

## CHARLESTON COUNTY COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

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Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments of the government, on a cost reimbursement basis.

**Fleet Management** - This fund is used to account for all operations of the County's centrally administered vehicle operation. Functions included within this operation are writing the specifications and assisting in the purchase of all on and off-road vehicles and equipment; owning all vehicles and equipment not specifically used in other County proprietary operations; maintaining all vehicles and equipment; operating a County-wide fuel distribution and monitoring system; operating a fleet of pool cars for those departments not directly assigned vehicles; and operating a vehicle parts warehouse.

**Office Support Services** - This fund is used to account for the mail pick-up and delivery service, duplicating machines, postage metering service and records management. Records management includes establishing records retention schedules for all County operations, centralized storage of records and a centralized microfilming operation.

**Workers' Compensation** - This fund is used to account for the costs of staffing a workers' compensation division as well as the cost of providing insurance through the S.C. Association of County Commissioners Self-Insurance Fund. Funding is provided by levying a percentage charge against all departmental payrolls. In fiscal year 1996, insurance was converted to self-insurance coverage for all claims less than \$100,000.

**Employee Benefits** - This fund is used to account for costs of providing health and life insurance to the County's employees and retirees, as well as providing retirement benefits. Funding is provided by a percentage charge against all departmental payrolls and payments from retirees. The fund is administered by seven trustees; the Finance Director and Human Resources Director as permanent members, the Chairman of the Employee Insurance Committee for the duration of term in office, and for two year periods, trustees appointed by the 1) Elected Officials, 2) Appointed Officials, 3) County Administrator, and 4) Deputy Administrator for Finance. As of January 1, 1993, the Trustees had contracted with the South Carolina Department of Insurance to provide all of the County's health and life insurance. To provide retirement benefits to its employees, the County contracts with the South Carolina Public Employee Benefits Authority (PEBA) which administers the various retirement systems and retirement programs managed by its retirement division.

**Telecommunications** – This fund is used to account for the centrally administered telecommunications system, which includes pagers and cellular telephones.

COUNTY OF CHARLESTON, SOUTH CAROLINA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2016

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits	Telecom- munications	Totals
<b>ASSETS</b>						
<b>Current assets:</b>						
Pooled cash and cash equivalents	\$ 1,724,360	\$ 293,219	\$ 5,795,913	\$ 32,234,563	\$ 475,927	\$ 40,523,982
Cash with fiscal agent	-	-	125,000	-	-	125,000
Pooled investments	-	-	-	3,451,749	-	3,451,749
Receivables (net of allowances for uncollectibles)	221,968	-	-	227,294	-	449,262
Due from other funds	-	-	141,837	23,896,372	-	24,038,209
Inventories	322,486	-	-	-	-	322,486
<b>Total current assets</b>	<b>2,268,814</b>	<b>293,219</b>	<b>6,062,750</b>	<b>59,809,978</b>	<b>475,927</b>	<b>68,910,688</b>
<b>Capital assets:</b>						
Buildings	1,550,503	145,180	-	-	-	1,695,683
Machinery and equipment	35,802,667	1,975,373	398,493	-	1,116,189	39,292,722
Less accumulated depreciation	(21,051,351)	(1,363,284)	(284,048)	-	(434,360)	(23,133,043)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>16,301,819</b>	<b>757,269</b>	<b>114,445</b>	<b>-</b>	<b>681,829</b>	<b>17,855,362</b>
<b>Total assets</b>	<b>18,570,633</b>	<b>1,050,488</b>	<b>6,177,195</b>	<b>59,809,978</b>	<b>1,157,756</b>	<b>86,766,050</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension contributions made subsequent to measurement date	-	-	-	13,359,612	-	13,359,612
Difference between expected and actual experience	-	-	-	22,509,459	-	22,509,459
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,869,071</b>	<b>-</b>	<b>35,869,071</b>
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable	304,675	64,428	2,965,205	32,774	114,918	3,482,000
Accrued payroll and fringe benefits	129,705	35,946	23,868	5,642	18,347	213,508
Compensated absences-current	27,988	5,458	-	-	222	33,668
Intergovernmental payable	3,404	-	236,781	1,830,534	36	2,070,755
Lease payable - current	-	276,494	-	-	-	276,494
<b>Total current liabilities</b>	<b>465,772</b>	<b>382,326</b>	<b>3,225,854</b>	<b>1,868,950</b>	<b>133,523</b>	<b>6,076,425</b>
<b>Noncurrent liabilities:</b>						
OPEB liability	-	-	-	32,221,614	-	32,221,614
Compensated absences	193,082	50,463	51,200	5,551	20,760	321,056
Lease payable	-	322,391	-	-	-	322,391
Net pension liability	-	-	-	211,933,021	-	211,933,021
<b>Total noncurrent liabilities</b>	<b>193,082</b>	<b>372,854</b>	<b>51,200</b>	<b>244,160,186</b>	<b>20,760</b>	<b>244,798,082</b>
<b>Total liabilities</b>	<b>658,854</b>	<b>755,180</b>	<b>3,277,054</b>	<b>246,029,136</b>	<b>154,283</b>	<b>250,874,507</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Net difference between projected and actual earnings on pension plan investments	-	-	-	13,586,149	-	13,586,149
<b>NET POSITION</b>						
Net investment in capital assets	16,301,819	158,384	114,445	-	681,829	17,256,477
Unrestricted	1,609,960	136,924	2,785,696	(163,936,236)	321,644	(159,082,012)
<b>Total net position</b>	<b>\$ 17,911,779</b>	<b>\$ 295,308</b>	<b>\$ 2,900,141</b>	<b>\$ (163,936,236)</b>	<b>\$ 1,003,473</b>	<b>\$ (141,825,535)</b>

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 For the Year Ended June 30, 2016

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits	Telecom- munications	Totals
<b>Operating revenues:</b>						
Charges for services	\$ 12,075,807	\$ 2,026,782	\$ 4,353,489	\$ 41,396,425	\$ 1,970,341	\$ 61,822,844
<b>Total operating revenues</b>	<b>12,075,807</b>	<b>2,026,782</b>	<b>4,353,489</b>	<b>41,396,425</b>	<b>1,970,341</b>	<b>61,822,844</b>
<b>Operating expenses:</b>						
Personnel services	2,180,472	663,251	411,539	100,187	314,571	3,670,020
Contractual services	5,545	16,244	3,630,957	-	1,368	3,654,114
Materials and supplies	7,711,025	654,797	139,857	24,409	7,202	8,537,290
Utilities	94,961	19,629	-	-	1,352,136	1,466,726
Repairs and maintenance	42,681	248,296	34,425	-	116,785	442,187
Rental expenses	-	13,174	-	-	-	13,174
Vehicle fleet charges	103,417	8,881	10,543	-	3,827	126,668
Employee benefits	-	-	-	39,840,262	-	39,840,262
Other expenses	426,098	63,067	36,788	2,226	17,100	545,279
Depreciation	3,721,450	317,643	72,568	-	104,166	4,215,827
<b>Total operating expenses</b>	<b>14,285,649</b>	<b>2,004,982</b>	<b>4,336,677</b>	<b>39,967,084</b>	<b>1,917,155</b>	<b>62,511,547</b>
<b>Operating income (loss)</b>	<b>(2,209,842)</b>	<b>21,800</b>	<b>16,812</b>	<b>1,429,341</b>	<b>53,186</b>	<b>(688,703)</b>
<b>Nonoperating revenues (expenses):</b>						
Interest income	12,296	894	30,822	170,577	1,044	215,633
Intergovernmental revenues	-	5,937	-	-	-	5,937
Interest expense	-	(59,642)	-	-	-	(59,642)
Gain (loss) on disposal of capital assets	194,244	-	-	-	2,070	196,314
<b>Total nonoperating revenues (expenses)</b>	<b>206,540</b>	<b>(52,811)</b>	<b>30,822</b>	<b>170,577</b>	<b>3,114</b>	<b>358,242</b>
<b>Income (loss) before transfers</b>	<b>(2,003,302)</b>	<b>(31,011)</b>	<b>47,634</b>	<b>1,599,918</b>	<b>56,300</b>	<b>(330,461)</b>
Transfers in	5,174,778	50,000	-	-	-	5,224,778
Transfers out	(501,082)	-	-	-	(69,000)	(570,082)
<b>Change in net position</b>	<b>2,670,394</b>	<b>18,989</b>	<b>47,634</b>	<b>1,599,918</b>	<b>(12,700)</b>	<b>4,324,235</b>
<b>Total net position - beginning</b>	<b>15,241,385</b>	<b>276,319</b>	<b>2,852,507</b>	<b>(165,536,154)</b>	<b>1,016,173</b>	<b>(146,149,770)</b>
<b>Total net position - ending</b>	<b>\$ 17,911,779</b>	<b>\$ 295,308</b>	<b>\$ 2,900,141</b>	<b>\$ (163,936,236)</b>	<b>\$ 1,003,473</b>	<b>\$ (141,825,535)</b>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2016

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits	Telecom- munications	Totals
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 151,163	\$ -	\$ -	\$ -	\$ 2,542	\$ 153,705
Cash receipts from interfund services provided	11,800,121	2,032,971	4,491,758	36,209,557	1,968,032	56,502,439
Cash payments to suppliers for goods and services	(8,456,291)	(1,075,128)	(4,221,866)	(32,681,521)	(1,485,699)	(47,920,505)
Cash payments to employees for services	(2,184,958)	(664,325)	(404,880)	(184,729)	(298,114)	(3,737,006)
Net cash provided by operating activities	<u>1,310,035</u>	<u>293,518</u>	<u>(134,988)</u>	<u>3,343,307</u>	<u>186,761</u>	<u>4,998,633</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers in	5,174,778	50,000	-	-	-	5,224,778
Transfers (out)	(501,082)	-	-	-	(69,000)	(570,082)
Net cash provided by noncapital financing activities	<u>4,673,696</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(69,000)</u>	<u>4,654,696</u>
<b>Cash flows from capital and related financing activities:</b>						
Principal paid on long-term debt	-	(268,718)	-	-	-	(268,718)
Interest paid	-	(59,642)	-	-	-	(59,642)
Proceeds from capital lease	-	14,477	-	-	-	14,477
Proceeds from sale of capital assets	368,941	-	-	-	4,070	373,011
Acquisition and construction of capital assets (including capitalized interest)	(7,845,415)	(64,772)	(46,915)	-	(33,746)	(7,990,848)
Net cash used in capital and related financing activities	<u>(7,476,474)</u>	<u>(378,655)</u>	<u>(46,915)</u>	<u>-</u>	<u>(29,676)</u>	<u>(7,931,720)</u>
<b>Cash flows from investing activities:</b>						
Interest received	12,296	894	30,822	170,577	1,044	215,633
Net cash provided by investing activities	<u>12,296</u>	<u>894</u>	<u>30,822</u>	<u>170,577</u>	<u>1,044</u>	<u>215,633</u>
<b>Net increase in cash and cash equivalents</b>	<u>(1,480,447)</u>	<u>(34,243)</u>	<u>(151,081)</u>	<u>3,513,884</u>	<u>89,129</u>	<u>1,937,242</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>3,204,807</u>	<u>327,462</u>	<u>6,071,994</u>	<u>32,172,428</u>	<u>386,798</u>	<u>42,163,489</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,724,360</u>	<u>\$ 293,219</u>	<u>\$ 5,920,913</u>	<u>\$ 35,686,312</u>	<u>\$ 475,927</u>	<u>\$ 44,100,731</u>
<b>Reconciliation to balance sheet:</b>						
Pooled cash and cash equivalents	\$ 1,724,360	\$ 293,219	\$ 5,795,913	\$ 32,234,563	\$ 475,927	\$ 40,523,982
Pooled investments	-	-	-	3,451,749	-	3,451,749
Cash with fiscal agent	-	-	125,000	-	-	125,000
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,724,360</u>	<u>\$ 293,219</u>	<u>\$ 5,920,913</u>	<u>\$ 35,686,312</u>	<u>\$ 475,927</u>	<u>\$ 44,100,731</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Year Ended June 30, 2016

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits	Telecom- munications	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (2,209,842)	\$ 21,800	\$ 16,812	\$ 1,429,341	\$ 53,186	\$ (688,703)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	3,721,450	317,643	72,568	-	104,166	4,215,827
Changes in assets, deferred outflows and inflows of resources, and liabilities:						
(Increase) decrease in receivables	(124,523)	6,189	138,269	(5,186,868)	233	(5,166,700)
Decrease in inventory	5,857	-	-	-	-	5,857
Increase (decrease) in accounts payable	(78,421)	(51,040)	(369,296)	3,040,211	12,719	2,554,173
Increase (decrease) in accrued payroll	(4,486)	(1,074)	6,659	(84,542)	16,457	(66,986)
Increase in net pension liability	-	-	-	25,819,555	-	25,819,555
(Increase) in deferred outflows of resources for pensions	-	-	-	(17,751,394)	-	(17,751,394)
(Decrease) in deferred inflows of resources for pensions	-	-	-	(3,922,996)	-	(3,922,996)
Total adjustments	3,519,877	271,718	(151,800)	1,913,966	133,575	5,687,336
Net cash provided by operating activities	\$ 1,310,035	\$ 293,518	\$ (134,988)	\$ 3,343,307	\$ 186,761	\$ 4,998,633

See notes to financial statements.