Sewer**	3,195	3,327	3,654	3,093	3,059	3,277	3,016	3,118	3,138	3,330
Wholesale Gallons Sold - Sewer	-	-	-	-	-	-	-	-	-	-
Total Gallons Sold - Sewer	3,195	3,327	3,654	3,093	3,059	3,277	3,016	3,118	3,138	3,330

* These figures are as of December 1, 2019

** 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

Table 19

CAPITAL ASSET STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
EMS stations	7	7	7	7	7	7	7	7	7	7
Fire stations	0	0	11	11	11	12	12	14	16	17
Sheriff vehicles	151	157	149	168	167	168	176	178	190	204
Sheriff stations (including substations)	2	2	2	2	2	2	2	2	2	2
Highways & Streets										
County maintained paved roads (miles)	347	349	353	362	365	365	372	374	375	382
County maintained unpaved roads (miles)	91	89	85	77	76	76	70	70	69	57
Recreation										
Parks open to the public	1	2	2	2	2	2	2	2	3	3
Parklands open to the public	7.9	77.9	77.9	77.9	77.9	77.9	77.9	77.9	77.9	77.9
Parklands owned by the County for future development	92.1	400.4	400.4	491.5	491.5	491.5	491.5	495.5	613.0	620.0

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 Office.

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.



THIS PAGE INTENTIONALLY LEFT BLANK

COMPLIANCE SECTION

DORCHESTER COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Share Expenditures
U.S. DEPARTMENT OF COMMERCE			
Direct Program:			
Investments for Public Works and Economic Development Facilities / Public Works Program	11.300	04-01-07223	\$ 693,405
TOTAL US DEPARTMENT OF COMMERCE			
U.S. DEPARTMENT OF THE INTERIOR			
Passed-through the South Carolina Department of Parks, Recreation, and Tourism:			
South Carolina National Heritage Corridor Grant Program - Gateway to the Future	15.939	SCNHC 2017	2,346
South Carolina National Heritage Corridor Grant Program - St. George Park Pavilion	15.939	SCNHC 2017 (2)	45,854
Total South Carolina National Heritage Corridor Grant Program			48,200
TOTAL US DEPARTMENT OF THE INTERIOR			48,200
U.S. DEPARTMENT OF JUSTICE			
Direct Programs:			
State Criminal Alien Assistance Program (SCAAP)	16.606	2019-AP-BX-0599	13,780
Bulletproof Vest Partnership Program (BVP)	16.607	BVP 2018	8,936
Edward Byrne Memorial Justice Assistance Grant Program:			
Direct Program:			
Sheriff's Office Specialized Entry Team (SET) Enhancement	16.738	2017-DJ-BX-0499	25,560
Passed-through the South Carolina Department of Public Safety:			
Solicitor's Victim Assistance Program	16.575	I-V-17-018	34,099
Solicitor's Victim Assistance Program	16.575	I-V-18-057	96,191
Total Solicitor's Victim Assistance Program			130,290
Direct Programs:			
Equitable Sharing Program	16.922	N/A	60,045
TOTAL U.S. DEPARTMENT OF JUSTICE			238,611
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-through the South Carolina Department of Transportation:			
Highway Planning and Construction Cluster:			
Safe, Accountable, Flexible, and Efficient Transportation Equity Act:			
A Legacy for Users	20.205	IGA-11-07-A12	2,320,498
PW - Sawmill Branch Trail Extension	20.205	LPA-12-14	453,800
PW - Eagle Chandler Bridge Creek Trail	20.205	LPA-10-15	9,889
PW - Old Fort Road Multi-Use Path	20.205	LPA-11-15	197
Total Highway Planning and Construction Cluster			2,784,384
Direct Programs:			
Airport Improvement Program	20.106	3-45-0052-006-2017	23,110
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-2018-HS-13-18	20,121
Sheriff's Highway Safety Traffic Division Enhancement Unit - 1st Year	20.600	PT-2019-HS-13-19	62,101
Total Highway Safety Cluster			82,222
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			2,889,716
MUSEUMS FOR AMERICA			
Passed-through the South Carolina State Library:			
Library Services & Technology Act - Continuing Ed	45.310	IID-14-128	1,000
Library Services & Technology Act - Summer Reading Resource Grant	45.310	IID-14-128	5,000
TOTAL MUSEUMS FOR AMERICA			\$ 6,000

(Continued)

DORCHESTER COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Share Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed-through the South Carolina Department of Social Services: Child Support Enforcement	93.563	N/A	\$ 223,808
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>223,808</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Programs:			
Assistance to Firefighters Grant	97.044	EMW-2017-FO-03526	49,367
Assistance to Firefighters SAFER Grant	97.083	EMW-2017-FH-00487	80,624
Passed-through the South Carolina Department of Natural Resources:			
Flood Mitigation Assistance - RL	97.029	SCDNR FY 2019-34	2,592
Flood Mitigation Assistance - SRL	97.029	SCDNR FY 2019-35	800
		Total Flood Mitigation Assistance	<u>3,392</u>
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-4394-DR-SC	442,125
Passed-through the South Carolina Emergency Management Division:			
Emergency Management Performance Grants:			
EMD - LEMPG 2017 Emergency Management	97.042	17EMPG01	2,745
EMD - LEMPG 2018 Emergency Management	97.042	18EMPG01	70,982
EMD - LEMPG 2017 - Supplemental	97.042	17EMPG01 Supplement	5,092
Total Emergency Management Performance Grants		Total EMD Performance Grants	<u>78,819</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>654,327</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 4,754,067</u>

Note: There were no federal awards disbursed to subrecipients during the year ended June 30, 2019

DORCHESTER COUNTY, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

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, 2019. 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, 2019, 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, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

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*.

GREENEFINNEY.COM · INFO@GREENEFINNEY.COM

MAULDIN, SC
864.232.5204

CHARLESTON, SC
843.735.5805

SPARTANBURG, SC
864.232.5204

ASHEVILLE, NC
828.771.0847
OPEN BY APPOINTMENT ONLY

County's Response to the Finding

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

Purpose of this Report

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

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

Greene Finney, LLP
Mauldin, South Carolina
December 20, 2019



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, 2019. 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, 2019.

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, 2019

DORCHESTER COUNTY, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2019

There were no audit findings in the prior year.

DORCHESTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

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> X </u> Yes	<u> </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
11.300	Investments for Public Works and Economic Development Facilities Cluster

Dollar threshold used to distinguish between type A and type B programs:	<u> \$ </u> 750,000
--	-------------------------------

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
--	-----------------------	-------------------------

DORCHESTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

Section II – Current Year Financial Statement Findings

2019-001: BANK ACCOUNT RECONCILIATIONS AND MONITORING OF COLLATERALIZATION

**Condition, Context
and Effect:**

During the audit process, we identified several deficiencies in internal controls related to the County's cash accounts, as follows:

- 1) The County's main operating bank account reconciliation as of June 30, 2019 was not properly reconciled in a timely manner. The book balance per the initial reconciliation differed from the balance per the general ledger by approximately \$239,000, and it did not include a detailed listing of outstanding checks which totaled approximately \$2,327,000.
- 2) The Water-Sewer Clearing Account included approximately \$831,000 in items that had not been transmitted or processed as of June 30, 2019, resulting in a significant portion of these credit card transactions still being reflected in accounts receivable rather than cash as of June 30, 2019.
- 3) The payroll checking account was not properly reconciled as of June 30, 2019, as the book balance per the reconciliation differed from the general ledger by approximately \$28,000.
- 4) We noted four County Treasurer accounts that were not recorded or reflected in the County's financial system, including the Delinquent Tax Centralized Collections Account, the Loomis Armored Car Account, the Miscellaneous Transfers Account and the FLC Centralized Collections Account. The balances of these accounts totaled approximately \$1,499,000. These accounts were recorded during the audit.
- 5) We noted several bank account reconciliations were not signed or dated by either the preparer or the reviewer.
- 6) We noted the County did not have a process in place to monitor its depository balances held in various banks for collateralization purposes. As a result, they were unsure as to whether or not the balances were adequately collateralized as required by South Carolina statute. The County requested collateral statements for all depository balances, and no instances of noncompliance were identified. However, the County should have controls in place to ensure compliance with the State statute.

Criteria:

The County should be appropriately preparing bank reconciliations and monitoring its depository balances and collateralization requirements as part of its system of internal controls.

Cause:

The County has had turnover and absences in financial positions, in addition to not being aware of applicable State statutes regarding collateralization requirements.

Recommendation:

We recommend that the County improve its bank reconciliation process to ensure that all accounts are reconciled to the appropriate general ledger account(s), all reconciling items should be supported in detail (complete list of outstanding checks, for example), and the County should include a report listing all applicable General Ledger accounts and their balances as of the respective month-end, which would be the ending reconciled balance as noted on the reconciliation. We recommend the reconciliations be reviewed in a timely manner by someone independent of the preparer. The review should include the agreement of bank balances, general ledger balances, and reconciling items to appropriate supporting documentation. All bank accounts should be signed and dated by both the preparer and reviewer to provide evidence that they are being prepared and reviewed on a timely basis. We also recommend the County consider moving the reconciliation process from the County Treasurer to Business Services. Finally, we recommend that the County monitor its depository balances to ensure that they are appropriately collateralized as required by State statute.

DORCHESTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

Section II – Current Year Financial Statement Findings (Continued)

**2019-001: BANK ACCOUNT RECONCILIATIONS AND MONITORING OF COLLATERALIZATION
(CONTINUED)**

Response:

The County has discussed the nature of this finding with the County Treasurer and all parties agree that certain back-office functions of the Treasurer's Office, including the bank reconciliation process, will be realigned to the Business Services Department. While this responsibility has historically been administered by the Treasurer's Office, it is not a requirement of the SC Code of Laws, Title 12, Chapter 45, County Treasurers and Collection of Taxes. Staff will transition a position to the Business Services Department in January 2020 to begin documenting a formal process for bank reconciliations in order to have all accounts reconciled on a monthly basis prior to the presentation of monthly financial reports.

With respect to the recording of transactions in the County's financial system, the County Treasurer has been working to transition several accounts from legacy accounting software that has been previously identified as an area for improvement. The Treasurer's Office will begin to timely record all balances and transactions in the financial system in January 2020.

As part of a request for proposals that was issued in August 2019, Dorchester County is transitioning its banking relationship to Wells Fargo in 2020 from a numbers of institutions where accounts are currently held. The Treasurer's Office will document a process for requesting collateral statements on all depository balances on a monthly basis, in accordance with state statute.

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

No matters to report.

DORCHESTER COUNTY, SOUTH CAROLINA

CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2019

Section II – Current Year Financial Statement Findings

Finding: 2019-001

Contact Person: Bank Reconciliations (prospectively):

Daniel Prentice, Deputy County Administrator/CFO
843-563-0103
dprentice@dorchestercountysc.gov

Recording of Accounts and Collateralization:

Cindy Chitty, County Treasurer
843-563-0177
cchitty@dorchestercountysc.gov

Corrective Action: The County has discussed the nature of this finding with the County Treasurer and all parties agree that certain back-office functions of the Treasurer's Office, including the bank reconciliation process, will be realigned to the Business Services Department. While this responsibility has historically been administered by the Treasurer's Office, it is not a requirement of the SC Code of Laws, Title 12, Chapter 45, County Treasurers and Collection of Taxes. Staff will transition a position to the Business Services Department in January 2020 to begin documenting a formal process for bank reconciliations in order to have all accounts reconciled on a monthly basis prior to the presentation of monthly financial reports.

With respect to the recording of transactions in the County's financial system, the County Treasurer has been working to transition several accounts from legacy accounting software that has been previously identified as an area for improvement. The Treasurer's Office will begin to timely record all balances and transactions in the financial system in January 2020.

As part of a request for proposals that was issued in August 2019, Dorchester County is transitioning its banking relationship to Wells Fargo in 2020 from a numbers of institutions where accounts are currently held. The Treasurer's Office will document a process for requesting collateral statements on all depository balances on a monthly basis, in accordance with state statute.

Proposed Completion

Date: June 30, 2020