COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The financial statements of the County of Charleston (County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainders of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2019.

B. Financial Reporting Entity

The County of Charleston, South Carolina was established by the State of South Carolina on April 9, 1948, under the provisions of Act 681 of 1942. The County operates under a Council-Administrator form of government and provides the following services: public safety (sheriff and fire), highways and streets, sanitation, health and social services, cultural and recreational programs, public improvements, planning and zoning, courts, economic development and general administrative services. As required by GAAP, these financial statements present the County (the Primary Government) and its component units, entities for which the County is considered to be financially accountable or for which exclusion of a component unit would render the financial statements misleading.

The core of the financial reporting entity is the primary government, which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The financial reporting entity includes the County (a primary entity).

A primary government or entity is financially accountable if it appoints a voting majority of the organization's governing body, including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of decisions made by the primary government or agreements between the primary government and a component unit. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists:

1) The primary government is legally entitled to or can otherwise access the organization's resources.
2) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3) The primary government is obligated in some manner for the debt of the organization.

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Based on the previously discussed criteria, the following component units are reported in the County's Comprehensive Annual Financial Report (CAFR) as shown in the following table:

Discretely Presented Component Units	Brief Description of Activities and Relationship to the County
Charleston County Library (CCL) Administrative Office Address: 68 Calhoun Street Charleston, SC 29401 Telephone: (843) 805-6801	The Charleston County Library System was created by South Carolina Legislation in 1979 as part of Charleston County Government. Its primary purpose is to provide library services to the citizens of Charleston County and bookmobile services in the rural areas of the County. The Library operates under an 11 member Board of Trustees which is appointed by County Council. County Council approves the budget and all general obligation debt for the Library.
Charleston County Parks and Recreation Commission (CCPRC) Administrative Office Address: 861 Riverland Drive Charleston, SC 29412 Telephone: (843) 762-2172	The Commission was created under the provisions of Act 1595 of the South Carolina Legislature on August 3, 1972. The Commission is empowered to acquire land, establish recreational facilities, and provide recreational activities within Charleston County. The Commission is governed by a seven member board which is appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.
Cooper River Park & Playground Commission (CRPPC) Administrative Office Address: PO Box 71846 N. Charleston, SC 29415 Telephone: (843) 764-3072	The Commission was created on April 27, 1942, under Act 640 of the South Carolina Legislature to provide parks and recreation facilities for use by citizens residing within the geographic boundaries of the Commission. The Commission is governed by a six member Board of Trustees appointed by the North Charleston District and the Cooper River School District. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.
North Charleston District (NCD) Administrative Office Address: P.O. Box 63009 Charleston, SC 29419 Telephone: (843) 764-3072	The District was created as a public service district in 1972 by Act 1768 of the South Carolina Legislature. The District provides fire, sanitation, street lighting, and cleaning services to the residents within its geographic boundaries. The District is governed by a nine member Commission appointed by the Governor through recommendations of the City of North Charleston and the Legislative Delegation. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the District.

Discretely Presented Component Units	Brief Description of Activities and Relationship to the County
St. Andrew's Parish Parks & Playground Commission (SAPPPC) Administrative Office Address: P.O. Box 31825 Charleston, SC 29407 Telephone: (843) 763-4360	The Commission was created by the General Assembly of the State of South Carolina in 1945. The Commission has the power to create, develop, maintain, and operate a system of parks and playgrounds for the use and benefit of the residents within its jurisdictional area. The Commission is governed by five members appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.
St. John's Fire District (SJFD) Administrative Office Address: P.O. Box 56 Johns Island, SC 29457 Telephone: (843) 559-9194	The Fire District was created by Act 369 of the South Carolina General Assembly on April 9, 1959. The Fire District provides fire protection services to residents within its geographic boundaries. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Fire District.
St. Paul's Fire District (SPFD) Administrative Office Address: P.O. Box 65 Hollywood, SC 29449 Telephone: (843) 889-6450	The Fire District was formed under Act 440 of the South Carolina General Assembly in 1949. The Fire District provides fire protection services to the western portion of the County. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Fire District.
Charleston County Volunteer Rescue Squad, Inc. (CCVRS) Administrative Office Address: P.O. Box 5012 North Charleston, SC 24906 Telephone: (843) 225-7728	The Rescue Squad received its Charter January 30, 1973, from the State of South Carolina. The primary purpose is to provide volunteer rescue services for the citizens of Charleston County. The rescue squad is exempt from federal and state income taxation under Section 501(c) (3) of the U.S. Internal Revenue Code and is not a private foundation. The rescue squad's operating budget is based on an annual appropriations approved by County Council during their budget process. The rescue squad is economically dependent on the County. In the event CCVRS is dissolved, Charleston County would be the beneficiary of any assets.

The complete financial statements for each component unit may be obtained from their administrative offices at the addresses stated above.

C. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The accounts of the County and its component units are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. There are three categories of funds: governmental, proprietary, and fiduciary.

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 activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for 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 which are not classified as program revenues and all taxes are presented as general revenues of the County, with certain limited exceptions.

The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements
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 enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting - The major fund types are:

Governmental funds are used to account for general governmental activities. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund – This is the primary operating fund of the County. This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Special Source Revenue Bond Fund – This fund accounts for the financial resources to be used for the cost of designing and constructing an extension of South Aviation Avenue Project as part of the Charleston Airport Area Improvement Project.

Transportation and Road Sales Tax Special Revenue Fund – This fund accounts for revenues generated by the half cent sales tax for roads, public transportation, and greenbelts.

G.O.B. Capital Projects – This fund accounts for financial resources to be used to complete construction projects funded by bond issues. These projects include renovation and construction of libraries, security updates for the detention center, new Awendaw fire station and major software upgrades.

Proprietary funds reporting focus is on the determination of operating income, changes in net position, financial position, and cash flow. Proprietary funds are classified as either enterprise or internal service. These funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business. In the enterprise funds a fee is charged to external users. The County reports the following major proprietary funds:

Environmental Management – This fund is used to account for the County's solid waste disposal activities, currently consisting of the following:

1. Landfill to dispose of all county dry goods and construction materials.
2. Service contracts for hauling and transfer of municipal solid waste.

This fund is also used to account for the County's recycling operations, which consist of the following:

1. Curbside collection of recyclables in the urban areas of the County.
2. Drop-box collection in all areas of the County.
3. Operation of materials recovery facility.
4. Yard waste mulch facility.

These services are funded from collection of a countywide user fee, tipping fees at the landfill, and sale of recyclables.

Parking Garages – This fund is used to account for the operation, financing, and construction of parking facilities. The County currently owns and operates two parking garages in downtown Charleston.

Internal Service Funds – These funds account for the financing of services provided by one department to other departments of the County, or to other governments, 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 operation; 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 centrally administered 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.

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

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) Assistant Administrator of 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 also contracts with the South Carolina Public Employee Benefit Authority (PEBA) which administers the various retirement systems and retirement programs managed by its Retirement Division.

Fiduciary fund reporting focuses on net position and changes in net position. This fund accounts for assets held by the County as an agent on behalf of others. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The County's only fiduciary funds are agency funds.

Agency Funds – This fund primarily consists of monies collected and disbursed by the County Treasurer (an elected, constitutionally mandated official) for various governmental units and taxing entities within Charleston County's borders as defined by South Carolina law. These monies are not under the control of Charleston County Council. This fund also consists of monies administered by several elected, appointed and other officials who, by nature of their position, collect and disburse cash. These officials consist of the Revenue Collections Director, Clerk of Court (who administers both Clerk of Court and Family Court funds), Delinquent Tax Collector, Family Court, Magistrates, Master-In-Equity, Probate Court Judge, Register of Deeds, Sheriff, and Solicitor.

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Component unit disclosures represent a consolidation of various fund types.

D. Measurement Focus

Government-Wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the County are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise on the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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 with respect to property taxes and one year after fiscal year-end for all other governmental revenues.

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 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 collected within 60 days of fiscal year end, sales tax, grants, interest, accommodations fees, intergovernmental revenue, and charges for services.

Unavailable and Unearned Revenues – Unavailable and unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied, and are not considered to be available to liquidate liabilities of the current period.

Property taxes for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance fiscal year 2019 operations have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are recorded as deferred inflows of resources.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

The County also defers revenue recognition in connection with resources received prior to meeting eligibility requirements (other than time requirements). As such, certain grants have been received, but not yet earned and have been reported as unearned revenue.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenues) until then. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

When committed, assigned and unassigned resources are available for use for the same purpose, it is the County's policy to use committed resources first, then assigned and unassigned, as needed for their intended purposes.

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

1. *Cash and Investments*

The County maintains and controls several major cash and investment pools which the funds of the primary government share. Each fund's portion of a pool is presented on its respective balance sheets as "pooled cash and cash equivalents." In addition, non-pooled cash and investments are separately held and reflected in the respective funds as "non-pooled cash and cash equivalents" and "investments," some of which are restricted assets.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. For purposes of the Proprietary Funds' statement of cash flows, all short-term highly liquid investments, including restricted assets, with original maturities of three months or less from the date of acquisition are considered to be cash equivalents.

The County allows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application.*

The County measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

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

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

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

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

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

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

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

At June 30, 2019, all of the investments are reported using Level 1 fair value hierarchy.

South Carolina State law limits investments to those authorized by South Carolina Code of Laws Section 6-5-10. These state statutes authorize investments 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 of 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 the section.

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 items (a), (b), (c), and (f) of this subsection and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The County and its component units have certain funds invested with the South Carolina State Treasurer's Office which established the South Carolina Local Government Investment Pool (the Pool) pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs which are under the custody of any county treasurer or any governing body of a political subdivision of the State may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools",* investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00. Separate financial statements can be requested from the South Carolina office of the State Treasurer at the Wade Hampton Office Building, 1200 Senate Street, Columbia, SC, 29201.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The allowance for trade accounts receivable is computed based upon an estimate of collections within each aging category. The allowance for property taxes receivable is based upon a composite average of each delinquent tax year's collections to the outstanding balance at the beginning of the fiscal year.

The County bills and collects property taxes for itself and all other taxing entities within the County. Property taxes are recognized in the period for which they are levied and available for financing current expenditures. Property taxes receivable represents current and delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year-end, except those collected within 60 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds. Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 – 3 percent, February 1 – an additional 7 percent, March 16 – an additional 5 percent. On March 16, the property tax bills are turned over to the delinquent tax office and the properties are subject to sale. Taxes on licensed motor vehicles are levied during the month when the taxpayer's vehicle license registration is up for renewal. The County must provide proof of payment to the South Carolina Department of Transportation before that agency will renew the taxpayer's vehicle license.

The County charges a user fee to real property owners and certain commercial and governmental entities providing revenues for a portion of the County's solid waste collection and disposal effort (e.g., landfill and recycling). Tipping fees charged to certain commercial and governmental entities are also included. Annual charges to real property owners are billed in the fall for the subsequent calendar year, but are recognized in full in the year of billing. An allowance for uncollectible accounts is established based upon an historical estimate of the collections within each customer category: residential, commercial, governmental or housing agencies.

The County also charges an annual storm water fee to real property owners in unincorporated areas and certain municipalities. This fee funds the County's storm water management program, which is now required under federal regulations. An allowance for uncollectible accounts is established based upon historical estimates.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

In the governmental fund statements, reported inventories and prepaid items are equally offset by a nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

4. Restricted Assets

Certain assets of the County's Special Source Revenue Bond Fund and component units derived from proceeds of various General Obligation Bonds and Special Source Revenue Bonds are set aside for their repayment or earmarked by the Trustee for specific purposes. These assets are classified as restricted assets on the balance sheet in both the government-wide and fund financial statements, because their use is limited by applicable bond covenants. All restricted assets are considered expendable.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 the life of the assets are not capitalized by governmental or business-type activities.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended June 30, 2019.

All reported capital assets except land and certain infrastructure assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were 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:

Assets	Years
Buildings	45
Buildings Improvements	10-45
Improvements other than buildings	10-45
Public Domain Infrastructure	20-50
Vehicles	5
Office Equipment	5-10
Computer Equipment	3-5
Other Equipment	5-12
Landfill Land	10-20
Sewer Systems	25-50

6. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding represents the difference between the reacquisition price and the net carrying value of the refunded debt. This difference is reported as a deferred outflow of resources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

7. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The employee may receive the balance of their accumulated vacation pay upon separation from the County. The County records a liability for this balance. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service.

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences.* The entire compensated absence liability and expense are reported in the government-wide financial statements. The governmental funds will also recognize compensated absences for terminations and retirements (matured liabilities) that occurred prior to year-end that are expected to be paid within a short time subsequent to year end, if they are material.

8. Fund Equity

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of the other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – A net position that does not meet the definition of "net investment in capital assets" or "restricted."

Fund Statements

The County follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

Fund balances are classified as follows:

Nonspendable fund balance cannot be spent because of its form, such as inventory or prepaid items. These amounts do not represent available spendable resources even though they are components of net current assets.

Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Restrictions are placed on fund balances when legally enforceable legislation establishes the County's right to assess, levy, or charge fees to be used for a specific purpose. Legal enforceability means that the County can be compelled by an external party to use resources created by enabling legislation only the purpose specified by the legislation.

Restricted for debt service. Fund balance subject to the provision of various bond indenture and Certificate of Participation lease agreements as to restrictions on expenditures.

Restricted for special revenue funds. Amounts restricted in accordance with the various use restrictions placed on their assets under applicable grant agreements and legislation.

Committed fund balance has self-imposed limitations imposed at the highest level of decision making authority. County Council is the County's highest level of decision making that can, by adoption of an ordinance establish, modify or rescind a fund balance commitment. Committed amounts cannot be used for any other purpose unless Council removes those constraints by taking the same type of action. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Council.

Committed for capital projects. All capital project fund balances, are committed for the acquisition of capital assets, for the completion of existing projects and for future projects.

Assigned fund balance are amounts intended to be used by the County for specific purposes. Assigned fund balance includes all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed and amounts in the General Fund that are intended to be used for a specific purpose. At this time, Council has elected not to delegate this authority.

Unassigned fund balance in the General Fund equals the net resources in excess of what can be properly classified in one of the above four categories. The County targets General Fund unassigned fund balance at a minimum of 1-1/2 to 2 months of the subsequent year's General Fund disbursements.

Unassigned – All amounts not included in other spendable classifications. The County permits funds to be expended in the following order: Committed, Assigned, and Unassigned.

When committed, assigned and unassigned resources are available for use for the same purpose, the County depletes committed funds first followed by assigned and unassigned resources last; unless there are legal documents, contracts, or agreements that prohibit doing such.

When both restricted and unrestricted resources are available for use for the same purpose, the County depletes restricted resources before unrestricted resources are applied.

9. Accounting Estimates

The preparation of financial statements in accordance with GAAP requires the County's management to make estimates and assumptions. These 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.

10. Net Position

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

11. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for solid waste disposal, recycling, parking garages, E-911 communication system, radio communication system, revenue collections, public safety systems, and the activity of the programs administered by the Department of Alcohol and Other Drug Abuse Services (DAODAS), vehicle maintenance, telephone service, and employee benefit programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

12. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported as general revenues as transfers.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the Police Officer's Retirement Systems (PORS), and additions to/deductions from the SCRS's and PORS's fiduciary net positon have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County may have five items that qualify for reporting in this category as follows:

1. Pension and OPEB contributions made subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the subsequent year.

2. The net difference between the projected and actual earnings on pension plan and OPEB investments which is deferred and amortized over a closed five-year period.

3. The differences between expected and actual experience which is amortized into pension and OPEB expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.

4. The changes in proportion and differences between employer contribution and proportionate share of contributions, which will be deferred and amortized over the remaining service lives of all plan participants.

5. Changes in actuarial assumptions, which will be deferred and amortized over the remaining service lives of all plan participants.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County may have the following items that qualify for reporting in this category:

1. The differences between expected and actual experience which is amortized into pension and OPEB expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.

2. The changes in proportion and differences between employer contribution and proportionate share of contributions, which will be deferred and amortized over the remaining service lives of all plan participants.

3. Changes in actuarial assumptions, which will be deferred and amortized over the remaining service lives of all plan participants.

15. Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits ("OPEB") are required to be recognized and disclosed using the accrual basis of accounting (see the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The County recognizes net pension and net OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the

County's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the County's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings as qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are legally adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund, Debt Service Fund and certain Special Revenue Funds including Accommodations, Child Support Enforcement, Economic Development, Education, Fire Districts, Hazardous Materials Enforcement, Public Defender, Storm Water Drainage, Sheriff, Solicitor, and Victim Notification Funds. The balance of the Special Revenue Funds and Capital Projects Funds are budgeted over the life of the grant or project. Certain reclasses have been made to the general fund presentation of the budget.

All agencies of the County and its component units must submit requests for appropriations to the County Administrator by April 15 along with revenue estimates so that a budget may be prepared. During May, the proposed budgets are presented to County Council for review. The Council holds public hearings and adopts the final budgets by July 1 through passage of ordinances.

The legal level of budgetary control is determined by County Council at the individual fund level. Expenditures by department, sub-organizational level and major category, i.e. personnel, non-personnel and capital outlay, are further defined in the budget document and are subject to County Administrator approval. The County Administrator is authorized to make transfers between major expenditure categories within departments and between departments within the same fund.

The Administrator has further delegated to the Assistant Administrators the authority to transfer between departments. The budget ordinance must be amended by Council to effect changes in fund totals, unless otherwise authorized in the budget ordinance.

Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations were necessary.

The results were increases and decreases within the individual departments within the funds. All annual appropriations lapse at year-end, except for Council designations and outstanding encumbrances.

III. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits, Cash Equivalents and Investments

Custodial Credit Risk - Deposits

Custodial Credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County follows Section 6-5-15, *South Carolina Code of Laws, 1976* (as amended) as its policy for custodial credit risk which states that to the extent that these deposits exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation, the bank or savings and loan association at the time of deposit must: (1) furnish an indemnity bond in a responsible surety company authorized to do business in this

State; or (2) pledge as collateral: (a) obligations of the United States; (b) obligations fully guaranteed both as to principal and interest by the United States; (c) general obligations of this State or any political subdivision of this State; or (d) obligations of the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation, in which the local entity is named as beneficiary and the letter of credit otherwise meets the criteria established and prescribed by the local entity.

As of June 30, 2019, none of the County's bank balance of $70,227,841 was exposed to custodial credit risk.

Custodial Credit Risk – Investments

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 investments or collateral securities that are in the possession of an outside party. As of June 30, 2019, the County had no exposed custodial credit risk on its investments which total $494,519,456. $77,987,712 is reported on the Statement of Net Position and $41,125,380 is reported with Agency Funds. The remaining $375,406,364 is invested in the South Carolina Local Government Investment Pool and reported as a pooled cash equivalent. The County does not have a formal investment policy to address custodial credit risk.

The State Treasurer sells participation in the South Carolina Local Government Investment Pool to political subdivisions of the State. Funds deposited into the South Carolina Local Government Investment Pool by legally qualified entities are used to purchase investment securities as follows:

1. U.S. Government Securities (direct obligations)
2. Federal Agency Securities
3. Repurchase Agreements Secured by U.S. Government Securities and/or Federal Agency Securities
4. A1/P1 Commercial Paper (Moody's/S&P highest rating)

Funds belonging to any entity that are on deposit with the South Carolina Local Government Investment Pool represent participation units in a portfolio comprised of the above referenced securities, and the external investment pool is not rated.

It is policy of the State Treasurer's Office that no derivatives of U.S. Government Securities and/or Federal Agency Securities and/or A1/P1 Commercial Paper are to be purchased by or for the South Carolina Local Government Investment Pool.

Credit Risk

The County had $375,406,364 invested in the South Carolina Local Government Investment Pool (SCLGIP). This is shown as pooled cash equivalents on the face of the financials. $128,981 has been invested in certificates of deposits and therefore by definition is not subject to credit risk. $118,984,111 has been invested in Federal Home Loan Bank. They are rated AAA and Aaa for long-term unsecured debt by Standards & Poor's and Moodys, respectively. The County has no formal policy relating to the credit risk of investments.

Investment Policy

The County's Investments are carried at fair value. Non-participating interest-earning investment contracts, such as bank certificates of deposit whose terms are not affected by changes in market rates, are stated at cost. Investment contracts that have a remaining maturity at the time of the purchase of one year or less are stated at amortized cost, provided the fair value of the investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Amortization of investment premiums and discounts is netted against investment income for financial statement purposes. Money market investments are short-term, highly liquid debt instruments including US Treasury obligations. Interest-earning investment contracts are contracts that a government enters into with a financial institution or other financial services company for which it receives interest payments.

As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy specifies limitations on instruments; diversification and maturity scheduling that are dependent upon whether the funds being invested are considered short term or long term funds. Investment maturities for operating funds are scheduled to coincide with projected cash flow needs, taking in to account large routine expenditures as well as considering sizeable blocks of anticipated revenue. Maturities in this category are timed to comply with the following guidelines:

Under 30 days	10% minimum
Under 90 days	25% minimum
Under 270 days	50% minimum
Under 1 year	90% minimum
Under 18 months	100% minimum

Long-term investment maturity scheduling is timed according to anticipated needs.

	Maturity Date		
Investments and Maturity:	Less than 1 year	1-5 years	Over 5 years
Certificates of Deposits	$ -	$ 128,981	$ -
SCLGIP	375,406,364	-	-
Federal Home Loan Bank	10,740,000	108,244,111	-
	$ 386,146,364	$ 108,373,092	$ -

Concentrations of Credit Risk
Percentages of the County's investments are listed as follows:

Certificates of Deposits	0.03%
SCLGIP	75.91%
Federal Home Loan Bank	24.06%
	100.00%

Component Units

Cash Deposits, Cash Equivalents and Investments

Interest Rate Risk
The Component Units have no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk
One of the component units' bank balances were exposed to custodial credit risk since the entire amount was not insured by FDIC or fully collateralized with securities held by the pledging financial institution's trust departments or agents in the component units' names. The Charleston County Volunteer Rescue Squad's bank balance at December 31, 2018, exceeded FDIC limits by $14,784.

Credit Risk
None of the component units' deposits or investments were subject to credit risk.

Concentrations of Credit Risk
The component units have no formal policies that limit the amounts that may be invested in any one issuer.

Custodial Credit Risk-Investments

None of the component units have a formal investment policy for managing custodial credit risk. As of June 30, 2019, St. John's Fire District had $11,383 invested in the State Treasurer's Local Government Investment Pool.

St. Paul's Fire District has $2,443,121 invested in the State Treasurer's Local Government Investment Pool.

Concentration of Risk

The Library and St. Paul's Fire District have no limit on the amount they may invest in any one issuer. The remaining component units have no formal investment policy that would limit its investment choices. None of the component units have more than 5 percent of their investments in any one issuer.

A reconciliation of cash and investments as shown on the Statement of Net Position for the primary government and the component units and Statement of Fiduciary Net Position for agency funds follows:

Cash on hand - primary government	$	86,505
Cash on hand - component units		2,875
Carrying amount of deposits - primary government		70,102,504
Carrying amount of deposits - component units		70,598,104
Carrying amount of investments - primary government		494,519,456
Carrying amount of investments - component units		2,454,504
Cash with fiscal agent - primary government		125,000
Total carrying amount of cash and investments	$	637,888,948
Non-pooled cash and cash equivalents	$	67,588,156
Pooled cash and cash equivalents		415,204,158
Restricted cash and cash equivalents		35,858,542
Pooled investments		118,984,111
Non-pooled investments		128,981
Cash with fiscal agent		125,000
Total carrying amount of cash and investments	$	637,888,948

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B. Receivables

Receivables as of June 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			
Primary government:	General	Debt Service	Transportation Special Revenue Fund	Non-major Governmental Funds
Receivables:				
Current property taxes	$ 177,762,786	$ 24,258,456	$ -	$ 14,289,248
Delinquent property taxes	5,752,557	1,049,729	-	634,695
Accounts	42,631,655	-	-	1,189,748
Intergovernmental	23,152,934	667	57,637,120	12,861,965
Gross receivables	249,299,932	25,308,852	57,637,120	28,975,656
Less allowance for				
Current property taxes	7,963,773	994,597	-	693,896
Delinquent property taxes	2,883,402	518,490	-	298,547
Accounts	37,165,226	-	-	730,300
Gross allowance	48,012,401	1,513,087	-	1,722,743
Net total receivable	$ 201,287,531	$ 23,795,765	$ 57,637,120	$ 27,252,913

	Proprietary				Totals
	Governmental Activities-Internal Service Funds	Environmental Management	Parking Garages	Non-major Business-Type Activities	Primary Government
Receivables:					
Current property taxes	$ -	$ -	$ -	$ -	$ 216,310,490
Delinquent property taxes	-	-	-	-	7,436,981
Accounts	285,188	6,893,186	30	6,082,931	57,082,738
Intergovernmental	22,898	40,833	105,963	1,422,346	95,244,726
Gross receivables	308,086	6,934,019	105,993	7,505,277	376,074,935
Less allowance for uncollectable:					
Current property taxes	-	-	-	-	9,652,266
Delinquent property taxes	-	-	-	-	3,700,439
Accounts	-	4,175,977	-	1,613,711	43,685,214
Gross allowance	-	4,175,977	-	1,613,711	57,037,919
Net total receivable	$ 308,086	$ 2,758,042	$ 105,993	$ 5,891,566	$ 319,037,016

Component Units:

	CCL	CCPRC	CRPPC	NCD
Receivables:				
Current property taxes	$ -	$ 24,317,151	$ 142,571	$ 874,436
Delinquent property taxes	-	1,016,200	18,416	112,100
Accounts	26,552	966,681	-	380
Intergovernmental	2,766	-	1,704	-
Gross receivables	29,318	26,300,032	162,691	986,916
Less allowance for uncollectible:				
Current property taxes	-	997,004	8,369	51,329
Delinquent property taxes	-	152,430	8,494	42,068
Accounts	-	-	-	-
Gross allowance	-	1,149,434	16,863	93,397
Net total receivable	$ 29,318	$ 25,150,598	$ 145,828	$ 893,519

	SAPPPC	SJFD	SPFD	Total Component Units
Receivables:				
Current property taxes	$ 1,604,112	$ 16,400,297	$ 6,436,229	$ 49,774,796
Delinquent property taxes	91,972	350,339	433,731	2,022,758
Accounts	-	11,941	-	1,005,554
Intergovernmental	-	-	-	4,470
Gross receivables	1,696,084	16,762,577	6,869,960	52,807,578
Less allowance for uncollectible:				
Current property taxes	86,462	560,890	518,117	2,222,171
Delinquent property taxes	31,785	84,065	28,934	347,776
Accounts	-	-	-	-
Gross allowance	118,247	644,955	547,051	2,569,947
Net total receivable	$ 1,577,837	$ 16,117,622	$ 6,322,909	$ 50,237,631

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2019, was as follows:

Governmental Activities	Balance July 1, 2018	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	$ 32,797,551	$ 1,667,422	$ -	$ 34,464,973
Construction in progress	12,630,185	29,747,056	(19,376,903)	23,000,338
Infrastructure-easements, land	11,325,617	266,368	(26,065)	11,565,920
Total capital assets not being depreciated	56,753,353	31,680,846	(19,402,968)	69,031,231
Capital assets being depreciated:				
Buildings	332,221,868	20,870,434	(14,383)	353,077,919
Improvements other than buildings	5,127,145	809,896	-	5,937,041
Machinery and equipment	139,103,431	12,518,791	(5,450,939)	146,171,283
Infrastructure	31,513,992	1,862,172	(366,036)	33,010,128
Total capital assets being depreciated	507,966,436	36,061,293	(5,831,358)	538,196,371
Less accumulated depreciation:				
Buildings	(118,118,768)	(7,499,508)	14,383	(125,603,893)
Improvements other than buildings	(2,120,136)	(273,205)	-	(2,393,341)
Machinery and equipment	(101,386,128)	(12,211,477)	5,212,107	(108,385,498)
Infrastructure	(28,575,221)	(1,216,043)	224,485	(29,566,779)
Total accumulated depreciation	(250,200,253)	(21,200,233)	5,450,975	(265,949,511)
Total capital assets being depreciated, net	257,766,183	14,861,060	(380,383)	272,246,860
Governmental activities Total capital assets, net	$ 314,519,536	$ 46,541,906	$ (19,783,351)	$ 341,278,091

	Balance July 1, 2018	Transfer/ Additions	Transfers/ Deletions	Balance June 30, 2019
Business-type Activities				
Capital assets not being depreciated:				
Land	$ 6,914,882	$ -	$ -	$ 6,914,882
Construction in progress	7,787,014	3,001,277	-	10,788,291
Total capital assets not being depreciated	14,701,896	3,001,277	-	17,703,173
Capital assets being depreciated:				
Buildings	28,054,543	-	-	28,054,543
Improvements other than buildings	25,897,705	-	-	25,897,705
Machinery and equipment	34,154,993	4,325,388	(1,610,747)	36,869,634
Total capital assets being depreciated	88,107,241	4,325,388	(1,610,747)	90,821,882
Less accumulated depreciation:				
Buildings	(12,964,049)	(616,949)	-	(13,580,998)
Improvements other than buildings	(7,752,474)	(1,249,662)	-	(9,002,136)
Machinery and equipment	(20,760,930)	(3,779,204)	1,501,002	(23,039,132)
Total accumulated depreciated	(41,477,453)	(5,645,815)	1,501,002	(45,622,266)
Total capital assets being depreciated, net Business-type activities	46,629,788	(1,320,427)	(109,745)	45,199,616
Total capital assets, net	$ 61,331,684	$ 1,680,850	$ (109,745)	$ 62,902,789

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

Governmental Activities	
General government	$ 9,803,565
Public safety	6,955,816
Judicial	1,744,786
Public works	2,016,846
Health and welfare	114,029
Economic development	10,617
Culture and recreation	554,574
Total	$ 21,200,233
Business-type Activities	
DAODAS	$ 309,438
E-911 Communications	226,495
Environmental Management	4,398,530
Parking Garages	600,392
Public Safety Systems	3,633
Radio Communications	90,262
Revenue Collections	17,065
Total	$ 5,645,815

Component Units

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	$ 110,227,840	$ -	$ (108,200)	$ 110,119,640
Construction in progress	5,981,463	5,644,186	(2,833,438)	8,792,211
Artwork	11,000	-	-	11,000
Total capital assets not being depreciated	116,220,303	5,644,186	(2,941,638)	118,922,851
Capital assets being depreciated:				
Buildings	70,998,961	10,489,008	(506,968)	80,981,001
Improvements other than buildings	21,881,771	213,760	(100,000)	21,995,531
Machinery and equipment	28,951,792	2,286,078	(526,716)	30,711,154
Infrastructure	5,220,964	108,822	-	5,329,786
Library materials	13,402,597	2,584,044	(1,634,346)	14,352,295
Total capital assets being depreciated	140,456,085	15,681,712	- (2,768,030)	153,369,767
Less accumulated depreciation	(79,956,654)	(6,984,501)	2,639,512	(84,301,643)
Total capital assets being depreciated, net	60,499,431	8,697,211	(128,518)	69,068,124
Component units				
Total capital assets, net	$ 176,719,734	$ 14,341,397	$ (3,070,156)	$ 187,990,975

Depreciation expense was charged to functions of the component units as follows:

General government	$ 374,074
Public safety	1,615,140
Culture and recreation	4,995,287
Total	$ 6,984,501

Construction in progress in the Governmental and Business-type Activities as of June 30, 2019, is composed of the following:

Primary Government

Governmental activities:	Project Authorization	Expended to June 30, 2019	Commitments Outstanding	Required Future Financing
Awendaw Fire Station	$ 3,400,000	$ 193,077	$ 2,414,809	General Obligation Bonds
Library Projects	108,500,000	19,939,817	40,639,255	General Obligation Bonds
Azalea Compound	57,948,000	191,359	379,968	General Obligation Bonds
Detention Center Exterior	1,698,215	58,300	1,364,453	None
Sheriff's Ranges	2,085,000	106,372	100,628	General Obligation Bonds
Public Safety Court Hearing System	32,005	14,901	17,104	None
Senior Citizens Building	383,640	285,750	64,346	None
Remount Road Shopping Center Renovations	120,210	95,460	24,744	None
Master Plan Community Services Hub	1,442,895	274,800	343,574	General Obligation Bonds
County Office Building Renovations	1,801,000	79,330	320,685	General Obligation Bonds
Juvenile Detention	16,061,000	342,456	-	General Obligation Bonds
Detention Center HVAC	1,002,375	159,648	16,021	None
Technology Projects	2,876,070	1,259,068	683,947	None
Total Governmental Activities	**$ 197,350,410**	**$ 23,000,338**	**$ 46,369,534**	

Business-type activities:	Project Authorization	Expended to June 30, 2019	Commitments Outstanding	Required Future Financing
Parking Garages Renovations	$ 1,283,052	$ 11,848	$ 1,247,358	None
Lined Landfill	6,000,000	2,533,878	3,240,523	None
Materials Recovery Facility Relocation	25,143,265	8,232,565	16,910,700	General Obligation Bonds
Total business-type activities	**$ 32,426,317**	**$ 10,778,291**	**$ 21,398,581**	

Commitments outstanding represent signed contracts and outstanding encumbrances of the County. As of June 30, 2019, the County has assets under capital lease with a total cost of $5,126,352 and a net book value of $3,324,046. The assets are computer equipment depreciated over a three to five year period, copier equipment depreciated over a five year period and two firefighting vehicles depreciated over an eight year period included in the County's machinery and equipment capital asset category.

Component Unit	Project Authorization	Expended to June 30, 2019	Commitments Outstanding	Required Future Financing
CCPRC				
Stono River Park	$ 2,638,813	$ 723,233	$ 1,915,580	General Obligation Bonds
James Island Park Wall Project	615,840	283,221	332,619	None
James Island Fish Dock	450,000	40,953	21,425	None
Folly Beach Pier	1,110,000	279,075	624,315	General Obligation Bonds
SOL Legare	300,000	10,113	55,726	None
Master Plan OTCCP	2,210,000	242,320	462,381	General Obligation Bonds
WCP Dog Park	2,282,812	556,021	1,726,791	General Obligation Bonds
Folly Beach Infrastructure	3,983,232	1,221,529	2,761,703	General Obligation Bonds
Total CCPRC	$ 13,590,697	$ 3,356,465	$ 7,900,540	
CCL Parking Control System	$ 200,000	$ 85,214	$ 115,000	None
SJFD-Fire Station	$ 6,142,575	$ 5,350,532	$ 792,043	General Obligation Bonds
Total Component Units	$ 19,933,272	$ 8,792,211	$ 8,807,583	

D. Interfund Receivables and Payables

The composition of primary government interfund balances at June 30, 2019, is as follows:

	Receivable Fund	Payable Fund
Major governmental funds: General Fund	$ 19,315,357	$ 546,565
Non-major governmental funds	-	19,315,357
Major enterprise funds: Environmental Management	-	15,744,661
Major enterprise funds: Parking Garages	-	2,271,174
Non-major enterprise funds	-	17,678,589
Internal service funds	36,240,989	-
Total	$ 55,556,346	$ 55,556,346

Interfund activity relates to funding from the County's General Fund related to County policies for cash flow and operating cash levels of governmental funds, and are expected to be collected within one year.

E. Interfund Transfers

A summary of transfers is as follows:

	Transfer In	Transfer out
Major governmental funds:		
General Fund	$ 5,399,379	$ (10,886,346)
Debt Service Fund	18,800,836	(10,353,350)
Transportation and Road Sales Tax	50,505,840	(53,505,840)
Special Source Revenue Bonds	7,568,669	(10,845,238)
G.O.B. Capital Projects	1,542,895	(248,385)
Non-major governmental funds	14,701,977	(13,867,967)
Major business-type activities:		
Environmental Management	10,855,308	(10,872,668)
Parking Garage	-	(1,417,148)
Non-major business-type activities	1,550,544	(336,377)
Internal Service Funds	3,494,156	(2,086,285)
Total	$ 114,419,604	$ (114,419,604)

Transfers are used to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Leases

Operating Leases

In September 2015, the Library entered into a lease agreement for computers to be used in the technology labs. The lease agreement is for a 48-month period commencing in December 2015, ending August 2019, with a minimum monthly charge of $2,224 for a total minimum commitment of $106,752 over the lease term.

In January 2017, the Library entered into an additional lease agreement for computers to be used by staff members. The lease agreement is for a 48-month period commencing in February 2017, ending January 2021, with a minimum monthly charge of $6,960 for a total minimum commitment of $334,080 over the lease term.

In January 2018, the Library entered into a lease agreement for public use computers. The lease agreement is for a 48-month period commencing May 2018, ending April 2022, with a minimum monthly charge of $8,611 for a total commitment of $413,328 over the lease term.

In March 2019, the Library entered into a lease agreement for public use computers. The lease agreement is for a 48-month period commencing April 2019, ending March 2023, with a minimum monthly charge of $2,322 for a total commitment of $111,456 over the lease term.

Total rent expense associated with the computer leases for the year ended June 30, 2019, is $220,504. The future minimum lease payments for the leases are as follows:

Year Ending - June 30	Amount
2020	$ 204,937
2021	159,020
2022	93,080
2023	5,224
	$ 462,261

G. Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the County to place a final cover on its Romney Street and Bees Ferry landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $10,363,423 reported as the accrual for landfill closure and post-closure at June 30, 2019, represents the estimated remaining cost reported of $26,035,100 less $15,671,677 deferred to date based on the following information:

		Estimated Costs Recognized			
Landfill Site	Percentage of Capacity Used	Closure	Post-closure	Total	Balance To Be Recognized
Romney Street	100%	$ 5,490,798	$ 277,572	$ 5,768,370	$ -
Bees Ferry					
Ash storage facility	100%	1,117,258	78,851	1,196,109	-
68 acres	100%	6,038,809	-	6,038,809	-
54 acres	100%	9,727,000	-	9,727,000	-
Bees Ferry lined landfill	32.8%	6,672,000	899,000	7,571,000	15,510,475
Bees Ferry C&D landfill	93.8%	2,379,000	57,000	2,436,000	161,202
Totals		$31,424,865	$1,312,423	$ 32,737,288	$15,671,677

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2019. The County began to close the Landfills in 1994. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The County anticipates that available resources, user fees, will be the primary source of funds to pay the cost of closure.

The County will issue under separate cover, a certification signed by its Deputy Administrator for Finance stating compliance with final Environmental Protection Agency regulations regarding financial assurance for operators of Municipal Solid Waste Landfill Facilities, including a required statement from our independent auditor. The computations required under these regulations are included in page 214 in the statistical section of this report.

H. Short-term Debt

Some of the County's component units use short-term tax anticipation notes or lines of credit to finance general operating expenditures during the fiscal year ended June 30, 2019. The activity in short-term debt for the fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
SJFD	-	1,000,000	1,000,000	-
	$ -	$ 1,000,000	$ 1,000,000	$ -

I. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2019.

Primary Government:	Balance July 1, 2018	Increase	Decrease	Balance June 30, 2019	Amounts Due In One Year
Governmental activities					
General obligation bonds	$ 592,392,438	$ -	$ 49,641,601	$ 542,750,837	$ 46,847,148
Special source revenue bond	127,764,416	-	3,753,649	124,010,767	3,932,252
Intergovernmental note payable	22,365,479	-	1,718,458	20,647,021	1,816,926
Capital lease payable	1,772,152	2,327,850	1,116,018	2,983,984	990,606
Compensated absences	12,576,180	1,254,053	855,206	12,975,027	855,206
Total	$ 756,870,665	$ 3,581,903	$ 57,084,932	$ 703,367,636	$ 54,442,138
Business-type activities					
Accrual for landfill closure	$ 9,449,806	$ 913,617	$ -	10,363,423	$ 913,617
Compensated absences	1,360,094	93,865	116,180	1,337,779	116,180
Total	$ 10,809,900	$ 1,007,482	$ 116,180	$ 11,701,202	$ 1,029,797

Internal Service Funds predominantly serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences, net pension obligations and net other post-employment benefit obligations are generally liquidated from the applicable governmental fund’s budgeted operations monies, of which the general fund is the most significant.

General Obligation Bonds*.* The County and its component units issue General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. All other obligations are reported in the Governmental activities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the County.

Primary government General Obligation Bond's payable at June 30, 2019, is comprised of the following:

		Principal Amount	
Issue Date	Title of Issues	Original	Outstanding
August 1, 2009	General Obligation Capital Improvement Bonds of 2009, Series A, 3.00 percent to 5.50 percent interest, annual principal payment beginning in fiscal year 2012, semi-annual interest payments beginning in fiscal year 2010. Partially refunded in fiscal year 2016, matures in fiscal year 2020.	$50,000,000	$2,480,000
August 1, 2009	General Obligation Refunding Bonds of 2009, Series B, 1.25 percent to 3.25 percent interest, annual principal payments beginning in fiscal year 2011, semi-annual interest payments beginning in fiscal year 2010, matures in fiscal year 2021.	20,775,000	840,000
July 27, 2011	General Obligation Capital Improvement Transportation Sales Tax Bonds of 2011, 3.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2011, first annual principal payment due in fiscal year 2013. Partially refunded in fiscal year 2018, matures in fiscal year 2022.	167,000,000	25,225,000
July 27, 2011	General Obligation Capital Improvement Bonds of 2011, 2.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2011, first annual principal payment due in fiscal year 2013. Partially refunded in fiscal year 2018, matures in fiscal year 2022.	27,100,000	3,640,000
March 22, 2012	General Obligation Transportation Sales Tax Refunding Bonds of 2012, 2.00 percent to 5.00 percent interest, semi-annual interest payments beginning in May 2012, first annual principal payment due in fiscal year 2013, matures in fiscal year 2025.	32,095,000	22,080,000
May 21, 2013	General Obligation Transportation Sales Tax Refunding Bond of 2013, 3.25 percent to 5.00 percent semi-annual interest payments beginning in November 2013, first annual principal payment due in fiscal year 2018, matures in fiscal year 2028.	70,135,000	70,125,000
May 21, 2013	General Obligation Refunding Bond Series A of 2013, 3.00 percent to 5.00 percent semi-annual interest payments beginning in November 2013, first annual principal payment due in fiscal year 2020, matures in fiscal year 2025.	28,940,000	28,940,000
May 21, 2013	General Obligation Refunding Bond Taxable Series B of 2013, 2.00 percent to 2.50 percent semi-annual interest payments beginning in November 2013, first annual principal payment due in fiscal year 2014, matures in fiscal year 2022.	30,695,000	9,905,000
May 15, 2014	General Obligation Refunding Bonds Series A of 2014, 2.00 percent to 5.00 percent semi-annual interest payments beginning in December 2014, first annual principal payment due in fiscal year 2015, matures in fiscal year 2021.	14,955,000	3,480,000

November 3, 2015	General Obligation Capital Improvement Bonds, Series 2015A, 3.00 percent to 5.00 percent interest, annual principal payments beginning in November 2016, semi-annual interest payments beginning in May 2016, matures in fiscal year 2036.	18,795,000	16,825,000
November 3, 2015	General Obligation Fire Protection Services Bonds, Series 2015B, 2.00 percent to 3.125 percent interest, annual principal payments beginning in November 2016, semi-annual interest payments beginning in May 2016, matures in fiscal year 2034.	2,080,000	1,590,000
November 3, 2015	General Obligation Refunding Bonds Series 2015C, 3.00 percent to 5.00 percent interest, annual principal payments beginning in November 2018, semi-annual interest payments beginning in May 2016, matures in fiscal year 2029.	56,680,000	53,830,000
November 3, 2015	General Obligation Transportation Sales Tax Refunding Bonds, Series 2015D, 3.50 percent to 5.00 percent interest, annual principal payments beginning in November 2018, semi-annual interest payments beginning in May 2016, matures in fiscal year 2027.	46,250,000	39,315,000
November 30, 2017	General Obligation Capital Improvement Bonds, Series 2017A, 4.00 percent to 5.00 percent interest, annual principal payments beginning in November 2018, semi-annual interest payments beginning in May 2018, matures in fiscal year 2038.	103,205,000	97,285,000
November 30, 2017	General Obligation Refunding Bonds, Series 2017B, 2.00 percent to 5.00 percent interest, annual principal payments beginning in November 2022, semi-annual interest payments beginning in May 2018, matures in fiscal year 2032.	16,440,000	16,440,000
November 30, 2017	General Obligation Transportation Sales Tax Refunding Bonds, Series 2017C, 2.00 percent to 5.00 percent interest, annual principal payments beginning in November 2022, semi-annual interest payments beginning in May 2018, matures in fiscal year 2030.	97,600,000	97,600,000
Subtotal		$782,745,000	489,600,000
Add: Premium			53,150,837
General obligation debt per statement of net position			542,750,837
Less current portion, including premium			(46,847,148)
Long-term portion outstanding			$495,903,689

Special Source Revenue Bonds. The County issued $86,405,000 Special Source Revenue Bonds on December 11, 2013 and $35,815,000 in November 2017. The proceeds of these issues are to be used for the costs of designing and constructing an extension of South Aviation Avenue Project as part of the Charleston Airport Area Improvement Project and to reimburse Mercedes-Benz Van, LLC for infrastructure improvements. These bonds are expected to be repaid from a portion of the FILOT (Fee in Lieu of Taxes) payments.

Primary government Special Source Revenue Bonds payable at June 30, 2019, is comprised of the following:

		Principal Amount	
Issue Date	Title of Issues	Original	Outstanding
December 11, 2013	Charleston County Special Source Revenue Bonds, Series 2013, 4.00 percent to 5.00 percent semi-annual interest payments beginning in June 2014, first annual principal payment due in fiscal year 2019, matures in fiscal year 2039.	$ 86,405,000	$ 83,025,000
November 29, 2017	Charleston County Taxable Special Source Revenue Bonds, Series 2017, 2.098 percent to 3.587 percent semi-annual interest payments beginning in June 2018, first annual principal payment due in fiscal year 2021, matures in fiscal year 2039.	35,815,000	35,815,000
Subtotal		$122,220,000	118,840,000
Add: Premium			5,170,767
Special source revenue debt per statement of net position			124,010,767
Less current portion, including premium			(3,932,252)
Long-term portion outstanding			$120,078,515

Intergovernmental Note Payable - In July 2001 the County entered into an intergovernmental loan agreement with the South Carolina Transportation Infrastructure Bank to fund a portion of the cost of the Arthur Ravenel, Jr. Bridge over the Cooper River. The County has agreed to pay $3,000,000 per year for the next twenty-five years beginning January 2004. The County has recorded the obligation on its records at a net present value using the discount rate of 5.73 percent.

Annual requirements to amortize the intergovernmental note payable outstanding at June 30, 2019, are as follows:

Year Ending June 30	Intergovernmental Note Payable	Principal	Interest
2020	$ 3,000,000	$ 1,816,926	$ 1,183,074
2021	3,000,000	1,921,036	1,078,964
2022	3,000,000	2,031,111	968,889
2023	3,000,000	2,147,493	852,507
2024	3,000,000	2,270,545	729,455
2025-2028	12,000,000	10,459,910	1,540,090
Total	$ 27,000,000	$ 20,647,021	$ 6,352,979

Capital Lease Obligations - Several component units have utilized capital leases to finance the acquisition of various types of equipment. The details of each entity's capital leasing activities are summarized later in this note. The County uses capital lease funding to finance the purchase of various equipment. Capital leases outstanding at June 30, 2019, include the following:

Governmental Activities	Original	Outstanding
Leases dated December 2016, payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight semi-annual installments of $21,743 to $42,405 through December 2020, includes principal and interest at 4.9 percent per annum.	$ 895,185	$ 356,508
Leases dated November 2017 to March 2018 to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight equal semi-annual installments of $164,375 through March 2022, includes principal and interest of 3.974 percent to 5.720 percent per annum.	1,204,301	753,616
Lease dated July 2017 with Presidio Technology Capital, LLC for the purchase of new EMS computer equipment. Payable in three annual installments of $41,010 through September 2019, includes principal and interest at 5.72 percent per annum.	114,890	38,791
Leases dated December 2018 to April 2019 to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight equal semi-annual installments of $79,843 through December 2022, includes principal and interest of 5.053 percent to 5.782 percent per annum.	655,118	505,503
Lease dated December 2018 with Presidio Technology Capital, LLC for the purchase of new computer equipment for the Sheriff's office. Payable in four annual installments of $20,948 through April 2022, includes principal and interest at 5.782 percent per annum.	75,812	56,221
Internal Service Fund		
Lease dated July 2018, payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in five annual installments of $415,900 through August 2023, and includes principal and interest at 11.622 percent per annum.	1,672,733	1,273,345
	$ 4,618,039	2,983,984
Less current portion		(990,606)
Long-term portion outstanding		$ 1,993,378

A summary of the annual requirements are as follows:

Year Ending June 30	Principal	Interest	Totals
2020	$ 990,606	$ 225,303	$ 1,215,909
2021	892,400	157,691	1,050,091
2022	650,544	96,640	747,184
2023	450,434	45,309	495,743
Total	$ 2,983,984	$ 524,943	$ 3,508,927

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Amortization of Long-term Debt. Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2019.

Year Ending June 30	General Obligation Bonds		Special Source Revenue Bonds		
	Principal	Interest	Principal	Interest	Totals
2020	$ 39,010,000	$ 20,118,656	$ 3,570,000	$ 5,100,524	$ 67,799,180
2021	35,000,000	18,597,252	5,830,000	4,901,799	64,329,051
2022	36,545,000	16,898,150	5,580,000	4,687,361	63,710,511
2023	38,095,000	15,239,674	5,430,000	4,478,686	63,243,360
2024	41,115,000	13,667,759	5,655,000	4,264,889	64,702,648
2025	44,350,000	11,835,269	5,435,000	4,044,396	65,664,665
2026	47,680,000	9,651,781	5,445,000	3,819,856	66,596,637
2027	51,595,000	7,342,475	5,255,000	3,592,232	67,784,707
2028	37,615,000	5,356,931	5,070,000	3,365,892	51,407,823
2029	27,225,000	3,980,481	5,220,000	3,134,767	39,560,248
2030	22,255,000	3,045,606	5,455,000	2,912,128	33,667,734
2031	8,770,000	2,498,556	5,665,000	2,699,002	19,632,558
2032	9,250,000	2,169,131	5,880,000	2,474,223	19,773,354
2033	7,760,000	1,850,831	6,110,000	2,216,996	17,937,827
2034	8,235,000	1,542,731	6,400,000	1,927,743	18,105,474
2035	8,645,000	1,216,134	6,690,000	1,618,566	18,169,700
2036	9,160,000	870,218	7,015,000	1,288,273	18,333,491
2037	8,385,000	524,100	7,350,000	941,683	17,200,783
2038	8,910,000	178,200	7,705,000	578,051	17,371,251
2039	-	-	8,080,000	195,927	8,275,927
Totals	489,600,000	136,583,935	118,840,000	58,242,994	803,266,929
Add Premium	53,150,837	-	5,170,767	-	58,321,604
Total debt-governmental activities	$ 542,750,837	$ 136,583,935	$124,010,767	$ 58,242,994	$ 861,588,533

There are a number of limitations and restrictions contained in the various bond and certificate indentures, such as types of investments, promise to levy tax sufficient to cover debt service and establishment of a sinking fund. The County is in compliance with all significant limitations and restrictions as of June 30, 2019.

The following is a summary of the changes in long-term obligations of the component units for the year-ended June 30, 2019:

Component Units	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Amount Due in One Year
Accrued compensated absences	$ 3,888,664	$ 1,906,828	$ (1,760,090)	$ 4,035,402	$ 1,305,438
General obligation bonds	54,945,134	8,220,000	(5,988,262)	57,176,872	5,244,817
General obligation bonds - Direct Placement	7,169,000	-	(400,000)	6,769,000	430,000
Capital lease obligations	2,249,894	32,554	(791,007)	1,491,441	827,898
Revenue bonds	92,845	-	(72,035)	20,810	20,810
Notes payable	114,164	40,000	(53,714)	100,450	53,457
Total	$ 68,459,701	$ 10,199,382	$ (9,065,108)	$ 69,593,975	$ 7,882,420

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	Range of Maturity Dates	Range of Interest Rates	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Accrued compensated absences:						
CCL			$ 1,196,760	$ 651,028	$ (678,629)	$ 1,169,159
CCPRC			1,620,611	626,558	(456,538)	1,790,631
SAPPPC			47,474	35,603	-	83,077
SJFD			749,380	569,922	(624,923)	694,379
SPFD			274,439	23,717	-	298,156
Total accrued compensated absences			3,888,664	1,906,828	(1,760,090)	4,035,402
General obligation bonds:						
CCPRC	2020 - 2033	1.25% - 4.00%	47,584,424	-	(4,339,154)	43,245,270
SPFD	2020 - 2027	2.315% - 3.45%	2,640,710	-	(364,108)	2,276,602
SJFD	2020 - 2032	1.015% - 2.125%	4,720,000	8,220,000	(1,285,000)	11,655,000
Total general obligation bonds			54,945,134	8,220,000	(5,988,262)	57,176,872
General obligation bonds: Direct Placement:						
SJFD	2020-2032	1.015%-2.009%	7,169,000	-	(400,000)	6,769,000
Capital lease obligations:						
CCL	2020 - 2024		507,093	32,554	(123,695)	415,952
SPFD	2020 - 2022	2.57% - 6.37%	507,219	-	(164,020)	343,199
SJFD	2020 - 2021	4.36% - 5.593%	1,235,582	-	(503,292)	732,290
Total capital lease obligations			2,249,894	32,554	(791,007)	1,491,441
Revenue Bonds:						
SAPPPC	2020 - 2020	1.77% - 2.58%	92,845	-	(72,035)	20,810
Notes payable:						
SAPPPC	2020 - 2021	1.46% - 3.89%	114,164	40,000	(53,714)	100,450
Total component units long-term obligations			$ 68,459,701	$ 10,199,382	$ (9,065,108)	$ 69,593,975

The annual debt service requirements to maturity for component unit long-term obligations, excluding compensated absences, are as follows:

General Obligation Bonds

Year Ending June 30	SJFD	SPFD	CCPRC	Total Component Units
2020	$ 991,938	$ 442,991	$ 5,450,000	$ 6,884,929
2021	1,290,638	442,913	5,443,513	7,177,064
2022	1,623,938	442,764	3,933,500	6,000,202
2023	1,652,838	341,310	4,332,800	6,326,948
2024	1,678,694	340,528	4,326,450	6,345,672
2025 - 2029	4,135,625	515,579	17,952,750	22,603,954
2030 - 2033	3,263,339	-	8,285,500	11,548,839
Total	14,637,010	2,526,085	49,724,513	66,887,608
Less interest and plus amortized premium included above	(2,982,010)	(249,483)	(6,479,243)	(9,710,736)
Debt per statement of net position	$11,655,000	$ 2,276,602	$ 43,245,270	$57,176,872

General Obligation Bonds - Direct Placement

Year Ending June 30	SJFD
2020	$ 578,280
2021	654,052
2022	558,770
2023	553,571
2024	549,304
2025 - 2029	3,329,738
2030 - 2033	1,624,691
Total	7,848,406
Less interest and plus amortized premium included above	(1,079,406)
Debt per statement of net position	$ 6,769,000

Future minimum capital lease payments

Year Ending June 30	CCL	SJFD	SPFD	Total Component Units
2020	$ 152,662	$ 565,937	$ 177,791	$ 896,390
2021	123,178	214,402	177,791	515,371
2022	100,064	-	1,621	101,685
2023	76,949	-	-	76,949
2024	12,754	-	-	12,754
Future minimum capital lease payments	465,607	780,339	357,203	1,603,149
Less amount representing interest	(49,655)	(48,049)	(14,004)	(111,708)
Debt per statement of net position	$ 415,952	$ 732,290	$ 343,199	$ 1,491,441

Revenue Bonds

Year Ending June 30	SAPPPC
2020	$ 20,963
Total	20,963
Less interest included above	(153)
Debt per statement of net position	$ 20,810

Notes Payable

Year Ending June 30	SAPPPC
2020	$ 55,913
2021	38,649
2022	9,360
Total	103,922
Less interest included above	(3,472)
Debt per statement of net position	$ 100,450

Prior Year Defeasance of Debt - In prior years, the primary government defeased various outstanding debt issues by placing proceeds of new debt or other funds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust accounts and the defeased debt are not included in these financial statements. At June 30, 2019, the following debt issues outstanding are considered defeased:

	Governmental Activities
Primary Government:	
General Obligation Bonds:	
Series 2007 and 2009 CIP	$ 34,330,000
Series 2011 - CIP	16,775,000
Series 2011 - TST	101,925,000
Total General Obligation Bonds	153,030,000
Total Primary Government	$ 153,030,000

Legal Debt Limit - The County's borrowing power is restricted by amended Article X, Section 14, of the State Constitution effective December 1, 1977. This section provides that a local unit cannot at any time have total general obligation debt outstanding in an amount that exceeds eight percent of its assessed property value. Excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness; levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing on December 1, 1977, the effective date of the constitutional amendment.

Beginning January 1, 1996, the South Carolina Legislature changed the definition of debt subject to the eight percent limit to include all Certificates of Participation at the time of issue subsequent to December 31, 1995. The following computation reflects the County's compliance with this limitation:

Assessed value of real and personal property			$4,215,757,665
Value of merchants inventory and manufacturers depreciation			26,943,597
Total assessed value			$4,242,701,262
Debt limitation-8 percent of total assessed value			$ 339,416,101
Total bonded debt:			
General Obligation Bonds		$489,600,000	
Less:			
Series 2011 G.O. Bond Transportation Sales Tax	$(25,225,000)		
Series 2012 G.O. Bond Transportation Sales Tax	(22,080,000)		
Series 2013 G.O. Bond Transportation Sales Tax	(70,125,000)		
Series 2015D G.O. Bond Transportation Sales Tax	(39,315,000)		
Series 2017C G.O. Bond Transportation Sales Tax	(97,600,000)		
Series 2015B G.O. Bond Awendaw Fire	(1,590,000)		
Series 2017A G.O. Bond Library Referendum	(68,790,000)	(324,725,000)	
Total debt subject to debt limit			164,875,000
Legal debt margin			$ 174,541,101

J. Deficit Net Position / Fund Balance

The Employee Benefits Internal Service Fund has a deficit net position of $218,451,495 for the Year Ended June 30, 2019. This is a result of the provisions of GASB 68 which requires the County to report the pension liabilities for the state retirement plan and GASB 75 for other Post employment Benefits, as well as related deferred inflows and deferred outflows of resources accounts. The County has chosen to report this as part of their Employee Benefits fund, and will be funded by the governmental funds in future years. The enterprise funds included as part of the Business - Type activities report their portion of this liability and related deferred accounts in the interfund balances due to the Employee Benefits Fund. This resulted in a deficit net position of $2,441,298 in the Revenue Collections Fund and $4,952,140 in DAODAS which also will be funded by governmental funds in future years. The Disaster Fund deficit of $2,367,388 will be funded by FEMA reimbursements, the General Fund and Transportation Sales Tax as authorized by Council. The Construction Fund also has a deficit of $13,918,217 which will be funded by the future sale of capital assets.

I.V. OTHER INFORMATION

A. Risk Management

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. For all of these risks, the County and its component units are members of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The County and its component units pay an annual premium to the State Insurance Reserve Fund for its general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The County and its component units are also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The County has enrolled substantially all of its employees in the State's health insurance plans administered by the South Carolina Public Employee Benefit Authority (PEBA). The County records contributions from employer funds, employees, and retirees in the Employee Benefits Trust Internal Service Fund which remits the premiums to the State. The State reinsures through commercial companies for these risks. The various component units of the County insure the health, life, accident, dental and other medical benefits to their employees and their dependents through commercial insurance companies.

Effective July 1, 1995, the County established a self-insured plan to fund risks associated with workers' compensation claims. Claims administration is handled by a third party with reinsurance through commercial insurance companies for all individual claims in excess of $100,000. All funds of the County participate in the program and make payments to the Workers' Compensation Internal Service Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of $3,260,000 reported in the Fund at June 30, 2019, is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County purchases insurance contracts from commercial insurers to satisfy certain liabilities under workers' compensation claims; accordingly, no liability is reported for those claims. The liability is included in the County's accounts payable as reported in the fund statement and statement of net position.

Changes in the Fund's estimated claims liability amount in fiscal year 2018 and 2019 were:

Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2018	$ 3,060,000	$ 5,385,443	$ (4,925,443)	$ 3,520,000
2019	$ 3,520,000	$ 4,016,184	$ (4,276,184)	$ 3,260,000

For all of the above risk management programs, except workers' compensation, the County and its component units have not significantly reduced insurance coverage from the previous year; settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the County and its Component units have effectively transferred all risk with no liability for unfunded claims.

B. Subsequent Events

At the July 30, 2019 meeting, County Council voted to approve funding for the Material Recovery Facility (MRF) on Palmetto Commerce Parkway in the amount of $11,000,000 to complete construction for the MRF and other facilities at this site, and to upgrade the single stream processing to meet industry standards. Council also voted to include $20,000,000 for the MRF construction in the October general obligation bond borrowing.

In August 2019, Council voted to approve funding of $5,183,000 for the Greenbelt Program for a conservation easement at Boone Hall Plantation.

In October 2019, the County entered into a lease with the option to purchase the former incinerator site property with Carver Realty SC, LLC. The term of the lease is two years. Base rent shall be paid to the County on a triple net basis at the rate of $240,000 per annum, payable in monthly installments of $20,000.

In October 2019, the SC Department of Transportation paid the County $1,300,000 for 5.191 acres of land at 1801 Shipyard Creek Road in North Charleston (the former incinerator site). This payment was for condemnation of the land by the State.

The S.C. Coordinating Council for Economic Development approved a $15 million Governor's Closing Fund grant for Charleston County designed to be passed through and utilized by Palmetto Railways to assist with improvements to the Palmetto Railways Navy Base Intermodal Facility.

In October 2019, the County closed on general obligation bonds with a par value of $145,555,000. The interest on these bonds ranges from 2.375 percent to 5 percent. Annual principal payments begin in November 2020 and semi-annual interest payments begin in May 2020. These bonds mature in fiscal year 2040. This total represents three issuances as follows:

2019A	$ 25,060,000	Library Referendum debt
2019B	$ 111,475,000	County Building Projects
2019C	$ 9,020,000	County Equipment

C. Contingent Liabilities

Federal Grants - Amounts received or receivable from grants are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Management has not been informed of any significant matters of non-compliance with grant provisions or planned grantor audits. The amount of grant expenditures which may be disallowed cannot be determined at this time, but the County believes that any amount will be immaterial.

Litigation - The County and its component units are party to various lawsuits that are normal in the operations of a county government. These lawsuits involve disputes arising from various matters, including the termination of employment, wrongful death and survival, personal injury and other tort actions, delinquent tax sales, contractual agreements, and civil rights violations. It is the opinion of legal counsel that it cannot be determined whether resolution of these matters, individually or in the aggregate in excess of insurance coverage, will have a material adverse effect on the financial condition of the County and its component units.

The Charleston County Park and Recreation Commission is party to litigation where it is probable that a negative outcome will occur. As a result, the Commission has recorded a liability in the amount of $1,159,442.

Annexation - Several of the component units serve geographic regions which are subject to annexation by the surrounding municipalities. Should these annexations continue, there could be a significant impact on the operations of the various component units. The South Carolina General Assembly is currently considering legislation which would require the municipality which annexes properties of another political subdivision to assume responsibility for payment of the pro-rata bonded debt outstanding on the date of annexation.

In May 2000, the South Carolina General Assembly passed legislation to address the loss of revenues by public service districts due to annexations by municipalities. The legislation calls for an agreed-upon plan between the annexing municipality and the public service district. This plan would protect the remaining unannexed area in the public service district from economic loss of revenue brought about by annexation.

This legislation should lessen but not eliminate the impact on the operations of various component units due to annexations.

D. Commitments

The County and its various component units have various commitments to provide facilities or services under numerous agreements signed with third parties in addition to its construction commitments and recorded encumbrances.

In July 2001, the County entered into an intergovernmental agreement with the South Carolina Infrastructure Bank to make twenty-five annual payments of $3,000,000 beginning in January 2004 as a local match to help defray the cost of the Arthur Ravenel Jr. Bridge over the Cooper River built by the State to replace the existing bridges connecting the City of Charleston and the Town of Mt. Pleasant. This debt is shown as an inter-government note payable in Note I of these financial statements.

On January 10, 2019, the County entered into an agreement with the South Carolina Department of Transportation (SCDOT) and the South Carolina Transportation Infrastructure Bank (SCTIB) concerning the completion of the Mark Clark Expressway Extension Project. This project proposed the construction of approximately seven miles of new roadway from the existing end point of I526 at U.S.17 to the James Island Connector at Folly Road

As part of the application process the County identified a contribution in the amount of $354 million from the County's Transportation Sales Tax as its proposed local match for all projects in the application on which financial assistance was requested. In 2015, SCDOT advised the County and the SCTIB the cost of the project had increased from $420 million to $725 million. In October 2018, SCDOT, SCTIB and the County adopted separate motions authorizing representatives to negotiate an amended intergovernmental agreement, taking into account the changes to the extension project, including the increased cost. At that point the SCTIB had already expended $40 million of its total contribution and the County had expended $117 million of its local match contribution on highway and road construction. That $117 million local match contribution has been deemed by the SCTIB as part of the local match for the Expressway Project.

In the most recent agreement, January 2019, the SCTIB agrees to fund its financial assistance of $420 million, to include past disbursements. SCTIB will have no financial liability exceeding the $420 million for the Extension Project.

The County agrees to pay all costs of the Extension Project exceeding $420 million from the proceeds of the Transportation Sales Tax or any other lawful source.

On September 15, 1997, the County entered into an intergovernmental agreement with the City of North Charleston to help fund the construction of a convention center adjacent to the North Charleston Coliseum. The agreement requires the County to be responsible for the pro-rata debt service on $18,095,000 of a total $48,045,000 in Certificates of Participation issued by the City on September 15, 1997. The debt service is to be paid monthly to a trustee from the revenues of the County Accommodations Special Revenue Fund. The agreement allows for non-payment in the event of non-appropriation by the City of North Charleston and for reduced payments if accommodation fee revenues fall below the payment amount. Annual debt service on the County's $18,095,000 obligation, maturing in 2020, under the agreement is approximately $1.4 million. This agreement is funded from a specific source of funds, the Accommodations Fee. The agreement also contains provisions for the non-payment of these obligations by the County if the revenues from the Accommodations Fee are not sufficient to make the payment or if the party that issued the debt (the City of North Charleston) does not make their pro-rata debt service. Therefore, the determination has been made that this commitment does not represent debt to the County and is not reflected in the entity-wide financial statements. This agreement was extended until September 2038. The new terms begin September 1, 2019 with the monthly amount increasing to $119,580. The amendment is to defray a portion of financing costs of the construction of parking facilities at the North Charleston Performing Arts Center and Coliseum.

An agreement with the Charleston Animal Society was effective July 1, 2014. The amount the County shall pay to the Society will be approved annually in the County budget and subject to modification at mid-year budget review. The Society will receive the amount approved in the County budget, set by County Council, in monthly installments. The County paid the Charleston Animal Society $1,809,557 for the fiscal year ended June 30, 2019. The budget amount for fiscal year ending June 30, 2020, is $2,100,000 for an increase of 16.05%.

Effective July 1, 2019, the County entered into a new agreement with the Animal Society for the annual appropriations from the County. The County agrees to pay the Society a yearly fee for 2020 of $2,100,000. The fees will be evaluated on an annual basis and may be increased or decreased by agreement of the parties. There shall not be an automatic annual adjustment of fees; however, the Society shall submit a proposal for the cost of services for each fiscal year at the time requested by the county. The Society shall own, operate and maintain all aspects of the animal shelter.

In July 1995, the Charleston County Park and Recreation Commission entered into a lease agreement with Charleston County whereby the Commission assumed the responsibilities of operating and maintaining 19 boat landings throughout Charleston County. The lease is for a term of 99 years and commenced on July 1, 1995. The Commission pays a nominal fee of $1 per year under the lease terms, but the agreement expressed the intent of Charleston County to transfer millage each year to help fund related expenses. Funding is contingent upon future County Council approval.

During 1988, the Charleston County Park and Recreation Commission was advised by the South Carolina Highway Department that the proposed Mark Clark Expressway will go through the northern portion of James Island County Park. The Commission is awaiting determination from the South Carolina Department of Transportation and Charleston County on the future location of the Mark Clark corridor. There has been no formal agreement and the full effects of the project have not yet been determined.

On August 15, 2016, the Charleston County Park and Recreation Commission entered into a lease agreement with 1 Center Street LLC DBA the Tides Hotel for the Folly Beach Edwin S. Taylor Fishing Pier Restaurant.
The terms of the agreement were for a period of five years, beginning November 1, 2016, with the option of extending the lease for an additional five years, with the option terminating on October 1, 2021. Base rent is due in equal monthly installments of $13,000 and increases 2% each year. In addition to base rent, the lessee shall pay 8% of the gross annual receipts over $1,200,000.

The following is a schedule by year of the minimum future rentals on the non-cancelable operating lease as of June 30, 2019:

Year Ending June 30	Total
2020	$ 164,525
2021	167,815
2022	56,306
Total minimum future rentals	$ 388,646

Total rental income of $243,528 was recorded during the current year.

During October 2010, the Charleston County Park and Recreation Commission entered into a lease for an area commonly known as Laurel Hill Plantation for an initial period of 25 years with a provision that the lease will be automatically extended for three separate successive terms of 25 years each provided that the Commission is not in default. The Commission is required to pay base rental fees, operating expenses and additional rental fees. The base rental fee was $1,330,000 for the first five years of the rental term for a total of $6,650,000 with no further base rent being required for the remainder of the lease, including extension periods. Additional rental fees are defined as other items for which the Commission may become liable during the lease, including, but not limited to, premiums for insurance. Operating expenses are defined as nominal costs including, but not limited to, ad valorem taxes and premiums for insurance. The lease also contains an option to purchase contingent upon the Lessor obtaining the right to convey a fee simple interest in the property as well as the acceptance of an appraisal of fair market value. The base rental fee is being amortized on a straight-line basis over the initial lease term of 25 years in the government-wide financial statements, and at June 30, 2019, the unamortized prepaid rent was $4,322,500. .

In December 2000, the U.S. Secretary of the Interior conveyed property consisting of approximately 25 acres in fee simple and 0.6 acres of easements to the Charleston County Park and Recreation Commission in a Quitclaim Deed. The property conveyed includes areas presently known as the Cooper River Marina, previously known as the Old Navy Base Marina facilities. The conveyance has several restrictions including the following: the property must be used and maintained for the public park and recreation purposes for which it was conveyed in perpetuity, the property shall not be sold, leased, assigned or otherwise disposed of except to another eligible governmental agency that the Secretary of the Interior agrees in writing can assure the same continued use of the property, and funds generated on the property may not be used for non-recreational purposes and, furthermore, must be used for the development, operation and maintenance of the property until it is fully developed in accordance with the Program of Utilization. There are also various reporting requirements.

In May 2017, the Charleston County Park and Recreation Commission entered into an agreement with the Town of Hollywood (the "Town") for the planning, construction, and management of a recreational facility that will include a swimming pool. In accordance with the agreement, the Town will obtain and retain ownership of property for the intended use of the recreational facility. The Commission will be responsible for costs related to the initial planning and design as well as construction of the pool and related infrastructure, and the Town will be responsible for the costs of constructing other park features. The Commission will also be responsible for the management, staffing, and maintenance of the pool complex, and the Town will be responsible for the management, staffing, and maintenance of all other proposed recreational amenities upon construction.

The Cooper River Park and Playground Commission contracted on July 1, 1996, with the City of North Charleston (City) to provide recreational services for the fiscal year to the citizens within the Commission's jurisdictional boundaries. Since the original contract date, the Commission and the City have renewed this contract annually with an effective date of July 1 of each fiscal year. Under the terms of this contract, the City agrees to pay all reasonable administrative and professional costs incurred by the Commission, and the Commission agrees to transfer and pay over to the City all appropriated funds, from whatever source, in the accounts of the Commission except for the remaining unassigned fund balance carried forward from June 30, 2009. The City also assumed control and possession (but not legal title) of fixed property and equipment. Due to the declining tax base and the fractured property lines of the Commission, it would be difficult or impractical to provide services to its citizens without this contract with the City. The Commission entered another one year contract with the City covering the period from July 1, 2019 to June 30, 2020, with essentially identical terms as previous contracts.

As part of the Contract with the City, the Cooper River Park and Playground Commission transferred some of its capital assets, including land, buildings, and related improvements, to the City during the year ended June 30, 2019. The book value of the Capital assets transferred totaled $0.

Certain real estate and facilities acquired by the Cooper River Park and Playground Commission are located within the corporate limits of the City of North Charleston. Those facilities were originally leased to the City for a 25-year lease term commencing May 23, 1980, at a $1 annual rental fee. This lease was renegotiated and signed May 23, 2006, for a 50-year term at a $1 annual rental fee. Additional facilities were leased in February and May of 1990 for a 100-year term also at an annual rental fee of $1.

Under the annual contract with the City of North Charleston, the Cooper River Park and Playground Commission has agreed to assign to the City all of its assets, real and personal, thereby allowing the City exclusive use, possession, control and management of these assets. As of June 30, 2019, the leased assets have a book value of $1,173.

To fulfill the contract terms for the year ended June 30, 2019, the Commission reflects a net amount due from the City of North Charleston totaling $1,704.

Most of the land on which the Cooper River Park and Playground operates playground facilities is provided by the Charleston County School District at no cost. These facilities originally operated in accordance with a 20-year lease agreement dated December 25, 1981. This lease continues on a month-to-month basis until such time as the lease in terminated or renegotiated.

In recent years, the North Charleston District has seen its tax base decline as a result of property being annexed into the City of North Charleston, South Carolina (the "City"). The City is continuing to annex portions of the District. Effective April 1, 1996, the Commission contracted with the City to provide fire, sanitation, street lighting, and street sign services through June 30, 1997 to the citizens within the District's jurisdictional boundaries. As a part of this contract, the City agreed to pay all reasonable administrative and professional costs incurred by the District, and the District agreed to transfer and pay over to the City all appropriated funds from whatever source in the accounts of the District except for the amount necessary to pay administrative and professional costs incurred by the District. The City also assumed control and possession (but not legal title) of fixed property and equipment. On an annual basis since June 30, 1997, the District has entered into additional one-year contracts with the City with essentially the same terms described above. To fulfill the contract at June 30, 2019, the District owes the City $9,331. The District entered into another one-year contract with the city covering the period from July 1, 2019 to June 30, 2020, with essentially identical terms as previous contracts. Due to the declining tax base and the fractured property lines of the District, it would be difficult or impractical to provide services to its citizens without this contract with the City.

As of June 30, 2019, St. John's Fire District had remaining contractual commitments of $792,043 related to ongoing construction projects.

The St. Andrew's Parish Parks and Playground Commission and the City of Charleston have entered into an agreement that compensates the Commission for a predetermined number of years after annexation of property into the City for lost property tax revenue. The Commission was informed by Charleston County that an overpayment of tax revenue had occurred. The amount and resolution of the overpayment has not yet been determined; therefore, no liability has been recorded to reflect the contingent liability.

E. Deferred Compensation Plan

The County and its component units offer their employees several deferred compensation plans under programs administered by PEBA. The multiple employer plans were created in accordance with Internal Revenue Code Sections 457 and 401(K). The plans available to all full-time County and component unit employees, at their option, permit participants to defer a portion of their salary until future years. Only upon termination, retirement, disability, death, or an approved hardship is the deferred compensation available to an employee.

During the year ended June 30, 2000, the deferred compensation plans were amended to allow for employer matching contributions of up to $300 per year for each covered participant. Effective December 23, 2008, the County suspended this match of $75 per quarter. The total contributions made by the County's plan members were $2,825,234 for the fiscal year ending June 30, 2019.

Total contributions made by the Charleston County Library's plan members were $199,666 for the fiscal year ending June 30, 2019.

F. Other Post-Employment Benefits

Plan Description and Benefits

The County provides post-employment health, life and dental care benefits, as per the requirement of a local ordinance, for certain retirees and their dependents. This plan is a single employer defined benefit plan. Prior to 2008, substantially all employees who retire under the State retirement plans are eligible to continue their coverage with the County paying 50 percent of health insurance premiums and the retiree paying 100 percent of life and dental insurance premiums and the remaining 50 percent of the health insurance premiums. The County's regular insurance providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. Effective July 1, 2008, the County modified its post-employment benefits policy as follows:

A) Increase years of service with the County:

   1. Twenty five years of service with the County for the fifty percent of health premium benefit

   2. Fifteen years of service with the County for the twenty five percent of health premium benefit

B) Reduce surviving spouse benefit to one year for future retirees who start work with the County January 1, 2009 and later.

Effective July 1, 2016, the County modified its post-employment benefits policy to discontinue the subsidy for retiree health insurance for new hires.

At fiscal year-end there were 526 employees who had retired from the County (includes Library retirees) and are receiving health insurance premium coverage benefits.

The Charleston County Park and Recreation Commission provides health and dental benefits to eligible employees and their beneficiaries through the Charleston County Park and Recreation Commission Retiree Health Care Plan, a single-employer defined benefit other postemployment benefit plan ("OPEB Plan") administered by the Commission's Human Resources Division. The Commission has the authority to establish and amend the benefit terms. The OPEB Plan does not issue a stand-alone financial report.

The OPEB Plan provides group health, vision, and dental insurance for retirees who were hired prior to July 1, 2016 and meet the following eligibility criteria. The Plan is closed to new members.

Employees who retire from the Commission prior to July 1, 2016:

A) Any covered employee who retires with at least 20 years, but less than 25 years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50 percent of the retiree cost and 50 percent of the dependent cost for health and dental coverage.

B) Any covered employee who retires with 25 or more years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 100 percent of the retiree cost and 65 percent of the dependent cost for health and dental coverage.

C) The health and dental insurance premium for surviving spouses and dependents of deceased retirees will be waived for one year after the retiree's death. Following one year, the surviving spouse and/or dependents are eligible to continue coverage at the same proportional cost (50 percent or 65 percent) as in effect prior to the retiree's death. Survivors may remain on the plan until death or remarriage, whichever comes first.

Employees who retire from the Commission between July 1, 2016 and July 1, 2030:

A) Any covered employee who retires with at least 20 years, but less than 25 years of Commission covered entity service credit under the South Caroline Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50% of the retiree cost and 50% of the dependent cost for health and dental coverage.

B) Any covered employee who retires with 25 or more years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 100% of the retiree cost and 65% of the dependent cost for health and dental coverage.

C) The health and dental insurance premiums for surviving spouses and dependents of deceased retirees will be waived for one year after the retiree's death. Following one year, the surviving spouse and/or dependents are eligible to continue coverage at the same proportional cost (50% or 65%) as in effect prior to the retiree's death. Survivors may remain on the plan until death or remarriage, whichever comes first.

D) Retirees and their dependents may remain on retiree coverage until the retiree reaches Medicare eligible age. Upon reaching Medicare eligibility, retirees and/or their dependents will be required to enroll in Medicare Part A and B and will be eligible for a reimbursement of premium costs of a Medicare Supplemental Plan. Retirees with 25 or more years of Commission service credit under the South Carolina Retirement Systems will be eligible to receive up to $250 per month and up to $162.50 for a spouse. Retirees with at least 20 Commission full time years, but less than 25 full time years of Commission service will be eligible to receive up to $125 per month and up to $125 for a spouse. The reimbursement amount will be reviewed annually during the budget process. The Executive Director or designee will develop reimbursement procedures. Retirees will be notified of reimbursement procedures in the *Retiree Medicare Supplemental Plan Premium Reimbursement Agreement*, which each retiree will be required to accept before reimbursements will be issued.

E) If the retiree reaches Medicare eligibility prior to their covered spouse, the covered spouses may remain on the Commission's group coverage until they reach Medicare eligible age and the Commission will continue to contribute toward their premium at the same percentage to which they are eligible based on the retiree's years of service with the Commission.

F) Retirees and their dependents may remain on the Agency's dental and vision plans. The Commission will continue dental and vision premium contributions for both the retiree and their dependents based on the retiree's years of service.

Employees who retire from the Commission after July 1, 2030:

A) Any covered employee who meets the following requirements: is at least 55 years old, who is not currently eligible for Medicare coverage, who retires with at least 20 Commission full time years, but less than 25 full time years of Commission service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, and provided he/she is eligible for retirement at the time he/she leaves active Commission service and retires at the time of separation with the Commission. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50% of the retiree cost only. Retiree's dependents may remain on the insurance plan but retirees will be responsible for the full cost of the dependent's premiums.

B) Any covered employee who meets the following requirements: is at least 55 years old, who is not currently eligible for Medicare coverage, who retires with at least 25 or more years of Commission service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, and provided he/she is eligible for retirement at the time he/she leaves active Commission service and retires at the time of separation with the Commission. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 75% of the retiree cost only. Retiree's dependents may remain on the insurance plan but retirees will be responsible for the full cost of the dependent's premiums.

For employees that are hired by the Commission after July 1, 2016:

The Commission will not provide group health, vision and dental insurance for retirees who have retired on service, age or an approved disability retirement through the South Carolina Retirement Systems if the employees full-time start date with the Commission is on or after July 1, 2016.

No coverage is available to an employee not eligible for employer paid coverage. Participation in the OPEB Plan is not required.

Covered participants are required to apply for Medicare when eligible, and retiree coverage will be secondary to Medicare or any other group coverage that employees or their dependents have.

Employees may opt out of the plan. The Commission is not required to contribute at an actuarially determined rate, but has elected to contribute based on an advanced funding basis based on the actuarial determined amount.

Membership of the plan is as follows:

Retirees, survivors and beneficiaries receiving benefits	23
Active Employees	160
Total	183

Plan Contributions

In 2008, the County began funding the OPEB plan obligation in the Employee Benefits Internal Service Fund. Funding was based on a calculated rate applied to covered payroll. The calculated rate was 3.62% for the year ended June 30, 2018 and 3.56% for the year ended June 30, 2017. Employees are not required to contribute to the plan. For the year ended June 30, 2019, the County made net contributions of $1,983,049 for retiree healthcare.

During the fiscal year ended June 30, 2019 the Commission made contributions of $243,217 through the payment of retiree premiums. No contributions were made to the irrevocable trust during the current year. Employees are not required to contribute to the OPEB Plan.

Actuarial methods and assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, healthcare cost trend rates and future salary changes. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans as understood by the County and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between the employer and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation Date: June 30, 2018

Methods and Assumptions:
Actuarial Cost Method: Individual Entry-Age
Discount Rate: 3.62% as of June 30, 2018
Inflation: 2.25%
Salary Increases: 3.50% to 9.50% PORS
3.00% to 7.00% SRCS
Including inflation

Demographic Assumptions: Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ended June 30, 2015

Mortality: For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type as follows:

100% for male SCRS members
111% for female SCRS members
125% for male PORS members
111% for female PORS members

Participation Rates: It was assumed that the rates of participation would vary based on the premium subsidy provided by the County.

Premium Paid by County	Pre-65 Election Rate	Post-65 Continuation Rate
50%	70%	75%
25%	50%	50%
0%	20%	0%

Health Care Trend Rate: Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.15% after 15 years; ultimate trend rate includes a 0.15% adjustment for the excise tax.

Notes: The discount rate changed from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018. Additionally, the health care trend rates were updated to reflect the plan's anticipated experience.

Total OPEB Liability

In previous years, the County reported a net OPEB obligation (liability) consisting of the difference between the annual required contribution into the plan and the actual contributions made by the County. New reporting standards (GASB Statement No. 75) require employers to determine the total OPEB liability using the entry age normal actuarial funding method and to report a net OPEB liability consisting of the difference between the total OPEB liability and the plan's fiduciary net position.

The total OPEB liability is based upon an actuarial valuation performed as of the valuation date, June 30, 2018. An expected total OPEB liability is determined as of June 30, 2019, the measurement date, using standard roll forward techniques. The roll forward calculation begins with the total OPEB liability, as of the valuation date,

June 30, 2018, includes the annual normal cost (also called the service cost), and deducts expected benefit payments with interest at the discount rate for the year.

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.62% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 3.56% as of the prior measurement date.

Plan Assets

There are no plan assets accumulated in a trust by the County that meets the criteria in paragraph 4 of GASB Statement No. 75.

Summary of Membership Information

The following table provides a summary of the number of the County’s participants in the plan as of June 30, 2018:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	538
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	2,578
Total Plan Members	3,116

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan’s total OPEB liability, calculated using a discount rate of 3.62%, as well as what the plan’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 2.62%	Current Discount Rate Assumption 3.62%	1% Increase 4.62%
Primary Government	$ 76,727,206	$ 67,210,560	$ 59,365,158
CCL	$ 6,027,329	$ 5,279,746	$ 4,663,448
CCPRC	$ 10,158,390	$ 8,713,100	$ 7,461,541

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Costs Trend Rate Assumption	1% Increase
Primary Government	$ 56,944,255	$ 67,210,560	$ 80,292,512
CCL	$ 4,473,271	$ 5,279,746	$ 6,307,402
CCPRC	$ 7,287,424	$ 8,713,109	$ 10,435,400

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

The County's total OPEB liability measured as of June 30, 2018 and rolled forward to June 30, 2019, is as follows:

Total OPEB liability	
Service cost	$ 2,994,163
Interest on the total OPEB liability	2,549,464
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	(4,674,467)
Changes of assumptions	(2,555,098)
Benefit payments	(2,441,133)
Net change in total OPEB liability	(4,127,071)
Total OPEB liability - beginning	71,337,631
Total OPEB liability - ending	67,210,560
Covered payroll	$ 115,990,430
Total OPEB liability as a percentage of covered payroll	57.94%

Changes of assumptions reflect a change in the discount rate from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018.

The table above contains information for the RSI section of the financials.

The benefit payments during the measurement period were determined as follows:

a. Explicit benefit payments	$ 1,983,049	
b. Implicit benefit payments	458,084	(Explicit Benefit Payments *0.231)
c. Total benefit payments	$ 2,441,133	

The 0.231 factor equals the ratio of the expected implicit subsidy to the expected explicit costs.

For the year ended June 30, 2019, the County recognized OPEB expense of $4,016,266 under GASB Statement No. 75:

Service Cost	$ 2,994,163
Interest on the Total OPEB Liability	2,549,464
Recognition of Current Year Outflow(Inflow) Due to liabilities	(847,954)
Amortization of Prior Year Outflow(Inflow) Due to liabilities	(679,407)
	$ 4,016,266

Recognition of Deferred Outflows and Deferred Inflows of Resources

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 26.567 years. Additionally, the total plan membership (active employees and inactive employees) was 3,116. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 8.5259 years.

	Primary Government		CCL		CCPRC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 64,446	$ 4,126,200	$ 5,062	$ 324,135	$ 750,177	$ 7,094
Net difference between Projected/Actual earnings	-	-	-	-	24,175	-
Change in assumptions	-	6,761,410	-	531,144	575,427	57,783
Change in proportionate share of Liability	-	-	569,969	226	-	-
Contributions Subsequent to measurement date	2,692,717	-	211,527	-	-	-
	$ 2,757,163	$ 10,887,610	$ 786,558	$ 855,505	$ 1,349,779	$ 64,877

The following schedule reflects the amortization of the County's net balance of remaining deferred outflows (inflows) at June 30, 2019:

Primary Government:

Measurement Period Ending June 30,	Fiscal Year Ending June 30,	
2019	2020	$ (1,527,361)
2020	2021	(1,527,361)
2021	2022	(1,527,361)
2022	2023	(1,527,361)
2023	2024	(1,527,361)
Thereafter	Thereafter	(3,186,359)
Net Balance of Deferred Outflows/(Inflows) of Resources		$ (10,823,164)

Component Units:

Measurement Period Ending June 30,	Fiscal Year Ending June 30,	CCL	CCPRC
2019	2020	$ 37,519	$ 138,815
2020	2021	37,519	138,815
2021	2022	37,519	138,815
2022	2023	37,519	132,406
2023	2024	37,519	131,169
Thereafter	Thereafter	92,879	604,882
Net Balance of Deferred Outflows/(Inflows) of Resources		$ 280,474	$ 1,284,902

G. Funds Held by Coastal Community Foundation

As of June 30, 2019, the Coastal Community Foundation held $513,585 in the Charleston County Library Fund. The fund was established in November 1983 as a capital fund for the purpose of providing support for unusual or innovative programs and services at the Library not normally funded by government appropriations. During the year, $19,721 was awarded as grants to the Library and recorded as restricted donations. At year-end, there were $0 funds available for grants to the Library.

As of June 30, 2019, the Coastal Community Foundation was holding $114,964 in the Roper Foundation Community Wellness Endowment for the Charleston County Library. The endowment was established for the purpose of updating the health education information collection from earnings on the funds. At year-end, $0 was available for grants to the Library. During the year, $3,500 was awarded as grants to the Library.

These amounts are not reflected in the Library's financial statements until grants are received by the Library from the Foundation.

H. Employee Retirement Systems and Plans

South Carolina Retirement and Police Officers' Retirement Systems

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with Generally Accepted Accounting Principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the

Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Dr., Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, higher education institutions and political subdivisions.

- The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers, peace officers, coroners, probate judges, magistrates and firemen of the state and its political subdivisions.

Membership

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

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

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

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

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

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase the SCRS and PORS employer and employee contribution rates, 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 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.

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

As noted above, both employees and the County are required to contribute to the plans at rates established and as amended by the PEBA. The County's contributions are actuarially determined, but are communicated to and paid by the County as a percentage of the employees' annual eligible compensation as follows for the past three years:

	SCRS Rates			PORS Rates		
	2017	2018	2019	2017	2018	2019
Employer Rate:						
Retirement	11.41%	13.41%	14.41%	13.84%	15.84%	16.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	11.56%	13.56%	14.56%	14.24%	16.24%	17.24%
Employee Rate	8.66%	9.00%	9.00%	9.24%	9.75%	9.75%

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

Year Ended		SCRS Contributions		PORS Contributions	
June 30		Required	% Contributed	Required	% Contributed
2019	*	$ 12,873,498	100%	$ 7,142,553	100%
2018	*	11,691,075	100%	6,357,327	100%
2017		9,790,076	100%	5,403,995	100%

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

Year Ended June 30	SCRS Payroll	PORS Payroll
2019	$ 88,416,881	$ 41,430,124
2018	86,217,166	39,146,100
2017	84,689,239	37,949,403

* The County's actual contributions to SCRS and PORS equal the required contribution before the state credit of 1% issued in accordance with South Carolina 2018 – 2019 appropriations Act, Section 117.139.

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. The most recent experience study was performed on data through July 1, 2015.

The June 30, 2018, total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2017, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2018, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017 and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2018. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2018, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry age Normal	Entry age Normal
Actuarial assumptions:		
Investment rate of return *	7.25%	7.25%
Projected salary increases *	3.0% to 12.5% (varies by service)	3.5% to 9.0% (varies by service)
Benefit adjustments	lesser of 1% or $500 annually	lesser of 1% or $500 annually

* Includes inflation at 2.25%

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

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

Net Pension Liability

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 Statement No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2018 for the SCRS and PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 48,821,730,067	$ 26,414,916,370	$ 22,406,813,697	54.1%
PORS	$ 7,403,972,673	$ 4,570,430,247	$ 2,833,542,426	61.7%

The County's and component units' proportional share of the NPL amounts for SCRS and PORS are presented below:

	System	Measurement Period Ended June 30	Fiscal Year Ended June 30	Proportional Share of Net Pension Liability
Primary Government	SCRS	2018	2019	$ 186,377,636
	PORS	2018	2019	$ 80,154,468
Component Units				
CCL	SCRS	2018	2019	$ 17,632,684
CCPRC	SCRS	2018	2019	$ 23,023,723
SAPPPC	SCRS	2018	2019	$ 4,111,162
SJFD	SCRS	2018	2019	$ 901,552
	PORS	2018	2019	$ 13,258,872
SPFD	SCRS	2018	2019	$ 171,975
	PORS	2018	2019	$ 4,366,305

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

The County’s and component units’ proportionate share of the net pension liability for both SCRS and PORS is as follows for the years ended June 30, 2017 and 2018:

	System	June 30, 2018	June 30, 2017	Change
Primary Government	SCRS	0.831790%	0.838334%	-0.006544%
	PORS	2.828770%	2.827660%	0.001110%
Component Units				
CCL	SCRS	0.078693%	0.073595%	0.005098%
CCPRC	SCRS	0.102750%	0.102710%	0.000040%
SAPPPC	SCRS	0.018348%	0.021657%	-0.003309%
SJFD	SCRS	0.004024%	0.004160%	-0.000136%
	PORS	0.467930%	0.483670%	-0.015740%
SPFD	SCRS	0.000768%	0.001511%	-0.000743%
	PORS	0.154093%	0.183360%	-0.029267%

The County’s and component units’ change in proportionate share of the net pension liability and related deferred inflows and outflows of resources will be amortized into pension expense over the respective average remaining service lives of each system.

Discount Rate

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

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	**47.00%**		
Global Public Equity	33.00%	6.99%	2.31%
Private Equity	9.00%	8.73%	0.79%
Equity Option Strategies	5.00%	5.52%	0.28%
Real Assets	**10.00%**		
Real Estate (Private)	6.00%	3.54%	0.21%
Real Estate (REITs)	2.00%	5.46%	0.11%
Infrastructure	2.00%	5.09%	0.10%
Opportunistic	**13.00%**		
GTAA/Risk Parity	8.00%	3.75%	0.30%
Hedge Funds (Non-PA)	2.00%	3.45%	0.07%
Other Opportunistic Strategies	3.00%	3.75%	0.11%
Diversified Credit	**18.00%**		
Mixed Credit	6.00%	3.05%	0.18%
Emerging Markets Debt	5.00%	3.94%	0.20%
Private Debt	7.00%	3.89%	0.27%
Conservative Fixed Income	**12.00%**		
Core Fixed Income	10.00%	0.94%	0.09%
Cash and Short Duration (net)	2.00%	0.34%	0.01%
Total Expected Real Return	100.00%		5.03%
inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

Sensitivity Analysis

The following table presents the County and its component units proportional share of net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Primary Government

Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	$ 238,155,980	$ 186,377,636	$ 149,361,044
PORS	$ 108,058,137	$ 80,154,468	$ 57,298,886

Component Units

Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate

	System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
CCL	SCRS	$ 22,531,181	$ 17,632,684	$ 14,130,574
CCPRC	SCRS	$ 29,420,042	$ 23,023,723	$ 18,450,967
SAPPPC	SCRS	$ 5,253,301	$ 4,111,162	$ 3,294,642
SJFD	SCRS	$ 1,152,017	$ 901,552	$ 722,495
	PORS	$ 17,874,616	$ 13,258,872	$ 9,478,189
SPFD	SCRS	$ 219,892	$ 171,975	$ 137,907
	PORS	$ 5,886,305	$ 4,366,305	$ 3,121,271

Additional Financial and Actuarial Information

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.

Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2019, the County recognized pension expense of $31,550,890, $20,824,490 for SCRS and $10,726,400 for PORS. At June 30, 2019, the County reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflow of Resources		Deferred Inflow of Resources	
	SCRS	PORS	SCRS	PORS
Pension contributions subsequent to measurement date	$ 12,873,498	$ 7,142,553	$ -	$ -
Difference in actual and proportionate share of employer contribution	-	-	-	-
Differences in actual and expected experience	336,434	2,469,689	1,096,781	-
Net differences between projected and actual earnings on plan investements	2,960,613	1,602,897	-	-
Change in assumptions	7,394,422	5,284,975	-	-
Change in proportionate share of net pension liability	4,243,811	1,038,892	1,011,065	392,243
	$ 27,808,778	$ 17,539,006	$ 2,107,846	$ 392,243

The County reported $20,016,051 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the County and its component units' proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2019.

Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2018 was 4.080 years for SCRS and 4.348 years for PORS.

Primary Government

Measurement Period Ending June 30,	**Fiscal Year Ending June 30,**	**SCRS**	**PORS**
2019	2020	$ 9,164,373	$ 5,186,731
2020	2021	6,267,219	3,746,933
2021	2022	(2,269,277)	952,810
2022	2023	(334,881)	117,736
Net Balance of Deferred Outflows / (Inflows) of Resources		$ 12,827,434	$ 10,004,210

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The following schedule reflects the amortization of the County's component units' proportionate share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2019:

Component Units

	Measurement Period Ending June 30	Fiscal Year Ending June 30	SCRS	PORS
CCL	2019	2020	$ 617,681	N/A
	2020	2021	619,873	N/A
	2021	2022	56,085	N/A
	2022	2023	(8,794)	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			$ 1,284,845	
CCPRC	2019	2020	$ 824,875	N/A
	2020	2021	504,114	N/A
	2021	2022	(332,350)	N/A
	2022	2023	(113,704)	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			$ 882,935	
SAPPPC	2019	2020	$ 330,237	N/A
	2020	2021	393,186	N/A
	2021	2022	(177,365)	N/A
	2022	2023	(20,096)	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			$ 525,962	
SJFD	2019	2020	$ 12,141	$ 862,024
	2020	2021	6,388	546,243
	2021	2022	(17,655)	(3,268)
	2022	2023	(2,048)	(12,677)
Net Balance of Deferred Outflows/(Inflows) of Resources			$ (1,174)	$ 1,392,322
SPFD	2019	2020	$ (6,729)	$ (269,603)
	2020	2021	(4,332)	(193,402)
	2021	2022	1,922	(41,114)
	2022	2023	286	(5,622)
Net Balance of Deferred Outflows/(Inflows) of Resources			$ (8,853)	$ (509,741)

I. Related Party

During the year there were several transactions between Charleston County Library and Charleston County. These transactions were as follows:

		Amount
Amounts given to CCL:		
Appropriation (including $13,485 of supplemental appropriation)	$	17,422,570
Reimbursement of Costs for Capital Projects Manager		93,654
	$	17,516,224
Amounts paid to the County by CCL:		
Workers' Compensation	$	373,203
OPEB compensation		339,310
Wellness expenditures		33,453
Motor vehicle repairs		12,987
Motor vehicle fuel charges		16,168
Health, life and dental insurance (library employees covered through County plan)		1,205,909
Other minor charges		1,175
	$	1,982,205
Other transactions:		
Rent-free use of County-owned Library buildings and County-owned vehicles*		
Value of library materials and equipment contributed to the Library from the County	$	1,839,693

*Not Determined

J. Pending Implementation of GASB Statements

The GASB has issued the following statements:

GASB Statement No. 84, *Fiduciary Activities,* addresses the criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exits. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The County will implement the new guidance with the 2020 financial statements.

GASB Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The County will implement the new guidance with the 2021 financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The County will implement the new guidance with the 2021 financial statements.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61* is intended to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the government's holding meets the definition of an investment. It provides guidance as to whether the investment should be reported using the equity method or be reported at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The County will implement the new guidance with the 2020 financial statements.

GASB Statement No. 91, *Conduit Debt Obligations,* intends to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit deb obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The County will implement the new guidance with the 2022 financial statements.

Management has not yet determined the impact implementation of these standards will have on the County's financial statements, if any.

K. Tax Abatement

Pursuant to Governmental Accounting Standard's Board (GASB) Statement No. 77, *Tax Abatement Disclosures,* the County is required to disclose certain information about tax abatements as defined in the Statement. For purposes of GASB Statement No. 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual entity in which (a) one or more governments promise to forgo tax revenues to which that are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered that contributes to economic development or otherwise benefits the County or the citizens of the County. The County has entered into such agreements. A description of the County's abatement program where the County has promised to forgo taxes is as follows:

Fee in Lieu of Tax Program – Multi County Park Program

The Fee in Lieu of Tax Program is a tax abatement tool designed to encourage economic development in the state and is administrated by Charleston County's Economic Development Department. The Fee in Lieu of Tax Program retains, expands and attracts commercial and industrial businesses, and the related economic benefits and job creation and retention associated with them. These minimum investment requirements generally require $2.5 million of investment within a five-year period. The Fee in Lieu of Tax Program is identified under state statue and is authorized under the SC Code Title 12 – Chapter 44, Title 4 – Chapter 29, or Title 4 – Chapter 12 as well as SC Code Section 4-29-68, Section 4-1-170 and Section 12-44-70 for any eligible special source revenue credits. Special source revenue credits offset funding of cost in design, acquisition, constructing, improving or expanding real estate and personal property used in the operations of manufacturing or commercial enterprise, and the infrastructure serving the project. The entity must file annual state property tax forms to the state to receive the tax reduction and the entity must certify to the County eligibility requirements have been met to receive special source revenue credits, if applicable. If the terms of the agreement are not met, the County can terminate the agreement and state law allows repayment of tax savings to the County, or the opportunity to renegotiate the agreement as well as recapture provisions for special source revenue credits, if applicable.

The State of South Carolina provides, under state law SC Code subsection 12-37-220 (A) (7) as well as State Constitution, article 10 subsection 3, all business entities have a five-year county property tax exemption for all companies that have at least a $50,000 investment in any one of the following: in manufacturing facilities, an investment in research and development facilities, an investment (and 75 new jobs) in corporate headquarters or distribution facilities. Entities that enter into the Fee in Lieu of Tax Program are no longer eligible for this exemption and must pay in accordance with their agreements with the County. As a result of this State law for the year ended June 30, 2019, the County collected an additional $2,217,801 in taxes under the Fee in Lieu of Tax Program, but it is not considered a tax abatement under GASB 77.

The following is a summary of the taxes forgone on the County's abatement program for the year ended June 30, 2019:

Program	Tax Abated	Source	Amount
Fee in Lieu of Tax	Property Tax	Economic Development Department	$ 3,742,719