

**CHESTER COUNTY, SOUTH CAROLINA
ANNUAL AUDITED FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

ISSUED BY:

CHESTER COUNTY

Management and Finance Departments

**K. Shane Stuart
County Supervisor**

**Thomas E. Darby
Treasurer**

CHESTER COUNTY, SOUTH CAROLINA
ANNUAL AUDITED FINANCIAL REPORT
 JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

The Honorable Chairman and
Members of the County Council
Chester County, South Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on pages 74 through 78, the County's Proportionate Share of the Net Pension Liability on pages 79 and 80 and the Schedules of the County's Contributions on pages 81 and 82 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 and other auditors 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.

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 combining and individual nonmajor fund financial statements and Schedules of Clerk of Court and Magistrate Fines and Fees are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Schedules of Clerk of Court and Magistrate Fines and Fees 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and the Schedules of Clerk of Court and Magistrate Fines and Fees are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

Faulkner and Thompson, P.A.

Rock Hill, South Carolina
March 16, 2018

Chester County, South Carolina

OFFICE OF TREASURER

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Chester, South Carolina 29706

CHESTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis (MD&A)

The Management's Discussion and Analysis (MD&A) of Chester County Government's financial performance provides an overall review of the County's financial activities for the fiscal year ended June 30, 2017. It is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

As management of Chester County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of Chester County Government's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,514,748 (net position).
- The government's total net position decreased by \$1,612,617 (9.4 percent). General revenues for the County increased but were offset by a decrease in Capital Grants and Contribution revenues. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$23,215,340, an increase of \$566,868 in comparison with the prior year. The primary reason for the increase in combined ending fund balances was due to bond proceeds received for the Capital Projects 2017 Capital Projects Fund.
- General Fund actual revenues were \$1,016,365 higher than budgeted. This was primarily due to a favorable variance in current property taxes. General Fund actual expenditures were \$653,779 more than budgeted. Significant unfavorable expenditure variances were realized in the public safety function, as well as capital outlays of the General Fund. Overall revenues and other financing sources exceeded expenditures and other financing uses by \$285,791, increasing the fund balance for the General Fund to \$5,619,801. The detail of these variances is outlined in Schedules A-1 and A-2, which are located on pages 74 through 78.

- In the County's governmental activities, revenues and transfers decreased \$7,329,736 or 17.0 percent as compared to the prior year, while expenses decreased \$2,306,823 or 5.8 percent. Most of the decrease in revenues and expenditures was due to an increase in the prior year in capital grants and contributions for state funds which was expended as part of a \$36,325,000 state grant for land acquisition and real property improvements for economic development in the County.
- The net position of the County's business-type activities (Landfill/Transfer Station and Gateway Conference Center) decreased \$113,389 or 85.2 percent. A major part of the decrease in net position was due to increases in disposal fees for the Landfill/Transfer Station and operating expenses for the Gateway Conference Center.

Overview of the Financial Statements

The financial section of this annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information and supplementary information. The basic financial statements include two kinds of statements that present different views of the County.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Chester County's finances, in a manner similar to a private-sector business. They provide both long-term and short-term information about the County's overall financial status.

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in the 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 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 the County include general government, public safety, highways and streets, sanitation, health, welfare, and cultural and recreational. Chester County has two business-type activities, which are the Landfill/Transfer Station and Gateway Conference Center.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the following legally separate units: Chester County Airport Commission, Chester County Library, Chester Fire District, Lando Fire District, Richburg Fire District, Lewis Fire District, and Fort Lawn Fire District; all of which are fiscally dependent on the County, and for which Chester County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 through 16 of this report.

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 Chester County can be divided into these 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains seventy-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, C-Funds Special Revenue Fund, Capital Projects Sales Tax Debt Service Fund, Capital Projects Sales Tax Capital Projects Fund, and Capital Projects 2017 Capital Projects Fund. These funds are considered to be major funds. Data from the other seventy-three governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 83 through 116 of this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 17 through 22 of this report.

Proprietary funds. The County maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide statements. The County uses enterprise funds to account for its Solid Waste Disposal and Gateway Conference Center operations.

Proprietary funds provide the same types of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste disposal and Gateway Conference Center operations.

The basic proprietary fund financial statements can be found on pages 23 through 25 of this report.

Fiduciary funds. Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for others. 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. Fiduciary funds of the County, consisting of agency funds, are reported in the Statement of Fiduciary Net Position using an accrual basis of accounting. Agency funds held by the County involve only the receipt, temporary investment, and remittance of resources to individuals, or other governments in a purely custodial capacity (assets equal liabilities). The funds reported by the County include property taxes and other revenue collected, temporarily retained and distributed by the County Treasurer to the City of Chester, the Town of Fort Lawn, and the Town of Great Falls, in accordance with the Acts of the General Assembly of South Carolina. The County holds other funds on behalf of Chester County School District, Sheriff Drug Seizure and Clerk of Court Bonds, and funds related to the Chester County Tax Sale.

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. The notes to the financial statements can be found on pages 30 through 73 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the report also presents certain *required supplementary information*. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 83 through 116 of this report.

Financial Analysis of the County as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Chester County, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$15,495,041 at the close of the most recent fiscal year.

| Chester County's Net Position | | | | | | |
|---|-------------------------|--------------|--------------------------|-----------|--------------|--------------|
| | Governmental activities | | Business-type activities | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Current and other assets | 29,019,775 | 28,389,668 | 245,053 | 181,402 | 29,264,828 | 28,571,070 |
| Capital assets | 33,880,578 | 32,948,807 | 1,077,416 | 1,127,458 | 34,957,994 | 34,076,265 |
| Total assets | 62,900,353 | 61,338,475 | 1,322,469 | 1,308,860 | 64,222,822 | 62,647,335 |
| Deferred outflows of resources | 3,032,517 | 1,819,458 | 23,586 | 12,035 | 3,056,103 | 1,831,493 |
| Total assets and deferred outflows of resources | 65,932,870 | 63,157,933 | 1,346,055 | 1,320,895 | 67,278,925 | 64,478,828 |
| Long-term liabilities outstanding | 24,657,559 | 22,254,108 | 1,173,027 | 1,057,635 | 25,830,586 | 23,311,743 |
| Other liabilities | 25,729,207 | 23,886,702 | 152,067 | 129,291 | 25,881,274 | 24,015,993 |
| Total liabilities | 50,386,766 | 46,140,810 | 1,325,094 | 1,186,926 | 51,711,860 | 47,327,736 |
| Deferred inflows of resources | 51,063 | 22,854 | 1,254 | 873 | 52,317 | 23,727 |
| Net position: | | | | | | |
| Invested in capital assets, net of related debt | 9,223,019 | 10,694,699 | 1,077,416 | 1,127,458 | 10,300,435 | 11,822,157 |
| Restricted | 17,095,539 | 17,314,462 | -0- | -0- | 17,095,539 | 17,314,462 |
| Unrestricted | (10,823,517) | (11,014,892) | (1,057,709) | (994,362) | (11,881,226) | (12,009,254) |
| Total net position | 15,495,041 | 16,994,269 | 19,707 | 133,096 | 15,514,748 | 17,127,365 |
| Total liabilities, deferred inflows of resources and net position | 65,932,870 | 63,157,933 | 1,346,055 | 1,320,895 | 67,278,925 | 64,478,828 |

\$9,223,019 (59.5 percent) of the County's net position reflect its investment in capital assets (e.g., land, building, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of total unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in two categories of net position, both for the government as a whole, as well as for its business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. There was a decrease of \$1,499,228 or 8.8 percent in total net position as reported in connection with the County's governmental activities due primarily to a decrease in Capital Grants and Contributions. See Financial Highlights section presented on pages 4 and 5.

Business-type activities. The business-type net position decreased by \$113,389 during fiscal year 2017. The primary reasons for the decrease relate to expenses exceeding revenues for the Gateway Conference Center by \$120,016, while the Landfill/Transfer Station recognized operating loss of \$135,908. Additional information on the County's solid waste landfill can be found in **Note 11 – Solid Waste Landfill Closure and Postclosure Care Costs** beginning on page 54 of this report.

Chester County's Changes in Net Position

| | Governmental activities | | Business-type activities | | Total | |
|---|-------------------------|-------------------|--------------------------|------------------|--------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | 2,522,433 | 2,295,320 | 1,195,695 | 1,177,994 | 3,718,128 | 3,473,314 |
| Operating grants and contributions | 3,552,798 | 2,592,307 | 51,921 | 25,991 | 3,604,719 | 2,618,298 |
| Capital grants and contributions | 3,561,180 | 12,324,412 | -0- | -0- | 3,561,180 | 12,324,412 |
| General revenues: | | | | | | |
| Property taxes | 17,895,807 | 17,442,147 | -0- | -0- | 17,895,807 | 17,442,147 |
| Intergovernmental | 6,637,942 | 6,120,819 | -0- | -0- | 6,637,942 | 6,120,819 |
| Accommodation fees | 295,096 | 249,546 | -0- | -0- | 295,096 | 249,546 |
| Investment income | 80,943 | 64,570 | -0- | 1,242 | 80,943 | 65,812 |
| Other | 1,072,982 | 653,454 | 2,936 | -0- | 1,075,918 | 653,454 |
| Franchise fees | 72,720 | 169,211 | -0- | -0- | 72,720 | 169,211 |
| Transfers in (out) | -0- | 1,109,851 | 105,178 | (4,633) | 105,178 | 1,105,218 |
| Total revenues and transfers | 35,691,901 | 43,021,637 | 1,355,730 | 1,200,594 | 37,047,631 | 44,222,231 |
| Expenses: | | | | | | |
| General government | 21,290,242 | 25,461,395 | 242,490 | 261,143 | 21,532,732 | 25,722,538 |
| Public safety | 9,972,188 | 10,185,797 | -0- | -0- | 9,972,188 | 10,185,797 |
| Highways and streets | 3,866,125 | 1,789,334 | -0- | -0- | 3,866,125 | 1,789,334 |
| Welfare | 295,977 | 305,679 | -0- | -0- | 295,977 | 305,679 |
| Cultural and recreational | 1,018,135 | 1,113,781 | -0- | -0- | 1,018,135 | 1,113,781 |
| Interest and fiscal charges on long-term debt | 748,462 | 641,966 | -0- | -0- | 748,462 | 641,966 |
| Solid waste | -0- | -0- | 1,226,629 | 1,058,783 | 1,226,629 | 1,058,783 |
| Total expenses | 37,191,129 | 39,497,952 | 1,469,119 | 1,319,926 | 38,660,248 | 40,817,878 |
| Increase (decrease) in net position | (1,499,228) | 3,523,685 | (113,389) | (119,332) | (1,612,617) | 3,404,353 |
| Net position - Beginning | 16,994,269 | 13,470,584 | 133,096 | 252,428 | 17,127,365 | 13,723,012 |
| Net position - Ending | 15,495,041 | 16,994,269 | 19,707 | 133,096 | 15,514,748 | 17,127,365 |

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County's *governmental funds* 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.

As of the end of the current fiscal year, the County's general fund increased by \$285,791. Major special revenue funds decreased by \$1,694,489 due to the completion of projects related to the one-time funding from the State for road repairs and maintenance. Major capital projects funds increased by \$561,210 due to the issuance of a 2017 Capital Project Bond. Major debt service funds increased by \$363,399 due to revenues exceeding debt service payments for the Capital Projects Sales Tax debt service fund. Other governmental funds increased by \$1,050,957 due primarily to bond proceeds received from one of the County's fire districts and revenues exceeding debt service payments for the Chester Facilities Corporation.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the County's total fund balance of the general fund was \$5,619,801. As a measure of the general fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. Unassigned fund balance represents 29.7 percent of total general fund expenditures.

General Fund Budgetary Highlights

During fiscal year 2017, there were no budgetary supplemental appropriations needed by County Council. The County realized a favorable variance of \$1,016,365 in the collection of General Fund revenues and an unfavorable variance of \$653,779 in the County's General Fund expenditures. See Financial Highlights section presented on pages 4 and 5.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$34,957,994 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and roads.

Significant capital asset additions consisted of 1) roof replacement of \$1,222,928 and 2) air packs for rural fire service of \$1,198,296.

Chester County's Capital Assets

| | Governmental activities | | Business-type activities | | Total | |
|-----------------------------------|-------------------------|-------------------|--------------------------|------------------|------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | 3,692,420 | 4,162,557 | 112,144 | 112,144 | 3,804,564 | 4,274,701 |
| Construction in progress | 272,419 | 703,394 | -0- | -0- | 272,419 | 703,394 |
| Buildings and improvements | 22,725,213 | 21,690,104 | 293,943 | 308,484 | 23,019,156 | 21,998,588 |
| Improvements other than buildings | 1,176,204 | 1,156,421 | 307,783 | 324,533 | 1,483,987 | 1,480,954 |
| Infrastructure | 1,422,275 | 1,513,652 | -0- | -0- | 1,422,275 | 1,513,652 |
| Machinery and equipment | 2,482,075 | 1,575,204 | 363,546 | 382,297 | 2,845,621 | 1,957,501 |
| Vehicles | 2,109,972 | 2,147,475 | -0- | -0- | 2,109,972 | 2,147,475 |
| Total capital assets | 33,880,578 | 32,948,807 | 1,077,416 | 1,127,458 | 4,957,994 | 34,076,265 |

Additional information on the County's capital assets can be found in **Note 6 - Capital Assets** beginning on page 45 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonds and bond anticipation notes outstanding of \$17,722,529. All of this debt is backed by the full faith and credit of the government.

During the current fiscal year, the County's total general obligation debt increased by \$2,621,334. State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation of \$114,888,799. The current legal debt limit for the County is \$9,191,104. \$8,242,529 of the County's general obligation debt is subject to the 8 percent debt limit State statute; therefore, the available debt margin for the County is \$948,575.

Additional information on the County's long-term debt can be found in **Note 9 - Long-Term Debt** beginning on page 47 of this report.

Chester County's Outstanding Debt - General Obligation Bonds

| | Governmental activities | | Business-type activities | | Total | |
|---------------------------------------|-------------------------|-------------------|--------------------------|------------|-------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| 2007 General Obligation Bond | 490,000 | 960,000 | -0- | -0- | 490,000 | 960,000 |
| 2007 Richburg Fire G.O. Bond | 23,529 | 46,195 | -0- | -0- | 23,529 | 46,195 |
| 2012 General Obligation Bond | 500,000 | 1,000,000 | -0- | -0- | 500,000 | 1,000,000 |
| 2013 General Obligation Bond | 199,000 | 200,000 | -0- | -0- | 199,000 | 200,000 |
| 2013 General Obligation Bond | 2,030,000 | 2,345,000 | -0- | -0- | 2,030,000 | 2,345,000 |
| 2014 General Obligation Bond | 6,895,000 | 8,540,000 | -0- | -0- | 6,895,000 | 8,540,000 |
| 2015 General Obligation Bond | 1,625,000 | 2,010,000 | -0- | -0- | 1,625,000 | 2,010,000 |
| 2016A General Obligation Bond | 2,500,000 | -0- | -0- | -0- | 2,500,000 | -0- |
| 2016B General Obligation Bond | 960,000 | -0- | -0- | -0- | 960,000 | -0- |
| 2017 General Obligation Bond | 2,500,000 | -0- | -0- | -0- | 2,500,000 | -0- |
| Total general obligation bonds | 17,722,529 | 15,101,195 | -0- | -0- | 17,722,529 | 15,101,195 |

Economic Factors (As Reported by the South Carolina Office of Research and Statistics and the South Carolina Department of Employment and Workforce)

- The population of Chester County in 2017 was estimated at 33,140.
- The total number of jobs in June 2017 was estimated at 13,011, which was the same as last year.
- The State's unemployment rate was 4.3 percent in June 2017 as reported by the SC Department of Employment and Workforce. In comparison, the County's unemployment rate as of June 2017 was 5.8 percent.
- Chester County's average annual wage and average hourly wage in 2017 was \$41,704 and \$20.05, respectively, with both being approximately 96 percent of the South Carolina average and 82 percent of the latest United States average.

Requests for Information

This financial report is designed to provide a general overview of Chester 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 financial information should be addressed to the Chester County Treasurer, Chester County Government, P.O. Drawer 686, and Chester, South Carolina 29706. Complete financial statements of the Chester County Library may be obtained at the Library's administrative office at 100 Center Street, Chester, South Carolina 29706 and of the Chester Fire District from the City of Chester, 100 West End Street, Chester, South Carolina 29706.

Chester County Treasurer

CHESTER COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
 JUNE 30, 2017

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|----------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,119,771 | \$ 143,636 | \$ 6,263,407 | \$ 1,162,892 |
| Investments | 17,709,424 | - | 17,709,424 | - |
| Receivables: | | | | |
| Taxes | 2,246,612 | - | 2,246,612 | 72,325 |
| Accounts | - | 101,417 | 101,417 | 13,147 |
| Other | 540,847 | - | 540,847 | - |
| Intergovernmental receivable | 2,276,534 | - | 2,276,534 | 347,192 |
| Other assets | - | - | - | 3,803 |
| Unamortized bond discount | 126,587 | - | 126,587 | - |
| Fuel inventory | - | - | - | 9,599 |
| Capital assets | 33,880,578 | 1,077,416 | 34,957,994 | 6,030,950 |
| Total assets | <u>62,900,353</u> | <u>1,322,469</u> | <u>64,222,822</u> | <u>7,639,908</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension | 3,032,517 | 23,586 | 3,056,103 | 132,684 |
| Total deferred outflows of resources | <u>3,032,517</u> | <u>23,586</u> | <u>3,056,103</u> | <u>132,684</u> |
| Total assets and deferred outflows of resources | <u>\$ 65,932,870</u> | <u>\$ 1,346,055</u> | <u>\$ 67,278,925</u> | <u>\$ 7,772,592</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,140,491 | \$ - | \$ 1,140,491 | \$ 213,058 |
| Accrued expenses | 1,088,327 | - | 1,088,327 | 58,410 |
| Due to other funds | (7,691) | 7,691 | - | - |
| Due to agency funds | 871,459 | - | 871,459 | - |
| Intergovernmental payable | 190,088 | - | 190,088 | 3,519 |
| Escrow tax sale | 718,163 | - | 718,163 | - |
| Net OPEB obligation | 526,882 | - | 526,882 | - |
| Unearned revenue | 643,424 | - | 643,424 | 1,749 |
| Net pension liability | 20,558,064 | 144,376 | 20,702,440 | 861,547 |
| Long-term liabilities: | | | | |
| Due within one year | 1,987,235 | 56,550 | 2,043,785 | 521,789 |
| Due in more than one year | 22,670,324 | 1,116,477 | 23,786,801 | 2,376,071 |
| Total liabilities | <u>50,386,766</u> | <u>1,325,094</u> | <u>51,711,860</u> | <u>4,036,143</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension | 51,063 | 1,254 | 52,317 | 53,906 |
| Total deferred inflows of resources | <u>51,063</u> | <u>1,254</u> | <u>52,317</u> | <u>53,906</u> |
| NET POSITION | | | | |
| Invested in capital assets, net of related debt | 9,223,019 | 1,077,416 | 10,300,435 | 3,133,090 |
| Restricted for: | | | | |
| Debt service | 5,129,065 | - | 5,129,065 | - |
| Capital projects | 7,506,674 | - | 7,506,674 | - |
| Other purposes | 4,459,800 | - | 4,459,800 | - |
| Unrestricted | (10,823,517) | (1,057,709) | (11,881,226) | 549,453 |
| Total net position | <u>15,495,041</u> | <u>19,707</u> | <u>15,514,748</u> | <u>3,682,543</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 65,932,870</u> | <u>\$ 1,346,055</u> | <u>\$ 67,278,925</u> | <u>\$ 7,772,592</u> |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

| | <u>Expenses</u> | <u>Program Revenues</u> | | |
|---|----------------------|-----------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| PRIMARY GOVERNMENT | | | | |
| GOVERNMENTAL ACTIVITIES | | | | |
| General government | \$ 21,290,242 | \$ 1,059,688 | \$ 2,928,922 | \$ 3,561,180 |
| Public safety | 9,972,188 | 1,462,745 | 623,876 | - |
| Highways and streets | 3,866,125 | - | - | - |
| Welfare | 295,977 | - | - | - |
| Cultural and recreational | 1,018,135 | - | - | - |
| Interest and fiscal charges on long-term debt | 748,462 | - | - | - |
| Total governmental activities | 37,191,129 | 2,522,433 | 3,552,798 | 3,561,180 |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Landfill/transfer station | 1,226,629 | 1,090,721 | 34,421 | - |
| Gateway Conference Center | 242,490 | 104,974 | 17,500 | - |
| Total business-type activities | 1,469,119 | 1,195,695 | 51,921 | - |
| Total primary government | \$ 38,660,248 | \$ 3,718,128 | \$ 3,604,719 | \$ 3,561,180 |
| COMPONENT UNITS | | | | |
| Chester County Airport Commission | \$ 350,908 | \$ 253,684 | \$ 6,353 | \$ - |
| Chester County Library | 808,313 | 25,620 | 138,113 | - |
| Chester Fire District | 1,774,416 | - | - | - |
| Lando Fire District | 92,678 | - | 35,896 | - |
| Richburg Fire District | 234,672 | 25,573 | 25,582 | 108,120 |
| Lewis Fire District | 21,134 | - | 9,180 | 24,198 |
| Fort Lawn Fire District | 33,289 | - | 14,255 | - |
| Total component units | \$ 3,315,410 | \$ 304,877 | \$ 229,379 | \$ 132,318 |

General revenues:
Property taxes levied for:
 General purposes
 Special revenue
 Debt service
Intergovernmental
Accommodation fees
Franchise fees
Investment income
Miscellaneous
Transfers in (out)

Total general revenues

Changes in net position

Net position, beginning of year, as previously stated

Prior period adjustment for Richburg Fire District

Net position, beginning of year, as restated

Net position, end of year

See the accompanying Notes to Financial Statements.

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|--------------------------|-----------------|--------------------------------------|
| Primary Government | | | Discretely Presented Component Units |
| Governmental Activities | Business-Type Activities | Total | |
| \$ (13,740,452) | \$ - | \$ (13,740,452) | \$ - |
| (7,885,567) | - | (7,885,567) | - |
| (3,866,125) | - | (3,866,125) | - |
| (295,977) | - | (295,977) | - |
| (1,018,135) | - | (1,018,135) | - |
| (748,462) | - | (748,462) | - |
| (27,554,718) | - | (27,554,718) | - |
| - | (101,487) | (101,487) | - |
| - | (120,016) | (120,016) | - |
| - | (221,503) | (221,503) | - |
| (27,554,718) | (221,503) | (27,776,221) | - |
| - | - | - | (90,871) |
| - | - | - | (644,580) |
| - | - | - | (1,774,416) |
| - | - | - | (56,782) |
| - | - | - | (75,397) |
| - | - | - | 12,244 |
| - | - | - | (19,034) |
| - | - | - | (2,648,836) |
| 12,497,547 | - | 12,497,547 | 2,886,439 |
| 3,627,042 | - | 3,627,042 | - |
| 1,771,218 | - | 1,771,218 | - |
| 6,637,942 | - | 6,637,942 | - |
| 295,096 | - | 295,096 | - |
| 72,720 | - | 72,720 | - |
| 80,943 | - | 80,943 | 188 |
| 1,072,982 | 2,936 | 1,075,918 | - |
| - | 105,178 | 105,178 | 207,069 |
| 26,055,490 | 108,114 | 26,163,604 | 3,093,696 |
| (1,499,228) | (113,389) | (1,612,617) | 444,860 |
| 16,994,269 | 133,096 | 17,127,365 | 3,224,104 |
| - | - | - | 13,579 |
| 16,994,269 | 133,096 | 17,127,365 | 3,237,683 |
| \$ 15,495,041 | \$ 19,707 | \$ 15,514,748 | \$ 3,682,543 |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund - C-Funds</u> | <u>Debt Service Fund - Capital Projects Sales Tax</u> |
|---|-------------------------|---|---|
| ASSETS | | | |
| Cash | \$ 3,464,245 | \$ 435,329 | \$ 1,624,024 |
| Investments | 9,271,830 | 1,611,778 | - |
| Receivables: | | | |
| Property taxes | 1,591,099 | - | - |
| Other | 123,132 | - | - |
| Local sources | 417,715 | - | - |
| Due from other governments: | | | |
| Federal grant revenue | 132,377 | - | - |
| State shared revenue | 1,461,353 | - | 682,804 |
| Due from other funds | - | - | - |
| | <u>\$ 16,461,751</u> | <u>\$ 2,047,107</u> | <u>\$ 2,306,828</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 1,140,491 | \$ - | \$ - |
| Accrued liabilities | 47,475 | - | - |
| Due to: | | | |
| Other taxing authorities | 190,088 | - | - |
| Agency funds | 871,459 | - | - |
| Other funds | 5,805,920 | 86,960 | - |
| Escrow tax sale | 718,163 | - | - |
| Unearned revenue | 643,424 | - | - |
| Magistrate bonds pending | 33,572 | - | - |
| | <u>9,450,592</u> | <u>86,960</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 1,391,358 | - | - |
| | <u>1,391,358</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Restricted | - | 1,960,147 | 2,306,828 |
| Committed | 119,041 | - | - |
| Assigned | - | - | - |
| Unassigned | 5,500,760 | - | - |
| | <u>5,619,801</u> | <u>1,960,147</u> | <u>2,306,828</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 16,461,751</u> | <u>\$ 2,047,107</u> | <u>\$ 2,306,828</u> |

See the accompanying Notes to Financial Statements.

| Capital Projects Funds | | | |
|---|--------------------------------------|---|---|
| Capital Projects Sales Tax | Capital Projects 2017 | Other Governmental Funds | Total Governmental Funds |
| \$ 373,916 | \$ - | \$ 222,257 | \$ 6,119,771 |
| 4,496,615 | - | 2,329,201 | 17,709,424 |
| - | - | 655,513 | 2,246,612 |
| - | - | - | 123,132 |
| - | - | - | 417,715 |
| - | - | - | 132,377 |
| - | - | - | 2,144,157 |
| 2,303 | 2,300,000 | 4,209,820 | 6,512,123 |
| <u>\$ 4,872,834</u> | <u>\$ 2,300,000</u> | <u>\$ 7,416,791</u> | <u>\$ 35,405,311</u> |
| \$ - | \$ - | \$ - | \$ 1,140,491 |
| - | - | 24,642 | 72,117 |
| - | - | - | 190,088 |
| - | - | - | 871,459 |
| - | - | 611,552 | 6,504,432 |
| - | - | - | 718,163 |
| - | - | - | 643,424 |
| - | - | - | 33,572 |
| - | - | 636,194 | 10,173,746 |
| - | - | 624,867 | 2,016,225 |
| - | - | 624,867 | 2,016,225 |
| 4,872,834 | 2,300,000 | 6,097,815 | 17,537,624 |
| - | - | 518,506 | 637,547 |
| - | - | - | - |
| - | - | (460,591) | 5,040,169 |
| <u>4,872,834</u> | <u>2,300,000</u> | <u>6,155,730</u> | <u>23,215,340</u> |
| <u>\$ 4,872,834</u> | <u>\$ 2,300,000</u> | <u>\$ 7,416,791</u> | <u>\$ 35,405,311</u> |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES**
 JUNE 30, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 23,215,340

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

| | |
|-----------------------------------|---------------------|
| Land | 3,692,420 |
| Construction in progress | 272,419 |
| Buildings and improvements | 31,129,191 |
| Improvements other than buildings | 6,756,350 |
| Machinery and equipment | 8,291,142 |
| Infrastructure assets | 8,460,801 |
| Vehicles | 9,009,319 |
| Accumulated depreciation | <u>(33,731,064)</u> |
| Total capital assets | <u>33,880,578</u> |

Some revenue will be collected after year-end but is not available soon enough to pay for the current period's expenditures and therefore is recorded as deferred inflows of resources in the funds.

| | |
|----------------|-----------|
| Property taxes | 2,016,225 |
|----------------|-----------|

Unamortized bond discounts are not financial resources and therefore are not reported in the funds.

126,587

Net other postemployment benefit obligations resulting from annual required contributions in excess of contributions are not financial resources and therefore are not reported in the funds.

(526,882)

Deferred outflows of resources related to pensions are not outflows of the current period and are not reported in the funds.

3,032,517

Deferred inflows of resources related to pensions are not inflows of the current period and are not reported in the funds.

(51,063)

Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

| | |
|---|---------------------|
| General obligation debt | (17,722,529) |
| Chester Facilities Corporation revenue bonds | (6,385,000) |
| Capital leases | (550,030) |
| Accrued interest | (129,131) |
| Proportionate share of collective net pension liability | (20,558,064) |
| Compensated absences | <u>(853,507)</u> |
| Total long-term liabilities | <u>(46,198,261)</u> |

NET POSITION OF GOVERNMENTAL FUNDS \$ 15,495,041

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund - C-Funds</u> | <u>Debt Service Fund - Capital Projects Sales Tax</u> |
|---|-------------------------|---|---|
| REVENUES | | | |
| Property taxes | \$12,338,397 | \$ - | \$ - |
| Licenses, fines, fees and permits | 2,399,110 | - | - |
| State sources | - | 1,761,030 | 2,846,996 |
| Federal sources | - | - | - |
| Local sources | - | - | - |
| Intergovernmental | 3,919,761 | - | - |
| Income on investments | 41,888 | 31,083 | - |
| Other income | 189,895 | - | 1,343 |
| | <u>18,889,051</u> | <u>1,792,113</u> | <u>2,848,339</u> |
| Total revenues | | | |
| EXPENDITURES | | | |
| Current | | | |
| General government | 8,991,860 | - | - |
| Public safety | 8,596,459 | - | - |
| Highways and streets | 379,523 | 3,486,602 | - |
| Welfare | 295,977 | - | - |
| Cultural and recreational | 93,650 | - | - |
| Capital outlay | 101,774 | - | - |
| Debt service | | | |
| Principal retirement | 55,045 | - | 2,270,000 |
| Interest and fiscal charges | 6,197 | - | 214,940 |
| | <u>18,520,485</u> | <u>3,486,602</u> | <u>2,484,940</u> |
| Total expenditures | | | |
| Excess (deficiency) of revenues over expenditures | <u>368,566</u> | <u>(1,694,489)</u> | <u>363,399</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Bond and capital lease proceeds | - | - | - |
| Capital lease proceeds | - | - | - |
| Operating transfers in (out) | (82,775) | - | - |
| | <u>(82,775)</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | | | |
| Net changes in fund balances | 285,791 | (1,694,489) | 363,399 |
| FUND BALANCES, BEGINNING OF YEAR | <u>5,334,010</u> | <u>3,654,636</u> | <u>1,943,429</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 5,619,801</u> | <u>\$ 1,960,147</u> | <u>\$ 2,306,828</u> |

See the accompanying Notes to Financial Statements.

| Capital Projects Funds | | | |
|---|--------------------------------------|---|---|
| Capital Projects Sales Tax | Capital Projects 2017 | Other Governmental Funds | Total Governmental Funds |
| \$ - | \$ - | \$ 6,275,213 | \$ 18,613,610 |
| - | - | - | 2,399,110 |
| - | - | 3,291,289 | 7,899,315 |
| - | - | 547,596 | 547,596 |
| - | - | 1,798,393 | 1,798,393 |
| - | - | - | 3,919,761 |
| 54,885 | - | 6,629 | 134,485 |
| - | - | 29,243 | 220,481 |
| <u>54,885</u> | <u>-</u> | <u>11,948,363</u> | <u>35,532,751</u> |
| 2,204,099 | 200,000 | 7,418,360 | 18,814,319 |
| - | - | 1,375,729 | 9,972,188 |
| - | - | - | 3,866,125 |
| - | - | - | 295,977 |
| - | - | 924,485 | 1,018,135 |
| 789,576 | - | 1,841,648 | 2,732,998 |
| - | - | 1,471,504 | 3,796,549 |
| - | - | 448,455 | 669,592 |
| <u>2,993,675</u> | <u>200,000</u> | <u>13,480,181</u> | <u>41,165,883</u> |
| <u>(2,938,790)</u> | <u>(200,000)</u> | <u>(1,531,818)</u> | <u>(5,633,132)</u> |
| 1,200,000 | 2,500,000 | 2,500,000 | 6,200,000 |
| - | - | - | - |
| - | - | 82,775 | - |
| <u>1,200,000</u> | <u>2,500,000</u> | <u>2,582,775</u> | <u>6,200,000</u> |
| (1,738,790) | 2,300,000 | 1,050,957 | 566,868 |
| 6,611,624 | - | 5,104,773 | 22,648,472 |
| <u>\$ 4,872,834</u> | <u>\$ 2,300,000</u> | <u>\$ 6,155,730</u> | <u>\$ 23,215,340</u> |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 For the Year Ended June 30, 2017

| | |
|--|----------------|
| NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ 566,868 |
| AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE: | |
| <p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, changes in these amounts are:</p> | |
| Capital outlay | 3,157,998 |
| Depreciation expense | (1,728,528) |
| Disposals | (497,699) |
| Excess of capital outlay over depreciation expense and disposals | 931,771 |
| <p>Because some revenue is not collected until several months after the County's fiscal year ends, it is not considered "available" and is deferred in the governmental funds. Unavailable revenue - property taxes increased by this amount this year.</p> | |
| | 159,150 |
| <p>Bond and capital lease and related discount and cost proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. In the current year, proceeds and related discounts and costs were as follows:</p> | |
| Bond discount | (6,411) |
| Proceeds from bonds and capital leases | (6,200,000) |
| | (6,206,411) |
| <p>Repayment of long-term debt is reported as an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consisted of:</p> | |
| Bond principal retirement | 3,578,666 |
| Capital lease principal | 146,290 |
| | 3,724,956 |
| <p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.</p> | |
| | (7,277) |
| <p>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 governmental funds.</p> | |
| Change in accrued compensated absences liability | (83,992) |
| Change in accrued other postemployment benefits (OPEB) liability | (155,852) |
| Change in accrued net pension liability | (428,441) |
| | (668,285) |
| CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ (1,499,228) |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 JUNE 30, 2017

| | Gateway Conference Center | Landfill/ Transfer Station | Total |
|---|---------------------------------|----------------------------------|---------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | \$ 143,636 | \$ - | \$ 143,636 |
| Accounts receivable, net of allowance of \$10,000 | - | 101,417 | 101,417 |
| Total current assets | <u>143,636</u> | <u>101,417</u> | <u>245,053</u> |
| NONCURRENT ASSETS | | | |
| Capital assets: | | | |
| Land and land improvements | - | 293,644 | 293,644 |
| Buildings and improvements | 102,294 | 379,093 | 481,387 |
| Machinery and equipment | 259,937 | 950,632 | 1,210,569 |
| Improvements other than buildings | 228,618 | - | 228,618 |
| Accumulated depreciation | <u>(264,794)</u> | <u>(872,008)</u> | <u>(1,136,802)</u> |
| | 326,055 | 751,361 | 1,077,416 |
| Total noncurrent assets | <u>326,055</u> | <u>751,361</u> | <u>1,077,416</u> |
| Total assets | <u>469,691</u> | <u>852,778</u> | <u>1,322,469</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension | - | 23,586 | 23,586 |
| Total deferred outflows of resources | <u>-</u> | <u>23,586</u> | <u>23,586</u> |
| Total assets and deferred outflows of resources | <u>\$ 469,691</u> | <u>\$ 876,364</u> | <u>\$ 1,346,055</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Current portion of postclosure care | \$ - | \$ 56,550 | \$ 56,550 |
| Total current liabilities | <u>-</u> | <u>56,550</u> | <u>56,550</u> |
| LONG-TERM LIABILITIES | | | |
| Long-term portion of postclosure care | - | 1,116,477 | 1,116,477 |
| Interfund payable | 678,977 | (671,286) | 7,691 |
| Net pension liability | - | 144,376 | 144,376 |
| Total long-term liabilities | <u>678,977</u> | <u>589,567</u> | <u>1,268,544</u> |
| Total liabilities | <u>678,977</u> | <u>646,117</u> | <u>1,325,094</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension | - | 1,254 | 1,254 |
| Total deferred inflows of resources | <u>-</u> | <u>1,254</u> | <u>1,254</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 326,055 | 751,361 | 1,077,416 |
| Unrestricted | <u>(535,341)</u> | <u>(522,368)</u> | <u>(1,057,709)</u> |
| Total net position | <u>(209,286)</u> | <u>228,993</u> | <u>19,707</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 469,691</u> | <u>\$ 876,364</u> | <u>\$ 1,346,055</u> |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

EXHIBIT 8

| | <u>Gateway Conference Center</u> | <u>Landfill/ Transfer Station</u> | <u>Total</u> |
|--|--|---|------------------|
| OPERATING REVENUES | | | |
| Disposal fees | \$ - | \$ 1,090,721 | \$ 1,090,721 |
| Rental income | 122,474 | - | 122,474 |
| Total operating revenues | <u>122,474</u> | <u>1,090,721</u> | <u>1,213,195</u> |
| OPERATING EXPENSES | | | |
| Disposal fees | - | 1,096,933 | 1,096,933 |
| Salaries and wages | - | 84,178 | 84,178 |
| Depreciation | 70,423 | 45,518 | 115,941 |
| Other | 172,067 | - | 172,067 |
| Total operating expenses | <u>242,490</u> | <u>1,226,629</u> | <u>1,469,119</u> |
| Operating income (loss) | <u>(120,016)</u> | <u>(135,908)</u> | <u>(255,924)</u> |
| NON-OPERATING REVENUE (EXPENSE) | | | |
| State sources | - | 14,421 | 14,421 |
| Interest income | - | 2,936 | 2,936 |
| Other | - | 20,000 | 20,000 |
| Total non-operating revenue (expense) | <u>-</u> | <u>37,357</u> | <u>37,357</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfer in | <u>105,178</u> | <u>-</u> | <u>105,178</u> |
| Total other financing sources (uses) | <u>105,178</u> | <u>-</u> | <u>105,178</u> |
| Changes in net position | (14,838) | (98,551) | (113,389) |
| NET POSITION, BEGINNING OF YEAR | <u>(194,448)</u> | <u>327,544</u> | <u>133,096</u> |
| NET POSITION, END OF YEAR | <u>\$ (209,286)</u> | <u>\$ 228,993</u> | <u>\$ 19,707</u> |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

| | <u>Gateway Conference Center</u> | <u>Landfill/ Transfer Station</u> | <u>Total</u> |
|---|--|---|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 122,474 | \$ 1,094,096 | \$ 1,216,570 |
| Payments to suppliers | (172,067) | (970,941) | (1,143,008) |
| Payments to employees | - | (84,178) | (84,178) |
| | <u>(49,593)</u> | <u>38,977</u> | <u>(10,616)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| State revenue | - | 14,421 | 14,421 |
| Operating transfer in | 105,178 | - | 105,178 |
| Acquisition of capital assets | - | (65,899) | (65,899) |
| | <u>105,178</u> | <u>(51,478)</u> | <u>53,700</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Change in interfund balance | 11,441 | (10,435) | 1,006 |
| Interest income | - | 2,936 | 2,936 |
| Other income | - | 20,000 | 20,000 |
| | <u>11,441</u> | <u>12,501</u> | <u>23,942</u> |
| Net cash provided by (used for) investing activities | <u>11,441</u> | <u>12,501</u> | <u>23,942</u> |
| Net increase in cash and cash equivalents | 67,026 | - | 67,026 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>76,610</u> | <u>-</u> | <u>76,610</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 143,636</u> | <u>\$ -</u> | <u>\$ 143,636</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES: | | | |
| Operating income (loss) | \$ (120,016) | \$ (135,908) | \$ (255,924) |
| Adjustments to reconcile operating income (loss) to net cash used for operating activities: | | | |
| Depreciation expense | 70,423 | 45,518 | 115,941 |
| Changes in current assets and liabilities: | | | |
| Accrual for postclosure liability | - | 115,392 | 115,392 |
| Pension expense | - | 10,600 | 10,600 |
| Accounts receivable | - | 3,375 | 3,375 |
| | <u>(49,593)</u> | <u>38,977</u> | <u>(10,616)</u> |
| Net cash used for operating activities | <u>\$ (49,593)</u> | <u>\$ 38,977</u> | <u>\$ (10,616)</u> |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

| | |
|--------------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 552,672 |
| Investments | 1,643,024 |
| Due from Chester County | <u>871,459</u> |
| Total assets | <u><u>\$ 3,067,155</u></u> |
| LIABILITIES | |
| Funds held in trust for others | <u>\$ 3,067,155</u> |
| Total liabilities | <u><u>\$ 3,067,155</u></u> |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
 JUNE 30, 2017

| | <u>Chester County Airport Commission</u> | <u>Chester County Library</u> | <u>Chester Fire District</u> |
|---|--|---------------------------------------|--------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 46,889 | \$ 682,600 | \$ 167,015 |
| Receivables: | | | |
| Taxes | - | - | - |
| Accounts | 6,882 | - | - |
| Intergovernmental | - | - | 285,133 |
| Fuel inventory | 9,599 | - | - |
| Other assets | - | - | - |
| Capital assets: | | | |
| Land | 29,376 | - | - |
| Construction in progress | - | - | - |
| Art collection | - | 20,132 | - |
| Circulation collection | - | 1,642,133 | - |
| Buildings and improvements | 1,683,314 | - | 190,977 |
| Equipment, furniture and fixtures | 128,031 | 448,982 | 586,791 |
| Apron improvements | 22,017 | - | - |
| Taxiway and runway | 2,881,588 | - | - |
| Less accumulated depreciation | (1,702,536) | (1,811,155) | (420,652) |
| Total assets | <u>3,105,160</u> | <u>982,692</u> | <u>809,264</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension | 18,429 | 114,255 | - |
| Total deferred outflows of resources | <u>18,429</u> | <u>114,255</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 3,123,589</u> | <u>\$ 1,096,947</u> | <u>\$ 809,264</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 9,476 | \$ 43,174 | \$ 117,438 |
| Accrued expenses | 7,362 | 51,048 | - |
| Intergovernmental payable | 3,519 | - | - |
| Unearned revenue | - | - | - |
| Net pension liability | 118,011 | 743,536 | - |
| Current portion of long-term debt | - | - | 95,665 |
| Long-term debt | - | - | 615,162 |
| Total liabilities | <u>138,368</u> | <u>837,758</u> | <u>828,265</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension | 651 | 53,255 | - |
| Total deferred inflows of resources | <u>651</u> | <u>53,255</u> | <u>-</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 3,041,790 | 300,092 | (353,711) |
| Unrestricted | (57,220) | (94,158) | 334,710 |
| Total net position | <u>2,984,570</u> | <u>205,934</u> | <u>(19,001)</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 3,123,589</u> | <u>\$ 1,096,947</u> | <u>\$ 809,264</u> |

See the accompanying Notes to Financial Statements.

| <u>Lando Fire District</u> | <u>Richburg Fire District</u> | <u>Lewis Fire District</u> | <u>Fort Lawn Fire District</u> | <u>Total</u> |
|------------------------------------|---------------------------------------|------------------------------------|--|---------------------|
| \$ 92,674 | \$ 138,027 | \$ 5,134 | \$ 30,553 | \$ 1,162,892 |
| 1,813 | - | 189 | 70,323 | 72,325 |
| - | 2,132 | 4,133 | - | 13,147 |
| 23,915 | - | 23,500 | 14,644 | 347,192 |
| - | - | - | - | 9,599 |
| - | 2,379 | 1,424 | - | 3,803 |
| - | 200,004 | 66,084 | - | 295,464 |
| - | 453,103 | - | - | 453,103 |
| - | - | - | - | 20,132 |
| - | - | - | - | 1,642,133 |
| - | 1,597,957 | - | - | 3,472,248 |
| 355,154 | 102,451 | 14,022 | - | 1,635,431 |
| - | - | - | - | 22,017 |
| - | - | - | - | 2,881,588 |
| (269,482) | (186,924) | (417) | - | (4,391,166) |
| <u>204,074</u> | <u>2,309,129</u> | <u>114,069</u> | <u>115,520</u> | <u>7,639,908</u> |
| - | - | - | - | 132,684 |
| - | - | - | - | 132,684 |
| <u>\$ 204,074</u> | <u>\$ 2,309,129</u> | <u>\$ 114,069</u> | <u>\$ 115,520</u> | <u>\$ 7,772,592</u> |
| \$ - | \$ - | \$ 42,970 | \$ - | \$ 213,058 |
| - | - | - | - | 58,410 |
| - | - | - | - | 3,519 |
| 1,749 | - | - | - | 1,749 |
| - | - | - | - | 861,547 |
| - | 426,124 | - | - | 521,789 |
| - | 1,760,909 | - | - | 2,376,071 |
| <u>1,749</u> | <u>2,187,033</u> | <u>42,970</u> | <u>-</u> | <u>4,036,143</u> |
| - | - | - | - | 53,906 |
| - | - | - | - | 53,906 |
| 85,672 | (20,442) | 79,689 | - | 3,133,090 |
| 116,653 | 142,538 | (8,590) | 115,520 | 549,453 |
| <u>202,325</u> | <u>122,096</u> | <u>71,099</u> | <u>115,520</u> | <u>3,682,543</u> |
| <u>\$ 204,074</u> | <u>\$ 2,309,129</u> | <u>\$ 114,069</u> | <u>\$ 115,520</u> | <u>\$ 7,772,592</u> |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2017

| | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expenses) Revenues and Changes in Net Position</u> |
|---|---------------------|-------------------------------------|---|---|--|
| | | <u>Charges For Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| FUNCTIONS/PROGRAMS | | | | | |
| Chester County Airport Commission | \$ 350,908 | \$ 253,684 | \$ 6,353 | \$ - | \$ (90,871) |
| Chester County Library | 808,313 | 25,620 | 138,113 | - | (644,580) |
| Chester Fire District | 1,774,416 | - | - | - | (1,774,416) |
| Lando Fire District | 92,678 | - | 35,896 | - | (56,782) |
| Richburg Fire District | 234,672 | 25,573 | 25,582 | 108,120 | (75,397) |
| Lewis Fire District | 21,134 | - | 9,180 | 24,198 | 12,244 |
| Fort Lawn Fire District | 33,289 | - | 14,255 | - | (19,034) |
| | <u>\$ 3,315,410</u> | <u>\$ 304,877</u> | <u>\$ 229,379</u> | <u>\$ 132,318</u> | <u>(2,648,836)</u> |
| General revenues: | | | | | |
| Property taxes levied for Chester County Library | | | | | 725,000 |
| Property taxes levied for Chester Fire District | | | | | 1,834,470 |
| Property taxes levied for Lando Fire District | | | | | 31,575 |
| Property taxes levied for Richburg Fire District | | | | | 182,640 |
| Property taxes levied for Lewis Fire District | | | | | 42,754 |
| Property taxes levied for Fort Lawn Fire District | | | | | 70,000 |
| Interest and investment earnings | | | | | 188 |
| Transfers in (out) | | | | | 207,069 |
| Total general revenues | | | | | <u>3,093,696</u> |
| Changes in net position | | | | | <u>444,860</u> |
| Net position, beginning of year, as previously stated | | | | | 3,224,104 |
| Prior period adjustment for Richburg Fire District | | | | | 13,579 |
| Net position, beginning of year, as restated | | | | | <u>3,237,683</u> |
| Net position, end of year | | | | | <u>\$ 3,682,543</u> |

See the accompanying Notes to Financial Statements.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Chester County, South Carolina (the "County") and its component units conform to Generally Accepted Accounting Principles (GAAP) applicable to governments. The following is a summary of significant accounting policies:

Reporting Entity

Chester County was organized in 1785 and operates under a council/supervisor form of government as provided in Title 14 of the 1976 Code of Laws of South Carolina as amended (Home Rule Act). As required by accounting principles generally accepted in the United States of America, these financial statements include those of the County (the primary government) and its component unit entities for which the government is considered to be financially accountable. Operational activities of various constitutional officers, judges and other judicial officials are included in agency funds. These include the Clerk of Court, Probate Court, Sheriff and Magistrate Court. Also included are taxes collected by the County on behalf of school districts and towns.

The financial statements of Chester County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The County's reporting entity applies all relevant GASB pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The following is a description of the County's component units:

Blended Component Unit

A blended component unit, although a legally separate entity is, in substance, part of the County's operations, and data from the unit is presented in a debt service fund within the County's governmental activities. The following entity is presented as a blended component unit.

Chester Facilities Corporation

Chester Facilities Corporation (CFC), a not-for-profit organization, was established in 2012 to acquire, construct and lease facilities to be used by the County. While the County does not appoint members to CFC's Board of Directors, it has a financial burden to CFC in that it is obligated for lease payments equaling the amount of debt to be relieved and associated interest payments. Activities of CFC are reported in a debt service fund. Separate financial statements are not issued.

Discretely Presented Component Units

The discretely presented component units discussed below are included in the County's financial reporting entity because of the significance of their operational and financial relationship with the County. The component unit column in the combined financial statements includes the financial data from the Chester County Airport Commission, Chester County Library, Chester Fire District, Lando Fire District, Richburg Fire District, Lewis Fire District and Fort Lawn Fire District for the year ended June 30, 2017. These units were reported in a column separate from the County's financial information to emphasize that they are legally separate from the County.

Chester County Airport Commission

The Chester County Airport Commission manages and coordinates activities of the Chester Airport and assists the Federal government, the City of Chester and Chester County in all matters affecting the Airport. The Airport Commission is a component unit because a majority of the governing board is appointed by Chester County Council and the County can impose its will on the Airport Commission because the County has the ability to remove appointed members of the governing board at will.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Units (Continued)

Chester County Library

The Chester County Library provides library services to the citizens throughout the County. The Library is fiscally dependent on the County because the County levies and collects property taxes for the Library. Property tax revenue constitutes approximately eighty-two percent of the Library's operating revenue. Chester County Council appoints all of the members of the Library's Board of Trustees, which is the governing authority for the Library, and the County can impose its will on the Library because the Library is required to submit its budget to County Council for approval. In turn, the Board is responsible for hiring and firing management personnel.

Chester Fire District

The Chester Fire District provides fire protection within its respective fire district. The Fire District is fiscally dependent on the County because the County levies and collects property taxes for the Fire District. Property tax revenue constitutes one hundred percent of the Fire District's operating revenue. Chester County Council appoints two of the Fire District's five board members. In addition, the Fire District is required to submit its budget to County Council, which approves both the budget and the millage rate. The County also has a financial benefit/burden relationship with the Chester Fire District. Complete financial statements for the Chester Fire District may be obtained at the City of Chester, 100 West End Street, Chester, South Carolina 29706; telephone (803) 581-2123.

Lando Fire District

The Lando Fire District provides fire protection within its respective fire district. The Fire District is fiscally dependent on the County because the County levies and collects property taxes for the Fire District. Chester County Council appoints members of the Fire District's board. In addition, the Fire District is required to submit its budget to County Council, which approves both the budget and the millage rate. The County also has a financial benefit/burden relationship with the Lando Fire District.

Richburg Fire District

The Richburg Fire District provides fire protection within its respective fire district. The Fire District is fiscally dependent on the County because the County levies and collects property taxes for the Fire District. Chester County Council appoints members of the Fire District's board. In addition, the Fire District is required to submit its budget to County Council, which approves both the budget and the millage rate. The County also has a financial benefit/burden relationship with the Richburg Fire District.

Lewis Fire District

The Lewis Fire District provides fire protection within its respective fire district. The Fire District is fiscally dependent on the County because the County levies and collects property taxes for the Fire District. Chester County Council appoints members of the Fire District's board. In addition, the Fire District is required to submit its budget to County Council, which approves both the budget and the millage rate. The County also has a financial benefit/burden relationship with the Lewis Fire District.

Fort Lawn Fire District

The Fort Lawn Fire District provides fire protection within its respective fire district. The Fire District is fiscally dependent on the County because the County levies and collects property taxes for the Fire District. Chester County Council appoints members of the Fire District's board. In addition, the Fire District is required to submit its budget to County Council, which approves both the budget and the millage rate. The County also has a financial benefit/burden relationship with the Fort Lawn Fire District.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The County's basic financial statements consist of government-wide financial statements that include a statement of net position, a statement of activities and fund financial statements that provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature, which normally are supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end.

The statement of activities presents a comparison between direct expenses and program revenue for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

The government-wide financial statements and the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned; expenses are recognized when a liability is incurred. Property taxes are recognized as revenues in the year in which they are levied. Grants and intergovernmental revenues are recognized as revenue when the eligibility requirements imposed by the grantor or other government agency have been met. Fees and charges of the proprietary fund are recognized as revenue when the services are provided.

The statement of activities, which shows the changes in net position, presents direct expenses offset by program revenues for each core service area. Program revenues include fees and charges to customers for specific services provided and grants and contributions restricted for use in specific operations of a core service area. Tax revenues, interest and other revenue items that benefit the entire primary government are considered general revenues.

Fund Financial Statements

During the year, the County segregates transactions related to certain county functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. The general fund, special revenue fund - C-Funds, debt service fund - Capital Projects Sales Tax, capital projects fund - Capital Projects Sales Tax, capital projects fund - Capital Projects 2017 are considered major governmental funds.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

The general fund is the primary operating fund of the County. The special revenue fund - C-Funds accounts primarily for receipt and expenditure of state funds used for road repairs and maintenance. The debt service fund - Capital Projects Sales Tax accounts for the accumulation of funds for servicing a \$9,475,000 general obligation bond and a \$2,365,000 general obligation bond. The capital projects fund - Capital Projects Sales Tax accounts for the proceeds of a \$9,475,000 general obligation bond and a \$2,365,000 general obligation bond used for financing various capital projects for the County. The capital projects fund - Capital Projects 2017 accounts for the proceeds of a \$2,500,000 general obligation bond used for financing various capital projects for the County.

The Landfill/Transfer Station fund is considered a major proprietary fund. The proprietary fund - Landfill/Transfer Station accounts for the activities at the County's Municipal Solid Waste (MSW) and Construction and Demolition (C&D) landfills.

Non-major funds are aggregated and presented in a single column.

Fund Accounting

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 that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The County has the following fund types:

Governmental Fund Types

Governmental funds are used to account for the County's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenues available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, cablevision franchise fees, state shared revenues, grants, and other miscellaneous fees are susceptible to accrual. Property taxes and franchise fees are recognized as revenue in the fiscal year for which they are levied. Intergovernmental sources are recognized as revenue when the underlying eligibility requirements are met and the resources become available. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Other sources become measurable and available when cash is received by the County and are recognized as revenue at that time.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (Continued)

Governmental funds include the following types:

General Fund

The *general fund* is the County's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects).

Debt Service Funds

Debt service funds account for the accumulation of resources for, and the payment of, long-term general obligation principal, interest and related costs not being financed by proprietary funds.

Capital Projects Funds

Capital projects funds account for the construction or acquisition of major capital projects not being financed by proprietary funds.

Proprietary Fund Types

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Landfill/Transfer Station and Gateway Conference Center user charges are accrued as receivables at year-end and are reported as revenues of the enterprise funds. These funds account for activities of the County similar to those found in the private sector, where cost recovery and the determination of net income is useful or necessary for sound fiscal management.

Enterprise 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 two enterprise funds (Landfill/Transfer Station and Gateway Conference Center).

The Landfill/Transfer Station and the Gateway Conference Center, both proprietary fund types, distinguish between operating revenues and expenses and non-operating revenues and expenses. The principal operating revenue of the Landfill/Transfer Station is disposal fees. The principal operating revenue of the Gateway Conference Center is rental income. Operating expenses consist of costs for services provided, administrative costs and depreciation of assets. All other revenues and expenses are classified as non-operating.

Fiduciary Funds

Fiduciary funds account for assets held by the County in a trustee capacity or as an agent for individuals, other governmental units, and/or other funds. The County's only fiduciary funds are its agency funds. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. Property taxes and other revenue are collected, temporarily retained and distributed by the County Treasurer in accordance with Acts of the General Assembly of South Carolina. Each governmental unit for which an agency fund is maintained is administered by a governing body independent of the County Council. Cash held by fiscal agents, which has been transferred from the County Treasurer for the retirement of long-term debt principal and interest of other governmental units, is considered an asset.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues

Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year-end.

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

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

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

Unearned Revenue

Revenues collected in advance of the fiscal year in which they are earned are recorded as unearned revenues in the government-wide and governmental fund financial statements.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

Outflows and inflows from changes in the net pension liability are reported in the Government-Wide Financial Statements as deferred outflows of resources and deferred inflows of resources, respectively. See Note 13 for further details.

Property tax revenues in the governmental fund financial statements that are measurable but not available (as previously defined) are reported as deferred inflows of resources.

Grants and entitlements, if any, received before the eligibility requirements are met are also recorded as deferred inflows of resources.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Cash and Investments

Cash and cash equivalents of the County are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments with a readily determinable fair value are stated at fair value in accordance with GASB Statement 31. All other investments are at cost. The County's current policy does not utilize amortized cost for any applicable investments.

Statutes established by the State of South Carolina allow the County to invest in the following:

1. Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;
2. 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 Corporation, 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, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
3. (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
4. Savings and loan associations to the extent that the same are insured by an agency of the federal government;
5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit 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;
6. Repurchase agreements when collateralized by securities as set forth in this section;

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments (Continued)

7. 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 the aforementioned items (1), (2), (3), and (6), 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; and

8. A political subdivision receiving Medicaid funds appropriated by the General Assembly in the annual general appropriations act may utilize appropriated funds and other monies generated by hospital operations to participate in principal protected investments in the form of notes, bonds, guaranteed investment contracts, debentures, or other contracts issued by a bank chartered in the United States or agency of a bank if chartered in the United States, financial institution, insurance company, or other entity which provides for full principal payment at the end of a contract term not to exceed twelve years if the issuer has received a rating in one of three highest general rating categories issued by no fewer than two nationally recognized credit rating organizations. No more than forty percent of the appropriated funds and other monies generated by hospital operations may be invested in the manner provided in this item. Revenue realized pursuant to these investments must be expended on health care services.

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of a fiscal year are reported as *due to/from other funds*.

Real property taxes receivable are the actual property taxes levied and still outstanding after the fiscal year end.

For proprietary funds, all accounts receivables are shown net of an allowance for doubtful accounts.

Internal balances are eliminated in the statement of net position to minimize the effect on assets and liabilities within the governmental fund-type activities columns.

Amounts due from Federal and state grants represent reimbursable costs, which have been incurred by the County but have not been reimbursed by the grantor agency. Costs under grant programs are recognized as expenditures in the period in which they are incurred by the County.

Property Tax Calendar

Property taxes are levied on real properties owned on the preceding December 31 of each county fiscal year ended June 30. Liens attach to the property at the time the taxes are levied, which is usually in October of each year ended June 30.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Calendar (Continued)

These taxes are due without penalty until 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 16 | 10% of tax |
| March 17 and thereafter | 15% of tax plus collection costs |

Current year taxes become delinquent March 17. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the month.

Certain property taxes are uncollected at June 30, 2017 and not considered available to liquidate current period liabilities. These are accounts not collected within sixty days of fiscal year end. The County has provided deferred inflows of resources equal to these delinquent accounts.

The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires. The County bills and collects its own property taxes. The County also bills and collects property taxes for the special service districts, school districts and municipalities. Property tax revenue is recognized when due or past due and collectible within the current period or soon enough thereafter (defined as sixty days) to pay liabilities of the current period. An allowance is provided for an estimated amount of taxes billed, which may ultimately prove to be uncollectible. Deferred inflows of resources (property taxes) represent that portion of property taxes which is deemed not available to pay current expenditures.

The County follows Governmental Accounting Standards Board (GASB) Statement Number 33, *Accounting and Financial Reporting for Nonexchange Transactions*, to account for nonexchange revenues, which primarily consist of imposed nonexchange revenues or ad valorem taxes. Under the standard, a receivable is recorded when an enforceable legal claim for property taxes has arisen, and revenue is recognized when the resources are available.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of three or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

All reported capital assets, except for the land and construction in progress, are depreciated. Amortization of assets recorded under capital lease obligations has been included with depreciation expense. 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 replacement. Depreciation is computed using the straight-line method over the following useful lives:

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

| | |
|-------------------------|----------------|
| Land improvements | 10 to 20 Years |
| Buildings | 50 Years |
| Building improvements | 15 to 25 Years |
| Vehicles | 8 Years |
| Furniture and equipment | 3 to 10 Years |
| Machinery and equipment | 5 to 15 Years |
| Infrastructure | 10 to 50 Years |

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of any applicable bond premium or discount. Due to implementation of GASB Statement No. 65, bond issuance costs can no longer be amortized over the term of the related debt and must be expensed in the period incurred. Bond premiums and discounts are amortized over the life of the bond. Due to implementation of GASB Statement No. 68, a liability was required to be recognized for the County's proportionate share of the net pension liability for its retirement plans. See Note 13 for further details.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since it is the County's policy to record the cost of sick leave only when it is used. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for vacation pay is reported in the governmental funds financial statements only if the benefit has matured, for example, as a result of employee resignations and retirements.

Employees accrue different amounts of vacation hours each month, depending on the number of years of service with the County. They are as follows: length of service is 0-1 years, accrue 3.75 hours/month; length of service is 2-4 years, accrue 7.5 hours/month; length of service is 5-9 years, accrue 11.25 hours/month, length of service is 10-19 years, accrue 15 hours/month; and length of service is 20 or more years, accrue 18.75 hours/month of vacation pay. Employees may carry over from one calendar year to another a maximum carryover equivalent to 45 days of unused annual leave. For all County employees, no more than 720 hours may be carried over from one calendar year to another for sick leave benefits.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reporting

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* - Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* - Amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the County Council) and that remain binding unless removed or changed in the same manner. The underlying action that imposed the limitation needs to occur before the close of the reporting period.
- *Assigned fund balance* - Amounts that are constrained by the County's *intent* to be used for specific purposes. The intent can be established by either the County Council or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.
- *Unassigned fund balance* - The residual classification for the County's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The County Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Fund Balance Policy

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County needs to maintain unrestricted fund balance in its County funds sufficient to fund cash flows of the County and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the County's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and a reduction of expenditures/expenses in the fund that is reimbursed.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions (Continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Generally, the effect of interfund activity is eliminated from government-wide financial statements to remove the effect of overstating internal service fund activity.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates. The estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements:

| | | |
|------------------|---|---|
| Statement No. 75 | <i>Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions</i> | This statement improves accounting and financial reporting for postemployment benefits other than pensions. It is effective for fiscal years beginning after June 15, 2017. The County is in the process of determining the effect of implementing this statement; however, the effect on the County's financial statements has not been determined at this time. |
| Statement No. 84 | <i>Fiduciary Activities</i> | This statement improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. It is effective for financial statements for reporting periods beginning after December 15, 2018. |
| Statement No. 85 | <i>Omnibus 2017</i> | This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. It is effective for financial statements for reporting periods beginning after June 15, 2017. |
| Statement No. 86 | <i>Certain Debt Extinguishment Issues</i> | This statement improves the consistency in accounting and financial reporting for in-substance defeasance of debt, prepaid insurance on debt that is extinguished, and related notes to the financial statements. It is effective for financial statements for reporting periods beginning after June 15, 2017. |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

County Council adopts an annual budget for general fund revenue and expenditures prior to the beginning of each fiscal year of the County. The adopted budget specifies expenditure limits appropriated to each County department. Departmental expenditures may not exceed amounts appropriated without the approval of County Council and unencumbered appropriations lapse at fiscal year-end. Budget amounts reflected in the accompanying financial statements represent the budget and any revisions approved by Council during the fiscal year. Line item transfers within operating departments are approved by the County Supervisor; any additional appropriations and transfers between departments are approved by the Council. The legal level of budgetary control is the department level. During the year, no supplementary appropriations were made.

Budgets for the Chester County Airport Commission, Chester County Library, Chester Fire District, Lando Fire District, Richburg Fire District, Lewis Fire District and Fort Lawn Fire District (discretely presented component units) are adopted by their respective Boards prior to the beginning of each fiscal year and are approved by County Council. Departmental expenditures may not exceed amounts appropriated without approval of the respective governing boards and unencumbered appropriations lapse at fiscal year-end. Line item transfers within operating departments are approved by the directors of each institution; any additional appropriations and transfers between departments are approved by the respective governing boards.

On or before March 1, heads of county departments and agencies submit requests for appropriation to the County Treasurer who compiles the requests and submits a budget request document to the County Supervisor. After adjustments, the County Supervisor submits a comprehensive budget request document to County Council. The County Council conducts a public hearing on the proposed budget and adopts the budget not later than June 30.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute GAAP expenditures or liabilities and are carried forward and honored during the subsequent year. There were no significant encumbrances at June 30, 2017.

The County has an appropriated budget for the enterprise fund but is not required to report budgetary comparisons in the financial statements.

Deficit Fund Equity

Individual funds with deficit fund equity are as follows:

| | | | |
|---------------------------|------------|------------------------------------|-----------|
| 911 Subscriber Fees | \$ 294,049 | Economic Development Marketing | \$ 11,837 |
| 1997 Short Fund | 2,378 | SLPG CFDA #97.042 | 1,417 |
| SOS DUI Enforcement | 11,212 | Public Defender | 23,496 |
| EMS Donations | 131 | Golf Course/Great Falls & Republic | 1,487 |
| Bennett Landfill Fire | 554 | Chester Airport Commission | 36,083 |
| EECBG Energy Grant | 8,440 | EMPG 01 Multiple | 9,386 |
| Sale of County Property | 33,000 | Gateway Conference Center | 49,593 |
| Hazard Mitigation Program | 3,050 | SCPRT Republic Park | 20,888 |
| Drug Forfeiture | 3,181 | | |

Deficit fund balances result primarily from the timing of the appropriate reimbursement or receipt of revenue. The deficits will be made up primarily from future restricted revenues, state shared revenues and fund transfers from the general fund.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods, the dedicated method or the pooling method. Under the *dedicated method*, all deposits exceeding the Federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the *pooling method*, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the pooling method report the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer. The State Treasurer does not confirm this information with the County or the escrow agent.

Because of the inability to measure, the exact amount of collateral pledged for the County under the pooling method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The County does not have policies regarding custodial credit risk for deposits.

At June 30, 2017, the County's governmental fund deposits had a carrying amount of \$6,117,381 and a bank balance of \$6,479,446, which was entirely covered by Federal depository insurance or collateralized. Agency funds had a carrying amount of \$552,672 and a bank balance of \$668,358 at June 30, 2017. The County had \$2,390 of cash on hand.

Investments

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

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less than 6 Months</u> | <u>1 – 3 Years</u> |
|--|----------------------|---------------------------|---------------------|
| U.S. Government Agencies | \$ 1,439,266 | \$ - | \$ 1,439,266 |
| S.C. State Investment Pool | 14,659,516 | 14,659,516 | - |
| Money Market Funds - Chester Facilities Corporation | <u>1,610,643</u> | <u>1,610,643</u> | <u>-</u> |
| | <u>\$ 17,709,425</u> | <u>\$ 16,270,159</u> | <u>\$ 1,439,266</u> |

At June 30, 2017, the County held \$1,643,024 of investments in S.C. State Investment Pool for agency funds.

The Treasurer has implemented investment policies that are included as a section of the County's financial policies. These policies enhance the guidelines provided by the State of South Carolina and incorporate the Government Finance Officers Association's recommendation on treatment of collateralized mortgage obligations. While operating under the adopted financial policies, Chester County can, if necessary to prevent a loss, hold all investments until their maturity. The fair value of the South Carolina pooled investment is the same as the value of the pooled shares. Regulatory oversight is provided by the South Carolina State Treasurer.

Interest Rate Risk As a means of limiting its exposure to fair value losses arising from rising interest rates, Chester County's investment policies allow for building the investment portfolio so that securities mature to meet ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Risk is also minimized by investing in shorter-term securities, generally with maturities of less than five years.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Credit Risk In accordance with Chester County's investment policies, all investment instruments used by the Treasurer are authorized by current state statute, or any permissible investment as redefined by State legislature. The County's investments in U.S. Government agencies, including Federal National Mortgage Association, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation and Federal Farm Credit Banks are rated AAA by Standard and Poor's and AAA by Moody's Investors Service. The South Carolina State Investment Pool is unrated.

Custodial Credit Risk For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investment of collateral that is in possession of an outside party. All of Chester County's investments are fully collateralized by securities that either are in the County's name or held by their agent in the County's name.

Concentration of Credit Risk The County's investment policy requires diversifying the investment portfolio. Assets held are diversified to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, class of security, and/or dealers through whom these instruments are bought and sold. To control the risk of liquidity within the pooled cash area, an average minimum dollar amount equivalent to six weeks of expenditures shall be held in a liquid investment. However, the dollar amount placed in a liquid investment has no maximum restrictions.

Interest is recorded when earned and is distributed to each fund based on the fund's proportionate equity in pooled cash and investments.

NOTE 4 - RECEIVABLES

Receivables as of year-end for the County's individual major funds and non-major funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

| | <u>General Fund</u> | <u>Debt Service Fund - Capital Projects Sales Tax</u> | <u>Capital Projects Fund - Capital Projects Sales Tax</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|----------------------------|-------------------------|---|---|--|---------------------|
| Due from other governments | \$ 1,593,730 | \$ - | \$ - | \$ - | \$ 1,593,730 |
| Property taxes | 1,607,171 | 682,804 | - | 662,134 | 2,952,109 |
| Emergency management (EMS) | 529,255 | - | - | - | 529,255 |
| Local sources | 334,311 | - | - | - | 334,311 |
| Other receivables | <u>17,281</u> | <u>-</u> | <u>2,303</u> | <u>-</u> | <u>19,584</u> |
| Gross receivables | <u>4,081,748</u> | <u>682,804</u> | <u>2,303</u> | <u>662,134</u> | <u>5,428,989</u> |
| Less allowance for: | | | | | |
| Taxes | (16,072) | - | - | (6,621) | (22,693) |
| EMS | <u>(423,404)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(423,404)</u> |
| Net receivables | <u>\$ 3,642,272</u> | <u>\$ 682,804</u> | <u>\$ 2,303</u> | <u>\$ 655,513</u> | <u>\$ 4,982,892</u> |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

A summary of net amounts due from/to other funds at June 30, 2017 is as follows:

| | Receivable | Payable |
|------------------------|---------------------|------------------------|
| General fund | \$ - | \$(6,677,381) |
| Debt service funds | 482,878 | - |
| Special revenue funds | 2,697,093 | - |
| Capital projects funds | - | 2,633,642 |
| Enterprise funds | - | (7,691) |
| Agency funds | 871,459 | - |
| | \$ 4,051,430 | \$(4,051,430) |

Governmental funds interfund receivables and payables represent lending/borrowing arrangements resulting from the timing of expenditures versus the receipt of revenues.

The general fund transferred \$105,980 to a special revenue fund to support the Solicitor's Office operations and \$50,000 to a capital projects fund for ongoing projects. Special revenue funds transferred \$73,205 of Family Court IV-D funds to the general fund. A capital projects fund transferred \$715,000 to special revenue funds for current year expenditures.

NOTE 6 - CAPITAL ASSETS

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

| | Balance July 1, 2016 | Additions | Dispositions | Transfers | Balance June 30, 2017 |
|---|---------------------------------|---------------------|----------------------|------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 4,162,557 | \$ 26,000 | \$(496,137) | \$ - | \$ 3,692,420 |
| Construction in progress | 703,394 | 143,194 | - | (574,169) | 272,419 |
| | 4,865,951 | 169,194 | (496,137) | (574,169) | 3,964,839 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 29,481,263 | 1,073,759 | - | 574,169 | 31,129,191 |
| Improvements other than buildings | 6,640,389 | 115,961 | - | - | 6,756,350 |
| Machinery and equipment | 6,914,812 | 1,383,512 | (7,182) | - | 8,291,142 |
| Infrastructure | 8,460,801 | - | - | - | 8,460,801 |
| Vehicles | 8,759,218 | 415,572 | (165,471) | - | 9,009,319 |
| | 60,256,483 | 2,988,804 | (172,653) | 574,169 | 63,646,803 |
| Less accumulated depreciation | (32,173,627) | (1,728,528) | 171,091 | - | (33,731,064) |
| Total capital assets, net depreciation | 28,082,856 | 1,260,276 | (1,562) | 574,169 | 29,915,739 |
| Governmental activities capital assets, net | \$ 32,948,807 | \$ 1,429,470 | \$(497,699) | \$ - | \$ 33,880,578 |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 6 - CAPITAL ASSETS (CONTINUED)

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Dispositions</u> | <u>Transfers</u> | <u>Balance</u> <u>June 30, 2017</u> |
|--|---------------------------------------|----------------------|---------------------|------------------|--|
| <i>Business-Type Activities - Landfill:</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 112,144 | \$ - | \$ - | \$ - | \$ 112,144 |
| | <u>112,144</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>112,144</u> |
| Capital assets being depreciated: | | | | | |
| Improvements | 181,500 | - | - | - | 181,500 |
| Buildings and improvements | 379,093 | - | - | - | 379,093 |
| Machinery and equipment | <u>1,213,910</u> | <u>65,899</u> | <u>(329,177)</u> | <u>-</u> | <u>950,632</u> |
| | 1,774,503 | 65,899 | (329,177) | - | 1,511,225 |
| Less accumulated depreciation | <u>(1,155,667)</u> | <u>(45,518)</u> | <u>329,177</u> | <u>-</u> | <u>(872,008)</u> |
| | <u>618,836</u> | <u>20,381</u> | <u>-</u> | <u>-</u> | <u>639,217</u> |
| Business-type activities - landfill capital assets, net | <u>\$ 730,980</u> | <u>\$ 20,381</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 751,361</u> |
| | | | | | |
| <i>Business-Type Activities - Gateway Conference Center:</i> | | | | | |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | \$ 102,294 | \$ - | \$ - | \$ - | \$ 102,294 |
| Improvements, other than buildings | 228,618 | - | - | - | 228,618 |
| Machinery and equipment | <u>259,938</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>259,938</u> |
| | 590,850 | - | - | - | 590,850 |
| Less accumulated depreciation | <u>(194,372)</u> | <u>(70,423)</u> | <u>-</u> | <u>-</u> | <u>(264,795)</u> |
| Business-type activities - Gateway Conference Center capital assets, net | <u>\$ 396,478</u> | <u>\$ (70,423)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 326,055</u> |

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

Governmental Activities:

| | |
|---------------------------|---------------------|
| General government | \$ 250,545 |
| Public safety | 1,220,262 |
| Highways and streets | 76,048 |
| Cultural and recreational | <u>181,673</u> |
| | <u>\$ 1,728,528</u> |

Business-Type Activities:

| | |
|---------------------------|-------------------|
| Solid waste | \$ 45,518 |
| Gateway Conference Center | <u>70,423</u> |
| | <u>\$ 115,941</u> |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable consist of general fund trade accounts payable of \$1,140,491.

NOTE 8 - UNEARNED REVENUE

Unearned revenue in the government-wide and governmental funds financial statements consists of collections of local options sales tax revenue of \$643,424 during the fiscal year ended June 30, 2017 that relate to the subsequent fiscal year.

NOTE 9 - LONG-TERM DEBT

Assets acquired and liabilities incurred through capital lease agreements for general governmental activities are accounted for under governmental activities. Assets and liabilities related to proprietary-type funds are accounted for under the business-type activities.

Long-term debt consists of the following at June 30, 2017:

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2017</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|---|---------------------------------------|---------------------|------------------------|--|--|
| Governmental Activities: | | | | | |
| General obligation bonds | \$ 15,101,195 | \$ 6,200,000 | \$(3,578,666) | \$ 17,722,529 | \$ 1,834,529 |
| Chester Facilities Corporation revenue bonds | 6,385,000 | - | - | 6,385,000 | - |
| Notes payable and capital leases | <u>767,913</u> | <u>-</u> | <u>(146,290)</u> | <u>621,623</u> | <u>152,706</u> |
| | 22,254,108 | 6,200,000 | (3,724,956) | 24,729,152 | 1,987,235 |
| Accrued compensated absences | <u>769,515</u> | <u>681,148</u> | <u>(597,157)</u> | <u>853,506</u> | <u>-</u> |
| Governmental activities long-term debt | <u>\$ 23,023,623</u> | <u>\$ 6,881,148</u> | <u>\$(4,322,113)</u> | <u>\$ 25,582,658</u> | <u>\$ 1,987,235</u> |

For the governmental funds, accrued compensated absences and OPEB liability is liquidated by the general fund.

General Obligation Bonds

General obligation bonds currently outstanding are as follows:

| | |
|---|------------|
| \$200,000 2013 General Obligation Bond due in annual principal installments of \$1,000 to \$198,000 through March 1, 2019; plus interest annually at 2.63%. | \$ 199,000 |
| \$2,710,000 2007 General Obligation Bond due in annual principal installments of \$175,000 to \$490,000 through September 25, 2017, plus interest semiannually at 3.64%. | 490,000 |
| \$200,000 2007 General Obligation Bond (Richburg Fire District) due in annual principal installments of \$18,800 to \$23,529 through September 25, 2017, plus interest semiannually at 3.81%. | 23,529 |
| \$2,625,000 2012 General Obligation Bond due in annual principal installments of \$495,000 to \$630,000 through March 1, 2018, plus interest semiannually at 0.95%. | 500,000 |
| \$2,950,000 2013 General Obligation Bond due in annual principal installments of \$300,000 to \$360,000 through March 1, 2023, plus interest semiannually at 2.24%. | 2,030,000 |

(Continued)

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9 - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

| | |
|--|----------------------|
| \$9,475,000 2014 General Obligation Bond due in annual principal installments of \$935,000 to \$1,775,000 through July 1, 2021, plus interest semiannually at 1.90%. The bonds issued by a referendum and first payable from a one percent sales and use tax are excluded from the County's computation of its legal debt limit. | \$ 6,895,000 |
| \$2,365,000 2015 General Obligation Bond due in annual principal installments of \$335,000 to \$430,000 through July 1, 2021, plus interest semiannually at 1.89%. The bonds issued by a referendum and first payable from a one percent sales and use tax are excluded from the County's computation of its legal debt limit. | 1,625,000 |
| \$2,500,000 2016A General Obligation Bond due in annual principal installments of \$685,000 to \$915,000 through March 1, 2021, plus interest semiannually at 1.43%. | 2,500,000 |
| \$1,200,000 2016B General Obligation Bond due in annual principal installments of \$235,000 to \$245,000 through July 1, 2021, plus interest semiannually at 1.30%. The bonds issued by a referendum and first payable from a one percent sales and use tax are excluded from the County's computation of its legal debt limit. | 960,000 |
| \$2,500,000 2017 General Obligation Bond due in annual principal installments of \$75,000 to \$1,055,000 through March 1, 2023, plus interest semiannually at 1.99%. | <u>2,500,000</u> |
| Total general obligation bonds outstanding | <u>\$ 17,722,529</u> |

Chester Facilities Corporation Revenue Bonds

Chester Facilities Corporation revenue bonds payable currently outstanding are as follows:

| | |
|---|---------------------|
| \$6,385,000 Installment Purchase Revenue Bonds, Series 2012. Interest at 4 - 4.18% due annually on September 1, 2012 through September 1, 2036. Bonds mature September 1, 2019 through September 1, 2036. | <u>\$ 6,385,000</u> |
|---|---------------------|

Chester Facilities Corporation (CFC) is a separate legal entity and its debts, CFC 2012 Installment Purchase Revenue Bonds, are not a debt of the County. However, as CFC is blended with the operations of the County, CFC's debt is included with the County's other obligations as required by generally accepted accounting principles.

Notes Payable and Capital Leases

Governmental notes payable and capital leases currently outstanding are as follows:

| | |
|--|-------------------|
| \$372,798 2012 capital lease due in annual principal installments of \$47,747 to \$59,103 through January 1, 2019; plus interest annually at 3.62%. The note is collateralized by Motorola radio dispatch equipment. | \$ 116,141 |
| \$525,000 2014 capital lease due in annual principal installments of \$57,065 to \$71,643 through March 15, 2023; plus interest annually at 2.33%. The note is collateralized by firefighting equipment. | 405,630 |
| \$24,995 2015 capital lease due in annual principal installments of \$4,044 to \$5,474 through May 18, 2019; plus interest annually at 10.622%. The note is collateralized by a vehicle. | 10,422 |
| \$149,989 2015 capital lease due in annual principal installments of \$24,466 to \$36,093 through August 27, 2019; plus interest annually at 10.208%. The note is collateralized by vehicles. | <u>89,430</u> |
| Total notes payable and capital leases outstanding | <u>\$ 621,623</u> |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Notes Payable and Capital Leases (Continued)

The annual requirement to amortize debt in the governmental activities long-term debt at June 30, 2017 is as follows:

| Year Ending June 30, | 2013 General Obligation Bond Payable | | 2007 General Obligation Bond Payable | | Richburg Fire District 2007 General Obligation Bond Payable | |
|----------------------------|---|------------------|---|------------------|---|---------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2018 | \$ 1,000 | \$ 5,232 | \$ 490,000 | \$ 17,763 | \$ 23,529 | \$ 896 |
| 2019 | 198,000 | 5,205 | - | - | - | - |
| 2020 | - | - | - | - | - | - |
| 2021 | - | - | - | - | - | - |
| 2022 | - | - | - | - | - | - |
| 2023-2027 | - | - | - | - | - | - |
| 2028-2032 | - | - | - | - | - | - |
| 2033-2037 | - | - | - | - | - | - |
| Totals | <u>\$ 199,000</u> | <u>\$ 10,437</u> | <u>\$ 490,000</u> | <u>\$ 17,763</u> | <u>\$ 23,529</u> | <u>\$ 896</u> |

| Year Ending June 30, | 2012 General Obligation Bond Payable | | 2013 General Obligation Bond Payable | | 2014 General Obligation Bond Payable | |
|----------------------------|---|-----------------|---|-------------------|---|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2018 | \$ 500,000 | \$ 4,750 | \$ 320,000 | \$ 45,472 | \$ - | \$ 146,633 |
| 2019 | - | - | 325,000 | 38,304 | 1,675,000 | 115,093 |
| 2020 | - | - | 335,000 | 31,024 | 1,705,000 | 82,983 |
| 2021 | - | - | 340,000 | 23,520 | 1,740,000 | 50,255 |
| 2022 | - | - | 350,000 | 15,904 | 1,775,000 | 16,863 |
| 2023-2027 | - | - | 360,000 | 8,064 | - | - |
| 2028-2032 | - | - | - | - | - | - |
| 2033-2037 | - | - | - | - | - | - |
| Totals | <u>\$ 500,000</u> | <u>\$ 4,750</u> | <u>\$ 2,030,000</u> | <u>\$ 162,288</u> | <u>\$ 6,895,000</u> | <u>\$ 411,827</u> |

| Year Ending June 30, | 2015 General Obligation Bond Payable | | Chester Facilities Corporation 2012 Installment Purchase Revenue Bonds | | \$372,798 2012 Capital Lease | |
|----------------------------|---|------------------|--|---------------------|---------------------------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2018 | \$ - | \$ 34,351 | \$ - | \$ 219,675 | \$ 57,038 | \$ 4,204 |
| 2019 | 395,000 | 26,980 | - | 219,675 | 59,103 | 2,140 |
| 2020 | 405,000 | 19,420 | 270,000 | 216,975 | - | - |
| 2021 | 410,000 | 11,718 | 280,000 | 211,125 | - | - |
| 2022 | 415,000 | 3,922 | 285,000 | 204,270 | - | - |
| 2023-2027 | - | - | 1,545,000 | 891,374 | - | - |
| 2028-2032 | - | - | 1,815,000 | 615,444 | - | - |
| 2033-2037 | - | - | 2,190,000 | 226,000 | - | - |
| Totals | <u>\$ 1,625,000</u> | <u>\$ 96,391</u> | <u>\$ 6,385,000</u> | <u>\$ 2,804,538</u> | <u>\$ 116,141</u> | <u>\$ 6,344</u> |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Notes Payable and Capital Leases (Continued)

| Year Ending June 30, | \$525,000 | | \$24,995 | | \$149,989 | |
|----------------------------|--------------------|------------------|--------------------|-----------------|--------------------|------------------|
| | 2014 Capital Lease | | 2015 Capital Lease | | 2015 Capital Lease | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2018 | \$ 63,756 | \$ 9,451 | \$ 4,948 | \$ 1,107 | \$ 26,964 | \$ 9,129 |
| 2019 | 65,242 | 7,966 | 5,474 | 581 | 29,716 | 6,377 |
| 2020 | 66,762 | 6,446 | - | - | 32,750 | 3,343 |
| 2021 | 68,318 | 4,890 | - | - | - | - |
| 2022 | 69,909 | 3,298 | - | - | - | - |
| 2023-2027 | 71,643 | 1,669 | - | - | - | - |
| 2028-2032 | - | - | - | - | - | - |
| 2033-2037 | - | - | - | - | - | - |
| Totals | <u>\$ 405,630</u> | <u>\$ 33,720</u> | <u>\$ 10,422</u> | <u>\$ 1,688</u> | <u>\$ 89,430</u> | <u>\$ 18,849</u> |

| Year Ending June 30, | 2016A General Obligation Bond Payable | | 2016B General Obligation Bond Payable | | 2017 General Obligation Bond Payable | |
|----------------------------|--|-------------------|--|------------------|---|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| | 2018 | \$ - | \$ 35,750 | \$ - | \$ 14,040 | \$ 500,000 |
| 2019 | 685,000 | 35,750 | 235,000 | 10,953 | 625,000 | 39,800 |
| 2020 | 900,000 | 25,955 | 240,000 | 7,865 | 120,000 | 27,363 |
| 2021 | 915,000 | 13,085 | 240,000 | 4,745 | 125,000 | 24,975 |
| 2022 | - | - | 245,000 | 1,593 | 1,055,000 | 22,487 |
| 2023-2027 | - | - | - | - | 75,000 | 1,493 |
| 2028-2032 | - | - | - | - | - | - |
| 2033-2037 | - | - | - | - | - | - |
| Totals | <u>\$ 2,500,000</u> | <u>\$ 110,540</u> | <u>\$ 960,000</u> | <u>\$ 39,196</u> | <u>\$ 2,500,000</u> | <u>\$ 150,667</u> |

| Year Ending June 30, | Totals | |
|----------------------------|---------------------|--------------------|
| | Principal | Interest |
| 2018 | \$ 1,987,235 | \$ 583,002 |
| 2019 | 4,297,535 | 508,824 |
| 2020 | 4,074,512 | 421,374 |
| 2021 | 4,118,318 | 344,313 |
| 2022 | 4,194,909 | 268,337 |
| 2023-2027 | 2,051,643 | 902,600 |
| 2028-2032 | 1,815,000 | 615,444 |
| 2033-2037 | <u>2,190,000</u> | <u>226,000</u> |
| Totals | <u>\$24,729,152</u> | <u>\$3,869,894</u> |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Notes Payable and Capital Leases (Continued)

The County leases certain property and equipment under capital leases. Assets recorded under capital leases are included in property and equipment and consist of the following at June 30, 2017:

| | <u>Cost</u> | <u>Accumulated Amortization</u> |
|--|--------------|-------------------------------------|
| Governmental Activities: | | |
| Motorola radio dispatch equipment | \$ 372,798 | \$(239,145) |
| Lando fire equipment | 525,000 | (161,276) |
| 2013 Dodge Journey | 30,477 | (12,291) |
| 2013 Chevrolet Tahoe and two 2015 Dodge Challengers | 148,967 | (37,995) |
| Total | \$ 1,077,242 | \$(450,707) |

Chester Facilities Corporation - 2012 Installment Purchase Revenue Bonds

In April 2012, the Chester Facilities Corporation (CFC) issued \$6,385,000 Installment Purchase Revenue Bonds (County Conference Center Project) Series 2012 pursuant to an Installment Purchase and Use Agreement ("Agreement") between the County and CFC. The bonds were offered at a discount of \$160,237. Approximately \$4,500,000 of the proceeds were used for the acquisition, construction, renovating, improving, and equipping of new and existing public facilities, in particular a new County Conference Center. The projects were located on real property currently leased by the County. The County transferred all rights under this lease and conveyed all existing improvements on the site to CFC. Approximately \$750,000 of the proceeds were used for certain ancillary projects, which are not subject to the base lease or the Agreement, primarily consisting of the renovating, improving, and equipping of existing public facilities: (a) County Courthouse in the approximate amount of \$400,000; (b) County Museum in the approximate amount of \$100,000; and (c) County E-911 facility in the approximate amount of \$250,000. The remaining proceeds were used to establish a debt reserve account and to pay professional fees related to bond issuance.

The Agreement obligates the County to make payments to CFC in amounts calculated to be sufficient to enable CFC to pay the principal and interest on the outstanding bonds. The County's obligations under the Agreement are from year to year only and do not constitute a mandatory payment obligation of the County in any fiscal year in which funds are not appropriated by the County to pay the installment payments. It is anticipated that the payments will be funded by the County with the future issuance of short-term general obligation bonds or restricted fee-in-lieu of revenue.

Neither the financing obligations of the County under the Agreement nor the bonds themselves are deemed to constitute, or create an indebtedness, liability or obligation of the County within the meaning of any State constitutional provision or statutory limitation or a pledge of the full faith and credit of the County.

For the payment of principal and interest on the bonds, CFC has assigned and granted a security interest in, among other things, all rights, title and interest in all installment payments and other amounts receivable under the Agreement with the County, and interest in and to the 2012 facilities to be acquired and improved. During the fiscal year ended June 30, 2013, under the terms of its lease, CFC acquired the Conference Center property using \$1,800,000 of proceeds earmarked for this purpose.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Chester Facilities Corporation - 2012 Installment Purchase Revenue Bonds (Continued)

The bonds are also secured by the 2012 reserve account of the bond fund held by the Trustee under the Trust Agreement in an amount equal to the 2012 reserve requirement of \$494,275. To provide additional security and sources of payment for the bonds, the County has entered into fee and fee-in-lieu of tax agreements.

Chester Facilities Corporation is a separate legal entity and its debts are not a debt of the County. However, as CFC is blended with the operations of the County, the debt of CFC is included with the County's other obligations as required by generally accepted accounting principles.

Debt Structure

Legal Debt Limit of the County

Section 14 of Article X of the State Constitution provides that subsequent to November 30, 1977, the counties of the State may issue bonded indebtedness in an amount not exceeding 8% of the assessed value of all taxable property without the necessity of conducting a referendum, and provides further that no bonded indebtedness incurred on or prior to November 30, 1977, and any refunding thereof, and no indebtedness approved in a referendum, or any refunding thereof, shall be charged against such 8% debt limitation.

The County's general obligation bond debt limitation as of June 30, 2017, is computed below:

| | |
|--|----------------------|
| Real and other personal property assessed value | \$ 75,260,973 |
| Plus vehicles assessed value | 11,430,858 |
| Plus manufacturers assessed value | 11,831,070 |
| Plus fee-in-lieu and joint industrial park value | 15,445,610 |
| Plus motor vehicle carriers assessed value | <u>920,288</u> |
| | 114,888,799 |
| | <u>x 8%</u> |
| Constitutional debt limit | 9,191,104 |
| Less outstanding debt subject to limit | (<u>8,242,529</u>) |
| General obligation debt available without referendum | <u>\$ 948,575</u> |

Outstanding General Obligation Indebtedness

The following table sets forth the legal debt margin of the County at the end of each of the past five fiscal years:

| <u>Year Ended June 30</u> | <u>General Obligation Indebtedness</u> |
|-------------------------------|--|
| 2013 | \$ 3,202,389 |
| 2014 | 1,276,561 |
| 2015 | 2,968,331 |
| 2016 | 4,057,905 |
| 2017 | 948,575 |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Debt Structure (Continued)

Overlapping Debt

The table below shows local subdivisions which overlap the County and which have outstanding debt as of June 30, 2017:

| | <u>Outstanding Debt as of June 30, 2017</u> | <u>Assessed Value as of June 30, 2017</u> |
|--------------------------------|---|---|
| <u>Municipalities</u> | | |
| Chester Fire District | \$ 710,827 | \$ 34,211,818 |
| Lando Rural Fire District | 378,584 | 7,687,277 |
| Richburg Fire District | 1,903,715 | 11,653,225 |
| <u>School District</u> | | |
| Chester County School District | \$ 9,702,865 | \$ 112,903,224 |

NOTE 10 - FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned and unassigned (see Note 1 for a description of each of these categories). As of June 30, 2017, the County had no nonspendable fund balance. A detailed schedule of fund balances at June 30, 2017 is as follows:

| | <u>General Fund</u> | <u>Special Revenue Fund C-Funds</u> | Debt Service | | Capital Projects Funds | | Other Governmental Funds | Total Governmental Funds |
|-------------------------------|-------------------------|---|---|--------------------------------------|---|--------------------------------------|--------------------------------|--------------------------------|
| | | | <u>Capital Projects Sales Tax</u> | <u>Fund Capital Projects</u> | <u>Capital Projects Sales Tax</u> | <u>Capital Projects 2017</u> | | |
| Fund Balances | | | | | | | | |
| Restricted for | | | | | | | | |
| C-Funds | \$ - | \$1,960,147 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,960,147 |
| Capital Projects Sales Tax | - | - | 2,306,828 | 4,872,834 | 2,300,000 | - | - | 9,479,662 |
| Solicitor | - | - | - | - | - | 213,613 | - | 213,613 |
| Sheriff Department IV-D | - | - | - | - | - | 3,705 | - | 3,705 |
| Family Court Unit CFDA IV-D | - | - | - | - | - | 324,813 | - | 324,813 |
| 6th Judicial Court | - | - | - | - | - | 18,237 | - | 18,237 |
| Forfeited Land Commission | - | - | - | - | - | 66,226 | - | 66,226 |
| Sheriff's Department | | | | | | | | |
| Donations | - | - | - | - | - | 2,128 | - | 2,128 |
| York Tech | - | - | - | - | - | 108,435 | - | 108,435 |
| Family Court | - | - | - | - | - | 9,529 | - | 9,529 |
| Animal Control Donations | - | - | - | - | - | 2,310 | - | 2,310 |
| DHEC Grant in Aid MFY | - | - | - | - | - | 111 | - | 111 |
| Hazmat - Local | - | - | - | - | - | 178,060 | - | 178,060 |
| Duke - Local | - | - | - | - | - | 22,554 | - | 22,544 |
| Victim Witness | - | - | - | - | - | 63,103 | - | 63,103 |
| A-Tax County Recreation Local | - | - | - | - | - | 277,906 | - | 277,906 |
| State A-Tax | - | - | - | - | - | 70,660 | - | 70,660 |
| Chester Fire District | - | - | - | - | - | 1,344,303 | - | 1,344,303 |
| Lando Fire District | - | - | - | - | - | 23,960 | - | 23,960 |
| Richburg Fire District | - | - | - | - | - | 114,072 | - | 114,072 |
| Lewis Fire District | - | - | - | - | - | 11,835 | - | 11,835 |
| Fort Lawn Fire District | - | - | - | - | - | 14,967 | - | 14,967 |
| DHEC SW Reduction/Recycling | - | - | - | - | - | 6,000 | - | 6,000 |
| GIS Data Conversion | - | - | - | - | - | 15,069 | - | 15,069 |

(Continued)

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 10 - FUND BALANCES (CONTINUED)

| | <u>General Fund</u> | <u>Special Revenue Fund C-Funds</u> | <u>Debt Service Fund Capital Projects Sales Tax</u> | <u>Capital Projects Funds Capital Projects Sales Tax</u> | <u>Capital Projects 2017</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---|---|--|--------------------------------------|---|---|
| Fund Balances (Continued) | | | | | | | |
| Restricted for (Continued) | | | | | | | |
| Sex Offender Registry | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,190 | \$ 9,190 |
| Veterans Affairs Aid to Counties | - | - | - | - | - | 5,016 | 5,016 |
| Animal Control-Lutz Grant | - | - | - | - | - | 19,246 | 19,426 |
| Sheriff's Equitable Sharing | - | - | - | - | - | 15,969 | 15,969 |
| Cops Hiring Grant | - | - | - | - | - | 604 | 604 |
| Chester County Debt Service | - | - | - | - | - | 892,196 | 892,196 |
| Chester Fire Bond | - | - | - | - | - | 144,705 | 144,705 |
| Lando Fire Debt Service | - | - | - | - | - | 21,406 | 21,406 |
| Richburg Fire Bond | - | - | - | - | - | 153,287 | 153,287 |
| Chester Facilities Corporation | - | - | - | - | - | 1,610,643 | 1,610,643 |
| EMS/Coroner Facility | - | - | - | - | - | 127,607 | 127,607 |
| Economic Development Grant | - | - | - | - | - | 33,425 | 33,425 |
| Economic Development Infrastructure | - | - | - | - | - | 16,483 | 16,483 |
| Vehicle Replacement | - | - | - | - | - | 103,967 | 103,967 |
| Meadowbrook Water Project | - | - | - | - | - | 2,500 | 2,500 |
| Eureka Performance Bond | - | - | - | - | - | 49,975 | 49,975 |
| Total restricted | <u>-</u> | <u>1,960,147</u> | <u>2,306,828</u> | <u>4,872,834</u> | <u>2,300,000</u> | <u>6,097,815</u> | <u>17,537,624</u> |
| Committed to | | | | | | | |
| Economic Development | 119,041 | - | - | - | - | - | 119,041 |
| Solid Waste Collection | - | - | - | - | - | 123,835 | 123,835 |
| Chester County Library | - | - | - | - | - | 316,005 | 316,005 |
| EMS Trauma Fund | - | - | - | - | - | 44 | 44 |
| EMA Donations | - | - | - | - | - | 56,463 | 56,463 |
| EMS Local Grants | - | - | - | - | - | 1,750 | 1,750 |
| EMS Training | - | - | - | - | - | 4,164 | 4,164 |
| Palmetto Pride Enforcement Grant | - | - | - | - | - | 150 | 150 |
| Coroner Fees | - | - | - | - | - | 3,235 | 3,235 |
| Emergency Training Center | - | - | - | - | - | 921 | 921 |
| Rossville Fire Department | - | - | - | - | - | 5,100 | 5,100 |
| Chester Detention Center | - | - | - | - | - | 964 | 964 |
| Courthouse Improvements | - | - | - | - | - | 5,875 | 5,875 |
| Total committed | <u>119,041</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>518,506</u> | <u>637,547</u> |
| Assigned | | | | | | | |
| Unassigned | <u>5,500,760</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(460,591)</u> | <u>5,040,169</u> |
| Total fund balances | <u>\$5,619,801</u> | <u>\$1,960,147</u> | <u>\$2,306,828</u> | <u>\$4,872,834</u> | <u>\$2,300,000</u> | <u>\$6,155,730</u> | <u>\$23,215,340</u> |

NOTE 11 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations (per EPA October 9, 1991 Rule, *Solid Waste Disposal Facility Criteria*) require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years (30) after closure. The liability is based on landfill capacity used to date. The County's MSW landfill is 100% full and no additional solid waste is being accepted. The County's C&D landfill was expanded and the original C&D landfill is full. The expanded portion of the C&D landfill has a remaining life of 8.1 years and is 31% full. The accompanying financial statements include a liability of \$1,173,026 for Landfill/Transfer Station postclosure care liability and C & D landfill closure and postclosure in the long-term debt of the landfill business-type enterprise fund, as required by generally accepted accounting principles.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 11 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

The County has met the requirements of a local government financial test that is one option under State and Federal laws and regulations that help determine if a unit is financially able to meet closure and postclosure care requirements.

Additions to landfill closure and postclosure care costs are reported net of maturities. Actual cost of landfill closure and postclosure care may be higher due to inflation, changes in technology, changes in regulations and other variables.

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2017</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|---|---------------------------------------|-------------------|---------------------|--|--|
| <i>Business-Type Activities:</i> | | | | | |
| Landfill closure and postclosure care costs | \$ <u>1,057,635</u> | \$ <u>171,503</u> | \$(<u>56,112</u>) | \$ <u>1,173,026</u> | \$ <u>56,550</u> |

NOTE 12 - 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; injuries to employees; and natural disasters. The County, along with other South Carolina counties, is insured under the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance fund. The County pays annual premiums to the Insurance Reserve Fund for its general insurance coverage. The Insurance Reserve Fund is self-sustaining through member premiums and purchases of commercial insurance coverage on a portion of its liabilities. The State accumulates assets to cover risks incurred by its members in their normal operations. Specifically, the State assumes substantially all of the risk of the above.

The County continues to carry insurance for other risks of loss including workers compensation and employee health, dental, group life and accident insurance under various plans. For its employees' health and accident insurance coverage, the County participates in Blue Choice with employee basic dental coverage being borne by the County and healthcare supplemental coverage. Employees can elect to have dependent coverage at their own expense.

Workers' compensation is covered by a self-insured pool for counties in South Carolina and administered by Administrator Companion Property and Casualty Insurance. For the current fiscal year, settlements did not exceed the County's insurance coverage nor were there significant reductions in insurance coverage from the prior year.

The County pays unemployment claims on a pay-as-you-go basis as claims are presented. Actual claims paid by the County for the most recent two fiscal years are as follows:

| <u>Fiscal Year</u> | <u>Claims Paid</u> |
|--------------------|--------------------|
| 2016 | 10,251 |
| 2017 | 12,170 |

NOTE 13 - EMPLOYEES' PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS

Substantially all County employees are members of the South Carolina Retirement System (SCRS) Class II and Class III or the Police Officers Retirement System (PORS) Class II and Class III. A Class II member is an employee member of the System with an effective date of membership prior to July 1, 2012. A Class III member is an employee member of the System with an effective date of membership on or after July 1, 2012. The SCRS was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - EMPLOYEES' PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. The PORS 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 of the state and its political subdivisions. These systems are cost-sharing, multiple-employer, defined benefit pension plans. The administration of the SCRS and PORS is vested in the South Carolina Public Employee Benefit Authority (PEBA).

A brief summary of benefit provisions, eligibility criteria and vesting is presented below:

Membership

- SCRS Generally all employees are required to participate in and contribute to the system as a condition of employment.
- PORS Generally all full-time employees whose principle duties are the preservation of public order, to 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, are required to participate in and contribute to the system as a condition of employment.

Pension Benefits

- SCRS A Class II 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 III 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 II and Class III 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.
- PORS A Class II 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 III 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 II and Class III 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 County and the employees are required to contribute to the retirement systems under authority of Title 9 of the SC Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 13 - EMPLOYEES' PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Pension Benefits (Continued)

equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and this increase is not limited to one-half of one percent per year. For the 2016-2017 year, the County contributed at a rate of 11.41% of earnable compensation, and the employees contributed at a rate of 8.66% of earnable compensation for those participating in the SCRS; for the PORS the County contributed at a rate of 13.84% of earnable compensation and the employees at a rate of 9.24%. The County pays 0.15% of earnable compensation under the SCRS and 0.20% of earnable compensation under PORS to provide group life insurance to retired members. The County also contributes 0.20% to an accidental death program under the PORS. Generally, all employees are required to participate and contribute unless they are part-time employees who have the option to participate if they choose to do so.

Total County and member contributions were as follows:

| <u>Year Ending June 30,</u> | <u>Employer</u> | | <u>Employee</u> | |
|-----------------------------|-----------------|-------------|-----------------|-------------|
| | <u>SCRS</u> | <u>PORS</u> | <u>SCRS</u> | <u>PORS</u> |
| 2017 | \$ 890,634 | \$ 532,607 | \$ 674,708 | \$ 354,985 |
| 2016 | 749,153 | 422,707 | 559,903 | 276,555 |
| 2015 | 716,235 | 419,405 | 531,771 | 270,439 |

The County's wage expense for the year 2016-2017 totaled \$11,654,049. Wages for employees participating in the SCRS were \$7,805,729, while wages for those participating in the PORS totaled \$3,848,320.

Both systems offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance and survivor benefits. Members' accounts for both systems are vested after five years of service payable in the form of annuities. Contribution rates are determined through actuarial calculations.

At June 30, 2017, the County reported a pension liability of \$14,880,040 and \$6,322,518 for SCRS and PORS, respectively, as governmental activities. The County also reported a net pension liability of \$144,376 for SCRS as business-type activities.

The measurement date of the collective net pension liability is June 30, 2016. The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2015. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2015 actuarial valuations, using membership data as of July 1, 2015, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2016, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by the consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. As of June 30, 2016, NPL amounts for SCRS and PORS are as follows:

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

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 13 - EMPLOYEES' PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision – typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

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

| Actuarial Cost Method | SCRS Entry Age | PORS Entry Age |
|----------------------------|-----------------------------------|-----------------------------------|
| Actuarial assumptions: | | |
| Investment rate of return | 7.5% | 7.5% |
| Projected salary increases | 3.5% to 12.5% (varies by service) | 4.0% to 10.0% (varies by service) |
| Includes inflation at | 2.75% | 2.75% |
| Benefit adjustments | Lesser of 1% or \$500 annually | Lesser of 1% or \$500 annually |

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

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

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market outlook at the end of the third quarter 2015. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation, which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 13 - EMPLOYEES' PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Methods (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the sensitivity of the net pension liability to changes in the discount rate.

| <u>System</u> | <u>Sensitivity of the Net Pension Liability to Changes in the Discount</u> | | |
|---------------|--|--|---|
| | <u>1.00% Decrease</u> <u>(6.50%)</u> | <u>Current Discount</u> <u>Rate (7.50%)</u> | <u>1.00% Increase</u> <u>(8.50%)</u> |
| SCRS | \$18,889,763 | \$15,142,427 | \$12,022,911 |
| PORS | \$ 8,286,069 | \$ 6,322,518 | \$ 4,557,707 |

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.peba.sc.gov, or a copy may be obtained by submitting a request to South Carolina Public Employee Benefit Authority, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 13 - EMPLOYEES' PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Information

The County's proportionate share of the collective net pension liability is \$15,142,427 and \$6,322,518 for SCRS and PORS, respectively. The County's proportion of the collective net pension liability is 0.070892% and 0.24926% for SCRS and PORS, respectively.

For the year ended June 30, 2017, the County recognized pension expense of \$2,031,154. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Governmental Activities: | | |
| Differences between expected and actual experience | \$ 247,719 | \$ 16,314 |
| Net difference between projected and actual earnings on pension plan investments | 1,966,555 | - |
| Changes in proportionate share of net pension liability, collective deferrals and differences in the proportionate share of employer contributions | 116,293 | 221,666 |
| County contributions subsequent to the measurement date | <u>1,437,158</u> | <u>-</u> |
| | <u>\$ 3,767,725</u> | <u>\$ 237,980</u> |
| Business-Type Activities: | | |
| Differences between expected and actual experience | \$ 1,745 | \$ 389 |
| Net difference between projected and actual earnings on pension plan investments | 14,165 | - |
| Changes in proportionate share of net pension liability, collective deferrals and differences in the proportionate share of employer contributions | 496 | 865 |
| County contributions subsequent to the measurement date | <u>7,180</u> | <u>-</u> |
| | <u>\$ 23,586</u> | <u>\$ 1,254</u> |

\$1,444,338 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|-----------------------------|------------------------------------|-------------------------------------|
| 2018 | \$ 510,936 | \$ 3,701 |
| 2019 | 425,455 | 3,081 |
| 2020 | 746,386 | 5,405 |
| 2021 | <u>409,810</u> | <u>2,965</u> |
| | <u>\$ 2,092,587</u> | <u>\$ 15,152</u> |

Other Postemployment Benefits (OPEB)

The Chester County Retiree Health Reimbursement Arrangement Plan (RHRA) is a single-employer healthcare plan administered by a third party administrator. The County's RHRA includes a defined benefit plan for all currently retired employees and a defined contribution plan for all currently active employees. The plans are maintained for the exclusive benefit of current and future retirees and are intended to constitute a medical

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 13 - EMPLOYEES' PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

reimbursement plan under Section 105(h) of the Code. The contribution requirements of plan members and the County are established and may be amended by the County Council. Although the County has established the plan with the bona fide intention and expectation that it will be permanent, the County is not and shall not be under any obligation or liability whatsoever to continue any allocation or to maintain the Plan for any given length of time. Administrative costs of the plan are financed by the County. The County may require participants to reimburse it in whole or in part for such expenses. A stand-alone financial report is not issued.

Defined Benefit Plan - Currently Retired Employees

The County's annual cost / (expense) for currently retired employees is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) of the plan over a period not to exceed thirty years using the level dollar method. As discussed below, this defined benefit plan includes only currently retired employees. Thus, the ARC is comprised entirely of the amortization of the unfunded actuarial liability for this plan. For fiscal year 2017, the County made no contributions to the plan.

Current Pre-65 Retirees Frozen Class

The County was contributing \$562 per month for employee only and \$1,130 for employee and spouse into a retirement benefit account for each retiree in this class. However, no County contributions were made for fiscal year 2017. These funds are to be used by the administrator to reimburse retirees for medical and dental benefits elected by the retirees. Once the premiums exceed the available funds in the account, the retiree is responsible for paying the difference. This is a frozen class of retirees; any current retiree or dependent at April 1, 2009 is eligible to be covered under the plan. No current employees when retiring will receive this benefit. As of June 30, 2017, there were three retirees in this group.

Current Post-65 Retirees Frozen Class

The County was contributing \$337 per month for employee only and \$674 for employee and spouse into a retirement benefit account for each retiree in this class. However, no County contributions were made for fiscal year 2017. These funds are to be used by the administrator to reimburse retirees for medical and dental benefits elected by the retirees. Once the premiums exceed the available funds in the account, the retiree is responsible for paying the difference. This is a frozen class of retirees; any current retiree or dependent at September 1, 2008 is eligible to be covered under the plan. No current employees when retiring will receive this benefit. Pre-65 retirees will move into this class when they reach age 65. As of June 30, 2017, there were forty-five retirees in this group.

The County's annual other postemployment benefit cost (expense) and net obligation for the current year were as follows:

| | |
|---|-------------------|
| Annual required contribution (ARC) | \$ 187,106 |
| Interest on net OPEB obligation | 16,696 |
| Adjustment to ARC | (47,950) |
| Annual OPEB cost (expense) | 155,852 |
| Contributions made | - |
| Increase in net OPEB obligation | 155,852 |
| Net obligation (asset), beginning of year | <u>371,030</u> |
| Net obligation (asset), end of year | <u>\$ 526,882</u> |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 13 - EMPLOYEES' PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits (Continued)

As of the July 1, 2017, actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability at June 30, 2017 was \$1,513,463.

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Asset (Obligation)</u> |
|--------------------------|-------------------------|---|------------------------------------|
| 6/30/17 | \$155,852 | 0% | \$(526,882) |
| 6/30/16 | 138,676 | 0% | (371,030) |
| 6/30/15 | 229,680 | 0% | (232,354) |
| 6/30/14 | 233,519 | 0% | (2,674) |
| 6/30/13 | 260,170 | 113% | 230,845 |
| 6/30/12 | 145,132 | 162% | 292,853 |
| 6/30/11 | 148,926 | 154% | 203,454 |

Schedule of Funding Progress for RHRA

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a / b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a) / c)</u> |
|---------------------------------|--------------------------------------|--|----------------------------------|-----------------------------|----------------------------|--|
| 7/1/16 | \$ 712,078 | \$ 1,992,122 | \$ 1,280,044 | 36% | \$ 2,654,404 | 48% |
| 7/1/14 | 930,642 | 2,662,238 | 1,731,596 | 35% | 3,298,747 | 52% |
| 7/1/12 | 1,128,715 | 2,950,975 | 1,822,260 | 38% | 3,958,860 | 46% |
| 7/1/10 | 139,567 | 2,052,155 | 1,912,588 | 7% | 4,575,700 | 42% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The measurement date is July 1, 2016. Retiree post-employment benefit expenses are determined under the Projected Unit Credit actuarial cost method. Under this method, benefits are projected for life and their present value is determined. The present value is then amortized from the hire date to the date of full eligibility. The investment return (discount rate) is four and one half percent. The remaining amortization period is ten years.

The valuation of the liabilities as of July 1, 2016 is based on a closed group. Current employees and retirees only are considered; no provision is made for future hires. Using the actuarial assumptions, the number of retired participants is projected each year in the future. Costs are projected for each future year at each age using the trend and aging assumptions. The projected costs are multiplied by the expected number of retirees in each future year to produce expected benefits payments. These payments are then

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - EMPLOYEES' PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

discounted using the discount rate to determine the present value of the projected liabilities. County contributions are assumed to remain constant in future years. The husband is assumed to be three years older than the wife. Mortality rates used are based on RP 2000 tables. Termination is based on SCRS valuations based on age, gender and years of service. Retirement rates are based on gender, age and years of service.

Defined Contribution Plan - Currently Active Employees

The County has elected to establish a retirement account on each active employee who had achieved at least two years of full-time service as of April 2009. Contributions to this account are based upon continuous, full years of service with a maximum of \$60,000. No other contributions will be provided by the County for any other employees. Employees will be able to access their RHRA funds upon retirement and having completed the County retirement eligibility requirements. The County was contributing \$41,666 monthly to fund these amounts. However, no County contributions were made for fiscal year 2017. As of June 30, 2017, there were seventy-six employees in this group.

NOTE 14 - DEFERRED COMPENSATION

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code §457. The plan, available to all full-time County employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of participating employees and are not accessible by the County or its creditors.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Leases

The County's lease agreements, other than such agreements described in Note 9, consist of relatively minor commitments (generally for office machines) and are cancelable within one year as required by State law.

Grants

The County participates in a number of Federal and state assisted grant programs. Funds received from Federal and state grant programs are often subject to expenditures for designated purposes only and are subject to audit by various Federal and state agencies. The County can be required to replace any funds not used for the purposes required by the grants.

Arbitrage

Chester County is required to comply with Internal Revenue Code §148 concerning the arbitrage rules governing the invested proceeds of general obligation bonds. If bond proceeds are invested in securities higher than the yield of the bond proceeds, the County is subject to arbitrage. Arbitrage regulations require calculations and payments be made every five years after the issue date to the Federal government. As of June 30, 2017 the bond yield is estimated to be higher than the yield on investment securities and, therefore, the County does not anticipate any arbitrage liability for this period.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 16 - DISCRETELY PRESENTED COMPONENT UNIT INFORMATION

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial reporting entity. The Chester County Airport Commission, Chester County Library, Chester Fire District, Lando Fire District, Richburg Fire District, Lewis Fire District and Fort Lawn Fire District are discretely presented on the financial statements and the following is the associated note disclosure.

Deposits

At June 30, 2017, deposits of the component units of Chester County had a carrying amount of \$1,162,892, which was covered in entirety by Federal depository insurance or collateralized.

Chester County Airport Commission

Cash and cash equivalents of the Chester County Airport Commission consist of petty cash and cash maintained with various financial institutions. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and within three months of maturity when purchased.

At June 30, 2017, the deposits of the Chester County Airport Commission had a carrying amount and bank balance of \$46,889 and \$54,621, respectively.

Chester County Library

Cash and cash equivalents of Chester County Library consist of demand deposits and cash on hand. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and within three months of maturity when purchased.

At June 30, 2017, the deposits of the Chester County Library had a carrying amount and bank balance of \$682,600 and \$691,374, respectively.

Chester Fire District

Cash and cash equivalents of the Chester Fire District consist of petty cash as well as cash maintained with various financial institutions. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and are within three months of maturity when purchased.

At June 30, 2017, the deposits of the Chester Fire District had a carrying amount and bank balance of \$167,015.

Lando Fire District

Cash and cash equivalents of the Lando Fire District consist of petty cash as well as cash maintained with various financial institutions. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and are within three months of maturity when purchased.

At June 30, 2017, the deposits of the Lando Fire District had a carrying amount and bank balance of \$92,674 and \$88,817, respectively.

Richburg Fire District

Cash and cash equivalents of the Richburg Fire District consist of petty cash as well as cash maintained with various financial institutions. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and are within three months of maturity when purchased.

At June 30, 2017, the deposits of the Richburg Fire District had a carrying amount and bank balance of \$138,027.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 16 - DISCRETELY PRESENTED COMPONENT UNIT INFORMATION (CONTINUED)

Deposits (Continued)

Lewis Fire District

Cash and cash equivalents of the Lewis Fire District consist of petty cash as well as cash maintained with various financial institutions. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and are within three months of maturity when purchased.

At June 30, 2017, the deposits of the Lewis Fire District had a carrying amount and bank balance of \$5,134 and \$10,395, respectively.

Fort Lawn Fire District

Cash and cash equivalents of the Fort Lawn Fire District consist of petty cash as well as cash maintained with various financial institutions. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and are within three months of maturity when purchased.

At June 30, 2017, the deposits of the Fort Lawn Fire District had a carrying amount and bank balance of \$30,553.

Capital Assets

Component unit capital asset activity for the year ended June 30, 2017 is as follows:

| | <u>Balance July 1, 2016</u> | <u>Additions</u> | <u>Dispositions</u> | <u>Balance June 30, 2017</u> |
|--|---------------------------------|-----------------------|---------------------|----------------------------------|
| <i>Chester County Airport Commission:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 29,376 | \$ - | \$ - | \$ 29,376 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 1,683,314 | - | - | 1,683,314 |
| Runway | 2,144,607 | - | - | 2,144,607 |
| Taxiway | 736,981 | - | - | 736,981 |
| Machinery and equipment | 128,031 | - | - | 128,031 |
| Apron improvements | 10,925 | 11,092 | - | 22,017 |
| | 4,703,858 | 11,092 | - | 4,714,950 |
| Less accumulated depreciation | (1,569,799) | (132,737) | - | (1,702,536) |
| | <u>3,134,059</u> | <u>(121,645)</u> | <u>-</u> | <u>3,012,414</u> |
| Total Chester County Airport Commission capital assets, net | <u>\$ 3,163,435</u> | <u>\$ (121,645)</u> | <u>\$ -</u> | <u>\$ 3,041,790</u> |
| <i>Chester County Library:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Art collection | \$ 20,132 | \$ - | \$ - | \$ 20,132 |
| Capital assets being depreciated: | | | | |
| Equipment, furniture and fixtures | 783,591 | - | (334,609) | 448,982 |
| Circulation collection | 1,602,582 | 39,551 | - | 1,642,133 |
| | 2,386,173 | 39,551 | (334,609) | 2,091,115 |
| Less accumulated depreciation | (2,071,340) | (74,424) | 334,609 | (1,811,155) |
| | <u>314,833</u> | <u>(34,873)</u> | <u>-</u> | <u>279,960</u> |
| Total Chester County Library capital assets, net | <u>\$ 334,965</u> | <u>\$ (34,873)</u> | <u>\$ -</u> | <u>\$ 300,092</u> |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 16 - DISCRETELY PRESENTED COMPONENT UNIT INFORMATION (CONTINUED)

Capital Assets (Continued)

| | <u>Balance July 1, 2016</u> | <u>Additions</u> | <u>Dispositions</u> | <u>Balance June 30, 2017</u> |
|---|---------------------------------|---------------------|---------------------|----------------------------------|
| <i>Chester Fire District:</i> | | | | |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 190,977 | \$ - | \$ - | \$ 190,977 |
| Fire equipment | <u>586,791</u> | <u>-</u> | <u>-</u> | <u>586,791</u> |
| | 777,768 | - | - | 777,768 |
| Less accumulated depreciation | <u>(380,157)</u> | <u>(40,495)</u> | <u>-</u> | <u>(420,652)</u> |
| Total Chester Fire District capital assets, net | <u>\$ 397,611</u> | <u>\$ (40,495)</u> | <u>\$ -</u> | <u>\$ 357,116</u> |
| <i>Lewis Fire District:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | <u>\$ -</u> | <u>\$ 66,084</u> | <u>\$ -</u> | <u>\$ 66,084</u> |
| | - | <u>66,084</u> | - | <u>66,084</u> |
| Capital assets being depreciated: | | | | |
| Equipment | - | 14,022 | - | 14,022 |
| Less accumulated depreciation | <u>-</u> | <u>(417)</u> | <u>-</u> | <u>(417)</u> |
| | - | <u>13,605</u> | - | <u>13,605</u> |
| Total Lewis Fire District capital assets, net | <u>\$ -</u> | <u>\$ 79,689</u> | <u>\$ -</u> | <u>\$ 79,689</u> |
| <i>Lando Fire District:</i> | | | | |
| Capital assets being depreciated: | | | | |
| Machinery and equipment | \$ 355,154 | \$ - | \$ - | \$ 355,154 |
| Less accumulated depreciation | <u>(236,543)</u> | <u>(32,939)</u> | <u>-</u> | <u>(269,482)</u> |
| Total Lando Fire District capital assets, net | <u>\$ 118,611</u> | <u>\$ (32,939)</u> | <u>\$ -</u> | <u>\$ 85,672</u> |
| <i>Richburg Fire District:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 200,004 | \$ - | \$ - | \$ 200,004 |
| Construction in progress | <u>227,872</u> | <u>225,231</u> | <u>-</u> | <u>453,103</u> |
| | <u>427,876</u> | <u>225,231</u> | <u>-</u> | <u>653,107</u> |
| Capital assets being depreciated: | | | | |
| Machinery and equipment | 35,232 | 67,219 | - | 102,451 |
| Buildings and improvements | 1,597,957 | - | - | 1,597,957 |
| Less accumulated depreciation | <u>(148,623)</u> | <u>(38,301)</u> | <u>-</u> | <u>(186,924)</u> |
| | <u>1,484,566</u> | <u>28,918</u> | <u>-</u> | <u>1,513,484</u> |
| Total Richburg Fire District capital assets, net | <u>\$ 1,912,442</u> | <u>\$ 254,149</u> | <u>\$ -</u> | <u>\$ 2,166,591</u> |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 16 - DISCRETELY PRESENTED COMPONENT UNIT INFORMATION (CONTINUED)

Long-Term Debt

Chester Fire District

Chester Fire District's long-term liability activity for the year was comprised of a \$535,000 general obligation bond for the purchase of a 2007 American LaFrance Eagle Ladder Truck. The bond is to be repaid in annual installments of \$79,298, including interest at 3.95%, through 2024. Activity for the fiscal year is as follows:

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2017</u> | <u>Due Within</u> <u>One Year</u> |
|--|---------------------------------------|------------------|---------------------|--|--------------------------------------|
| Chester Fire District general obligation bond | \$ <u>804,191</u> | \$ <u>-</u> | \$(<u>93,364</u>) | \$ <u>710,827</u> | \$ <u>95,665</u> |

Chester Fire District interest expense for the year related to long-term debt totaled \$19,136.

Annual debt service requirements to maturity for general obligation bonds are as follows:

| <u>Year Ending</u> <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|-------------------|------------------|-------------------|
| 2018 | \$ 95,665 | \$ 16,835 | \$ 112,500 |
| 2019 | 98,023 | 14,477 | 112,500 |
| 2020 | 100,408 | 12,092 | 112,500 |
| 2021 | 102,915 | 9,585 | 112,500 |
| 2022 | 105,452 | 7,048 | 112,500 |
| 2023-2025 | <u>208,364</u> | <u>6,238</u> | <u>214,602</u> |
| | \$ <u>710,827</u> | \$ <u>66,275</u> | \$ <u>777,102</u> |

Richburg Fire District

Richburg Fire District's long-term liability activity for the year was comprised of a \$1,899,350 note payable related to the purchase of a new fire station and a \$400,000 bond payable for construction of a new substation. Activity for the fiscal year is as follows:

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2017</u> | <u>Due Within</u> <u>One Year</u> |
|--|---------------------------------------|------------------|---------------------|--|--------------------------------------|
| Richburg Fire District note payable | \$ 1,812,257 | \$ - | \$(25,224) | \$ 1,787,033 | \$ 26,124 |
| Richburg Fire District bond payable | <u>400,000</u> | <u>-</u> | <u>-</u> | <u>400,000</u> | <u>400,000</u> |
| | \$ <u>2,212,257</u> | \$ <u>-</u> | \$(<u>25,224</u>) | \$ <u>2,187,033</u> | \$ <u>426,124</u> |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 16 - DISCRETELY PRESENTED COMPONENT UNIT INFORMATION (CONTINUED)

Long-Term Debt (Continued)

Richburg Fire District (continued)

Annual debt service requirements to maturity for the Richburg Fire District note payable are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------------|------------------------|---------------------|
| 2018 | \$ 26,124 | \$ 62,310 | \$ 88,434 |
| 2019 | 27,056 | 61,378 | 88,434 |
| 2020 | 28,021 | 60,413 | 88,434 |
| 2021 | 29,020 | 59,414 | 88,434 |
| 2022 | 30,056 | 58,378 | 88,434 |
| 2023-2027 | 167,145 | 275,023 | 442,168 |
| 2028-2032 | 199,161 | 243,007 | 442,168 |
| 2033-2037 | 237,310 | 204,859 | 442,169 |
| 2038-2042 | 282,766 | 159,403 | 442,169 |
| 2043-2047 | 336,928 | 105,240 | 442,168 |
| 2048-2052 | 401,466 | 40,703 | 442,169 |
| 2053-2054 | 21,980 | 129 | 22,109 |
| | <u>\$ 1,787,033</u> | <u>\$1,330,257</u> | <u>\$ 3,117,290</u> |

Annual debt service requirements to maturity for the Richburg Fire District bond payable are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------------|------------------------|---------------------|
| 2018 | \$ 400,000 | \$ 6,160 | \$ 406,160 |

Lewis Fire District

Lewis Fire District's long-term liability activity for the year was comprised of two notes payable related to the purchase of equipment. Activity for the fiscal year is as follows:

| | <u>Balance July 1, 2016</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2017</u> | <u>Due Within One Year</u> |
|-----------------------------------|--|-------------------------|---------------------------|---|---------------------------------------|
| Lewis Fire District notes payable | \$ 14,582 | \$ 35,000 | \$(6,611) | \$ 42,971 | \$ 8,324 |

Annual debt service requirements to maturity for the Lewis Fire District notes payable are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------------|------------------------|---------------------|
| 2018 | \$ 8,324 | \$ 1,763 | \$ 10,087 |
| 2019 | 8,667 | 1,420 | 10,087 |
| 2020 | 9,024 | 1,063 | 10,087 |
| 2021 | 9,396 | 691 | 10,087 |
| 2022 | 7,560 | 302 | 7,862 |
| | <u>\$ 42,971</u> | <u>\$ 5,239</u> | <u>\$ 48,210</u> |

Complete financial statements of the Chester County Library may be obtained at the Library's administrative office at 100 Center Street, Chester, South Carolina 29706 and of the Chester Fire District from the City of Chester, 100 West End Street, Chester, South Carolina 29706.

NOTE 17 - TAX ABATEMENT PROGRAMS

The County has two tax abatement programs pursuant to which the County reduces certain taxpayers' property tax liability.

Fee-in-Lieu of Ad Valorem Property Tax Program

One of the County's tax abatement programs is the "Fee-in-Lieu of Ad Valorem Property Tax" ("FILOT") program. The FILOT program may take three forms: a "Little Fee" as authorized by Chapter 4, Title 12 of the Code of Laws of South Carolina, 1976, as amended; a "Simplified Fee" as authorized by Chapter 44, Title 12 of the Code of Laws of South Carolina, 1976, as amended; or a "Big Fee" as authorized by Section 4-29-67 of the Code of Laws of South Carolina, 1976, as amended. The purpose of the FILOT program is to reduce the disparately higher property tax rates applied to manufacturing and certain commercial properties in South Carolina, which have previously impeded new and expanding business from locating in South Carolina.

A taxpayer is eligible to receive a property tax reduction under the FILOT program if the taxpayer agrees to make a minimum investment in a project located in the County within a 5-year period. The minimum investment a taxpayer must make to be eligible for the FILOT program is based on the form of the FILOT program chosen by the County and the taxpayer. Under the Little Fee and the Simplified Fee forms of the FILOT program, taxpayers must make a minimum investment of \$2,500,000. Under the Big Fee form of the FILOT program, taxpayers must make a minimum investment of \$45,000,000. Additionally, before a taxpayer's project is eligible for benefits under the FILOT program, the County Council, the governing body of the County, must find that (i) the project is anticipated to benefit the general public welfare by providing services, employment, recreation, or other public benefits not otherwise adequately provided locally; (ii) the project gives rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iii) the purposes to be accomplished by the project are proper governmental and public purposes; and (iv) the benefits of the project are greater than the costs.

Property taxes are abated under the FILOT program through an agreement, executed by the County and the taxpayer, pursuant to which a fee-in-lieu of ad valorem property tax payment for the economic development property associated with the project is calculated using (i) a reduced assessment ratio, which may be reduced from 10.5% to a floor of 6% (or 4% in the case of certain enhanced investments as defined by state law), and (ii) a locked millage rate (or a millage rate that is allowed to increase or decrease every fifth year), for a term of not more than 30 years (or 40 years in the case of certain enhanced investments as defined by state law). The FILOT program also permits certain qualifying taxpayers and the County to negotiate for equalized fee-in-lieu of ad valorem property tax payments over the term of the agreement.

If the taxpayer does not make the minimum investment in a project within the 5-year period as described above, then the agreement is automatically terminated and the taxpayer is no longer entitled to any benefit under the FILOT program. On termination of an agreement, the taxpayer is obligated to pay to the County the difference between (i) the total amount of ad valorem property taxes that would have been paid by the taxpayer had the economic development property not been subject to the agreement, taking into account exemptions from property taxes that would have been available to the taxpayer, and (ii) the total amount of fee-in-lieu of ad valorem property tax payment made by the taxpayer with respect to the economic development property.

In addition to the minimum eligibility requirements to receive a property tax reduction under the FILOT program as described above, the taxpayer and the County may also negotiate certain other commitments by the taxpayer. For example, the taxpayer may make certain commitments to (i) invest certain amounts in taxable real and personal property at a project in an amount greater than minimum investment, and (ii) create a certain number of new, full-time jobs at a project.

For tax year 2016, County property taxes abated resulting from active FILOT agreements to which it is a party, totaled \$939,778. In lieu of standard ad valorem taxes, the County received \$1,206,740 in negotiated FILOT payments from these taxpayers in tax year 2016.

NOTE 17 - TAX ABATEMENT PROGRAMS (CONTINUED)

Special Source Revenue Credit Program

The County also abates property taxes through the "Special Source Revenue Credit" ("SSRC") program. The SSRC program is authorized by South Carolina state law, specifically, Section 4-1-175 of the Code of Laws of South Carolina 1976, as amended. The purpose of the SSRC program is to enhance the economic development of the County.

A taxpayer is eligible to receive an SSRC, thereby reducing its property taxes, if (i) the taxpayer's property is located in a multicounty industrial or business park, and (ii) the taxpayer uses the SSRC to pay the cost of designing, acquiring, constructing, improving, or expanding (a) infrastructure serving the County or the taxpayer's property, or (b) improved or unimproved real estate and personal property, including machinery and equipment used in the operation of a manufacturing or commercial enterprise.

Property taxes are abated under the SSRC program through the County providing a credit (in the form of a percentage or certain dollar amount) against a taxpayer's property tax liability. Although not required by state law, often, the County and the taxpayer enter into an agreement pursuant to which the County agrees to provide an SSRC against a taxpayer's property tax liability for a period of years, and the taxpayer commits to (i) invest certain amounts in taxable real and personal property at a project, or (ii) create a certain number of new, full-time jobs at a project. In the instances where the County has entered into an agreement to effect the SSRC program, if the taxpayer does not meet the commitments as set forth in the agreement, the County frequently reserves the right to require the taxpayer to repay to the County, either all or some other portion, as determined by formula, the credit received by the taxpayer.

The County may use the SSRC program in connection with the FILOT program. Following the calculation of a taxpayer's fee-in-lieu of ad valorem payment under the FILOT program, the County may also apply a credit to further abate the taxpayer's property tax liability. To receive property tax abatements under the SSRC program and the FILOT program, the taxpayer must meet the eligibility criteria for both programs.

For tax year 2016, County property taxes abated resulting from SSRC agreements to which it is a party, totaled \$368,962 - including taxes abated via stand-alone SSRC agreements and those in connection with active FILOT agreements. Through fees-in-lieu of standard ad valorem taxes from taxpayers subject to stand-alone SSRC agreements, the County received \$45,431 in tax year 2016.

Multicounty Industrial or Business Park

The County uses multicounty industrial or business parks in connection with the SSRC program and the FILOT program. Specifically, as noted above, to receive a property tax abatement under the SSRC program, a taxpayer's property must be located in a multicounty industrial or business park. Additionally, the County may locate a taxpayer's property in a multicounty industrial or business park at the request of the taxpayer so the taxpayer may secure enhanced credits from certain State taxes. To locate a taxpayer's property in a multicounty industrial or business park, the County must develop, with one or more contiguous counties, a multicounty industrial or business park by entering into an agreement with the contiguous counties which sets forth how the counties will share the expenses and revenues from the multicounty industrial or business park. The agreement must further specify how the revenues from the multicounty industrial or business park will be distributed to each taxing entity in the participating counties.

For tax year 2016, of the total payments made by taxpayers who were subject to the County's multicounty industrial park agreements, \$7,968 would have been received by the County but for the taxpayers' location within its multicounty industrial park. For tax year 2016, fees-in-lieu of standard ad valorem taxes received by the County from taxpayers within its multicounty industrial park totaled \$913,016.

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 17 - TAX ABATEMENT PROGRAMS (CONTINUED)

Nonfinancial Commitments

The County also made certain commitments other than to reduce property taxes as a part of an agreement the County entered into under the above-referenced tax abatement programs. In consideration of the commitments a taxpayer made to the County in the tax abatement agreement, the County committed to limit certain permit fees that would be payable in connection with the construction of a new building by or on behalf of the taxpayer. The foregoing constitutes the County's only nonfinancial commitment during the fiscal year ending June 30, 2016.

2016 Tax Abatement Summary

VIA ACTIVE FILOT AGREEMENTS

| <u>Tax Entity (Effected Entities)</u> | <u>Taxes Abated</u> | <u>Taxes Received</u> |
|---|----------------------------|------------------------------|
| School District Operations and Bonds (Millage = 0.2468) | \$ 2,474,691 | \$ 1,398,543 |
| County Operating and Bonds (Millage = 0.1528) | 939,778 | 1,206,740 |
| Millage Fund/Solid Waste (Millage = 0.0069) | 69,187 | 33,541 |
| Library (Millage = 0.0066) | 66,179 | 32,083 |
| York Tech Chester Campus (Millage = 0.0023) | 23,062 | 11,180 |
| Chester Fire Operations and Bonds (Millage = 0.0473) | 152,539 | 124,372 |
| Lando Fire Operations and Bonds (Millage = 0.0123) | 12,520 | 2,617 |
| Richburg Fire Operations and Bonds (Millage = 0.0154) | <u>84,518</u> | <u>27,460</u> |
| Total Via Active FILOT Agreements | <u>\$ 3,822,474</u> | <u>\$ 2,836,536</u> |

VIA SSRC'S

Through FILOT Agreements:

| <u>Tax Entity (Effected Entities)</u> | <u>Taxes Abated</u> | <u>Taxes Received</u> |
|---|----------------------------|------------------------------|
| School District Operations and Bonds (Millage = 0.2468) | \$ 1,649,534 | \$ N/A |
| County Operating and Bonds (Millage = 0.1528) | 26,842 | N/A |
| Millage Fund/Solid Waste (Millage = 0.0069) | 46,117 | N/A |
| Library (Millage = 0.0066) | 44,112 | N/A |
| York Tech Chester Campus (Millage = 0.0023) | 15,372 | N/A |
| Chester Fire Operations and Bonds (Millage = 0.0473) | 22,676 | N/A |
| Lando Fire Operations and Bonds (Millage = 0.0123) | 14,010 | N/A |
| Richburg Fire Operations and Bonds (Millage = 0.0154) | <u>78,005</u> | <u>N/A</u> |
| Total Through FILOT Agreements | <u>1,896,669</u> | <u>N/A</u> |

(Continued)

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 17 - TAX ABATEMENT PROGRAMS (CONTINUED)

2016 Tax Abatement Summary (Continued)

VIA SSRC'S

Through "Stand-Alone" SSRC Agreements

| <u>Tax Entity (Effected Entities)</u> | <u>Taxes Abated</u> | <u>Taxes Received</u> |
|---|----------------------------|------------------------------|
| School District Operations and Bonds (Millage = 0.2468) | \$ 605,234 | \$ 87,116 |
| County Operating and Bonds (Millage = 0.1528) | 342,120 | 45,431 |
| Town of Great Falls (Millage = 0.121) | 10,988 | 6,022 |
| Millage Fund/Solid Waste (Millage = 0.0069) | 16,294 | 2,096 |
| Library (Millage = 0.0066) | 16,185 | 2,330 |
| York Tech Chester Campus (Millage = 0.0023) | 5,640 | 812 |
| Chester Fire Operations and Bonds (Millage = 0.0473) | - | - |
| Lando Fire Operations and Bonds (Millage = 0.0123) | 912 | - |
| Richburg Fire Operations and Bonds (Millage = 0.0154) | <u>-</u> | <u>-</u> |
| Total Through "Stand-Alone" SSCR Agreements | <u>997,373</u> | <u>143,807</u> |
| Total Taxes Abated/Received Through SSRC's | <u>2,894,042</u> | <u>143,807</u> |

VIA MCIP AGREEMENTS

Through FILOT Agreements:

| <u>Tax Entity (Effected Entities)</u> | <u>Taxes Abated</u> | <u>Taxes Received</u> |
|---|----------------------------|------------------------------|
| School District Operations and Bonds (Millage = 0.2468) | \$ 824,822 | \$ N/A |
| County Operating and Bonds (Millage = 0.1528) | 6,798 | 910,248 |
| Millage Fund/Solid Waste (Millage = 0.0069) | 23,060 | N/A |
| Library (Millage = 0.0066) | 22,058 | N/A |
| York Tech Chester Campus (Millage = 0.0023) | 7,687 | N/A |
| Chester Fire Operations and Bonds (Millage = 0.0473) | 21,083 | N/A |
| Lando Fire Operations and Bonds (Millage = 0.0123) | 20,748 | N/A |
| Richburg Fire Operations and Bonds (Millage = 0.0154) | <u>18,627</u> | <u>N/A</u> |
| Total Through FILOT Agreements | <u>944,883</u> | <u>910,248</u> |

CHESTER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 17 - TAX ABATEMENT PROGRAMS (CONTINUED)

2016 Tax Abatement Summary (Continued)

VIA MCIP AGREEMENTS

Through "Stand-Alone" SSRC Agreements

| <u>Tax Entity (Effected Entities)</u> | <u>Taxes Abated</u> | <u>Taxes Received</u> |
|---|----------------------------|------------------------------|
| School District Operations and Bonds (Millage = 0.2468) | \$ 1,990 | \$ N/A |
| County Operating and Bonds (Millage = 0.1528) | 1,170 | 2,768 |
| Town of Great Falls (Millage = 0.121) | 41 | N/A |
| Millage Fund/Solid Waste (Millage = 0.0069) | 53 | N/A |
| Library (Millage = 0.0066) | 53 | N/A |
| York Tech Chester Campus (Millage = 0.0023) | 19 | N/A |
| Chester Fire Operations and Bonds (Millage = 0.0473) | - | N/A |
| Lando Fire Operations and Bonds (Millage = 0.0123) | 80 | N/A |
| Richburg Fire Operations and Bonds (Millage = 0.0154) | <u>-</u> | <u>N/A</u> |
| Total Through "Stand-Alone" SSCR Agreements | <u>3,406</u> | <u>2,768</u> |
| Total Taxes Abated/Received Through MCIP Agreements | <u>948,289</u> | <u>913,016</u> |
| Total Taxes Abated/Received | <u>\$ 7,664,805</u> | <u>\$ 3,893,359</u> |

Note: Taxes received includes fees-in-lieu of taxes, negotiated fees-in-lieu of taxes, and other revenues resulting from incentive agreements, but does not include penalties.

NOTE 18 - ECONOMIC DEPENDENCY

The County has significant economic dependence on three major taxpayers. These taxpayers accounted for 36 percent of taxes received by Chester County.

NOTE 19 - PRIOR PERIOD ADJUSTMENT-RICHBURG FIRE DISTRICT

During the year Richburg Fire District recorded a prior period adjustment. The adjustment was made to properly record the basis of certain long-lived assets and the District's available cash on hand. The result of this change increased the District's total assets and its net position by \$13,579.

NOTE 20 - SUBSEQUENT EVENTS

These financial statements considered subsequent events through March 16, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CHESTER COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - REVENUES
 For the Year Ended June 30, 2017

| | Budget | | Actual | Variance |
|--|-------------------|-------------------|-------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| TAXES | | | | |
| Current property taxes | \$ 10,987,741 | \$ 10,987,741 | \$ 11,718,638 | \$ 730,897 |
| Delinquent taxes | 550,000 | 550,000 | 619,759 | 69,759 |
| Total taxes | <u>11,537,741</u> | <u>11,537,741</u> | <u>12,338,397</u> | <u>800,656</u> |
| LICENSES, FEES, FINES AND PERMITS | | | | |
| Road maintenance fees | - | - | 15 | 15 |
| Clerk of court fines and fees | 120,000 | 120,000 | 176,311 | 56,311 |
| Family court fines and fees | 117,000 | 117,000 | 135,554 | 18,554 |
| Tax assessor fees | - | - | 38 | 38 |
| Credit card fees | - | - | 4 | 4 |
| Tax collector fees | 100,000 | 100,000 | 92,353 | (7,647) |
| Probate judge - license | 45,000 | 45,000 | 50,765 | 5,765 |
| Zoning fees | 14,000 | 14,000 | 16,652 | 2,652 |
| Magistrate's fines and fees | 401,000 | 401,000 | 354,467 | (46,533) |
| Planning permits | 200,000 | 200,000 | 177,079 | (22,921) |
| Emergency medical services | 1,300,000 | 1,300,000 | 1,395,872 | 95,872 |
| Total licenses, fees, fines and permits | <u>2,297,000</u> | <u>2,297,000</u> | <u>2,399,110</u> | <u>102,110</u> |
| INTERGOVERNMENTAL | | | | |
| State shared revenues: | | | | |
| Local option sales tax | 2,300,000 | 2,300,000 | 2,415,288 | 115,288 |
| Local government revenue | 1,302,462 | 1,302,462 | 1,285,635 | (16,827) |
| Merchant's inventory tax | 90,024 | 90,024 | 90,024 | - |
| Veterans affairs | - | - | - | - |
| National forest fund | 54,000 | 54,000 | (12,905) | (66,905) |
| State salary supplement | 6,300 | 6,300 | 6,300 | - |
| DHEC vital records/FFP grant | 28,700 | 28,700 | 36,299 | 7,599 |
| Accommodations tax | 30,000 | 30,000 | 32,257 | 2,257 |
| Registration/Elections | - | - | - | - |
| Sheriff local revenue | 72,915 | 72,915 | 66,863 | (6,052) |
| Total intergovernmental | <u>3,884,401</u> | <u>3,884,401</u> | <u>3,919,761</u> | <u>35,360</u> |

CHESTER COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - REVENUES
 For the Year Ended June 30, 2017

SCHEDULE A-1
 Continued

| | Budget | | Actual | Variance Favorable (Unfavorable) |
|------------------------------------|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| INCOME (LOSS) ON INVESTMENTS | \$ 25,000 | \$ 25,000 | \$ 41,888 | \$ 16,888 |
| Total income (loss) on investments | <u>25,000</u> | <u>25,000</u> | <u>41,888</u> | <u>16,888</u> |
| OTHER INCOME | | | | |
| Franchise fees | 24,000 | 24,000 | 21,535 | (2,465) |
| Sale of county property | - | - | 65,436 | 65,436 |
| Rentals | 25,000 | 25,000 | 34,125 | 9,125 |
| Miscellaneous | 55,000 | 55,000 | 41,444 | (13,556) |
| Vehicle decal fee | <u>24,544</u> | <u>24,544</u> | <u>27,355</u> | <u>2,811</u> |
| Total other income | <u>128,544</u> | <u>128,544</u> | <u>189,895</u> | <u>61,351</u> |
| Total revenue | <u>\$ 17,872,686</u> | <u>\$ 17,872,686</u> | <u>\$ 18,889,051</u> | <u>\$ 1,016,365</u> |

CHESTER COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - EXPENDITURES
 For the Year Ended June 30, 2017

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|-----------------|--------------|---------------|--|
| | <u>Original</u> | <u>Final</u> | | <u>Favorable</u> <u>(Unfavorable)</u> |
| GENERAL GOVERNMENT | | | | |
| County council | \$ 136,227 | \$ 136,227 | \$ 122,335 | \$ 13,892 |
| County supervisor | 141,522 | 141,522 | 153,714 | (12,192) |
| Finance | 204,833 | 204,833 | 214,980 | (10,147) |
| Human resources | 135,515 | 135,515 | 148,639 | (13,124) |
| Purchasing department | 86,336 | 86,336 | 85,398 | 938 |
| County treasurer | 228,945 | 228,945 | 232,857 | (3,912) |
| Tax collector | 141,642 | 141,642 | 136,841 | 4,801 |
| Auditor | 121,832 | 121,832 | 119,780 | 2,052 |
| Tax assessor | 291,493 | 291,493 | 262,574 | 28,919 |
| Planning/Zoning | 271,189 | 271,189 | 267,148 | 4,041 |
| Economic development | 317,169 | 317,169 | 296,459 | 20,710 |
| Coroner | 142,542 | 142,542 | 128,012 | 14,530 |
| Registration and election | 155,109 | 155,109 | 171,061 | (15,952) |
| County garage | 226,195 | 226,195 | 219,348 | 6,847 |
| Building maintenance | 805,348 | 805,348 | 836,511 | (31,163) |
| Airport | 20,000 | 20,000 | 20,000 | - |
| Network computer systems | 305,498 | 305,498 | 337,421 | (31,923) |
| Utilities | 650,000 | 650,000 | 706,446 | (56,446) |
| Postage | 60,000 | 60,000 | 49,795 | 10,205 |
| Property and liability insurance | 406,920 | 406,920 | 428,674 | (21,754) |
| Bond insurance | 3,000 | 3,000 | - | 3,000 |
| Workers compensation insurance | 275,354 | 275,354 | 263,285 | 12,069 |
| Unemployment benefits | 30,000 | 30,000 | 2,016 | 27,984 |
| Employee health insurance | 1,292,964 | 1,292,964 | 1,406,471 | (113,507) |
| Audit expense | 56,000 | 56,000 | 51,000 | 5,000 |
| Catawba Regional Planning Council | 39,769 | 39,769 | 39,769 | - |
| S.C. Association of Counties | 8,898 | 8,898 | 8,897 | 1 |
| Grant matching funds | 60,000 | 60,000 | 11,155 | 48,845 |
| Contingency | 86,000 | 86,000 | 88,794 | (2,794) |
| Copier lease and maintenance | 120,000 | 120,000 | 286,411 | (166,411) |
| Abatement | 35,829 | 35,829 | 36,073 | (244) |
| GIS system | 50,030 | 50,030 | 48,813 | 1,217 |
| QSI | 157,402 | 157,402 | 192,136 | (34,734) |
| Medical services | 243,626 | 243,626 | 233,959 | 9,667 |
| County attorney | 92,795 | 92,795 | 57,126 | 35,669 |
| Clerk of court | 381,984 | 381,984 | 364,962 | 17,022 |

CHESTER COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - EXPENDITURES

For the Year Ended June 30, 2017

| | Budget | | Actual | Variance |
|--|------------------|------------------|------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| GENERAL GOVERNMENT (CONTINUED) | | | | |
| Family court | \$ 184,923 | \$ 184,923 | \$ 130,230 | \$ 54,693 |
| Probate judge | 244,680 | 244,680 | 248,546 | (3,866) |
| Chester magistrate | 340,276 | 340,276 | 464,761 | (124,485) |
| Rossville magistrate | 81,787 | 81,787 | 8,306 | 73,481 |
| Family court judge | 1,300 | 1,300 | 860 | 440 |
| Public defender | 105,980 | 105,980 | 105,980 | - |
| Judge Short Court of Appellate | 5,000 | 5,000 | 4,317 | 683 |
| Total general government | <u>8,745,912</u> | <u>8,745,912</u> | <u>8,991,860</u> | <u>(245,948)</u> |
| PUBLIC SAFETY | | | | |
| Sheriff's Department | 2,899,163 | 2,899,163 | 3,081,737 | (182,574) |
| Detention center | 1,875,560 | 1,875,560 | 1,851,080 | 24,480 |
| EMS | 1,992,657 | 1,992,657 | 2,223,003 | (230,346) |
| Fire coordinator | 98,610 | 98,610 | 85,461 | 13,149 |
| Rural fire departments | 415,570 | 415,570 | 399,912 | 15,658 |
| Emergency management | 113,812 | 113,812 | 117,028 | (3,216) |
| E911 | 679,957 | 679,957 | 653,227 | 26,730 |
| Animal control | 191,239 | 191,239 | 161,011 | 30,228 |
| Chester County Rescue Squad | 12,000 | 12,000 | 12,000 | - |
| Great Falls Rescue Squad | 12,000 | 12,000 | 12,000 | - |
| Total public safety | <u>8,290,568</u> | <u>8,290,568</u> | <u>8,596,459</u> | <u>(305,891)</u> |
| HIGHWAYS AND STREETS | | | | |
| Road department | 382,458 | 382,458 | 311,010 | 71,448 |
| Litter control | 76,186 | 76,186 | 68,513 | 7,673 |
| Total highways and streets | <u>458,644</u> | <u>458,644</u> | <u>379,523</u> | <u>79,121</u> |
| WELFARE | | | | |
| Veterans Affairs | 109,980 | 109,980 | 107,703 | 2,277 |
| Department of Social Services | 36,000 | 36,000 | 59,888 | (23,888) |
| DHEC | 38,300 | 38,300 | 39,284 | (984) |
| Senior Services, Inc. | 16,200 | 16,200 | 16,200 | - |
| Chester/Lancaster Disabilities | 4,050 | 4,050 | 4,050 | - |
| Soil and Water Conservation | 11,000 | 11,000 | 11,000 | - |
| Palmetto Citizens Against Sexual Assault | 5,000 | 5,000 | 5,000 | - |
| Indigent patients | 44,852 | 44,852 | 44,852 | - |
| Keystone | 5,000 | 5,000 | 5,000 | - |
| Catawba Community Mental Health Center | 3,000 | 3,000 | 3,000 | - |
| Total welfare | <u>273,382</u> | <u>273,382</u> | <u>295,977</u> | <u>(22,595)</u> |

CHESTER COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - EXPENDITURES
 For the Year Ended June 30, 2017

SCHEDULE A-2
 Continued

| | Budget | | Actual | Variance |
|--|------------|------------|--------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| CULTURAL AND RECREATIONAL | | | | |
| Recreation | \$ 60,000 | \$ 60,000 | \$ 55,450 | \$ 4,550 |
| Fort Lawn Community Center | 4,050 | 4,050 | 4,050 | - |
| Great Falls Hometown Association | 12,000 | 12,000 | 12,000 | - |
| Summer Feeding Program | 10,000 | 10,000 | 10,000 | - |
| Clemson Extension | 12,150 | 12,150 | 12,150 | - |
| Total cultural and recreational | 98,200 | 98,200 | 93,650 | 4,550 |
| CAPITAL OUTLAY | - | - | 101,774 | (101,774) |
| DEBT SERVICE | | | | |
| Principal retirements | - | - | 55,045 | (55,045) |
| Interest and fiscal charges | - | - | 6,197 | (6,197) |
| | - | - | 61,242 | (61,242) |
| Total expenditures | 17,866,706 | 17,866,706 | 18,520,485 | (653,779) |
| Excess (deficiency) of revenues over expenditures | 5,980 | 5,980 | 368,566 | 362,586 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 100,000 | 100,000 | 73,205 | (26,795) |
| Operating transfers out | (105,980) | (105,980) | (155,980) | (50,000) |
| Total other financing sources (uses) | (5,980) | (5,980) | (82,775) | \$ (76,795) |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | \$ - | \$ - | 285,791 | |
| FUND BALANCE, BEGINNING OF YEAR | | | 5,334,010 | |
| FUND BALANCE, END OF YEAR | | | \$ 5,619,801 | |

CHESTER COUNTY, SOUTH CAROLINA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
For the Year Ended June 30, 2017

| | <u>June 30, 2014</u> | <u>June 30, 2015</u> | <u>June 30, 2016</u> | <u>June 30, 2017</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| County's proportion of the collective net pension liability | 0.0707% | 0.0707% | 0.0711% | 0.0709% |
| County's proportionate share of the collective net pension liability | \$ 12,676,036 | \$ 12,167,375 | \$ 13,493,182 | \$ 15,142,427 |
| County's covered-employee payroll, prior fiscal year | \$ 6,190,489 | \$ 6,406,651 | \$ 6,662,648 | \$ 6,866,666 |
| County's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll | 204.7663% | 189.9179% | 202.5198% | 220.5208% |
| Plan fiduciary net position as a percentage of the total pension liability | 56.3882% | 59.9194% | 56.9917% | 52.9064% |

CHESTER COUNTY, SOUTH CAROLINA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM (PORS)
 For the Year Ended June 30, 2017

| | <u>June 30, 2014</u> | <u>June 30, 2015</u> | <u>June 30, 2016</u> | <u>June 30, 2017</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| County's proportion of the collective net pension liability | 0.2545% | 0.2545% | 0.2605% | 0.2493% |
| County's proportionate share of the collective net pension liability | \$ 5,274,969 | \$ 4,871,529 | \$ 5,678,024 | \$ 6,322,518 |
| County's covered-employee payroll, prior fiscal year | \$ 2,962,552 | \$ 3,069,928 | \$ 3,223,711 | \$ 3,168,717 |
| County's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll | 178.0549% | 158.6854% | 176.1332% | 199.5293% |
| Plan fiduciary net position as a percentage of the total pension liability | 62.9788% | 67.5495% | 64.5686% | 60.4449% |

CHESTER COUNTY, SOUTH CAROLINA
SCHEDULE OF COUNTY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
 For the Year Ended June 30, 2017

| | <u>June 30, 2013</u> | <u>June 30, 2014</u> | <u>June 30, 2015</u> | <u>June 30, 2016</u> | <u>June 30, 2017</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Contractually required contribution | \$ 656,192 | \$ 679,105 | \$ 726,229 | \$ 759,453 | \$ 902,342 |
| Contributions in relation to the contractually required contribution | <u>(656,192)</u> | <u>(679,105)</u> | <u>(726,229)</u> | <u>(759,453)</u> | <u>(902,342)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered-employee payroll | \$ 6,190,489 | \$ 6,406,651 | \$ 6,662,648 | \$ 6,866,666 | \$ 7,805,729 |
| Contributions as a percentage of covered-employee payroll | 10.60% | 10.60% | 10.90% | 11.06% | 11.56% |

CHESTER COUNTY, SOUTH CAROLINA
SCHEDULE OF COUNTY'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM (PORS)
 For the Year Ended June 30, 2017

| | <u>June 30, 2013</u> | <u>June 30, 2014</u> | <u>June 30, 2015</u> | <u>June 30, 2016</u> | <u>June 30, 2017</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Contractually required contribution | \$ 358,469 | \$ 394,179 | \$ 432,300 | \$ 435,382 | \$ 548,001 |
| Contributions in relation to the contractually required contribution | <u>(358,469)</u> | <u>(394,179)</u> | <u>(432,300)</u> | <u>(435,382)</u> | <u>(548,001)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered-employee payroll | \$ 2,962,552 | \$ 3,069,928 | \$ 3,223,711 | \$ 3,168,717 | \$ 3,848,320 |
| Contributions as a percentage of covered-employee payroll | 12.10% | 12.84% | 13.41% | 13.74% | 14.24% |

SUPPLEMENTARY INFORMATION -
COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

| | Nonmajor Special Revenue Funds | Nonmajor Debt Services Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|---------------------------------------|--|--|
| ASSETS | | | | |
| Cash | \$ 219,497 | \$ 260 | \$ 2,500 | \$ 222,257 |
| Investments | - | 2,329,201 | - | 2,329,201 |
| Property taxes receivable | 429,609 | 225,904 | - | 655,513 |
| Due from other funds | 3,382,627 | 482,876 | 344,317 | 4,209,820 |
| Total assets | <u>\$ 4,031,733</u> | <u>\$ 3,038,241</u> | <u>\$ 346,817</u> | <u>\$ 7,416,791</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Due to other funds | \$ 598,575 | \$ - | \$ 12,977 | \$ 611,552 |
| Accrued liabilities | 24,642 | - | - | 24,642 |
| Total liabilities | <u>623,217</u> | <u>-</u> | <u>12,977</u> | <u>636,194</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue-property taxes | 408,863 | 216,004 | - | 624,867 |
| Total deferred inflows of resources | <u>408,863</u> | <u>216,004</u> | <u>-</u> | <u>624,867</u> |
| FUND BALANCES | | | | |
| Restricted | 2,941,621 | 2,822,237 | 333,957 | 6,097,815 |
| Committed | 505,646 | - | 12,860 | 518,506 |
| Assigned | - | - | - | - |
| Unassigned | (447,614) | - | (12,977) | (460,591) |
| Total fund balances | <u>2,999,653</u> | <u>2,822,237</u> | <u>333,840</u> | <u>6,155,730</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 4,031,733</u> | <u>\$ 3,038,241</u> | <u>\$ 346,817</u> | <u>\$ 7,416,791</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2017

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|--------------------------------------|--|--|
| REVENUES | | | | |
| Property taxes and fee-in-lieu of taxes | \$ 3,627,041 | \$ 2,648,172 | \$ - | \$ 6,275,213 |
| Federal sources | 456,173 | - | 91,423 | 547,596 |
| State sources | 1,767,694 | - | 1,523,595 | 3,291,289 |
| Local sources | 1,798,393 | - | - | 1,798,393 |
| Investment income | - | 6,629 | - | 6,629 |
| Other income | 29,243 | - | - | 29,243 |
| Total revenues | 7,678,544 | 2,654,801 | 1,615,018 | 11,948,363 |
| EXPENDITURES | | | | |
| General government | 5,654,184 | - | 1,764,176 | 7,418,360 |
| Public safety | 1,366,037 | - | 9,692 | 1,375,729 |
| Cultural and recreational | 924,485 | - | - | 924,485 |
| Capital outlay | 302,638 | - | 1,539,010 | 1,841,648 |
| Debt service: | | | | |
| Principal retirements | 4,473 | 1,442,565 | 24,466 | 1,471,504 |
| Interest and fiscal charges | 1,582 | 435,246 | 11,627 | 448,455 |
| Total expenditures | 8,253,399 | 1,877,811 | 3,348,971 | 13,480,181 |
| Excess (deficiency) of revenues over expenditures | (574,855) | 776,990 | (1,733,953) | (1,531,818) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 820,980 | - | - | 820,980 |
| Operating transfers out | (73,205) | - | (665,000) | (738,205) |
| Proceeds from bonds | - | - | 2,500,000 | 2,500,000 |
| Total other financing sources (uses) | 747,775 | - | 1,835,000 | 2,582,775 |
| Net changes in fund balances | 172,920 | 776,990 | 101,047 | 1,050,957 |
| FUND BALANCES, BEGINNING OF YEAR | 2,826,733 | 2,045,247 | 232,793 | 5,104,773 |
| FUND BALANCES, END OF YEAR | \$ 2,999,653 | \$ 2,822,237 | \$ 333,840 | \$ 6,155,730 |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

| | <u>911 Subscriber Fees</u> | <u>1997 Short Fund</u> | <u>Solicitor's Office</u> | <u>Drug Forfeiture Fund</u> | <u>Sheriff's Department IV-D</u> |
|---|------------------------------------|--------------------------------|-------------------------------|-------------------------------------|--|
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ 47,840 | \$ - |
| Property taxes receivable | - | - | - | - | - |
| Due from other funds | - | - | 213,613 | - | 3,705 |
| Total assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 213,613</u> | <u>\$ 47,840</u> | <u>\$ 3,705</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Due to other funds | \$ 294,049 | \$ 2,378 | \$ - | \$ 51,021 | \$ - |
| Accrued liabilities | - | - | - | - | - |
| Total liabilities | <u>294,049</u> | <u>2,378</u> | <u>-</u> | <u>51,021</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | - | - | 213,613 | - | 3,705 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | <u>(294,049)</u> | <u>(2,378)</u> | <u>-</u> | <u>(3,181)</u> | <u>-</u> |
| Total fund balances | <u>(294,049)</u> | <u>(2,378)</u> | <u>213,613</u> | <u>(3,181)</u> | <u>3,705</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 213,613</u> | <u>\$ 47,840</u> | <u>\$ 3,705</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

SCHEDULE B-3
Continued

| | <u>Family Court IV-D</u> | <u>6th Judicial Circuit Court</u> | <u>Forfeited Land Commission</u> | <u>Sheriff's Department Donations</u> | <u>York Tech</u> |
|---|----------------------------------|---|--|---|--------------------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ 159,607 | \$ - | \$ - |
| Property taxes receivable | - | - | - | - | 35,371 |
| Due from other funds | 324,813 | 18,237 | - | 2,128 | 107,083 |
| Total assets | <u><u>\$ 324,813</u></u> | <u><u>\$ 18,237</u></u> | <u><u>\$ 159,607</u></u> | <u><u>\$ 2,128</u></u> | <u><u>\$ 142,454</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Due to other funds | \$ - | \$ - | \$ 93,381 | \$ - | \$ - |
| Accrued liabilities | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>93,381</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | 34,019 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>34,019</u> |
| FUND BALANCES | | | | | |
| Restricted | 324,813 | 18,237 | 66,226 | 2,128 | 108,435 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>324,813</u> | <u>18,237</u> | <u>66,226</u> | <u>2,128</u> | <u>108,435</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 324,813</u></u> | <u><u>\$ 18,237</u></u> | <u><u>\$ 159,607</u></u> | <u><u>\$ 2,128</u></u> | <u><u>\$ 142,454</u></u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

| | Family Court | Animal Control Donations | DHEC Grant In Aid MFY | Hazmat Local | Duke Local |
|--|-----------------|--------------------------------|-----------------------------|------------------|-----------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ 12,050 | \$ - | \$ - | \$ - |
| Property taxes receivable | - | - | - | - | - |
| Due from other funds | 9,529 | - | 111 | 178,060 | 22,554 |
| Total assets | <u>\$ 9,529</u> | <u>\$ 12,050</u> | <u>\$ 111</u> | <u>\$178,060</u> | <u>\$22,554</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Due to other funds | \$ - | \$ 9,740 | \$ - | \$ - | \$ - |
| Accrued liabilities | - | - | - | - | - |
| Total liabilities | - | 9,740 | - | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| FUND BALANCES | | | | | |
| Restricted | 9,529 | 2,310 | 111 | 178,060 | 22,554 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>9,529</u> | <u>2,310</u> | <u>111</u> | <u>178,060</u> | <u>22,554</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 9,529</u> | <u>\$ 12,050</u> | <u>\$ 111</u> | <u>\$178,060</u> | <u>\$22,554</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

SCHEDULE B-3
Continued

| | <u>Victims/Witness Surcharges and Assessments</u> | <u>Solid Waste Collection Sites</u> | <u>Local Accommodations Tax</u> | <u>State Accommodations Tax</u> |
|--|---|---|---|---|
| ASSETS | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - |
| Property taxes receivable | - | 85,824 | - | - |
| Due from other funds | <u>63,103</u> | <u>121,234</u> | <u>277,906</u> | <u>95,302</u> |
| Total assets | <u><u>\$ 63,103</u></u> | <u><u>\$ 207,058</u></u> | <u><u>\$ 277,906</u></u> | <u><u>\$ 95,302</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,642</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,642</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | <u>-</u> | <u>83,223</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>-</u> | <u>83,223</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted | 63,103 | - | 277,906 | 70,660 |
| Committed | - | 123,835 | - | - |
| Assigned | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>63,103</u> | <u>123,835</u> | <u>277,906</u> | <u>70,660</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 63,103</u></u> | <u><u>\$ 207,058</u></u> | <u><u>\$ 277,906</u></u> | <u><u>\$ 95,302</u></u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

SCHEDULE B-3
 Continued

| | EMPG 01 Multiple | SOS DUI Enforcement | Chester Airport Commission | Chester County Library | Chester Fire District |
|--|-----------------------------|--------------------------------|---|---------------------------------------|--------------------------------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property taxes receivable | - | - | - | 101,508 | 168,462 |
| Due from other funds | - | - | - | 312,125 | 1,332,378 |
| | - | - | - | 312,125 | 1,332,378 |
| Total assets | \$ - | \$ - | \$ - | \$ 413,633 | \$ 1,500,840 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Due to other funds | \$ 9,386 | \$ 11,212 | \$ 36,083 | \$ - | \$ - |
| Accrued liabilities | - | - | - | - | - |
| | - | - | - | - | - |
| Total liabilities | 9,386 | 11,212 | 36,083 | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | - | - | - | 97,628 | 156,537 |
| | - | - | - | 97,628 | 156,537 |
| Total deferred inflows of resources | - | - | - | 97,628 | 156,537 |
| FUND BALANCES | | | | | |
| Restricted | - | - | - | - | 1,344,303 |
| Committed | - | - | - | 316,005 | - |
| Assigned | - | - | - | - | - |
| Unassigned | (9,386) | (11,212) | (36,083) | - | - |
| | (9,386) | (11,212) | (36,083) | - | - |
| Total fund balances | (9,386) | (11,212) | (36,083) | 316,005 | 1,344,303 |
| Total liabilities, deferred inflows of resources and fund balances | \$ - | \$ - | \$ - | \$ 413,633 | \$ 1,500,840 |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

| | <u>Lando Fire District</u> | <u>Richburg Fire District</u> | <u>Lewis Fire District</u> | <u>Fort Lawn Fire District</u> | <u>EMS Trauma Fund</u> |
|--|------------------------------------|---------------------------------------|------------------------------------|--|--------------------------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property taxes receivable | 1,794 | 27,831 | 2,760 | 6,059 | - |
| Due from other funds | <u>23,915</u> | <u>113,641</u> | <u>11,646</u> | <u>14,644</u> | <u>44</u> |
| Total assets | <u>\$ 25,709</u> | <u>\$ 141,472</u> | <u>\$ 14,406</u> | <u>\$ 20,703</u> | <u>\$ 44</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | <u>1,749</u> | <u>27,400</u> | <u>2,571</u> | <u>5,736</u> | <u>-</u> |
| Total deferred inflows of resources | <u>1,749</u> | <u>27,400</u> | <u>2,571</u> | <u>5,736</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | 23,960 | 114,072 | 11,835 | 14,967 | - |
| Committed | - | - | - | - | 44 |
| Assigned | - | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>23,960</u> | <u>114,072</u> | <u>11,835</u> | <u>14,967</u> | <u>44</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 25,709</u> | <u>\$ 141,472</u> | <u>\$ 14,406</u> | <u>\$ 20,703</u> | <u>\$ 44</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

| | <u>EMA Donations</u> | <u>EMS Local Grants</u> | <u>EMS Donations</u> | <u>HMEP CFDA #20.703</u> | <u>DHEC SW Reduction</u> |
|--|--------------------------|---------------------------------|--------------------------|----------------------------------|------------------------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property taxes receivable | - | - | - | - | - |
| Due from other funds | <u>56,463</u> | <u>1,750</u> | <u>-</u> | <u>-</u> | <u>6,000</u> |
| Total assets | <u>\$ 56,463</u> | <u>\$ 1,750</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,000</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Due to other funds | \$ - | \$ - | \$ 133 | \$ - | \$ - |
| Accrued liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>133</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | - | - | - | - | 6,000 |
| Committed | 56,463 | 1,750 | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>(133)</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>56,463</u> | <u>1,750</u> | <u>(133)</u> | <u>-</u> | <u>6,000</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 56,463</u> | <u>\$ 1,750</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,000</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

SCHEDULE B-3
 Continued

| | Economic Development Marketing | SLPG CFDA #97.042 | GIS Data Conversion | Public Defender | Sex Offender Registry |
|--|---|----------------------------------|--------------------------------|----------------------------|--------------------------------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property taxes receivable | - | - | - | - | - |
| Due from other funds | - | - | 15,069 | - | 9,190 |
| | - | - | 15,069 | - | 9,190 |
| Total assets | \$ - | \$ - | \$ 15,069 | \$ - | \$ 9,190 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Due to other funds | \$ 11,837 | \$ 1,417 | \$ - | \$ 23,496 | \$ - |
| Accrued liabilities | - | - | - | - | - |
| | 11,837 | 1,417 | - | 23,496 | - |
| Total liabilities | 11,837 | 1,417 | - | 23,496 | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - |
| | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| FUND BALANCES | | | | | |
| Restricted | - | - | 15,069 | - | 9,190 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | (11,837) | (1,417) | - | (23,496) | - |
| | (11,837) | (1,417) | 15,069 | (23,496) | 9,190 |
| Total fund balances | (11,837) | (1,417) | 15,069 | (23,496) | 9,190 |
| Total liabilities, deferred inflows of resources and fund balances | \$ - | \$ - | \$ 15,069 | \$ - | \$ 9,190 |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

| | <u>Veterans Affairs Aid to Counties</u> | <u>Animal Control- Lutz Grant</u> | <u>Sheriff's Equitable Sharing</u> | <u>EMS Training</u> | <u>SCPRT Republic Park</u> |
|--|---|---|--|-------------------------|------------------------------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property taxes receivable | - | - | - | - | - |
| Due from other funds | 5,016 | 19,246 | 15,969 | 4,164 | - |
| Total assets | <u>\$ 5,016</u> | <u>\$ 19,246</u> | <u>\$ 15,969</u> | <u>\$ 4,164</u> | <u>\$ -</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - | \$ 20,888 |
| Accrued liabilities | - | - | - | - | - |
| Total liabilities | - | - | - | - | 20,888 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| FUND BALANCES | | | | | |
| Restricted | 5,016 | 19,246 | 15,969 | - | - |
| Committed | - | - | - | 4,164 | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | (20,888) |
| Total fund balances | <u>5,016</u> | <u>19,246</u> | <u>15,969</u> | <u>4,164</u> | <u>(20,888)</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 5,016</u> | <u>\$ 19,246</u> | <u>\$ 15,969</u> | <u>\$ 4,164</u> | <u>\$ -</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

| | Bennett Landfill Fire | Palmetto Pride Enf. Grant | Sale of County Property | Coroner Fees | Cops Hiring Grant |
|--|-----------------------------|---------------------------------|-------------------------------|-----------------|-------------------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property taxes receivable | - | - | - | - | - |
| Due from other funds | - | 150 | - | 3,235 | 604 |
| Total assets | <u>\$ -</u> | <u>\$ 150</u> | <u>\$ -</u> | <u>\$ 3,235</u> | <u>\$ 604</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Due to other funds | \$ 554 | \$ - | \$ 33,000 | \$ - | \$ - |
| Accrued liabilities | - | - | - | - | - |
| Total liabilities | <u>554</u> | <u>-</u> | <u>33,000</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | - | - | - | - | 604 |
| Committed | - | 150 | - | 3,235 | - |
| Assigned | - | - | - | - | - |
| Unassigned | (554) | - | (33,000) | - | - |
| Total fund balances | <u>(554)</u> | <u>150</u> | <u>(33,000)</u> | <u>3,235</u> | <u>604</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ -</u> | <u>\$ 150</u> | <u>\$ -</u> | <u>\$ 3,235</u> | <u>\$ 604</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

| | <u>Totals</u> |
|--|---------------------|
| ASSETS | |
| Cash | \$ 219,497 |
| Property taxes receivable | 429,609 |
| Due from other funds | <u>3,382,627</u> |
| Total assets | <u>\$ 4,031,733</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | |
| LIABILITIES | |
| Due to other funds | \$ 598,575 |
| Accrued liabilities | <u>24,642</u> |
| Total liabilities | <u>623,217</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Unavailable revenue - property taxes | <u>408,863</u> |
| Total deferred inflows of resources | <u>408,863</u> |
| FUND BALANCES | |
| Restricted | 2,941,621 |
| Committed | 505,646 |
| Assigned | - |
| Unassigned | <u>(447,614)</u> |
| Total fund balances | <u>2,999,653</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 4,031,733</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
 For the Year Ended June 30, 2017

| | <u>911 Subscriber Fees</u> | <u>1997 Short Fund</u> | <u>Solicitor's Office</u> | <u>Drug Forfeiture Fund</u> | <u>Sheriff's Department IV - D</u> |
|--|------------------------------------|--------------------------------|-------------------------------|-------------------------------------|--|
| REVENUES | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ - | \$ 15,609 |
| State sources | 377,367 | - | 1,218,436 | - | - |
| County sources - property taxes | - | - | - | - | - |
| Local sources | 142,675 | - | 352,201 | 27,277 | - |
| Other income | - | - | - | - | - |
| Total revenues | <u>520,042</u> | <u>-</u> | <u>1,570,637</u> | <u>27,277</u> | <u>15,609</u> |
| EXPENDITURES | | | | | |
| General government | - | - | 1,675,035 | - | 13,642 |
| Public safety | 519,147 | - | - | 40,357 | - |
| Cultural and recreational | - | - | - | - | - |
| Capital outlay | - | - | - | 5,094 | - |
| Debt service | | | | | |
| Principal retirement | - | - | - | - | 4,473 |
| Interest and fiscal charges | - | - | - | - | 1,582 |
| Total expenditures | <u>519,147</u> | <u>-</u> | <u>1,675,035</u> | <u>45,451</u> | <u>19,697</u> |
| Excess (deficiency) of revenues over expenditures | <u>895</u> | <u>-</u> | <u>(104,398)</u> | <u>(18,174)</u> | <u>(4,088)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | - | 105,980 | - | - |
| Operating transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>105,980</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | 895 | - | 1,582 | (18,174) | (4,088) |
| FUND BALANCES, BEGINNING OF YEAR | <u>(294,944)</u> | <u>(2,378)</u> | <u>212,031</u> | <u>14,993</u> | <u>7,793</u> |
| FUND BALANCES, END OF YEAR | <u>\$ (294,049)</u> | <u>\$ (2,378)</u> | <u>\$ 213,613</u> | <u>\$ (3,181)</u> | <u>\$ 3,705</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
 For the Year Ended June 30, 2017

| | <u>Family Court IV-D</u> | <u>6th Judicial Circuit Court</u> | <u>Forfeited Land Commission</u> | <u>Sheriff's Department Donations</u> | <u>York Tech</u> |
|--|----------------------------------|---|--|---|----------------------|
| REVENUES | | | | | |
| Federal sources | \$ 33,887 | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - |
| County sources - property taxes | - | - | - | - | 248,102 |
| Local sources | - | - | 71,500 | 2,197 | - |
| Other income | - | - | - | - | - |
| Total revenues | <u>33,887</u> | <u>-</u> | <u>71,500</u> | <u>2,197</u> | <u>248,102</u> |
| EXPENDITURES | | | | | |
| General government | 27,896 | - | 17,896 | - | 237,000 |
| Public safety | - | - | - | 2,052 | - |
| Cultural and recreational | - | - | - | - | - |
| Capital outlay | 15,660 | - | - | - | - |
| Debt service | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>43,556</u> | <u>-</u> | <u>17,896</u> | <u>2,052</u> | <u>237,000</u> |
| Excess (deficiency) of revenues over expenditures | <u>(9,669)</u> | <u>-</u> | <u>53,604</u> | <u>145</u> | <u>11,102</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | (9,669) | - | 53,604 | 145 | 11,102 |
| FUND BALANCES, BEGINNING OF YEAR | <u>334,482</u> | <u>18,237</u> | <u>12,622</u> | <u>1,983</u> | <u>97,333</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 324,813</u> | <u>\$ 18,237</u> | <u>\$ 66,226</u> | <u>\$ 2,128</u> | <u>\$ 108,435</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
 For the Year Ended June 30, 2017

| | <u>Family Court</u> | <u>Animal Control Donations</u> | <u>DHEC Grant In Aid MFY</u> | <u>Hazmat Local</u> | <u>Duke Local</u> |
|--|-------------------------|---|--------------------------------------|-------------------------|-----------------------|
| REVENUES | | | | | |
| Federal sources | \$ 91,824 | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | 7,752 | - | - |
| County sources - property taxes | - | - | - | - | - |
| Local sources | - | 28,321 | - | 2,000 | 26,067 |
| Other income | - | - | - | 9,996 | - |
| Total revenues | <u>91,824</u> | <u>28,321</u> | <u>7,752</u> | <u>11,996</u> | <u>26,067</u> |
| EXPENDITURES | | | | | |
| General government | 18,619 | 4,808 | 7,250 | - | 13,645 |
| Public safety | - | - | - | 19,264 | - |
| Cultural and recreational | - | - | - | - | 5,410 |
| Capital outlay | - | 22,703 | - | 20,677 | - |
| Debt service | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>18,619</u> | <u>27,511</u> | <u>7,250</u> | <u>39,941</u> | <u>19,055</u> |
| Excess (deficiency) of revenues over expenditures | <u>73,205</u> | <u>810</u> | <u>502</u> | <u>(27,945)</u> | <u>7,012</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | - | - | 125,000 | - |
| Operating transfers out | <u>(73,205)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(73,205)</u> | <u>-</u> | <u>-</u> | <u>125,000</u> | <u>-</u> |
| Net changes in fund balances | - | 810 | 502 | 97,055 | 7,012 |
| FUND BALANCES, BEGINNING OF YEAR | <u>9,529</u> | <u>1,500</u> | <u>(391)</u> | <u>81,005</u> | <u>15,542</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 9,529</u> | <u>\$ 2,310</u> | <u>\$ 111</u> | <u>\$ 178,060</u> | <u>\$ 22,554</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2017

| | <u>Victims/Witness Surcharges and Assessments</u> | <u>Solid Waste Collection Sites</u> | <u>Local Accomodations Tax</u> | <u>State Accomodations Tax</u> |
|--|---|---|--|--|
| REVENUES | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | 2,484 | 94,348 |
| County sources - property taxes | - | 651,113 | - | - |
| Local sources | 103,834 | - | 168,491 | - |
| Other income | - | - | - | - |
| Total revenues | <u>103,834</u> | <u>651,113</u> | <u>170,975</u> | <u>94,348</u> |
| EXPENDITURES | | | | |
| General government | - | 636,063 | - | - |
| Public safety | 113,276 | 595 | - | - |
| Cultural and recreational | - | - | 108,164 | 85,911 |
| Capital outlay | 133,622 | - | - | - |
| Debt service | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>246,898</u> | <u>636,658</u> | <u>108,164</u> | <u>85,911</u> |
| Excess (deficiency) of revenues over expenditures | <u>(143,064)</u> | <u>14,455</u> | <u>62,811</u> | <u>8,437</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | (143,064) | 14,455 | 62,811 | 8,437 |
| FUND BALANCES, BEGINNING OF YEAR | <u>206,167</u> | <u>109,380</u> | <u>215,095</u> | <u>62,223</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 63,103</u> | <u>\$ 123,835</u> | <u>\$ 277,906</u> | <u>\$ 70,660</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2017

| | <u>EMPG 01 Multiple</u> | <u>SOS DUI Enforcement</u> | <u>Chester County Airport Commission</u> | <u>Chester County Library</u> | <u>Chester Fire District</u> |
|--|-----------------------------|--------------------------------|--|---------------------------------------|--------------------------------------|
| REVENUES | | | | | |
| Federal sources | \$ 105,288 | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | 14,114 |
| County sources - property taxes | - | - | - | 711,692 | 1,760,994 |
| Local sources | - | - | 64,957 | - | - |
| Other income | - | - | - | - | - |
| Total revenues | <u>105,288</u> | <u>-</u> | <u>64,957</u> | <u>711,692</u> | <u>1,775,108</u> |
| EXPENDITURES | | | | | |
| General government | 45,226 | - | 66,052 | - | 2,018,300 |
| Public safety | - | - | - | - | - |
| Cultural and recreational | - | - | - | 725,000 | - |
| Capital outlay | 21,327 | - | 26,000 | - | - |
| Debt service | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>66,553</u> | <u>-</u> | <u>92,052</u> | <u>725,000</u> | <u>2,018,300</u> |
| Excess (deficiency) of revenues over expenditures | <u>38,735</u> | <u>-</u> | <u>(27,095)</u> | <u>(13,308)</u> | <u>(243,192)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | 38,735 | - | (27,095) | (13,308) | (243,192) |
| FUND BALANCES, BEGINNING OF YEAR | <u>(48,121)</u> | <u>(11,212)</u> | <u>(8,988)</u> | <u>329,313</u> | <u>1,587,495</u> |
| FUND BALANCES, END OF YEAR | <u>\$ (9,386)</u> | <u>\$ (11,212)</u> | <u>\$ (36,083)</u> | <u>\$ 316,005</u> | <u>\$ 1,344,303</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2017

| | <u>Lando Fire District</u> | <u>Richburg Fire District</u> | <u>Lewis Fire District</u> | <u>Fort Lawn Fire District</u> | <u>EMS Trauma Fund</u> |
|--|------------------------------------|---------------------------------------|------------------------------------|--|--------------------------------|
| REVENUES | | | | | |
| Federal sources | \$ - | \$ 63,120 | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - |
| County sources - property taxes | 29,400 | 90,577 | 51,934 | 83,229 | - |
| Local sources | - | - | - | 29,306 | - |
| Other income | - | 19,247 | - | - | - |
| Total revenues | <u>29,400</u> | <u>172,944</u> | <u>51,934</u> | <u>112,535</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| General government | 31,611 | - | - | - | - |
| Public safety | - | 422,622 | 42,754 | 99,305 | - |
| Cultural and recreational | - | - | - | - | - |
| Capital outlay | - | 57,555 | - | - | - |
| Debt service | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>31,611</u> | <u>480,177</u> | <u>42,754</u> | <u>99,305</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,211)</u> | <u>(307,233)</u> | <u>9,180</u> | <u>13,230</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | 590,000 | - | - | - |
| Operating transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>590,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | (2,211) | 282,767 | 9,180 | 13,230 | - |
| FUND BALANCES, BEGINNING OF YEAR | <u>26,171</u> | <u>(168,695)</u> | <u>2,655</u> | <u>1,737</u> | <u>44</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 23,960</u> | <u>\$ 114,072</u> | <u>\$ 11,835</u> | <u>\$ 14,967</u> | <u>\$ 44</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
 For the Year Ended June 30, 2017

| | <u>EMA Donations</u> | <u>EMS Local Grants</u> | <u>EMS Donations</u> | <u>HMEP CFDA #20.703</u> | <u>DHEC SW Reduction</u> |
|--|--------------------------|---------------------------------|--------------------------|----------------------------------|------------------------------|
| REVENUES | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ 52,574 | \$ - |
| State sources | - | - | - | - | 3,096 |
| County sources - property taxes | - | - | - | - | - |
| Local sources | - | - | - | - | - |
| Other income | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>52,574</u> | <u>3,096</u> |
| EXPENDITURES | | | | | |
| General government | - | - | - | 38,287 | 410 |
| Public safety | 111 | - | - | - | - |
| Cultural and recreational | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>111</u> | <u>-</u> | <u>-</u> | <u>38,287</u> | <u>410</u> |
| Excess (deficiency) of revenues over expenditures | <u>(111)</u> | <u>-</u> | <u>-</u> | <u>14,287</u> | <u>2,686</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | (111) | - | - | 14,287 | 2,686 |
| FUND BALANCES, BEGINNING OF YEAR | <u>56,574</u> | <u>1,750</u> | <u>(133)</u> | <u>(14,287)</u> | <u>3,314</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 56,463</u> | <u>\$ 1,750</u> | <u>\$ (133)</u> | <u>\$ -</u> | <u>\$ 6,000</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
 For the Year Ended June 30, 2017

SCHEDULE B-4
 Continued

| | <u>Economic Development Marketing</u> | <u>SLPG CFDA #97.042</u> | <u>GIS Data Conversion</u> | <u>Public Defender</u> | <u>Sex Offender Registry</u> |
|--|---|----------------------------------|--------------------------------|----------------------------|--------------------------------------|
| REVENUES | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - |
| County sources - property taxes | - | - | - | - | - |
| Local sources | - | - | - | 766,814 | 2,800 |
| Other income | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>766,814</u> | <u>2,800</u> |
| EXPENDITURES | | | | | |
| General government | - | - | - | 764,708 | - |
| Public safety | - | - | - | - | 6,447 |
| Cultural and recreational | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>764,708</u> | <u>6,447</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,106</u> | <u>(3,647)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | - | - | - | 2,106 | (3,647) |
| FUND BALANCES, BEGINNING OF YEAR | <u>(11,837)</u> | <u>(1,417)</u> | <u>15,069</u> | <u>(25,602)</u> | <u>12,837</u> |
| FUND BALANCES, END OF YEAR | <u>\$ (11,837)</u> | <u>\$ (1,417)</u> | <u>\$ 15,069</u> | <u>\$ (23,496)</u> | <u>\$ 9,190</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
 For the Year Ended June 30, 2017

| | <u>Veterans Affairs Aid to Counties</u> | <u>Animal Control- Lutz Grant</u> | <u>Sheriff's Equitable Sharing</u> | <u>EMS Training</u> | <u>SCPRT Republic Park</u> |
|--|---|---|--|-------------------------|------------------------------------|
| REVENUES | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | 5,371 | 40,000 | - | - | - |
| County sources - property taxes | - | - | - | - | - |
| Local sources | - | - | 2,300 | 4,418 | - |
| Other income | - | - | - | - | - |
| Total revenues | <u>5,371</u> | <u>40,000</u> | <u>2,300</u> | <u>4,418</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| General government | 872 | 36,864 | - | - | - |
| Public safety | - | - | - | 2,256 | - |
| Cultural and recreational | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>872</u> | <u>36,864</u> | <u>-</u> | <u>2,256</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>4,499</u> | <u>3,136</u> | <u>2,300</u> | <u>2,162</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | 4,499 | 3,136 | 2,300 | 2,162 | - |
| FUND BALANCES, BEGINNING OF YEAR | <u>517</u> | <u>16,110</u> | <u>13,669</u> | <u>2,002</u> | <u>(20,888)</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 5,016</u> | <u>\$ 19,246</u> | <u>\$ 15,969</u> | <u>\$ 4,164</u> | <u>\$ (20,888)</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
 For the Year Ended June 30, 2017

| | <u>Bennett Landfill Fire</u> | <u>Palmetto Pride Enf. Grant</u> | <u>Sale of County Property</u> | <u>Coroner Fees</u> | <u>Cops Hiring Grant</u> |
|--|--------------------------------------|--|--|-------------------------|----------------------------------|
| REVENUES | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ - | \$93,871 |
| State sources | - | 4,726 | - | - | - |
| County sources - property taxes | - | - | - | - | - |
| Local sources | - | - | - | 3,235 | - |
| Other income | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>4,726</u> | <u>-</u> | <u>3,235</u> | <u>93,871</u> |
| EXPENDITURES | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | 4,584 | - | - | 93,267 |
| Cultural and recreational | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>4,584</u> | <u>-</u> | <u>-</u> | <u>93,267</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>142</u> | <u>-</u> | <u>3,235</u> | <u>604</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | - | 142 | - | 3,235 | 604 |
| FUND BALANCES, BEGINNING OF YEAR | <u>(554)</u> | <u>8</u> | <u>(33,000)</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, END OF YEAR | <u>\$ (554)</u> | <u>\$ 150</u> | <u>\$ (33,000)</u> | <u>\$ 3,235</u> | <u>\$ 604</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
 For the Year Ended June 30, 2017

| | Totals |
|--|---------------|
| REVENUES | |
| Federal sources | \$ 456,173 |
| State sources | 1,767,694 |
| County sources - property taxes | 3,627,041 |
| Local sources | 1,798,393 |
| Other income | 29,243 |
| Total revenues | 7,678,544 |
| EXPENDITURES | |
| General government | 5,654,184 |
| Public safety | 1,366,037 |
| Cultural and recreational | 924,485 |
| Capital outlay | 302,638 |
| Debt service | |
| Principal retirement | 4,473 |
| Interest and fiscal charges | 1,582 |
| Total expenditures | 8,253,399 |
| Excess (deficiency) of revenues over expenditures | (574,855) |
| OTHER FINANCING SOURCES (USES) | |
| Operating transfers in | 820,980 |
| Operating transfers out | (73,205) |
| Total other financing sources (uses) | 747,775 |
| Net changes in fund balances | 172,920 |
| FUND BALANCES, BEGINNING OF YEAR | 2,826,733 |
| FUND BALANCES, END OF YEAR | \$ 2,999,653 |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2017

| | <u>Chester County Debt Service</u> | <u>Chester Fire Bond</u> | <u>Lando Fire Debt Service</u> | <u>Richburg Fire Bond</u> | <u>Chester Facilities Corporation</u> | <u>Totals</u> |
|---|--|----------------------------------|--|-----------------------------------|---|---------------------|
| ASSETS | | | | | | |
| Cash | \$ 260 | \$ - | \$ - | \$ - | \$ - | \$ 260 |
| Investments | 718,558 | - | - | - | 1,610,643 | 2,329,201 |
| Receivables | | | | | | |
| Property taxes, net | 178,676 | 10,135 | 4,690 | 32,403 | - | 225,904 |
| Due from other funds | 165,027 | 143,898 | 21,287 | 152,664 | - | 482,876 |
| | <u>165,027</u> | <u>143,898</u> | <u>21,287</u> | <u>152,664</u> | <u>-</u> | <u>482,876</u> |
| Total assets | <u>\$ 1,062,521</u> | <u>\$ 154,033</u> | <u>\$ 25,977</u> | <u>\$ 185,067</u> | <u>\$ 1,610,643</u> | <u>\$ 3,038,241</u> |
| DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - property taxes | \$ 170,325 | \$ 9,328 | \$ 4,571 | \$ 31,780 | \$ - | \$ 216,004 |
| | <u>170,325</u> | <u>9,328</u> | <u>4,571</u> | <u>31,780</u> | <u>-</u> | <u>216,004</u> |
| Total deferred inflows of resources | <u>170,325</u> | <u>9,328</u> | <u>4,571</u> | <u>31,780</u> | <u>-</u> | <u>216,004</u> |
| FUND BALANCES | | | | | | |
| Restricted | 892,196 | 144,705 | 21,406 | 153,287 | 1,610,643 | 2,822,237 |
| | <u>892,196</u> | <u>144,705</u> | <u>21,406</u> | <u>153,287</u> | <u>1,610,643</u> | <u>2,822,237</u> |
| Total deferred inflows of resources and fund balances | <u>\$ 1,062,521</u> | <u>\$ 154,033</u> | <u>\$ 25,977</u> | <u>\$ 185,067</u> | <u>\$ 1,610,643</u> | <u>\$ 3,038,241</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS**
 For the Year Ended June 30, 2017

| | Chester County Debt Service | Chester Fire Bond | Lando Fire Debt Service | Richburg Fire Bond | Chester Facilities Corporation | Totals |
|--|--------------------------------------|-------------------------|----------------------------------|--------------------------|--------------------------------------|---------------------|
| REVENUES | | | | | | |
| Property taxes | \$ 1,445,070 | \$ 118,969 | \$ 77,024 | \$ 130,154 | \$ - | \$ 1,771,217 |
| Investment income | 6,629 | - | - | - | - | 6,629 |
| F.I.L.O.T income | - | - | - | - | 876,955 | 876,955 |
| Total revenue | <u>1,451,699</u> | <u>118,969</u> | <u>77,024</u> | <u>130,154</u> | <u>876,955</u> | <u>2,654,801</u> |
| EXPENDITURES | | | | | | |
| Debt service | | | | | | |
| Principal retirement | 1,286,000 | 46,372 | 62,309 | 47,884 | - | 1,442,565 |
| Interest and fiscal charges | 124,355 | 9,878 | 10,898 | 70,440 | 219,675 | 435,246 |
| Total expenditures | <u>1,410,355</u> | <u>56,250</u> | <u>73,207</u> | <u>118,324</u> | <u>219,675</u> | <u>1,877,811</u> |
| Net changes in fund balances | 41,344 | 62,719 | 3,817 | 11,830 | 657,280 | 776,990 |
| FUND BALANCES, BEGINNING YEAR | | | | | | |
| | <u>850,852</u> | <u>81,986</u> | <u>17,589</u> | <u>141,457</u> | <u>953,363</u> | <u>2,045,247</u> |
| FUND BALANCES, END OF YEAR | | | | | | |
| | <u>\$ 892,196</u> | <u>\$ 144,705</u> | <u>\$ 21,406</u> | <u>\$ 153,287</u> | <u>\$ 1,610,643</u> | <u>\$ 2,822,237</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

| | <u>EMS/Coroner</u> | <u>Economic Development Grant</u> | <u>Economic Development Infrastructure</u> | <u>Emergency Training Center</u> |
|--------------------------------------|--------------------|---|--|--|
| ASSETS | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - |
| Due from other funds | 127,607 | 33,425 | 16,483 | 921 |
| Total assets | <u>\$ 127,607</u> | <u>\$ 33,425</u> | <u>\$ 16,483</u> | <u>\$ 921</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted | 127,607 | 33,425 | 16,483 | - |
| Committed | - | - | - | 921 |
| Assigned | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>127,607</u> | <u>33,425</u> | <u>16,483</u> | <u>921</u> |
| Total liabilities and fund balances | <u>\$ 127,607</u> | <u>\$ 33,425</u> | <u>\$ 16,483</u> | <u>\$ 921</u> |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

SCHEDULE B-7
Continued

| | Rossville Fire Department | Chester Detention Center | Vehicle Replacement | Golf Course/ Great Falls & Republic |
|--------------------------------------|--|---|--------------------------------|--|
| ASSETS | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - |
| Due from other funds | 5,100 | 964 | 103,967 | - |
| Total assets | \$ 5,100 | \$ 964 | \$ 103,967 | \$ - |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ 1,487 |
| Total liabilities | - | - | - | 1,487 |
| FUND BALANCES | | | | |
| Restricted | - | - | 103,967 | - |
| Committed | 5,100 | 964 | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | (1,487) |
| Total fund balances | 5,100 | 964 | 103,967 | (1,487) |
| Total liabilities and fund balances | \$ 5,100 | \$ 964 | \$ 103,967 | \$ - |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

SCHEDULE B-7
 Continued

| | Meadowbrook Water Project | EECBG Energy Grant | Courthouse Improvements | Eureka Performance Bond |
|--------------------------------------|--|-----------------------------------|------------------------------------|--|
| ASSETS | | | | |
| Cash | \$ 2,500 | \$ - | \$ - | \$ - |
| Due from other funds | - | - | 5,875 | 49,975 |
| Total assets | \$ 2,500 | \$ - | \$ 5,875 | \$ 49,975 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Due to other funds | \$ - | \$ 8,440 | \$ - | \$ - |
| Total liabilities | - | 8,440 | - | - |
| FUND BALANCES | | | | |
| Restricted | 2,500 | - | - | 49,975 |
| Committed | - | - | 5,875 | - |
| Assigned | - | - | - | - |
| Unassigned | - | (8,440) | - | - |
| Total fund balances | 2,500 | (8,440) | 5,875 | 49,975 |
| Total liabilities and fund balances | \$ 2,500 | \$ - | \$ 5,875 | \$ 49,975 |

CHESTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

| | <u>Hazard Mitigation Program</u> | <u>Totals</u> |
|-------------------------------|--|-------------------|
| ASSETS | | |
| Cash | \$ - | \$ 2,500 |
| Due from other funds | - | 344,317 |
| | <u>\$ -</u> | <u>\$ 346,817</u> |
| LIABILITIES AND FUND BALANCES | | |
| LIABILITIES | | |
| Due to other funds | \$ 3,050 | \$ 12,977 |
| | <u>3,050</u> | <u>12,977</u> |
| FUND BALANCES | | |
| Restricted | - | 333,957 |
| Committed | - | 12,860 |
| Assigned | - | - |
| Unassigned | <u>(3,050)</u> | <u>(12,977)</u> |
| | <u>(3,050)</u> | <u>333,840</u> |
| | <u>\$ -</u> | <u>\$ 346,817</u> |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**
For the Year Ended June 30, 2017

| | EMS/ Coroner | Economic Development Grant | Economic Development Infrastructure |
|--|-----------------|----------------------------------|---|
| REVENUES | | | |
| Local sources | \$ - | \$ - | \$ - |
| Federal sources | - | - | - |
| State sources | - | 1,523,595 | - |
| | - | 1,523,595 | - |
| Total revenues | - | 1,523,595 | - |
| EXPENDITURES | | | |
| General government | - | 1,523,900 | - |
| Public safety | 9,692 | - | - |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal retirements | - | - | - |
| Interest and fiscal charges | - | - | - |
| | 9,692 | 1,523,900 | - |
| Total expenditures | 9,692 | 1,523,900 | - |
| Excess (deficiency) of revenues over expenditures | (9,692) | (305) | - |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in (out) | - | - | - |
| Proceeds from bonds | - | - | - |
| | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net changes in fund balances | (9,692) | (305) | - |
| FUND BALANCES, BEGINNING OF YEAR | | | |
| | 137,299 | 33,730 | 16,483 |
| FUND BALANCES, END OF YEAR | | | |
| | \$ 127,607 | \$ 33,425 | \$ 16,483 |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS**
 For the Year Ended June 30, 2017

| | <u>Emergency Training Center</u> | <u>Rossville Fire Department</u> | <u>Chester Detention Center</u> | <u>Vehicle Replacement</u> |
|--|--|--|---|--------------------------------|
| REVENUES | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total revenues | - | - | - | - |
| EXPENDITURES | | | | |
| General government | - | - | - | 188,515 |
| Public safety | - | - | - | - |
| Capital outlay | - | - | - | 1,446,037 |
| Debt service: | | | | |
| Principal retirements | - | - | - | 24,466 |
| Interest and fiscal charges | - | - | - | 11,627 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenditures | - | - | - | 1,670,645 |
| Excess (deficiency) of revenues over expenditures | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | - | - | (1,670,645) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in (out) | - | - | - | (715,000) |
| Proceeds from bonds | - | - | - | 2,500,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total other financing sources (uses) | - | - | - | 1,785,000 |
| Net changes in fund balances | - | - | - | 114,355 |
| FUND BALANCES, BEGINNING OF YEAR | | | | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 921 | 5,100 | 964 | (10,388) |
| FUND BALANCES, END OF YEAR | | | | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 921 | \$ 5,100 | \$ 964 | \$ 103,967 |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**
For the Year Ended June 30, 2017

**SCHEDULE B-8
Continued**

| | Golf Course/ Great Falls & Republic | Meadowbrook Water Project | EECBG Energy Grant | Courthouse Improvements |
|--|--|--|-----------------------------------|------------------------------------|
| REVENUES | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| | | | | |
| Total revenues | - | - | - | - |
| EXPENDITURES | | | | |
| General government | - | - | - | 50,261 |
| Public safety | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirements | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| | | | | |
| Total expenditures | - | - | - | 50,261 |
| Excess (deficiency) of revenues over expenditures | - | - | - | (50,261) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in (out) | - | - | - | 50,000 |
| Proceeds from bonds | - | - | - | - |
| | | | | |
| Total other financing sources (uses) | - | - | - | 50,000 |
| Net changes in fund balances | - | - | - | (261) |
| FUND BALANCES, BEGINNING OF YEAR | | | | |
| | (1,487) | 2,500 | (8,440) | 6,136 |
| FUND BALANCES, END OF YEAR | | | | |
| | \$ (1,487) | \$ 2,500 | \$ (8,440) | \$ 5,875 |

CHESTER COUNTY, SOUTH CAROLINA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS**
 For the Year Ended June 30, 2017

| | <u>Eureka Performance Bond</u> | <u>Hazard Mitigation Program</u> | <u>Totals</u> |
|--|--|--|-------------------|
| REVENUES | | | |
| Local sources | \$ - | \$ - | \$ - |
| Federal sources | - | 91,423 | 91,423 |
| State sources | - | - | 1,523,595 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | - | 91,423 | 1,615,018 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| General government | - | 1,500 | 1,764,176 |
| Public safety | - | - | 9,692 |
| Capital outlay | - | 92,973 | 1,539,010 |
| Debt service: | | | |
| Principal retirements | - | - | 24,466 |
| Interest and fiscal charges | - | - | 11,627 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | - | 94,473 | 3,348,971 |
| | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | - | (3,050) | (1,733,953) |
| | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in (out) | - | - | (665,000) |
| Proceeds from bonds | - | - | 2,500,000 |
| | <hr/> | <hr/> | <hr/> |
| Total other financing sources (uses) | - | - | 1,835,000 |
| | <hr/> | <hr/> | <hr/> |
| Net changes in fund balances | - | (3,050) | 101,047 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCES, BEGINNING OF YEAR | <u>49,975</u> | <u>-</u> | <u>232,793</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 49,975</u> | <u>\$ (3,050)</u> | <u>\$ 333,840</u> |

CHESTER COUNTY, SOUTH CAROLINA
SUPPLEMENTARY INFORMATION
SCHEDULE OF CLERK OF COURT FINES AND FEES
 For the Year Ended June 30, 2017

| | <u>Total Collected</u> |
|--|----------------------------|
| Amount Retained by County Treasurer | |
| Fines | \$ 2,454 |
| Fees | <u>283,818</u> |
| Total retained by County Treasurer | <u><u>\$ 286,272</u></u> |
| Amount Remitted to State Treasurer | |
| Fines | \$ 8,987 |
| Fees | 165,183 |
| Assessments | 4,549 |
| Other | <u>3,571</u> |
| Total remitted to State Treasurer | <u><u>\$ 182,290</u></u> |
| Amount Allocated to Victim's Services | |
| Assessments | \$ 1,782 |
| Surcharges | <u>7,269</u> |
| Total allocated to Victim's Services | <u><u>\$ 9,051</u></u> |

CHESTER COUNTY, SOUTH CAROLINA
SUPPLEMENTARY INFORMATION
SCHEDULE OF MAGISTRATE FINES AND FEES
 For the Year Ended June 30, 2017

| | <u>Total Collected</u> |
|--|----------------------------|
| Amount Retained by County Treasurer | |
| Fines | \$ 343,770 |
| Fees | <u>49,989</u> |
| Total Retained by County Treasurer | <u><u>\$ 393,759</u></u> |
| Amount Remitted to State Treasurer | |
| Total Remitted to State Treasurer | <u><u>\$ 524,318</u></u> |
| Amount Allocated to Victim's Services | |
| Total Allocated to Victim's Services | <u><u>\$ 53,564</u></u> |