

CHEROKEE COUNTY

South Carolina



Comprehensive Annual Financial Report

YEAR ENDED JUNE 30, 2016

CHEROKEE COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016

PREPARED BY FINANCE DEPARTMENT

J. HOLLAND BELUE, ADMINISTRATOR

CHEROKEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1-4
List of Principal Officials		5
Organizational Chart		6
GFOA Certificate of Achievement for Excellence in Financial Reporting		7
FINANCIAL SECTION		
Independent Auditor's Report		8-9
Management's Discussion and Analysis (Required Supplementary Information)		10-18
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A	19
Statement of Activities	B	20
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	21
Reconciliation of the Total Governmental Funds Balance Sheet to the Statement of Net Position	D	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	E	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	24
Statement of Net Position – Proprietary Fund	G	25
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	H	26
Statement of Cash Flows – Proprietary Fund	I	27
Statement of Fiduciary Net Position – Agency Funds	J	28

CHEROKEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS – Continued

	<u>Exhibit</u>	<u>Page</u>
Notes to Financial Statements – Index		29
Notes to Financial Statements		30-60
	<u>Schedule</u>	<u>Page</u>
Required Supplementary Information:		
Schedule of County's Proportionate Share of the Net Pension Liability (SCRS)	1	61
Schedule of the County's Contributions (SCRS)	2	61
Schedule of County's Proportionate Share of the Net Pension Liability (PORS)	3	62
Schedule of the County's Contributions (PORS)	4	62
Budgetary Comparison Schedule – General Fund	5	63-64
Schedule of Funding Progress and Employer Contributions for Retiree Health Plans	6	65
Combining and Individual Nonmajor Fund Financial Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	7	66-70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	8	71-75
Combining Statement of Fiduciary Net Position– Agency Funds	9	76-77
Combining Statement of Changes in Net Position – Agency Funds	10	78-80
Combining Balance Sheet – Fire Districts	11	81
Combining Statement of Revenues, Expenditures and Changes In Fund Balance – Fire Districts	12	82
Capital Assets Used in the Operation of Governmental Funds: Schedule by Function and Activity	13	83
Schedule of Changes by Function and Activity	14	84

CHEROKEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS – Continued

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		85
Financial Trends Information:		
Net Position by Component	1	86
Change in Net Position	2	87-88
Fund Balances of Governmental Funds	3	89
Changes in Fund Balances of Governmental Funds	4	90
Revenue Capacity Information:		
Assessed Value and Estimated Actual Value of Taxable Property	5	91
Direct and Overlapping Property Tax Rates	6	92
Principal Property Taxpayers	7	93
Property Tax Levies and Collections	8	94
Debt Capacity Information:		
Ratio of Outstanding Debt by Type	9	95
Direct and Overlapping Governmental Activities Debt	10	96
Legal Debt Margin Information	11	97
Ratios of General Bonded Debt Outstanding	12	98
Demographic and Economic Information:		
Demographic and Economic Statistics	13	99
Principal Employers	14	100
County Employees by Function	15	101
Operating Information:		
Operating Indicators by Function/Program	16	102
Capital Assets Statistics by Function/Program	17	103

CHEROKEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS – Continued

	<u>Schedule</u>	<u>Page</u>
COMPLIANCE SECTION		
Supplementary Information Required by State of South Carolina:		
Summary Schedule of Court Fines, Assessments and Surcharges – Clerk of Court and Magistrate Court	15	104



INTRODUCTORY SECTION

CHEROKEE COUNTY

110 RAILROAD AVENUE
GAFFNEY, SC 29340-3136
TELEPHONE (864) 902-2252
TELEFAX (864) 487-2594



COUNTY ADMINISTRATOR
J. HOLLAND BELUE

COUNTY COUNCIL:

Dist. 1 RUFUS H FOSTER, JR., VICE-CHAIRMAN
Dist. 2 MIKE FOWLKES
Dist. 3 QUAY LITTLE
Dist. 4 TIM SPENCER, CHAIRMAN
Dist. 5 CHARLES MATHIS, JR.
Dist. 6 DAVID SMITH
Dist. 7 TRACY A. MCDANIEL

CLERK TO COUNCIL
DORIS PEARSON

January 30, 2017

To the Honorable Tim Spencer, Chairman and Members of Cherokee County Council and to the Citizens of Cherokee County:

We are pleased to present this Comprehensive Annual Financial Report ("CAFR") for Cherokee County, South Carolina. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

The CAFR includes all funds of Cherokee County that are controlled by this governing body, and are considered to be the "reporting entity". Cherokee County provides a full range of services including public safety, public works, health and social service, culture and recreation, economic development, family court, magistrates, probate court, general sessions court, solicitor, public defender and general administration. Other entities and public subdivisions within the County are not included in this report, but the Cherokee County Treasurer is responsible for the collection of taxes for some of these subdivisions. The year-end balances and activity results are included as agency funds in the basis financial statements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

This annual report is in a format that complies with the financial reporting model developed by the Governmental Accounting Standards Board ("GASB") Standard No.34, *Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments* ("GASB Statement No. 34"). This model improves financial reporting by including government-wide statements that are based on full accrual accounting and include capital asset and long-term debt. The requirements of GASB Statement No. 34 are explained in more detail within Management's Discussion and Analysis included in the financial section of this report.

McAbee, Schwartz, Halliday and Co., a firm of licensed certified accountants has issued an unmodified ("clean") opinion on the Cherokee County financial statements for the year ended June 30, 2016. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

Cherokee County was formed in 1897 and is located in the western part of South Carolina, known as the South Carolina Upstate. The Upstate is considered to be one of the top growth areas in both the state and the country. Cherokee County occupies 392 square miles and serves a population of 56,832. Cherokee County is empowered to levy a property tax on both real and personal property located within its boundaries.

Cherokee County has operated under the council-administrator form of government since 1976. Policymaking and legislative authority are vested in the County Council, which consists of seven (7) District Council Members elected from single-member districts to four-year staggered terms. Council annually elects a Chairman and a Vice-Chairman. The County Council is responsible for passing ordinances, adopting the budget, appointing committees; and hiring the County Administrator and Clerk to Council. The County Administrator is responsible for carrying out the policies and ordinances of the County Council, for overseeing the day-to-day operations of the County, and for appointing all non-elected County department heads.

Local Economy

The South Carolina Upstate is widely recognized as a strong competitor in the global marketplace. As a medium-sized market, the region makes up one of the strongest manufacturing centers in the nation. The region is known for its ability to attract international and domestic firms by providing a pro-business environment and all of the necessary amenities for business growth.

Within South Carolina, the Upstate is recognized as the state's most progressive and industrialized region. A wide variety of political and economic forces in the Upstate have come together to produce a region that is diverse, clean, friendly, productive and economically healthy. Since 1990, the region has welcomed a tremendous influx of corporate headquarters, high-tech manufacturers, automobile manufacturing and related suppliers, national retailers, cultural and entertainment facilities, educational programs, and many other elements that have made our region a leader in economic development. The following are several key elements that have contributed to the Upstate as it is today:

International companies from all over the world know that the South Carolina Upstate is an excellent place to do business. Almost one-half of South Carolina's foreign firms are located in the region. Few comparably sized regions in the nation have a higher concentration of foreign firms.

The Upstate's reputation can also be attributed to the pro-business attitude of the local business community and government leadership. These groups have worked diligently for many years to create an environment in which businesses can thrive. Numerous public-private partnerships have set the stage for improved communication, support for economic development, enhanced participation in public affairs and sharpening the competitive edge of the Upstate industry.

Nationally, Cherokee County is ideally positioned for economic growth. It currently enjoys three distinct selection advantages over its competitors. First, an unbeatable location on the I-85 corridor in Upstate South Carolina between two of the nation's most dynamic and fastest growing metropolitan areas (Charlotte, N.C. and Greenville/Spartanburg, S.C.); second, significantly lower cost of doing business within the confines of the County, and third, superb utility services and capacity.

Current population figures show our population over 56,832 with a 5.3% unemployment rate (unadjusted) for October 2016. During the decade we have seen our economy transform from one almost entirely dependent on agriculture and textiles to one which is rich in diversity. While agriculture and textiles still play an important role, our economy represents almost every major sector. With our County so competitively positioned, our future outlook is very positive with the development of two industrial parks and joining a regional alliance for recruiting more industry.

In March, 2005, Duke Energy announced they have selected Cherokee County for a new potential nuclear power plant. In December 2007, Duke Energy submitted a combined construction and operating license application to the U.S. Nuclear Regulatory Commission ("NRC") for the proposed 2,234 mega-

watt facility that was accepted for review. On December 19, 2016, the NRC issued two combined licenses authorizing Due Energy to build and operate two reactors at the site. Duke Energy has said that the development timeline of this project rests on the recovery of the economy. It is estimated that construction jobs could peak at approximately 4,000 during the construction phase. Once construction is complete, the plant will employ 800 to 1,000 full-time employees.

Long-term Financial Planning and Major Initiatives

Cherokee County has established a list of priorities that focus on public safety, infrastructure, fiscal condition and economic development.

- E-911 Communications - Due to the extension of tariffs to wireless phones in the state, the County has a source of funding for the additional services needed in the E-911 system. We implemented the necessary services according to the tariff requirements. Cherokee County E-911 system utilizes these funding sources to continuously modernize our equipment and train personnel to provide the best service to Cherokee County residents.
- Office Space - We are continuing our effort to make our services in the County as efficient and available as possible. We occupied the new County Administration building beginning in December 2012 and have continued to make efforts to better serve the community. This building houses various County offices that were previously located in separate buildings in the downtown business district. This project focused on consolidating many County departments into one centrally located facility in downtown Gaffney and utilizing technology to improve efficiency and reduce costs. This project was accomplished through the use of millage that was collected specifically for the construction of a new County Administration building and from the sale of bonds.
- Recycling - Cherokee County has been very aggressive in setting recycling and reduction goals for better management of its solid waste. The County continues to work to meet the standard reduction goal of 35% of solid waste generated within the County. While all stated goals are important, education of the general public is essential if the County remotely expects to meet these goals. Waste reduction efforts are integrated completely with efforts at educating the public about the 3 R's: Reduce, Reuse and Recycle.
- Fiscally Responsible Framework - Efforts continued during this fiscal year have been to develop and document processes to facilitate financial controls and compliance, streamline accounting and financial reporting, re-enforce policies for procurement and payment of county-wide obligations and to partner with other departments and outside entities to leverage resources to meet mandates and objectives. It is the responsibility of the Finance Department to respond to changing requirements and priorities necessary to serve the County Administration and Council, the citizens, the employees, vendors and other agencies throughout the County and the State.
- Economic Development - During the 2015 and 2016 years, Cherokee County attracted capital investment dollars totaling in excess of \$250 million. The investment was partially from new industrial residents such as the new Dollar Tree distribution center which contributed in excess of \$135 million in capital investment and 300 in job creation. Many others, including various expansion projects, also contributed capital investment and job growth to the County. In workforce news, Cherokee County became a certified SC Work Ready Community. Spartanburg Community College continues expansion with its \$9 million Center for Advanced Manufacturing and Industrial Training Center, and Cherokee County School District announced that it will build its new Cherokee Technology Center on the Cherokee Campus sealing a partnership between the two to provide a workforce for the future. In early 2016, it was announced that almost 20 miles of I-85 through Cherokee County will be widened to 6 lanes. These education and infrastructure initiatives should have a positive impact on future economic development. Economic Development activity remains high and it is anticipated that the momentum will continue in 2017.

Relevant Financial Policies

In accordance with the annual budget Ordinance, Cherokee County utilizes a balanced budget process for general government operations and capital expenses. This process and the approval of County Council facilitates the review of day-to-day operations, as well as the long-term sustainability of revenues and need for capital investments.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to Cherokee County for its comprehensive annual financial report (CAFR) ended June 30, 2015. This was the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both the U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine the eligibility for another certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Administration, Treasury and Finance Departments. Each member of those departments has our sincere appreciation for their contribution toward the preparation of this report.

In closing, we would like to say that without the leadership and support of the Cherokee County Council preparation of this report would not have been possible.

Respectfully submitted,



J. Holland Belue
County Administrator



Ann H. Boggs
Finance Director

CHEROKEE COUNTY, SOUTH CAROLINA

List of Principal Officials

June 30, 2016

Council Meets – First and Third Monday, 5:00 PM
Form of Government – Council/Administrator
Method of Election – Single Member

County Seat – Gaffney
Zip Code – 29340
Population – 56,832

Members of County Council

Tim Spencer
Rufus Foster, Jr.
Charles Mathis, Jr.
Tracy A. McDaniel
Steven Blanton
Mike Fowlkes
Hoke Parris

County Council Chairman
County Council Vice-Chairman
County Council
County Council
County Council
County Council
County Council

Elected Officials

Jackie Williams
Merv Bishop
Brandy W. McBee
Steve Mueller
Dennis G. Fowler
Joshua Queen
Barry Barnette

Treasurer
Auditor
Clerk of Court
Sheriff
Coroner
Probate Judge
Solicitor

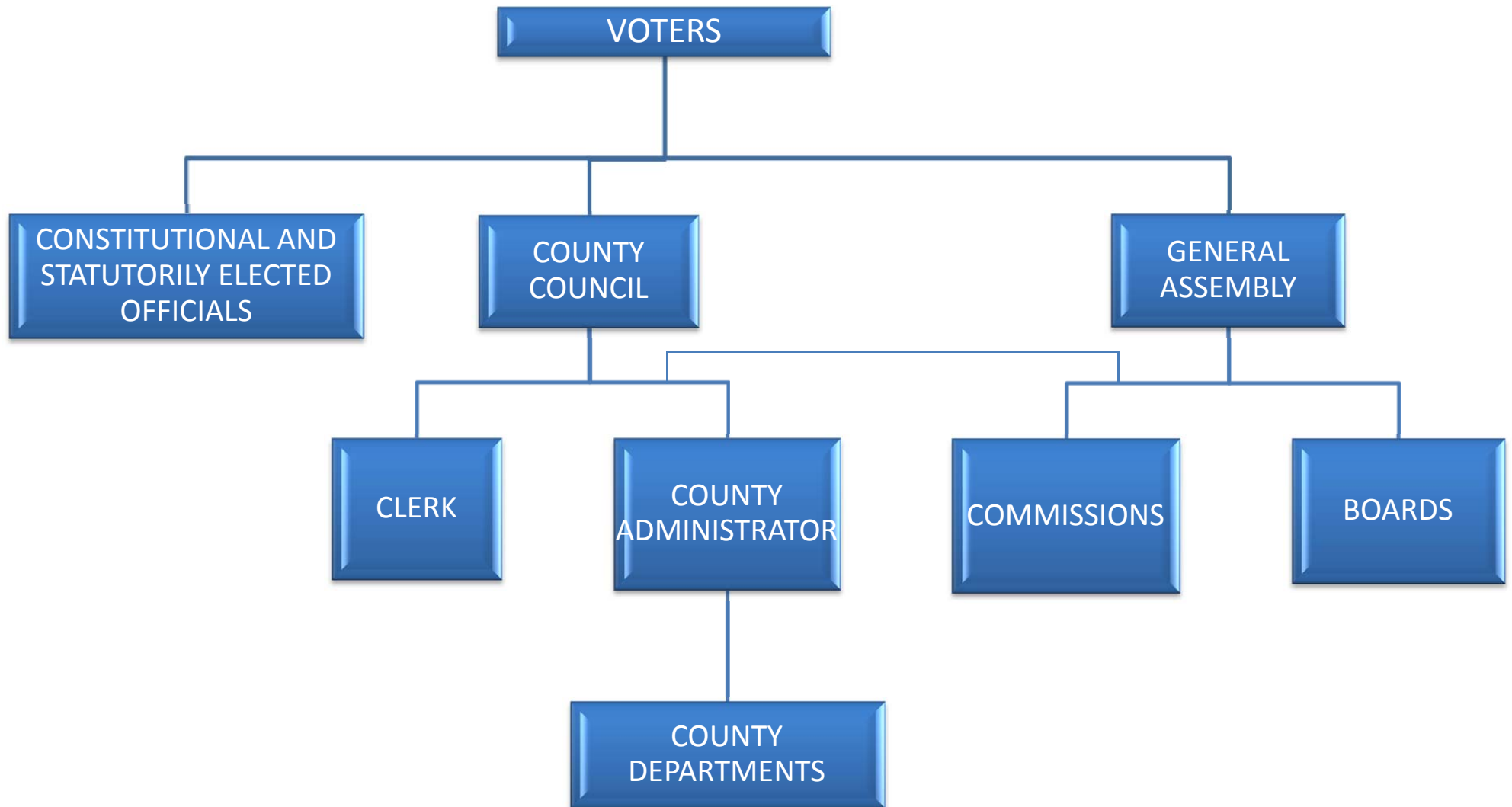
Appointed Official

J. Holland Belue

County Administrator

CHEROKEE COUNTY, SOUTH CAROLINA

ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**Cherokee County
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



FINANCIAL SECTION

To the Council and Finance Committee of
Cherokee County, South Carolina

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cherokee County, South Carolina as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cherokee County, South Carolina, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cherokee County, South Carolina's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, the statistical section, and the compliance section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the compliance section as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the compliance section as listed in the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McAbee, Schwartz, Halliday & Co.

Spartanburg, South Carolina
January 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Cherokee County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2016. This section should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

The following are key financial highlights for the fiscal year:

- The assets of the County exceeded its liabilities at June 30, 2016 by \$52,741,746 (net position). This amount is greater than net investment in capital assets by \$16,384,148. Net position categories show the portion that must be spent for specific purposes.
- The County's total net position increased by \$18,858,511. This increase was due to the 2016 sale of the County's business-type activities ("Peachtree Centre"). The sale of property for \$9 million, the transfer of other net assets and the reversed impact of the accounting standards implemented in 2015 for pension liability resulted in an increase of \$11,653,320. Current year activities resulted in an increase of \$4,649,786, \$5,187,913, of which was from governmental activities, offset by a decrease of \$538,127 from business-type activities.
- As of June 30, 2016, the County's governmental funds reported combined ending fund balances of \$44,441,797, an increase of \$17,231,837 (included \$4,081,566 from the affiliated Economic Development Corporation) from the prior year. Of the combined ending fund balances amount, \$24,664,327 is available for use at the County's discretion.
- At June 30, 2016, unassigned fund balance for the General Fund was \$24,554,144, or approximately 124 percent of total general fund expenditures and transfers out.
- The County's total long-term debt (excluding landfill closure costs, unfunded OPEB costs and compensated absences) decreased by \$610,000, or 8.98 percent in County obligations during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise four components: government-wide financial statements; fund financial statements; notes to the financial statements, and required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Cherokee County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Cherokee County's assets and liabilities, with the difference of the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Cherokee County is improving or deteriorating. Net position shows restrictions on these assets. During fiscal year 2016, County Council approved the sale of the property of the business-type activities with the effective date December 1, 2015, thus eliminating all related items in the statement of net position and combining any remaining assets of the business type activities into the government activities.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, transportation, health and human services, environmental and housing, culture and recreation, economic development initiatives, and other. The business-type activities of the County include geriatric care for the period July 1 through November 30, 2015.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows. Such information may be useful in evaluating a government's near-term financing requirements.

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

Cherokee County maintains fifty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and capital projects funds, which are considered to be major funds. Data from the other fifty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with these budgets.

Proprietary Funds - The County maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its geriatric care.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the proprietary operations, which is considered to be a major fund of the County. On December 17, 2015, the County sold the property of Peachtree Centre to MFI HC Group for the \$9 million effective as of December 1, 2015. The financial impact of activity through November 30 is provided in the enterprise fund. The financial impact of the sale transaction is shown in the governmental fund in the government wide financial statements and detailed in Note 4(F) of the Financial Statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds, no operations but rather assets equal

liabilities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general fund and information concerning the County's progress in funding its obligation to provide OPEB benefits to its employees. The combining statements referred to earlier in connection with nonmajor governmental funds, fiduciary fund data, and capital asset data are presented following the required supplementary information section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1
Cherokee County's Net Position

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2016	2015	2016	2015	2016	2015	2015-2016
Current and Other Assets	48,743,380	\$ 32,076,173	\$ -	\$ 2,961,606	\$ 40,228,580	\$ 35,037,779	14.8%
Capital Assets	42,537,598	42,591,839	-	500,757	42,537,598	43,092,596	-1.3%
Total Assets	91,280,978	74,668,012	-	3,462,363	91,280,978	78,130,375	16.8%
Deferred outflow of resources							
Deferred amounts related to pensions	1,902,148	1,400,136	-	506,667	1,902,148	1,906,803	-0.2%
Total assets and deferred outflows of resources	93,183,126	76,068,148	-	3,969,030	93,183,126	80,037,178	16.4%
Current Liabilities	21,419,327	19,680,996	-	4,933,899	21,419,327	24,614,895	-13.0%
Long-term Liabilities	19,022,053	19,138,516	-	574,200	19,022,053	19,712,716	-3.5%
Total Liabilities	40,441,380	38,819,512	-	5,508,099	40,441,380	44,327,611	-8.8%
Deferred inflow of resources							
Deferred amounts related to pensions	-	1,348,123	-	478,209	-	1,826,332	*
Total liabilities and deferred outflows of resources	40,441,380	40,167,635	-	5,986,308	40,441,380	46,153,943	-12.4%
Net Position							
Net investment in capital assets	36,357,598	35,801,839	-	500,757	36,357,598	36,302,596	0.2%
Restricted	8,555,119	7,370,241	-	-	8,555,119	7,370,241	16.1%
Unrestricted	7,829,029	(7,271,567)	-	(2,518,035)	7,829,029	(9,789,602)	-180.0%
Total Net Position	52,741,746	35,900,513	-	(2,017,278)	52,741,746	33,883,235	55.7%
Total Liabilities and Net Position	\$ 93,183,126	\$ 76,068,148	\$ -	\$ 3,969,030	\$ 93,183,126	\$ 80,037,178	16.4%

*Fiscal year 2016 amounts are for a partial year from July 1, 2015 to November 30, 2015. The sale date of Peachtree Centre to MFI HC Group was effective as of December 1, 2015. Additional information related to the sales transaction and transition operations can be found in Note 4(F) of the Financial Statements.

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$52,741,746, as of June 30, 2016. (See Table 1). The largest portion of the County's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure), less any related debt to acquire those assets still outstanding. These capital assets are used to provide services to citizens; consequently

these assets are not available for future spending. It should be noted that the resources required to repay the related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors. The net position increased by \$18,858,511. This increase was partially due to the sale of the County's business-type activities ("Peachtree Centre"), effective December 1, 2015. The net proceeds from the sale of Peachtree Centre property for \$9 million and the reversed impact of the accounting standards implemented in 2015 for pension liability resulted in an increase of \$14,208,725. Current year activities resulted in an increase of \$4,649,786, \$5,187,913 of which was from governmental activities, offset by a decrease of \$538,127 from business-type activities.

Table 2
Changes in Cherokee County's Net Position

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2016	2015	2016	2015	2016	2015	2015-2016
Revenues:							
Program Revenues:							
Charges for services	\$ 3,579,677	\$ 2,922,954	\$ 3,795,758	\$ 8,687,868	\$ 7,375,435	\$11,610,822	-36.5%
Operating grants and contributions	7,386,396	2,835,655	-	-	7,386,396	2,835,655	160.5%
Capital grants and contributions	425,506	607,976	-	-	425,506	607,976	-30.0%
General Revenues:							
Property taxes	19,085,374	18,412,251	-	-	19,085,374	18,412,251	3.7%
Other taxes	475,177	443,297	-	-	475,177	443,297	7.2%
Other	2,437,565	2,219,667	-	-	2,437,565	2,219,667	9.8%
Total Revenues	<u>33,389,695</u>	<u>27,441,800</u>	<u>3,795,758</u>	<u>8,687,868</u>	<u>37,185,453</u>	<u>36,129,668</u>	<u>2.9%</u>
Expenses:							
General government	9,659,016	7,403,422	-	-	9,659,016	7,403,422	30.5%
Public safety	11,471,822	10,819,767	-	-	11,471,822	10,819,767	6.0%
Transportation	1,694,096	1,603,765	-	-	1,694,096	1,603,765	5.6%
Health and human services	1,024,905	1,014,252	-	-	1,024,905	1,014,252	1.1%
Environmental and housing	2,969,547	2,197,796	-	-	2,969,547	2,197,796	35.1%
Culture and recreation	913,265	932,229	-	-	913,265	932,229	-2.0%
Economic development	241,728	33,750	-	-	241,728	33,750	616.2%
Unallocated interest expense	227,403	247,521	-	-	227,403	247,521	-8.1%
Geriatrics	-	-	4,333,885	7,971,637	4,333,885	7,971,637	-45.6%
Total Expenses	<u>28,201,782</u>	<u>24,252,502</u>	<u>4,333,885</u>	<u>7,971,637</u>	<u>32,535,667</u>	<u>32,224,139</u>	<u>1.0%</u>
Increase (Decrease) in Net Position Before Transfers	5,187,913	3,189,298	(538,127)	716,231	4,649,786	3,905,529	19.1%
Special Item - Sale of Peachtree Centre	-	-	14,208,725	-	14,208,725	-	0.0%
Transfers	11,653,320	-	(11,653,320)	-	-	-	0.0%
Change in Net Position	16,841,233	3,189,298	2,017,278	716,231	18,858,511	3,905,529	382.9%
Beginning Net Position	35,900,513	32,711,215	(2,017,278)	(2,733,509)	33,883,235	29,977,706	13.0%
Ending Net Position	<u>\$ 52,741,746</u>	<u>\$35,900,513</u>	<u>\$ -</u>	<u>\$ (2,017,278)</u>	<u>\$52,741,746</u>	<u>\$33,883,234</u>	<u>55.7%</u>

*Fiscal year 2016 amounts are for a partial year from July 1, 2015 to November 30, 2015. The sale date of Peachtree Centre to MFI HC Group was effective as of December 1, 2015. Additional information related to the sales transaction and transition operations can be found in Note 4(F) of the Financial Statements.

Change in net position. The County's total revenues increased by 2.9 percent to approximately \$37.2 million, despite the lower partial year revenues resulting from the sale of the business-type property effective December 1, 2015 (See Table 2). This change was caused by increases in charges for services, property and other taxes and operating grants and contributions, partially offset by a decrease in capital grants and contributions.

The County's total cost of all programs and services increased by approximately 1.4 percent. This decrease is due primarily from decreased partial year expenses from the business-type activities as a result of the sale of the property effective December 1, 2015, partially offset by increases in payroll and benefits expense.

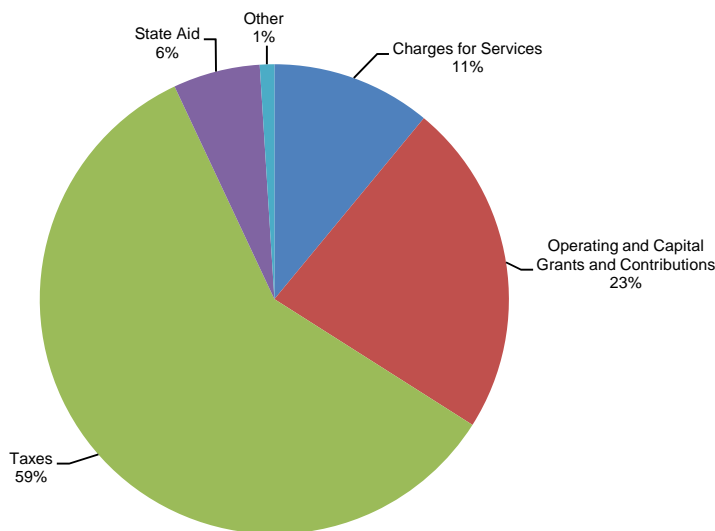
Governmental Activities

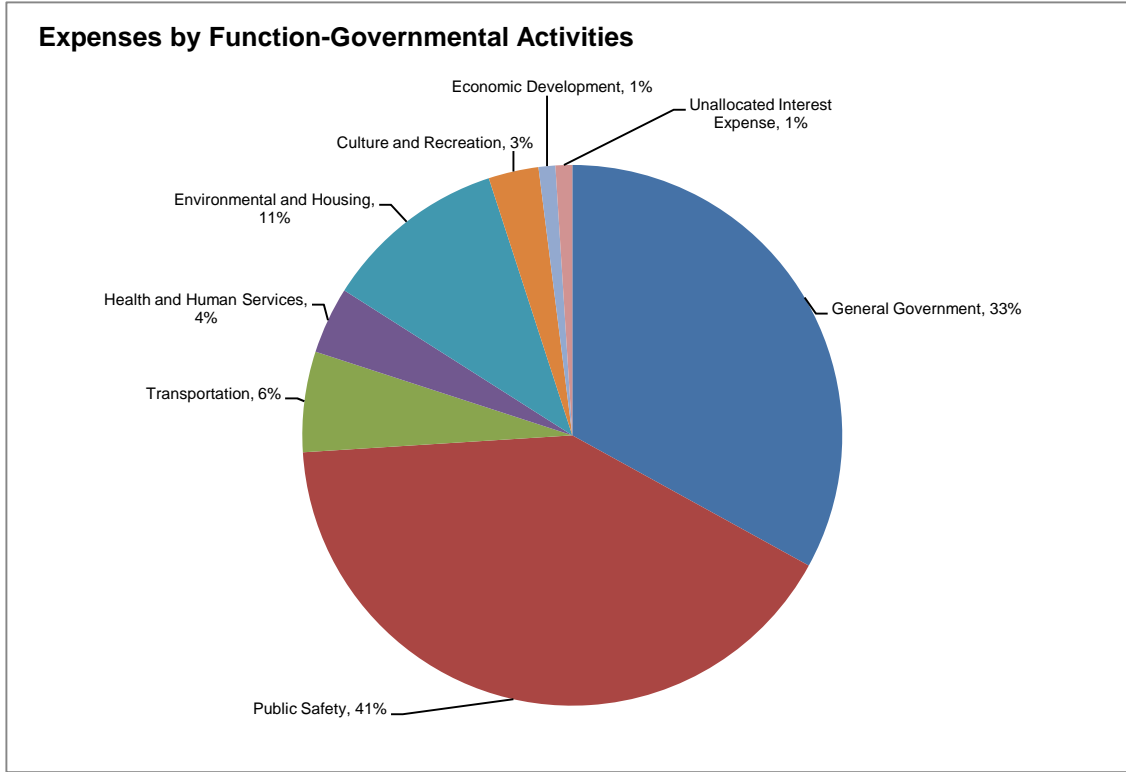
The County's governmental activities had net (expense) revenue of (\$16,810,203). However, these services are intended to be primarily funded by taxes, as opposed to charges for services and grants, and those taxes and other general revenues did exceed net expenses by \$5,187,913.

Total revenues for the County's governmental activities increased by 21.7 percent, and total expenses increased 16.3 percent. Factors contributing to these results included:

- Increases in property taxes, due primarily to property reassessment and a millage increase.
- Increases in fines, operating grants and fees, partially for infrastructure reimbursements.
- Increases in charges for services primarily for landfill fees, building permits, and court fines and fees.
- Increases in payroll and benefits costs across all functions

Revenues by Sources-Governmental Activities





Business-type Activities

On December 1, 2015, the County sold the property of Peachtree Centre to MFI HC Group for the \$9 million bid price effective as of December 1, 2015. The financial impact of activity from July 1 through November 30 is provided in the enterprise fund. The financial impact of the sale transaction is shown in the enterprise fund with a corresponding transfer to governmental fund in the government wide financial statements and detailed in Note 4(F) of the Financial Statements.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of its fiscal year.

At June 30, 2016, the County's governmental funds reported combined ending fund balances of \$44,441,797, an increase of \$17,231,837 from the prior year. This increase resulted from \$2,441,702 from general fund operations, primarily attributable to increases in charges for services, property and vehicle tax revenues and continued cost control efforts, \$11,653,320 from the sale of Peachtree Centre property and increased dollars received for transportation and infrastructure improvements

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – continued

Approximately 56 percent of the combined fund balances (\$24,664,144) constitute unassigned fund balance, which is available for spending at the County's discretion. Seventeen percent of the combined fund balances (\$8,137,222) is assigned for various types of cultural, administrative and capital projects. The majority of the remaining balance is restricted (\$8,553,867) to indicate that it is not available for new spending because it has constraints established by parties outside the government or by enabling legislation. The remainder of the balance is nonspendable; which is comprised of prepaids (\$230,345), non-current receivables (\$346,280) and assets held for resale (\$2,509,756).

The general fund is the chief operating fund of the County. At June 30, 2016, unassigned fund balance of the general fund was \$24,554,144 and total fund balance was \$29,241,110. As a measure of the general fund's liquidity, the unassigned fund balance represents approximately 129 percent of total general fund expenditures and transfers out.

The capital fund has a total fund balance of \$1,371,387, of which, \$1,025,107 is assigned for capital projects. The net decrease in fund balance during the current fiscal year was \$54,415. Funds were primarily spent for infrastructure improvement expenditures. The remainder of the balance is a long-term receivable due from the County Recreation District for funds provided for new building construction.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

On December 1, 2015, the County sold the property of Peachtree Centre to MFI HC Group for the \$9 million bid price effective as of December 1, 2015. The financial impact of activity from July 1 through November 30 is provided in the enterprise fund. The financial impact of the sale transaction is shown in the enterprise fund with a corresponding transfer to governmental fund in the government wide financial statements and detailed in Note 4(F) of the Financial Statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

A budget and actual comparison schedule for the General Fund is provided in the Required Supplementary Information. The schedule shows the original adopted budget, the final budget, the actual results on GAAP basis, and the variance between budget and actual. After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, new bond or loan proceeds, new grant awards, or other unanticipated revenues.

Actual revenues were higher than the projected amounts by \$761,430 primarily due to increased charges for services and tax revenues. Actual expenditures were under budget by \$1,763,207 due to the continued implementation of cost control measures in the general government, environmental and housing and transportation (roads and bridges), partially offset by increases in salary and related employee benefit costs, primarily due to the mid-year implementation of a compensation study that resulted in an overall increase in salary and related benefit expense and overtime wages in public safety departments. The departments where expenditures over appropriations were related to overtime are: 911 Communications - \$45,479, Sheriff's Office - \$324,253 and Detention Center - \$169,037.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2016, the County had \$74,058,094 invested in capital assets including police and fire equipment, buildings, infrastructure, etc. (See following table). This represents a net decrease over last year as a result of the sale of business-type activities property, primarily capital assets. Capital assets for government activities increased by of \$2,844,805 or 4.0 percent, over last year.

	Governmental Activities		Business-type Activities		Totals		Total Percent Change
	2016	2015	2016	2015	2016	2015	2015-2016
Land	\$ 1,688,895	\$ 1,688,895	\$ -	\$ -	\$ 1,688,895	\$ 1,688,895	0.0%
Construction in Progress	-	164,871	-	-	-	164,871	-100.0%
Buildings	26,888,211	26,346,769	-	7,686,357	26,888,211	34,033,126	-21.0%
Other Improvements	639,438	547,760	-	57,534	639,438	605,294	5.6%
Equipment	15,145,537	14,730,638	-	1,126,749	15,145,537	15,857,387	-4.5%
Infrastructure	28,650,816	26,755,998	-	-	28,650,816	26,755,998	7.1%
Books	1,045,197	978,358	-	-	1,045,197	978,358	6.8%
	<u>74,058,094</u>	<u>71,213,289</u>	<u>-</u>	<u>8,870,640</u>	<u>74,058,094</u>	<u>80,083,929</u>	<u>-7.5%</u>
Accumulated Depreciation	(31,520,496)	(28,621,450)	-	(8,369,883)	(31,520,496)	(36,991,333)	-14.8%
Total Net Assets	<u>\$ 42,537,598</u>	<u>\$ 42,591,839</u>	<u>\$ -</u>	<u>\$ 500,757</u>	<u>\$ 42,537,598</u>	<u>\$ 43,092,596</u>	<u>-1.3%</u>

Additional information on the County's capital assets can be found in Note 3(C) to the financial statements.

Long-term Debt

At year-end, the County had \$6,180,000 in outstanding general obligation bonds and capital leases, compared to \$6,790,000 last year. That is a decrease of 9 percent as shown in the following table.

	Governmental Activities		Business-type Activities		Totals		Total Percent Change
	2016	2015	2016	2015	2016	2015	2015-2016
General Obligation Bonds	\$ 6,180,000	\$ 6,790,000	\$ -	\$ -	\$ 6,180,000	\$ 6,790,000	-9.0%
Capital Lease	-	-	-	-	-	-	0.0%
	<u>\$ 6,180,000</u>	<u>\$ 6,790,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,180,000</u>	<u>\$ 6,790,000</u>	<u>-9.0%</u>

More detailed information about the County's long-term liabilities is presented in Note 3(F) to the financial statements. Also, included in Note 3(F) is the \$4 million long-term loan payable of the affiliated Economic Development Corporation.

Other obligations of the County include accrued compensated absences, other post-employment benefits and landfill closure and post closure costs.

The state limit for amount of general obligation debt the County can issue is 8 percent of the assessed value of all taxable property within the County's legal limits. Outstanding debt is below this limit – which is currently \$13.31 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the County's revenues. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction, assessed valuation, and Enterprise Fund revenues.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES – continued

One major factor is that, although it has declined, the unemployment rate for the County is currently 5.3%. This was higher than the unemployment rate for the state of South Carolina (4.7%) and higher than the national unemployment rate (4.9%).

All of these factors were considered in the approval of the 2016 increase in the County's millage rate of 3.2 mills for a total property millage rate of 91.6 mills for 2016. There was no millage increase in the 2017 approved budget.

Budgeted 2017 operations expenditures (excluding capital budgeted expenditures) are expected to increase by \$1,184,956, which is 5.7 percent over the final 2016 budget. This increase is primarily due to the approval of a 4% compensation increase, additional positions primarily in public safety, and increased health care premium and retirement cost increases for County employees. The County has added no major new programs or initiatives to the 2017 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Administrator at 110 Railroad Avenue, Gaffney, South Carolina.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CHEROKEE COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 34,836,929	\$ -	\$ 34,836,929
Cash and cash equivalents, Restricted	1,000,000	-	1,000,000
Investments	7,514,800	-	7,514,800
Accounts receivable (net)	538,896	-	538,896
Taxes receivable (net)	1,198,750	-	1,198,750
Due from State	568,876	-	568,876
Assets held for sale	2,509,756	-	2,509,756
Prepaid items	229,093	-	229,093
Due from Recreation District	346,280	-	346,280
Capital assets - not being depreciated	1,688,895	-	1,688,895
Capital assets - net of accumulated depreciation	40,848,703	-	40,848,703
Total assets	91,280,978	-	91,280,978
Deferred Outflows of Resources			
Deferred amounts related to pensions	1,902,148	-	1,902,148
Liabilities			
Accounts payable	520,618	-	520,618
Accrued liabilities	346,531	-	346,531
Local option sales tax - property tax relief	2,731,115	-	2,731,115
Unearned revenue	284,915	-	284,915
Accrued interest payable	35,661	-	35,661
Noncurrent liabilities			
Due within one year	1,415,387	-	1,415,387
Due in more than one year	19,022,053	-	19,022,053
Net pension liability	16,085,100	-	16,085,100
Total liabilities	40,441,380	-	40,441,380
Deferred Inflows of Resources			
Deferred amounts related to pensions	-	-	-
Net Position			
Net investment in capital assets	36,357,598	-	36,357,598
Restricted for			
Transportation	3,437,010	-	3,437,010
Public safety	3,044,893	-	3,044,893
Economic development	1,571,610	-	1,571,610
Health and human services	275,859	-	275,859
Cultural and recreation			
Expendable	224,495	-	224,495
Nonexpendable	1,252	-	1,252
Unrestricted (deficit)	7,829,029	-	7,829,029
Total net position (deficit)	\$ 52,741,746	\$ -	\$ 52,741,746

The accompanying notes are an integral part of the financial statements.

CHEROKEE COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental activities							
General government	\$ 9,659,016	\$ 2,448,663	\$ 4,865,086	\$ -	\$ (2,345,267)	\$ -	\$ (2,345,267)
Public safety	11,471,822	587,388	914,321	75,792	(9,894,321)	-	(9,894,321)
Transportation	1,694,096	-	1,280,633	-	(413,463)	-	(413,463)
Health and human services	1,024,905	185,027	19,632	-	(820,246)	-	(820,246)
Environmental and housing	2,969,547	312,837	192,000	292,402	(2,172,308)	-	(2,172,308)
Culture and recreation	913,265	45,762	114,724	7,312	(745,467)	-	(745,467)
Economic development	241,728	-	-	50,000	(191,728)	-	(191,728)
Unallocated interest expense	227,403	-	-	-	(227,403)	-	(227,403)
	<u>28,201,782</u>	<u>3,579,677</u>	<u>7,386,396</u>	<u>425,506</u>	<u>(16,810,203)</u>	<u>-</u>	<u>(16,810,203)</u>
Business-type activities							
Geriatrics	4,333,885	3,795,758	-	-	-	(538,127)	(538,127)
Total primary government	<u>32,535,667</u>	<u>7,375,435</u>	<u>7,386,396</u>	<u>425,506</u>	<u>(16,810,203)</u>	<u>(538,127)</u>	<u>(17,348,330)</u>
General Revenues							
Property taxes					19,085,374	-	19,085,374
Accommodations tax					117,781	-	117,781
Local accommodations tax					93,422	-	93,422
Franchise tax					263,974	-	263,974
Unrestricted state aid to political subdivisions					2,056,682	-	2,056,682
Unrestricted investment earnings					40,150	-	40,150
Gain on sale of capital assets					79,054	-	79,054
Miscellaneous					261,679	-	261,679
Special Item - Sale of Peachtree Centre					-	14,208,725	14,208,725
Transfers					11,653,320	(11,653,320)	-
Total general revenues, special item and transfers					<u>33,651,436</u>	<u>2,555,405</u>	<u>36,206,841</u>
Change in net position					16,841,233	2,017,278	18,858,511
Net position (deficit) - beginning of year					<u>35,900,513</u>	<u>(2,017,278)</u>	<u>33,883,235</u>
Net position - end of year					<u>\$ 52,741,746</u>	<u>\$ -</u>	<u>\$ 52,741,746</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

CHEROKEE COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Capital Projects Fund	Economic Development Corporation	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 26,683,447	\$ 3,134,803	\$ 1,680,271	\$ 10,853,209	\$ 42,351,730
Cash, Restricted	1,000,000	-	-	-	1,000,000
Taxes receivable (net)	1,059,893	32,791	-	106,713	1,199,397
Other receivables (net)	168,691	-	-	370,207	538,898
Due from other funds	3,896,512	-	-	606,264	4,502,776
Due from State	568,876	-	-	-	568,876
Prepaid items	216,120	-	200	12,773	229,093
Due from Recreation District	-	346,280	-	-	346,280
Assets held for resale	-	-	2,509,756	-	2,509,756
Total assets	\$ 33,593,539	\$ 3,513,874	\$ 4,190,227	\$ 11,949,166	\$ 53,246,806
Liabilities					
Accounts payable	\$ 457,336	\$ -	\$ -	\$ 35,535	\$ 492,871
Due to other funds	515,275	2,116,225	108,661	1,762,615	4,502,776
Accrued expenditures	317,825	-	-	29,387	347,212
Other liabilities	27,751	-	-	-	27,751
Local option sales tax - property tax relief	2,731,115	-	-	-	2,731,115
Unearned revenue	-	-	-	284,916	284,916
Total liabilities	4,049,302	2,116,225	108,661	2,112,453	8,386,641
Deferred Inflows of Resources					
Unavailable revenues - property taxes	303,127	26,262	-	88,979	418,368
Fund Balances					
Nonspendable					
Prepays	216,120	-	200	14,025	230,345
Long-term portion of receivables	-	346,280	-	-	346,280
Assets held for resale	-	-	2,509,756	-	2,509,756
Restricted for:					
Library activities	-	-	-	186,104	186,104
Emergency communications	-	-	-	1,990,392	1,990,392
Law enforcement	-	-	-	118,977	118,977
Health and welfare	-	-	-	52,249	52,249
Road surface repairs	-	-	-	3,437,010	3,437,010
Culture and recreation	-	-	-	38,391	38,391
Social services	-	-	-	223,610	223,610
Public safety	-	-	-	138,188	138,188
Economic development	-	-	1,571,610	-	1,571,610
Solicitor	-	-	-	786,373	786,373
Other purposes	-	-	-	10,963	10,963
Assigned					
Debt service	-	-	-	1,352,017	1,352,017
Unfunded OPEB	2,389,536	-	-	-	2,389,536
Road surface repairs	1,373,416	-	-	-	1,373,416
County buildings	-	56,625	-	-	56,625
Airport	-	255,007	-	-	255,007
Capital projects	452,765	713,475	-	-	1,166,240
Administration	-	-	-	-	-
Scholarship SCC	55,129	-	-	-	55,129
Public safety	-	-	-	211,171	211,171
Economic development	200,000	-	-	150,634	350,634
Library	-	-	-	927,447	927,447
Unassigned	24,554,144	-	-	110,183	24,664,327
Total fund balance	29,241,110	1,371,387	4,081,566	9,747,734	44,441,797
Total liabilities, deferred inflows of resources and fund balances	\$ 33,593,539	\$ 3,513,874	\$ 4,190,227	\$ 11,949,166	\$ 53,246,806

The accompanying notes are an integral part of the financial statements.

CHEROKEE COUNTY, SOUTH CAROLINA
 RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET TO
 THE STATEMENT OF NET POSITION
 JUNE 30, 2016

Fund Balances - Total Governmental Funds			\$ 44,441,797
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			42,537,598
Resources received but reflected as unearned revenues in fund statements.			418,404
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the governmental funds.			
Other post employment benefits	(2,233,700)		
General obligation bonds	(6,180,000)		
Loan payable	(4,000,000)		
Compensated absences	(392,438)		
Accrual for landfill closure	(7,631,302)		
Accrued interest payable	(35,661)	(20,473,101)	
Pension related deferred outflows			1,902,148
Net Pension Liability			(16,085,100)
Net Position of Governmental Activities			<u>\$ 52,741,746</u>

The accompanying notes are an integral part of the financial statements.

CHEROKEE COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General	Capital Projects Fund	Economic Development Corporation	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 14,002,027	\$ 1,066,870	\$ -	\$ 3,052,367	\$ 18,121,264
Licenses and permits	553,357	-	-	-	553,357
Intergovernmental	3,328,242	-	-	7,869,107	11,197,349
Charges for services	806,009	-	-	40,439	846,448
Fines	618,700	-	-	-	618,700
Contributions	-	-	50,000	-	50,000
Interest	25,112	14,649	311	104	40,176
Miscellaneous	926,172	-	-	1,049,427	1,975,599
	<u>20,259,619</u>	<u>1,081,519</u>	<u>50,311</u>	<u>12,011,444</u>	<u>33,402,893</u>
Expenditures					
Current					
General government	6,168,906	-	-	2,020,214	8,189,120
Public safety	9,166,597	-	-	1,675,191	10,841,788
Transportation	557,823	-	-	1,894,819	2,452,642
Health and human services	857,063	-	-	111,738	968,801
Environmental and housing	2,508,107	-	-	271,592	2,779,699
Culture and recreation	2,619	-	-	835,382	838,001
Economic development	-	-	241,728	-	241,728
Capital outlay	-	366,698	-	247,902	614,600
Debt service					
Principal retirement	-	-	-	610,000	610,000
Interest and fiscal charges	-	-	-	230,860	230,860
	<u>19,261,115</u>	<u>366,698</u>	<u>241,728</u>	<u>7,897,698</u>	<u>27,767,239</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>998,504</u>	<u>714,821</u>	<u>(191,417)</u>	<u>4,113,746</u>	<u>5,635,654</u>
Other Financing Sources (Uses)					
Sale of capital assets	102,210	-	-	-	102,210
Transfers in	13,383,308	-	-	389,057	13,772,365
Transfers out	(389,000)	(769,236)	-	(960,808)	(2,119,044)
Peachtree receivable collection costs	(159,348)	-	-	-	(159,348)
	<u>12,937,170</u>	<u>(769,236)</u>	<u>-</u>	<u>(571,751)</u>	<u>11,596,183</u>
Net Change in Fund Balances	<u>13,935,674</u>	<u>(54,415)</u>	<u>(191,417)</u>	<u>3,541,995</u>	<u>17,231,837</u>
Fund Balances - Beginning of Year	<u>15,305,436</u>	<u>1,425,802</u>	<u>4,272,983</u>	<u>6,205,739</u>	<u>27,209,960</u>
Fund Balances - End of Year	<u>\$ 29,241,110</u>	<u>\$ 1,371,387</u>	<u>\$ 4,081,566</u>	<u>\$ 9,747,734</u>	<u>\$ 44,441,797</u>

The accompanying notes are an integral part of the financial statements.

CHEROKEE COUNTY, SOUTH CAROLINA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016

Net Change in Fund Balance - Total Governmental Funds \$ 17,231,837

Amounts reported for governmental activities in the statement of activities
 are different because:

Governmental funds report capital outlay as expenditures. However,
 in the statement of activities, the cost of those assets is allocated
 over their estimated useful lives and reported as depreciation
 expense. This is the amount by which capital outlay exceeded
 depreciation in the current period.

Capital outlay	3,271,301	
Depreciation expense	<u>(3,302,387)</u>	(31,086)

In the statement of activities, only the gain on the sale of assets is
 reported whereas in the governmental funds, the proceeds from the
 sale increase financial resources. Thus, the change in net position
 differs from the change in fund balances by the net book value of
 the assets sold or contributed:

Net book value of asset dispositions		(23,156)
--------------------------------------	--	----------

Revenues in the statement of activities that do not provide current
 financial resources are not reported as revenues in the funds.

Property taxes		(97,568)
----------------	--	----------

Repayment of debt principal is an expenditure in the governmental funds,
 but the repayment reduces long-term liabilities in the statement of net
 position.

Principal repayments:		
General obligation bonds		610,000

Some expenses recorded in the statement of activities do not require
 the use of current financial resources and, therefore, are not reported as
 expenditures in governmental funds.

Change in accrued interest payable	3,457	
Change in compensated absences	(1,183)	
Change in unfunded OPEB costs	(700,800)	
Change in landfill closure/post closure costs	<u>173,864</u>	(524,662)

The cost of pension benefits earned net of employee contributions is
 reported in the Statement of Activities as an element of pension expense.
 The fund financial statements report pension contributions as expenditures.

(324,132)

Change in Net Position of Governmental Activities		<u><u>\$ 16,841,233</u></u>
---	--	-----------------------------

The accompanying notes are an integral part of the financial statements.

CHEROKEE COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
ENTERPRISE FUND FOR GERIATRICS
JUNE 30, 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets	
Cash and cash equivalents	\$ -
Accounts receivable	-
Other receivables	-
Assets held for resale	-
Prepaid assets	-
Total Current Assets	<u>-</u>
Noncurrent Assets	
Advance due from other fund	-
Capital assets, net of accumulated depreciation	-
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>-</u>
Deferred Outflows of Resources	
Deferred amounts related to pensions	-

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current Liabilities	
Accounts payable	-
Accrued salaries and wages	-
Accrued compensated absences	-
Other current liabilities due to Operating group	-
	<u>-</u>
Noncurrent Liabilities	
Advance due to other fund - net of current portion	-
Net post employment benefit obligation	-
Net pension liability	-
Total Noncurrent Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
Deferred Inflows of Resources	
Deferred amounts related to pensions	-
Net Position	
Net investment in capital assets	-
Unrestricted net position (deficit)	-
Total Net Position (Deficit)	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

CHEROKEE COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
ENTERPRISE FUND FOR GERIATRICS
FOR THE YEAR ENDED JUNE 30, 2016

Operating Revenues	
Private charges	\$ 545,179
Medicare/Medicaid charges	3,131,895
Miscellaneous charges	10,838
	<u>3,687,912</u>
Operating Expenses	
Operating expenses before depreciation	4,303,771
Depreciation	30,114
	<u>4,333,885</u>
Net Operating Income	<u>(645,973)</u>
Nonoperating Revenues (Expenses)	
Rent income	121,707
Interest income	47
Loss on sale of assets	(13,908)
	<u>107,846</u>
Income Before Special Items and Transfers	(538,127)
Special Item - Sale of Peachtree Centre	14,208,725
Transfer Out	<u>(11,653,320)</u>
Increase in Net Position (Deficit)	2,017,278
Net Position (Deficit) - Beginning of Year	<u>(2,017,278)</u>
Net Position (Deficit) - End of Year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

CHEROKEE COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
ENTERPRISE FUND FOR GERIATRICS
FOR THE YEAR ENDED JUNE 30, 2016

Cash Flows Provided (Used) by Operating Activities	
Cash received from customers	\$ 6,064,416
Cash paid to suppliers for goods and services	(1,366,977)
Cash paid to or for the benefit of employees	(2,190,341)
	<u>2,507,098</u>
Cash Flows Provided by Noncapital Financing Activities	
Transfer to general fund	<u>(11,653,320)</u>
Cash Flows Used by Capital and Related Financing Activities	
Acquisition of capital assets	(4,718)
Proceeds from sale of Peachtree Centre	8,466,135
Proceeds from sale of assets	34,353
	<u>8,495,770</u>
Cash Flows Provided by Investing Activities	
Interest income	47
Rent income	121,707
	<u>121,754</u>
Net Decrease in Cash and Cash Equivalents	(528,698)
Cash and Cash Equivalents - Beginning of Year	<u>528,698</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ -</u></u>
Reconciliation of Operating Income to Net Cash	
Used by Operating Activities:	
Net operating income	\$ (645,973)
Adjustments to reconcile net operating income to net cash used by operating activities	
Depreciation	30,114
(Increase) decrease in assets	
Accounts receivable	2,092,072
Other receivables	284,432
Due from general fund	1,440,536
Prepaid expenses	8,143
Increase (decrease) in liabilities	
Accounts payable	(424,534)
Accrued salaries and wages	(103,347)
Accrued compensated absences	(156,484)
Other current liabilities	(17,861)
Net Cash Used by Operating Activities	<u><u>\$ 2,507,098</u></u>
Noncash Investing, Capital and Financing Activities	
Sale of Peachtree Centre	\$ 5,742,590

The accompanying notes are an integral part of the financial statements.

CHEROKEE COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2016

Assets

Cash	\$ 28,152,264
Other receivables	30,467
Taxes receivable (net)	<u>1,200,151</u>
Total Assets	<u><u>\$ 29,382,882</u></u>

Liabilities

Due to designated recipients	<u>\$ 29,382,882</u>
Total Liabilities	<u><u>\$ 29,382,882</u></u>

The accompanying notes are an integral part of the financial statements.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

INDEX

	<u>Page</u>
1 – Summary of Significant Accounting Policies	
A. Reporting Entity	30
B. Basis of Presentation	30-32
C. Measurement Focus and Basis of Accounting	32-35
D. Assets, Liabilities Deferred Outflows/Inflows of Resources and Net Position Or Equity	35-39
2 – Stewardship, Compliance and Accountability	
A. Budgets and Budgetary Accounting	39-40
B. Encumbrances	40
C. Excess of Expenditures Over Appropriations	41
3 – Detailed Notes On Government-wide and Fund Financial Statements	
A. Cash Deposits and Investments	41-42
B. Taxes Receivable	42-43
C. Capital Assets	44-45
D. Interfund Receivables, Payables and Transfers	45-46
E. Operating Lease Commitments	46
F. Long-term Debt	47-48
G. Landfill Closure and Post Closure Care Costs	49
4 – Other Information	
A. Risk Management	49
B. Commitments and Contingencies	50
C. Deferred Compensation Plans	50
D. Pension Plans	51-58
E. Post Employment Health Insurance Benefits	59-60
F. Sale of Peachtree Centre	60
5 – Subsequent Event	60

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cherokee County, South Carolina (the County) operates under Home Rule legislation effective July 1, 1976. The County operates under a Council-Administrator form of government and provides the following services as authorized by its charter: Public safety (police and fire), highway and street maintenance, sanitation, health and social services, culture-recreation, public improvements, and general administration services.

Cherokee County is a corporate government entity incorporated under the South Carolina Home Rule Act and is governed by an elected seven member County Council. These financial statements present the government as required by accounting principles generally accepted in the United States of America. As required by U.S. generally accepted accounting principles, these basic financial statements present the government and its component units, entities for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity is, in substance, part of the County's operations, and data from the units are presented in the capital projects funds and economic development corporation entity within the County's governmental activities. The County has no discretely presented component units. The following entity is presented as a blended component unit:

Cherokee County Economic Development Corporation – The Corporation is a public benefit non-profit corporation established under State law. The Corporation is organized to develop and implement, for the specific benefit of the County, economic development strategies for commercial, industrial, residential and other development in the County in order to improve the economic health of the County.

The County's comprehensive annual financial report includes the accounts of all County operations. The financial statements of Cherokee County, South Carolina, have been prepared in conformity with U.S. 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 more significant of the government's accounting policies are described below.

B. Basis of Presentation

The County's 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 are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are 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 statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation - Continued

Government-wide Financial Statements: - Continued

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 and 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 and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and the 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 single column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The County reports the following governmental fund types:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Debt Service Funds - The debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - The capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation - Continued

Fund Financial Statements: - Continued

The County has the following major capital projects funds:

1. Capital Projects Fund – is used to account for funds to be used for the acquisition or construction of capital facilities and other capital assets.
2. Economic Development Corporation Fund – is used to account for the acquisition and construction of facilities or infrastructure for the promotion of economic development within the County.

The County reports the following major enterprise fund:

Peachtree Centre - This fund is used to account for the County's geriatric care operations.

Additionally, the County reports the following fund type:

Fiduciary Fund - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The agency fund is custodial in nature (assets equals liabilities) and does not involve measurement of results of operations. The County's fiduciary fund category includes agency funds for education, clerk of court, family court, property taxes, magistrates, and others.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources management focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and liabilities associated with the operation of the County are included on the statement of net position.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting – Continued

Government-wide Financial Statements – continued

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise funds functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

All governmental funds are accounted for using a flow of *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest are susceptible to accrual. Taxes collected and held by the state at year end on behalf of the County are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - Continued

Fund Financial Statements - continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds have no measurement focus, but rather are custodial in nature (assets equal liabilities).

Revenue - Exchange and Non-exchange Transactions

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

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

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

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.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - Continued

Unearned Revenue

The County reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, resources received that are "intended to finance" a future period are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

Cash and Investments

The County pools the cash of substantially all special revenue funds into an internal cash pool that is available for use by all special revenue funds. Each individual fund's portion of the pool is displayed on the combined balance sheet as cash.

The Cherokee County Public Library and the Cherokee County Development Board maintain separate cash and investment accounts, generally in the form of cash in the bank and certificates of deposit.

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

Investments with a readily determined fair value are stated at fair value which approximates cost. State statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool

Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectibles.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

Intergovernmental Receivable

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Reported prepaid items in the Governmental Fund Types are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

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. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life 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. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 - 45
Improvements other than buildings	5 - 10
Machinery and equipment	3 - 15
Infrastructure	20 - 40
Books	5 - 10

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position includes 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's only deferred outflows of resources are related to pensions.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

Deferred Inflows/Outflows of Resources - continued

In addition to liabilities, the statement of financial position includes 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 then. The County has two types of items that qualify for reporting in this category. The net property taxes receivable estimated to be collectible in more than 60 days subsequent to June 30, 2016 and deferred amounts related to pensions are reported as deferred inflows of resources.

Compensated Absences

The County's annual leave policy allows accumulation, with supervisor approval, of a maximum of four weeks vacation to be paid to employees upon termination. Sick leave can be accumulated, up to a maximum of sixty days, but it is not paid upon termination. 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 with the County. All vacation pay is recorded when accrued by the employee in the government-wide financial statements. The general fund is typically used to liquidate the liability for compensated absences.

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 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt 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.

Net Position and Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

Net Position and Fund Balances – continued

The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) are legally or contractually required to be maintained intact. The County has classified assets held for resale, inventories, prepaid items, and long-term portions of receivables and advances as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current fiscal year.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources through either a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can only be used for specific purposes pursuant to constraints determined by a formal action of the government's highest level of decision making authority. County Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Council or by an official or body to which the County Council delegates authority. County Council has delegated this authority to the Assistant County Administrator. This classification captures fund balance held to meet anticipated expenditures of budget carryforwards, except where other external constraints or Council ordinances require that the fund balance be classified as restricted or committed.

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The County would typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of those other classified funds.

Proprietary fund equity is classified the same as in the government-wide statements.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

Net Position

The County's total assets and deferred outflows of resources less total liabilities and deferred inflows of resources represent net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Accounting Estimates

The financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenditures. Actual results could differ from these estimates.

Reclassifications

Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

Interfund Transactions

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Annual budgets are adopted for the general fund on the modified accrual basis.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgets and Budgetary Accounting - Continued

The County Council follows these procedures in establishing the budget data reflected in the financial statements:

Prior to June 1, the Administrator submits to the County Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes expenditures and the means of financing them for the upcoming year.

Public hearings are conducted at the County Administration Building to obtain taxpayer comment.

Prior to June 30, the budget is legally enacted through passage of an ordinance.

The County Administrator is authorized to transfer budget amounts within departments in the general fund. The County Administrator may transfer funds between departments with the approval of County Council. The legal level of control is the department level.

Formal budgetary integration is employed as a management control device during the year.

The County Council may authorize supplemental appropriations during the year.

B. Encumbrances

Under encumbrance accounting, outstanding purchase orders, if any, are recorded in order to reserve that portion of the applicable appropriation in the governmental fund types. Encumbrances outstanding at year end are carried forward and are reported as committed fund balance.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2016, expenditures exceeded appropriations in the following departments:

General Government	
Pooled Vehicles	2,067
Finance	10,439
Central Purchasing	20,011
Human Resources	6,519
County Buildings	42,588
Administrative Building Complex	8,681
Building Inspectors	2,822
Addressing	1,516
GIS/Mapping	4,686
Election Commission	18,704
Poll Workers	51,410
Magistrate - Gaffney	8,791
Clerk of Court	1,276
Probate Court	4,565
Register of Deeds	5,583
Attorney/Judicial	3,637

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

C. Excess of Expenditures Over Appropriations - Continued

Public Safety	
Code Enforcement	9,734
Communications	45,479
Enhanced Communications/911	17,236
Fire Protection	1,515
Coroner	31,532
Law Enforcement Center	16,564
Sheriff	324,253
Detention Center	169,037
Health and Human Services	
Veterans Office	4,153
Alcohol and Drug Abuse	3,800
Culture and Recreation	
Library	408
Recreation District	840

NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Cash Deposits and Investments

Deposits

Statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. The County has not adopted a formal deposit or investment policy. The State Treasurer's Investment Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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 does not have a deposit policy for custodial credit risk. All of the County's deposits at June 30, 2016 were covered by federal depository insurance or by collateral held in the pledging financial institution's trust department in the County's name.

Restricted Cash

Restricted cash and cash equivalents relate to the sale of the Enterprise Fund for Geriatrics. On the closing date of the sale, the purchaser deposited \$1,000,000 into an escrow account with the escrow agent for the benefit of Cherokee County, as security for the satisfaction of any Purchaser Losses and any New Operating Losses, per the closing agreement. On the 18th month anniversary date of the closing date, all remaining escrow funds will be delivered to Cherokee County. At June 30, 2016, \$1,000,000 remained in escrow and is reported as Cash and Equivalents, Restricted, in the Statement of Net Position.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- Continued

A. Cash Deposits and Investments - Continued

Investments

Investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Money market mutual funds classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

South Carolina Local Government Investment Pool investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investment and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments. 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. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

Interest rate risk – The County does not have an investment policy for interest rate risk.

At June 30, 2016, the County had the following investments:

Investment Type	Value	Maturity	Rating	Fair Value Hierarchy
Local Government Investment Pool	\$ 7,514,800	Daily	N/A	N/A

B. Taxes Receivable

Property Tax Receivable

The County property tax is levied each fall (except automobiles which are annually assessed on the first day of the month the automobiles are registered) on the assessed valuations of property located in the County as of the preceding January 1. The books are open for collection September 30 with the first penalty, three percent, applicable to payments made after January 15, the due date. An additional seven percent penalty is added to payments made after February 1, and an additional 5 percent penalty plus costs is added after March 16. Property taxes attach as an enforceable lien, and are considered delinquent if not paid by March 16.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- Continued

B. Taxes Receivable - Continued

Property taxes on vehicles are billed by the 15th day of the month preceding the expiration date of South Carolina vehicle licenses, and are due by the last day of that month.

Assessed values for real estate are established annually by the County Tax Assessor at 4% of market value for legal residence and 6% of market value for rental and other real property. Real property in the County for the 2016 levy was assessed at \$106,497,930, representing 5% of estimated market value. Assessed values for personal property are established by the County Auditor and the South Carolina Department of Revenue at 10.5% of the estimated market value. The 2016 assessed value for personal property was \$67,371,827. The County tax rate is currently 88.40 mills. The following is a schedule of current and net delinquent taxes receivable by fund:

	Gross Delinquent Taxes Receivable	Allowance for Uncollectibles	Net Delinquent Taxes Receivable	Current Taxes Receivable	Taxes Receivable (Net)
Governmental Funds					
General fund	\$ 426,760	\$ 123,632	\$ 303,128	\$ 756,766	\$ 1,059,894
Capital fund	36,972	10,711	26,261	6,529	32,790
Debt service fund	37,917	10,984	26,933	5,995	32,928
Library fund	27,407	9,240	18,167	16,457	34,624
Fire districts funds	42,912	12,433	30,479	8,034	38,513
	<u>571,968</u>	<u>167,000</u>	<u>404,968</u>	<u>793,781</u>	<u>1,198,749</u>
Agency Funds	<u>1,372,977</u>	<u>397,751</u>	<u>975,226</u>	<u>224,925</u>	<u>1,200,151</u>
	<u>\$ 1,944,945</u>	<u>\$ 564,751</u>	<u>\$ 1,380,194</u>	<u>\$ 1,018,706</u>	<u>\$ 2,398,900</u>

Local Option Sales Tax - Property Tax Relief

In 2008, the Cherokee County voters approved a referendum to impose a one percent local option sales tax. This tax was imposed beginning May 2009. Of the revenues collected from this tax, 29% is available to the County to fund capital projects and 71% is being used as a credit against ad valorem taxes and vehicle taxes. This credit first appeared on ad valorem tax notices mailed in October 2009 and on vehicle tax notices beginning with those notices for January 2010.

The County has established a Local Option Sales Tax – Property Tax Relief account to account for the liability of local option sales tax collections in excess of local option sales tax credits applied on property tax notices. As of June 30, 2016 the balance in this account, included in the general fund, was \$2,731,115.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- Continued

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,688,895	\$ -	\$ -	\$ 1,688,895
Construction in progress	164,871	-	164,871	-
	<u>1,853,766</u>	<u>-</u>	<u>164,871</u>	<u>1,688,895</u>
Capital Assets Being Depreciated:				
Buildings	26,346,769	541,443	-	26,888,212
Improvements other than buildings	547,760	-	-	547,760
Machinery and equipment	14,730,638	933,072	426,498	15,237,212
Infrastructure	26,755,998	1,894,818	-	28,650,816
Books	978,359	66,840	-	1,045,199
	<u>69,359,524</u>	<u>3,436,173</u>	<u>426,498</u>	<u>72,369,199</u>
Less Accumulated Depreciation:				
Buildings	8,853,258	593,046	-	9,446,304
Improvements other than buildings	295,089	31,585	-	326,674
Machinery and equipment	8,798,999	1,545,638	403,342	9,941,295
Infrastructure	9,898,812	1,073,291	-	10,972,103
Books	775,293	58,827	-	834,120
	<u>28,621,451</u>	<u>3,302,387</u>	<u>403,342</u>	<u>31,520,496</u>
Total Capital Assets Being Depreciated, Net	<u>40,738,073</u>	<u>133,786</u>	<u>23,156</u>	<u>40,848,703</u>
Total Capital Assets, Net	<u>\$ 42,591,839</u>	<u>\$ 133,786</u>	<u>\$ 188,027</u>	<u>\$ 42,537,598</u>
	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Business-type Activities				
Capital Assets Being Depreciated:				
Buildings	\$ 7,236,942	\$ -	\$ 7,236,942	\$ -
Improvements other than buildings	57,534	-	57,534	-
Equipment	1,126,750	4,718	1,131,468	-
Capitalized interest	449,414	-	449,414	-
	<u>8,870,640</u>	<u>4,718</u>	<u>8,875,358</u>	<u>-</u>
Less Accumulated Depreciation:				
Buildings	6,894,210	18,209	6,912,419	-
Improvements other than buildings	57,534	3,238	60,772	-
Equipment	968,724	8,667	977,391	-
Capitalized interest	449,414	-	449,414	-
Total Capital Assets Being Depreciated, Net	<u>8,369,882</u>	<u>30,114</u>	<u>8,399,996</u>	<u>-</u>
Total Capital Assets, Net	<u>\$ 500,758</u>	<u>\$ (25,396)</u>	<u>\$ 475,362</u>	<u>\$ -</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- Continued

C. Capital Assets - Continued

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

Governmental Activities

General government	\$ 733,750
Public safety	886,516
Health and human services	14,959
Environmental and housing	393,358
Transportation	1,136,274
Culture and recreation	137,530
	<u>3,302,387</u>

Business-type Activities

Geriatrics	<u>30,114</u>
------------	---------------

Total	<u><u>\$ 3,332,501</u></u>
-------	----------------------------

D. Interfund Receivables, Payables and Transfers

During the course of its operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers.

Operating subsidies are also recorded as transfers. The classification of amounts recorded as subsidies, advances or equity contributions is determined by County management. To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts receivable or payable have been recorded.

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The following is a summary of interfund receivables and payables at June 30, 2016:

	<u>Receivable</u>	<u>Payable</u>
Interfund:		
General Fund	\$ 3,896,512	\$ 515,275
Capital Projects Fund	-	2,116,225
Nonmajor Special Revenue Funds	83,732	1,755,358
Economic Development Corporation	-	108,661
Debt Service Fund	515,275	-
	<u>\$ 4,495,519</u>	<u>\$ 4,495,519</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- Continued

D. Interfund Receivables, Payables and Transfers - Continued

The following is a summary of interfund transfers for the year ended June 30, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 13,383,307	\$ 389,000
Capital Projects Fund	-	769,236
Non-Major Special Revenue Funds	389,057	960,808
Proprietary Fund:		
Enterprise Fund		11,653,320
	<u>\$ 13,772,364</u>	<u>\$ 13,772,364</u>

During the year, transfers were used to 1) move funds from the Capital Projects Fund to the General Fund as approved in the 2016-2017 Budget, 2) for routine transfers of funds to and from other funds, such as covering of certain expenditures from special revenue grants and (3) move funds from the Enterprise Fund to the General Fund upon completion of the sale of the Peachtree Centre.

E. Operating Lease Commitments

The County has operating leases for computer, copier and fax equipment as well as land and office spaces that are not cancelable. Commitments for rental expenses under these leases, expiring between 2017 and 2021 are as follows:

Year Ending June 30,	
2017	311,850
2018	305,341
2019	292,000
2020	292,000
2021	<u>121,667</u>
	<u>\$ 1,322,858</u>

Total lease expense, including lease payments based on usage, for the year ended June 30, 2016 was \$231,343.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- Continued

F. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 6,790,000	\$ -	\$ 610,000	\$ 6,180,000	\$ 630,000
Loan Payable	4,000,000	-	-	4,000,000	-
Landfill Closure and Post Closure Liability	7,805,166	24,000	197,864	7,631,302	721,850
Net OPEB Obligation	1,532,900	812,500	111,700	2,233,700	-
Compensated Absences	391,255	392,689	391,506	392,438	63,537
	<u>\$ 20,519,321</u>	<u>\$ 1,229,189</u>	<u>\$ 1,311,070</u>	<u>\$ 20,437,440</u>	<u>\$ 1,415,387</u>
 Business-type Activities					
Net OPEB Obligation	\$ 574,200	\$ -	\$ 574,200	\$ -	\$ -
Compensated Absences	156,484	-	156,484	-	-
	<u>\$ 730,684</u>	<u>\$ -</u>	<u>\$ 730,684</u>	<u>\$ -</u>	<u>\$ -</u>

General Obligation Bonds

The County issued general obligation bond series 2011 through SunTrust Bank for the construction of an administration building. Annual installments of \$500,000 to \$795,000 plus interest at 3.40% are to be paid through May of 2025.

Future principal and interest payments of the General Obligation Bonds are as follows:

Fiscal Year	General Obligation Bonds		
	Principal	Interest	Total
2017	630,000	210,120	840,120
2018	650,000	188,700	838,700
2019	670,000	166,600	836,600
2020	695,000	143,820	838,820
2021-2025	3,535,000	347,650	3,882,650
	<u>\$ 6,180,000</u>	<u>\$ 1,056,890</u>	<u>\$ 7,236,890</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- Continued

F. Long-term Debt - Continued

Loan Payable

During the year ended June 30, 2015, The Cherokee County Economic Development Corporation entered into a loan agreement with the South Carolina Public Service Authority to finance the purchase of land and designing and constructing an industrial speculative building in the Spartanburg-Cherokee Industrial Park. The loan is collateralized by real estate. The term of the loan is for 10 years concluding on June 16, 2025, with annual principal payments of \$571,429 beginning in 2019. The loan shall bear interest at 0% for the first three years. At or upon June 17, 2018, the interest rate is to be determined (TBD) based on the following:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	-	-
2017	-	-	-
2018	-	-	-
2019	571,429	TBD	(1)
2020	571,429	TBD	(1)
2021-2025	<u>2,857,142</u>	TBD	(2)
	<u>\$ 4,000,000</u>		

(1) On June 17, 2018, the interest rate will be adjusted to 1/2 of the then-current 10-year MMD index and again on June 17, 2019.

(2) On June 17, 2020, and on each subsequent June 17, the interest rate for any outstanding principal balance shall be adjusted to the then-current 10-year US Treasury rate through final payment of the loan.

Conduit Debt Obligations

Industrial Revenue Bonds are issued to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. Such bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither Cherokee County, the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. No Industrial Revenue Bonds were issued by the County in fiscal years 2003 through 2016.

The aggregate principal amount payable or the aggregate original issued amount for issues prior to July 1, 2002 could not be determined.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- Continued

G. Landfill Closure and Post Closure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill sites when the sites stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closing.

The County has recorded a liability in the government-wide statement of net position for the total estimated closure and post-closure care costs for the portion of the landfills filled at June 30, 2016, calculated as follows:

	MSW	C&D Cells A, B & C	Total
Total estimated current closure and post closure care cost	\$ 5,246,302	\$ 2,385,000	
Percentage of landfill capacity used to date	100%	100%	
Reported liability for closure and post closure care cost	<u>\$ 5,246,302</u>	<u>\$ 2,385,000</u>	<u>\$ 7,631,302</u>
Total estimated current closure and post closure care cost remaining to be recognized	<u>\$ -</u>	<u>\$ -</u>	
Landfill's approximate remaining life in years	<u>-</u>	<u>-</u>	

The estimated total current cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2016. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

NOTE 4 - OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance through the State Budget and Control Board Office of Insurance Reserve Fund. The County pays premiums to the Fund for its general insurance coverage. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event. Additionally, the County participates in a self-funded program to provide workers' compensation insurance through the South Carolina Association of Counties, which works in a similar way as the Insurance Reserve Fund.

The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

B. Commitments and Contingencies

Grant Programs

The County participates in a number of federal and state assisted grant programs. These programs are subject to audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2016, have not yet been conducted. Therefore, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Library Services and Construction Act, Title II

The County received monies in the year 2000 from a federal grant to assist for payment of the construction costs for a new addition to the main library. These funds were received under the Library Services and Construction Act, Title II (LSCAII). The total amount of the award was \$200,000. Per Section 770.42 of (CAFR 34) of the Federal Register, if within 20 years of the receipt of this grant the County ceases to use the facility as a library, or the Library itself were to cease to be a public library, the amount the County may be obligated to repay is the amount that equals the funds received from the United States Government, or the fair market value of the facility allocated proportionally between the United States Government funds received and the local funds received.

Litigation

The County is party to a number of lawsuits arising in the course of operations. It is the opinion of management, in consultation with legal counsel, that it cannot be determined whether resolution of the other pending cases will have a material adverse effect on the financial condition of the County.

C. Deferred Compensation Plans

Several optional deferred compensation plans are available to the County's employees. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k) and 403(b) are accounted for by the State of South Carolina. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the three plans. Compensation deferred under the Section 457, 401(k) and 403(b) plans is placed in trust for the contributing employees. Neither the State nor the County has any liability for losses under the plans.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

D. Pension Plans

a. South Carolina Retirement System

Plan Description - The County, as the employer, participates in the South Carolina Retirement System (SCRS) Plan - a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA). PEBA issues a Comprehensive Annual Financial Report (CAFR) that is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov.

Benefits Provided - SCRS provides retirement and disability benefits, and an incidental death benefit is available to beneficiaries of active and retired members of employers who participate in the death benefit program. Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws, and PEBA does not have the authority to establish or amend benefit terms without a change in the code of laws. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary.

An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. 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.

An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member. 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.

Benefits Provided - The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 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.

Contributions - Contributions requirements of the Plan are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation. Employees and employers (both Class II and III) are required to contribute 8.16% and 10.91%, respectively, of earnable compensation for the year ended June 30, 2016. Employers also contribute an additional .15% of earnable compensation, if participating in the death benefit program. Contributions to the Plan from the County were \$541,397.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

D. Pension Plans - Continued

a. South Carolina Retirement System - continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the County reported a net pension liability of \$9,442,344 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, using membership data as of July 1, 2014 projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. The County's proportion of the net pension liability was based on the County's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2015. Based upon this information, the County's proportion was .049787%.

For the year ended June 30, 2016, the County recognized pension expense of \$747,918. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 377,327	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	33,005	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
County contributions subsequent to the measurement date	541,397	-
Total	<u>\$ 951,729</u>	<u>\$ -</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

D. Pension Plans - Continued

a. South Carolina Retirement System - continued

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

The \$541,397 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2017	\$ 102,454
2018	102,454
2019	44,831
2020	160,593
	<u>\$ 410,332</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	3.5% to 12.5% (varies on service and includes 2.75%
Benefit adjustments	less of 1% or \$500 annually
Investment rate of return	7.50% (includes 2.75% inflation)

Mortality rates were based upon the member's job category and gender (RP-2000). This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The long-term expected rate of return on pension plan investments is based upon the 30 year capital market outlook at the end of the fourth quarter 2013. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

D. Pension Plans - Continued

a. South Carolina Retirement System - continued

Actuarial Assumptions – continued

The long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Short Term	5%	0.10%
Domestic Fixed Income	13%	0.42%
Global Fixed Income	9%	0.39%
Global Public Equity	31%	2.20%
Global Tactical Asset Allocation	10%	0.49%
Alternatives	32%	2.40%
Total Expected Real Return	<u>100%</u>	<u>6.00%</u>
Inflation for Actuarial Purposes		<u>2.75%</u>
Total Expected Nominal Return		<u>8.75%</u>

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
County's proportionate share of the collective net pension liability	\$ 11,904,099	\$ 9,442,344	\$ 7,379,082

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR of the Pension Trust Funds publically available on PEBA's Retirement Benefits' website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

D. Pension Plans - Continued

b. South Carolina Police Officers Retirement System

Plan Description - The County, as the employer, participates in the South Carolina Police Officers Retirement System (PORS) Plan - a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA). PEBA issues a Comprehensive Annual Financial Report (CAFR) that is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov.

Benefits Provided - PORS provides retirement and disability benefits, accidental death benefits, and an incidental death benefit is available to beneficiaries of active and retired members of employers who participate in the death benefit program. Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws, and PEBA does not have the authority to establish or amend benefit terms without a change in the code of laws. 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. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary.

An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. 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.

An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member. 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.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 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 requirements of the Plan are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 5.0% of earnable compensation.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

D. Pension Plans - Continued

b. South Carolina Police Officers Retirement System - continued

Contributions – continued - Employees and employers (both Class II and III) are required to contribute 8.74% and 13.34%, respectively, of earnable compensation for the year ended June 30, 2016. Employers also contribute an additional .20% of earnable compensation for the accidental death program and an additional .20% of earnable compensation, if participating in the incidental death benefit program. Contributions to the Plan from the County were \$530,594.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the County reported a net pension liability of \$6,642,756 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, using membership data as of July 1, 2014 projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. The County's proportion of the net pension liability was based on the County's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2015. Based upon this information, the County's proportion was .30478%.

For the year ended June 30, 2016, the County recognized pension expense of \$648,194. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 284,167	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	135,658	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
County contributions subsequent to the measurement date	530,594	-
Total	<u>\$ 950,419</u>	<u>\$ -</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

D. Pension Plans - Continued

b. South Carolina Police Officers Retirement System - continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – continued:

The \$506,324 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2017	\$ 77,423
2018	77,423
2019	71,608
2020	193,371
	<u>\$ 419,825</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	4.0% to 10.0% (varies on service and includes 2.75%
Benefit adjustments	less of 1% or \$500 annually
Investment rate of return	7.50% (includes 2.75% inflation)

Mortality rates were based upon the member's job category and gender (RP-2000). This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The long-term expected rate of return on pension plan investments is based upon the 30 year capital market outlook at the end of the fourth quarter 2013. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

D. Pension Plans - Continued

b. South Carolina Police Officers Retirement System - continued

Actuarial Assumptions –continued - The long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Short Term	5%	0.10%
Domestic Fixed Income	13%	0.42%
Global Fixed Income	9%	0.39%
Global Public Equity	31%	2.20%
Global Tactical Asset Allocation	10%	0.49%
Alternatives	32%	2.40%
Total Expected Real Return	<u>100%</u>	<u>6.00%</u>
Inflation for Actuarial Purposes		<u>2.75%</u>
Total Expected Nominal Return		<u>8.75%</u>

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
County's proportionate share of the collective net pension liability	\$ 9,048,985	\$ 6,642,756	\$ 4,491,718

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR of the Pension Trust Funds publically available on PEBA's Retirement Benefits' website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

E. Post Employment Health Insurance Benefits

Plan Description - Single-employer defined benefit. The County pays a portion (up to \$200 per month) of the cost of the Medicare supplemental care premium for its retirees who meet the eligibility requirements. In order to qualify, an employee must have at least ten years of employment credit with Cherokee County and the last five years must be consecutive in a full time permanent position with Cherokee County. The retirees are required to pay the remaining amount for the insurance. The plan does not issue a financial report.

Funding Policy - As of the year end, forty-nine retirees are taking advantage of the program. The program was initiated by County Council resolution. These costs are funded on a pay-as-you-go basis. Current year expenditures recognized in the general fund amounted to \$63,254.

Annual Other Post - Employment Benefits (OPEB) Cost and Net OPEB Obligation - The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB costs for the year, the amount actuarially contributed to the plan, and changes in the County's net OPEB obligation for the post-employment health insurance benefits:

	General Government
Annual Required Contribution	\$ 241,700
Interest on OPEB Obligation	84,300
Adjustment to Annual Required Contribution	<u>(87,700)</u>
Annual OPEB Costs	238,300
Contributions Made	<u>(111,700)</u>
Increase in Net OPEB Obligation	126,600
Net OPEB Obligation - Beginning of Year	<u>2,107,100</u>
Net OPEB Obligation - End of Year	<u>\$ 2,233,700</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years are as follows:

For the Year Ended June 30	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 238,300	\$ 111,700	46.87%	\$ 2,233,700
2015	261,000	104,900	40.19%	2,107,100
2014	328,200	94,100	28.67%	1,950,600

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

E. Post Employment Health Insurance Benefits - Continued

Funding Status and Progress - As of July 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,510,800. The covered payroll (annual payroll of active employees covered by the plan) was \$5,779,400, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 60.75%.

Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based upon the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the July 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.00% investment rate of return, projected salary increases of 2.50%, inflation rate of 2.50% and the healthcare cost trend rate to be 7.50%. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a 30 year period. A copy of the complete actuarial report is available at our county offices located at 110 Railroad Avenue, Gaffney, SC 29340.

F. Sale of Peachtree Centre

On December 17, 2015, the County sold the property of the Peachtree Centre ("Peachtree") to MFI HC Group ("MFI Healthcare") of Brooklyn, NY for the \$9 million bid submitted by MFI Healthcare. The transfer of operations of Peachtree was effective retroactive to December 1, 2015. The County retained the non-capital assets. In accordance with the sales contract, the County was required to escrow \$1 million of the sale proceeds for a period of 18 months. The financial impact of this transaction was a net gain of \$14,208,725 which offset a deficit net position of \$2,017,278 at July 1, 2015 and the net loss from operations through November 30, 2015 of \$538,127, resulting in a transfer out to government operations of \$11,653,320. Included in the net gain were the sales proceeds of \$9 million, removal of pension and OPEB liabilities related to Peachtree of \$6,217,951(net), assets sold of \$475,362 and transaction fees related to the closing of the sale.

NOTE 5 – SUBSEQUENT EVENT

Management has evaluated subsequent events through January 30, 2017, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1

Cherokee County, South Carolina
Schedule of the County's Proportionate Share of the
Collective Net Pension Liability
South Carolina Retirement System
Last Ten Fiscal Years*

	<u>2016</u>	<u>2015</u>
County's Proportion of the Collective Net Pension Liability	0.049787%	0.081311%
County's Proportionate Share of the Collective Net Pension Liability	9,442,344	\$ 13,999,059
County's Covered-Employee Payroll	7,842,135	\$ 7,382,455
County's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	120.41%	189.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.99%	59.92%

*The amounts presented were determined as of the prior fiscal year ending June 30.

Schedule 2

Cherokee County, South Carolina
Schedule of the County's Contributions
South Carolina Retirement System
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>
Statutorially Required Contributions	\$ 541,397	\$ 854,792
Contributions in Relation to the Statutorially Required Contributions	<u>541,397</u>	<u>854,792</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 4,895,086	\$ 7,842,135
Contributions as a Percentage of Covered-Employee Payroll	11.06%	10.90%

Notes to Schedule:

June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not yet available.

Schedule 3

Cherokee County, South Carolina
 Schedule of the County's Proportionate Share of the
 Collective Net Pension Liability
 South Carolina Police Officers Retirement System
 Last Ten Fiscal Years*

	2016	2015
County's Proportion of the Collective Net Pension Liability	0.304780%	0.291680%
County's Proportionate Share of the Collective Net Pension Liability	\$ 6,642,756	\$ 5,583,983
County's Covered-Employee Payroll	\$ 3,775,721	\$ 3,507,756
County's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	175.93%	159.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.57%	67.55%

*The amounts presented were determined as of the prior fiscal year ending June 30.

Schedule 4

Cherokee County, South Carolina
 Schedule of the County's Contributions
 South Carolina Police Officers Retirement System
 Last Ten Fiscal Years

	2016	2015
Statutorily Required Contributions	\$ 530,594	\$ 506,324
Contributions in Relation to the Statutorily Required Contributions	530,594	506,324
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	3,861,673	\$ 3,775,721
Contributions as a Percentage of Covered-Employee Payroll	13.74%	13.41%

Notes to Schedules:

June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not yet available.

CHEROKEE COUNTY, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues				
Taxes	\$ 13,628,121	\$ 13,628,121	\$ 14,002,027	\$ 373,906
Licenses and permits	188,100	188,100	553,357	365,257
Intergovernmental	3,536,479	3,536,479	3,328,242	(208,237)
Charges for services	706,300	706,300	806,009	99,709
Fines	607,500	607,500	618,700	11,200
Interest	-	-	25,112	25,112
Miscellaneous	811,689	811,689	926,172	114,483
Total Revenues	19,478,189	19,478,189	20,259,619	781,430
Expenditures				
Current				
General government				
Vehicle Maintenance	245,847	245,847	190,598	55,249
Administration	496,217	496,217	445,801	50,416
Pooled Vehicles	9,270	9,270	11,337	(2,067)
Finance	341,202	341,202	351,641	(10,439)
Human Resources	87,504	87,504	94,023	(6,519)
Information Technology	151,922	151,922	151,322	600
Central Purchasing	2,500	2,500	22,511	(20,011)
Central Services	1,574,165	1,574,165	606,417	967,748
County Buildings	167,508	167,508	210,096	(42,588)
Administrative Building Complex	223,768	223,768	232,449	(8,681)
Courthouse	90,721	90,721	74,916	15,805
Development Board	134,000	134,000	45,483	88,517
Delinquent Tax Collector	114,807	114,807	107,375	7,432
Treasurer	317,084	317,084	316,113	971
Auditor	240,679	240,679	228,579	12,100
Building Inspectors	258,532	258,532	261,354	(2,822)
Tax Assessor	314,554	314,554	260,513	54,041
Risk Management	50,117	50,117	48,763	1,354
Addressing	50,450	50,450	51,966	(1,516)
GIS/Mapping	105,801	105,801	110,487	(4,686)
Election Commission	64,916	64,916	83,620	(18,704)
Poll Workers	12,148	12,148	63,558	(51,410)
Voter Registration	88,422	88,422	59,754	28,668
Magistrate - Gaffney	625,492	625,492	634,283	(8,791)
Clerk of Court	265,978	265,978	267,254	(1,276)
Probate Court	248,542	248,542	253,107	(4,565)
Register of Deeds	197,716	197,716	203,299	(5,583)
Attorney/Judicial	86,402	86,402	90,039	(3,637)
Clerk of Court Support	225,682	225,682	199,010	26,672
Circuit Solicitor	200,092	200,092	199,852	240
Victims Advocate	156,481	156,481	118,386	38,095
Appalachian COG	35,000	35,000	35,000	-
Cherokee Defender Corp	140,000	140,000	140,000	-
	7,323,519	7,323,519	6,168,906	1,154,613
Public Safety				
Code Enforcement	102,068	102,068	111,802	(9,734)
Communications	455,842	455,842	501,321	(45,479)
Animal Shelter	114,834	114,834	101,488	13,346
Enhanced Communications/911	817,005	817,005	834,241	(17,236)
Fire Protection	235,500	235,500	237,015	(1,515)
Coroner	136,177	136,177	167,709	(31,532)
Law Enforcement Center	114,668	114,668	131,232	(16,564)
Sheriff	3,702,922	3,702,922	4,027,175	(324,253)
Detention Center	2,747,123	2,747,123	2,916,160	(169,037)
Emergency Preparedness	141,386	141,386	138,454	2,932
	8,567,525	8,567,525	9,166,597	(599,072)

CHEROKEE COUNTY, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Environmental and Housing				
Department of Public Works	116,057	116,057	52,461	63,596
Solid Waste Collections	1,670,393	1,670,393	1,535,219	135,174
C and D Landfill	355,612	355,612	324,663	30,949
Solid Waste Disposal	103,800	103,800	58,155	45,645
Recycling Center	550,438	550,438	491,989	58,449
Clemson Ext Service	27,720	27,720	27,720	-
Thicketty Creek Project	8,900	8,900	8,900	-
USDA Soil Conservation	9,000	9,000	9,000	-
	<u>2,841,920</u>	<u>2,841,920</u>	<u>2,508,107</u>	<u>333,813</u>
Health and Human Services				
Veterans Office	150,271	150,271	154,424	(4,153)
Alcohol and Drug Abuse	7,500	7,500	11,300	(3,800)
Health Department	33,760	33,760	33,760	-
Indigent Care	207,313	207,313	201,674	5,639
County Health and Human Services	302,382	302,382	291,705	10,677
Social Services	53,811	53,811	29,200	24,611
Habilitation Services	50,000	50,000	50,000	-
Service to Aging	35,000	35,000	35,000	-
Regional Mental Health	35,000	35,000	35,000	-
Piedmont Community Acts	-	-	-	-
Literacy Association	15,000	15,000	15,000	-
	<u>890,037</u>	<u>890,037</u>	<u>857,063</u>	<u>32,974</u>
Transportation				
Roads and Bridges	1,399,950	1,399,950	557,823	842,127
	<u>1,399,950</u>	<u>1,399,950</u>	<u>557,823</u>	<u>842,127</u>
Culture and Recreation				
Library	-	-	408	(408)
Recreation district	1,371	1,371	2,211	(840)
	<u>1,371</u>	<u>1,371</u>	<u>2,619</u>	<u>(1,248)</u>
Capital Outlay	-	-	-	-
Total Expenditures	<u>21,024,322</u>	<u>21,024,322</u>	<u>19,261,115</u>	<u>1,763,207</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,546,133)</u>	<u>(1,546,133)</u>	<u>998,504</u>	<u>2,544,637</u>
Other Financing Sources (Uses)				
Sale of capital assets	20,000	20,000	102,210	82,210
Transfers in	2,195,135	2,195,135	13,383,308	11,188,173
Transfers out	(389,000)	(389,000)	(389,000)	-
Peachtree receivable collection costs	-	-	(159,348)	(159,348)
Total Other Financing Sources (Uses)	<u>1,826,135</u>	<u>1,826,135</u>	<u>12,937,170</u>	<u>11,111,035</u>
Net Change in Fund Balance	280,002	280,002	13,935,674	13,655,672
Fund Balance - Beginning of Year	<u>9,987,084</u>	<u>9,987,084</u>	<u>15,305,436</u>	<u>5,318,352</u>
Fund Balance - End of Year	<u>\$ 10,267,086</u>	<u>\$ 10,267,086</u>	<u>\$ 29,241,110</u>	<u>\$ 18,974,024</u>

Note: The budget is prepared and monitored on a U.S. generally accepted accounting principles (GAAP) basis of accounting.

CHEROKEE COUNTY, SOUTH CAROLINA
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 FOR RETIREE HEALTH PLANS
 FOR THE YEAR ENDED JUNE 30, 2016

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	\$ -	\$ 4,046,400	\$ 4,046,400	0%	\$ 10,753,268	37.63%
July 1, 2012	-	3,482,000	3,482,000	0%	10,600,100	32.85%
July 1, 2014	-	3,510,800	3,510,800	0%	5,779,400	60.75%

Schedule of Employer Contributions

Fiscal Year End	Annual Required Contribution	Estimated Employer Contribution	Percent Funded
June 30, 2011	422,500	90,600	21.4%
June 30, 2012	446,400	95,200	21.3%
June 30, 2013	314,500	80,500	25.6%
June 30, 2014	331,000	94,100	28.4%
June 30, 2015	264,600	104,900	39.0%
June 30, 2016	241,700	111,700	46.0%

**COMBINING AND INDIVIDUAL NONMAJOR FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

Special Revenue Funds										
	Carolina Thread Trail	Over Mtn Endowment	Rural Infrastructure	911 Telephone	E911 Surcharge	Drug Enforce Agent	Sheriff Seized Gambling Monies	Used Oil	Waste Tire	Victim Assistance
Assets										
Cash	\$ 692	\$ 6,669	\$ 80,000	\$ 552,375	\$ 2,496,301	\$ 16,823	\$ 3,277	\$ 2,066	\$ 58,456	\$ 78,586
Taxes receivable (net)	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	\$ 212,430	-	-	-	-	-
Due from other funds	-	-	-	-	-	19,361	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
	<u>\$ 692</u>	<u>\$ 6,669</u>	<u>\$ 80,000</u>	<u>\$ 552,375</u>	<u>\$ 2,708,731</u>	<u>\$ 36,184</u>	<u>\$ 3,277</u>	<u>\$ 2,066</u>	<u>\$ 58,456</u>	<u>\$ 78,586</u>
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ 9,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	542,651	720,339	36,184	-	2,066	58,456	78,586
Escrow Funds	-	-	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>552,375</u>	<u>720,339</u>	<u>36,184</u>	<u>-</u>	<u>2,066</u>	<u>58,456</u>	<u>78,586</u>
Deferred Inflows of Resources										
Unavailable revenues - property taxes	-	-	-	-	-	-	-	-	-	-
Fund Balances										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	692	6,669	80,000	-	1,988,392	-	3,277	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
	<u>692</u>	<u>6,669</u>	<u>80,000</u>	<u>-</u>	<u>1,988,392</u>	<u>-</u>	<u>3,277</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 692</u>	<u>\$ 6,669</u>	<u>\$ 80,000</u>	<u>\$ 552,375</u>	<u>\$ 2,708,731</u>	<u>\$ 36,184</u>	<u>\$ 3,277</u>	<u>\$ 2,066</u>	<u>\$ 58,456</u>	<u>\$ 78,586</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - CONTINUED
JUNE 30, 2016

	Special Revenue Funds									
	Sheriff Drug	Jail Canteen	Inmate Telephone	East Gaffney Lighting Project	Victory Trail Fund	Title IV-D Family Court	Solicitor Renovations	Adopt-A-Cop	"C" Funds	Restrict Solicitor
Assets										
Cash	\$ 17,240	\$ 67,688	\$ 88,779	\$ 5,000	\$ 31,030	\$ 151,743	\$ 18,071	\$ 995	\$ 3,357,510	\$ 201,847
Taxes receivable (net)	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	105	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
	<u>\$ 17,240</u>	<u>\$ 67,688</u>	<u>\$ 88,779</u>	<u>\$ 5,000</u>	<u>\$ 31,030</u>	<u>\$ 151,743</u>	<u>\$ 18,071</u>	<u>\$ 1,100</u>	<u>\$ 3,357,510</u>	<u>\$ 201,847</u>
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	6	354	-	-	151,743	-	-	500	-
Escrow Funds	-	-	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>6</u>	<u>354</u>	<u>-</u>	<u>-</u>	<u>151,743</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>
Deferred Inflows of Resources										
Unavailable revenues - property taxes	-	-	-	-	-	-	-	-	-	-
Fund Balances										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	17,240	-	-	5,000	31,030	-	18,071	-	3,357,010	201,847
Assigned	-	67,682	88,425	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	1,100	-	-
	<u>17,240</u>	<u>67,682</u>	<u>88,425</u>	<u>5,000</u>	<u>31,030</u>	<u>-</u>	<u>18,071</u>	<u>1,100</u>	<u>3,357,010</u>	<u>201,847</u>
	<u>\$ 17,240</u>	<u>\$ 67,688</u>	<u>\$ 88,779</u>	<u>\$ 5,000</u>	<u>\$ 31,030</u>	<u>\$ 151,743</u>	<u>\$ 18,071</u>	<u>\$ 1,100</u>	<u>\$ 3,357,510</u>	<u>\$ 201,847</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - CONTINUED
JUNE 30, 2016

	Special Revenue Funds								
	Estreated Bonds	Weekend Jail	Sex Offender	EPD	Fire Insurance	Sheriff Hardship	Sheriff DSS	Federal Drug	Title IV-D Incentives
Assets									
Cash	\$ 13,063	\$ 50,589	\$ 33,758	\$ 52,201	\$ 102,408	\$ 9,807	\$ 20,355	\$ 136,591	\$ 203,273
Taxes receivable (net)	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	5,350	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
	<u>\$ 13,063</u>	<u>\$ 50,589</u>	<u>\$ 33,758</u>	<u>\$ 52,201</u>	<u>\$ 102,408</u>	<u>\$ 9,807</u>	<u>\$ 20,355</u>	<u>\$ 141,941</u>	<u>\$ 203,273</u>
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	2,777	-	-	-	-	85,678	18
Escrow Funds	-	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,678</u>	<u>18</u>
Deferred Inflows of Resources									
Unavailable revenues - property taxes	-	-	-	-	-	-	-	-	-
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	13,063	-	30,981	52,201	102,408	9,807	20,355	56,263	203,255
Assigned	-	50,589	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
	<u>13,063</u>	<u>50,589</u>	<u>30,981</u>	<u>52,201</u>	<u>102,408</u>	<u>9,807</u>	<u>20,355</u>	<u>56,263</u>	<u>203,255</u>
	<u>\$ 13,063</u>	<u>\$ 50,589</u>	<u>\$ 33,758</u>	<u>\$ 52,201</u>	<u>\$ 102,408</u>	<u>\$ 9,807</u>	<u>\$ 20,355</u>	<u>\$ 141,941</u>	<u>\$ 203,273</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - CONTINUED
JUNE 30, 2016

	Special Revenue Funds								
	Bulletproof Vests	Solicitor	Emergency Management	Library	Development Board	Fire Districts	LETC	Hazmat	SC DHEC HPP Grant
Assets									
Cash	\$ 7,675	\$ 7,326	\$ 19,539	\$ 1,056,622	\$ 157,478	\$ -	\$ 4,475	\$ 48	\$ -
Taxes receivable (net)	-	-	-	34,624	-	39,161	-	-	-
Other receivables	-	-	49,443	89,972	(1,000)	-	-	-	19,361
Due from other funds	-	-	-	-	-	54,597	-	-	-
Prepaid expenses	-	-	-	12,773	-	-	-	-	-
	<u>\$ 7,675</u>	<u>\$ 7,326</u>	<u>\$ 68,982</u>	<u>\$ 1,193,991</u>	<u>\$ 156,478</u>	<u>\$ 93,758</u>	<u>\$ 4,475</u>	<u>\$ 48</u>	<u>\$ 19,361</u>
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ 7,660	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	5,350	-	19,566	-	-	7,257	-	-	19,361
Escrow Funds	-	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	23,543	5,844	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
	<u>5,350</u>	<u>-</u>	<u>19,566</u>	<u>31,203</u>	<u>5,844</u>	<u>7,257</u>	<u>-</u>	<u>-</u>	<u>19,361</u>
Deferred Inflows of Resources									
Unavailable revenues - property taxes	-	-	-	35,212	-	26,835	-	-	-
Fund Balances									
Nonspendable	-	-	-	14,025	-	-	-	-	-
Restricted	2,325	7,326	-	186,104	-	-	-	48	-
Assigned	-	-	-	927,447	150,634	-	4,475	-	-
Unassigned	-	-	49,416	-	-	59,666	-	-	-
	<u>2,325</u>	<u>7,326</u>	<u>49,416</u>	<u>1,127,576</u>	<u>150,634</u>	<u>59,666</u>	<u>4,475</u>	<u>48</u>	<u>-</u>
	<u>\$ 7,675</u>	<u>\$ 7,326</u>	<u>\$ 68,982</u>	<u>\$ 1,193,991</u>	<u>\$ 156,478</u>	<u>\$ 93,758</u>	<u>\$ 4,475</u>	<u>\$ 48</u>	<u>\$ 19,361</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

Special Revenue Funds								
	Sheriff Confiscated Funds	Restitution	Dare	Electronic Monitoring	7th Circuit Solicitor - Gambling	Emergency Mgmt/CoGen	Others	Debt Service Fund
								Totals
Assets								
Cash	\$ 293,683	\$ 2,116	\$ 1,539	\$ 53,931	\$ 546,066	\$ 2,000	\$ 12,772	\$ 830,746
Taxes receivable (net)	-	-	-	-	-	-	-	32,928
Other receivables	-	-	-	-	-	-	-	-
Due from other funds	100	-	-	-	-	-	11,476	515,275
Prepaid expenses	-	-	-	-	-	-	-	-
	<u>\$ 293,783</u>	<u>\$ 2,116</u>	<u>\$ 1,539</u>	<u>\$ 53,931</u>	<u>\$ 546,066</u>	<u>\$ 2,000</u>	<u>\$ 24,248</u>	<u>\$ 1,378,949</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 18,151	\$ -	\$ -	\$ -	\$ -
Due to other funds	8,867	-	2,455	-	-	-	20,401	-
Escrow Funds	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-
Unearned revenue	284,916	-	-	-	-	-	0	-
	<u>293,783</u>	<u>-</u>	<u>2,455</u>	<u>18,151</u>	<u>-</u>	<u>-</u>	<u>20,401</u>	<u>-</u>
Deferred Inflows of Resources								
Unavailable revenues - property taxes	-	-	-	-	-	-	-	26,932
								88,979
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	2,116	(916)	35,780	546,066	2,000	3,847	-
Assigned	-	-	-	-	-	-	-	1,352,017
Unassigned	-	-	-	-	-	-	-	-
	<u>-</u>	<u>2,116</u>	<u>(916)</u>	<u>35,780</u>	<u>546,066</u>	<u>2,000</u>	<u>3,847</u>	<u>1,352,017</u>
	<u>\$ 293,783</u>	<u>\$ 2,116</u>	<u>\$ 1,539</u>	<u>\$ 53,931</u>	<u>\$ 546,066</u>	<u>\$ 2,000</u>	<u>\$ 24,248</u>	<u>\$ 1,378,949</u>
								<u>\$ 11,949,165</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds												
	Carolina Thread Trail	Over Mtn Endowment	Rural Infrastructure	911 Telephone	E911 Surcharge	Drug Enforce Agent	Sheriff Seized Gambling Monies	Used Oil	Waste Tire	EMS Grant	Victim Assistance	Sheriff Drug	Jail Canteen
Revenues													
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	80,000	167,438	751,063	14,224	-	5,862	56,139	9,039	-	-	-
Interest	-	7	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	78,586	-	34,556
	-	7	80,000	167,438	751,063	14,224	-	5,862	56,139	9,039	78,586	-	34,556
Expenditures													
Current													
General government	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	15	-	-	-	-	-	-	-	-	17,318
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-	-	9,039	-	-	-
Environmental and housing	-	-	-	-	-	-	-	3,796	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	25,000	-	-	-	-
Debt service													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	15	-	-	-	3,796	25,000	9,039	-	-	17,318
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	7	80,000	167,423	751,063	14,224	-	2,066	31,139	-	78,586	-	17,238
Other Financing Sources (Uses)													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(167,423)	(496,031)	(14,224)	-	(2,066)	(31,139)	-	(78,586)	-	-
Total other financing sources (uses)	-	-	-	(167,423)	(496,031)	(14,224)	-	(2,066)	(31,139)	-	(78,586)	-	-
Net Change in Fund Balances	-	7	80,000	-	255,032	-	-	-	-	-	-	-	17,238
Fund Balances - Beginning of Year	692	6,662	-	-	1,733,360	-	3,277	-	-	-	-	17,240	50,444
Fund Balances - End of Year	\$ 692	\$ 6,669	\$ 80,000	\$ -	\$ 1,988,392	\$ -	\$ 3,277	\$ -	\$ -	\$ -	\$ -	\$ 17,240	\$ 67,682

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds											
	Inmate Telephone	East Gaffney Lighting Project	Regional Planning	Victory Trail Fund	Title IV-D Family Court	Solicitor Renovations	Adopt-A-Cop	"C" Funds	Restrict Solicitor	Estreated Bonds	Weekend Jail	Sex Offender
Revenues												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	50,000	-	164,222	-	-	4,244,342	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	58,925	-	-	-	-	-	1,000	-	50,000	4,242	15,341	12,640
	<u>58,925</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>164,222</u>	<u>-</u>	<u>1,000</u>	<u>4,244,342</u>	<u>50,000</u>	<u>4,242</u>	<u>15,341</u>	<u>12,640</u>
Expenditures												
Current												
General government	-	-	50,000	-	-	-	-	-	84,700	1,034	-	-
Public safety	62,438	-	-	-	-	-	-	-	-	-	4,693	3,586
Transportation	-	-	-	-	-	-	-	1,894,819	-	-	-	-
Health and human services	-	-	-	-	1,824	-	-	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	25,762	-	-	-	10,655	-	-	-	-	-	6,384	14,323
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
	<u>88,200</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>12,479</u>	<u>-</u>	<u>-</u>	<u>1,894,819</u>	<u>84,700</u>	<u>1,034</u>	<u>11,077</u>	<u>17,909</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(29,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,743</u>	<u>-</u>	<u>1,000</u>	<u>2,349,523</u>	<u>(34,700)</u>	<u>3,208</u>	<u>4,264</u>	<u>(5,269)</u>
Other Financing Sources (Uses)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(151,743)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,743)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(29,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>2,349,523</u>	<u>(34,700)</u>	<u>3,208</u>	<u>4,264</u>	<u>(5,269)</u>
Fund Balances - Beginning of Year	<u>117,700</u>	<u>5,000</u>	<u>-</u>	<u>31,030</u>	<u>-</u>	<u>18,071</u>	<u>100</u>	<u>1,007,487</u>	<u>236,547</u>	<u>9,855</u>	<u>46,325</u>	<u>36,250</u>
Fund Balances - End of Year	<u>\$ 88,425</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 31,030</u>	<u>\$ -</u>	<u>\$ 18,071</u>	<u>\$ 1,100</u>	<u>\$ 3,357,010</u>	<u>\$ 201,847</u>	<u>\$ 13,063</u>	<u>\$ 50,589</u>	<u>\$ 30,981</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds										
	EPD	Fire Insurance	Sheriff Hardship	Sheriff DSS	Federal Drug	Title IV-D Incentives	Bulletproof Vests	Solicitor	Emergency Management	Library	Development Board
Revenues											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 832,342	\$ -
Intergovernmental	-	102,408	-	10,593	-	15,909	-	-	75,792	114,674	15,000
Interest	-	-	-	-	12	-	-	-	-	51	34
Charges for services	-	-	-	-	-	-	-	-	-	40,439	-
Confiscated money	-	-	-	-	126,799	-	-	2,589	-	-	-
Miscellaneous	-	-	-	-	-	-	1,325	-	-	7,362	25,000
	<u>-</u>	<u>102,408</u>	<u>-</u>	<u>10,593</u>	<u>126,811</u>	<u>15,909</u>	<u>1,325</u>	<u>2,589</u>	<u>75,792</u>	<u>994,868</u>	<u>40,034</u>
Expenditures											
Current											
General government	-	-	-	-	-	-	-	6,598	-	-	176,966
Public safety	4,260	-	-	7,976	138,827	-	-	-	1,117	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Health and human services	-	98,416	-	-	-	2,459	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	835,382	-
Capital outlay	680	-	-	33,073	10,769	16,655	-	-	36,344	3,436	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	0	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
	<u>4,940</u>	<u>98,416</u>	<u>-</u>	<u>41,049</u>	<u>149,596</u>	<u>19,114</u>	<u>-</u>	<u>6,598</u>	<u>37,461</u>	<u>838,818</u>	<u>176,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,940)</u>	<u>3,992</u>	<u>-</u>	<u>(30,456)</u>	<u>(22,785)</u>	<u>(3,205)</u>	<u>1,325</u>	<u>(4,009)</u>	<u>38,331</u>	<u>156,050</u>	<u>(136,932)</u>
Other Financing Sources (Uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	170,000
Transfers out	-	-	-	-	(57)	-	-	-	(19,539)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,539)</u>	<u>-</u>	<u>170,000</u>
Net Change in Fund Balances	<u>(4,940)</u>	<u>3,992</u>	<u>-</u>	<u>(30,456)</u>	<u>(22,842)</u>	<u>(3,205)</u>	<u>1,325</u>	<u>(4,009)</u>	<u>18,792</u>	<u>156,050</u>	<u>33,068</u>
Fund Balances - Beginning of Year	<u>57,141</u>	<u>98,416</u>	<u>9,807</u>	<u>50,811</u>	<u>79,105</u>	<u>206,460</u>	<u>1,000</u>	<u>11,335</u>	<u>30,624</u>	<u>971,527</u>	<u>117,566</u>
Fund Balances - End of Year	<u>\$ 52,201</u>	<u>\$ 102,408</u>	<u>\$ 9,807</u>	<u>\$ 20,355</u>	<u>\$ 56,263</u>	<u>\$ 203,255</u>	<u>\$ 2,325</u>	<u>\$ 7,326</u>	<u>\$ 49,416</u>	<u>\$ 1,127,577</u>	<u>\$ 150,634</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds								
	LETC	Hazmat	SC DHEC HPP Grant	Sheriff Confiscated Funds	Dare	Fire Districts	El Bethel Water Project	Restitution	Dollar Tree
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,233,308	\$ -	\$ -	\$ -
Intergovernmental	-	-	24,606	-	-	-	267,796	-	1,500,000
Interest	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-	-
Miscellaneous	7,620	-	-	-	12,915	-	-	640	4,050
	<u>7,620</u>	<u>-</u>	<u>24,606</u>	<u>-</u>	<u>12,915</u>	<u>1,233,308</u>	<u>267,796</u>	<u>640</u>	<u>1,500,000</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	1,500,000
Public safety	7,107	-	-	57	13,406	1,393,316	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	267,796	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	24,606	-	37,143	-	-	-	3,072
Debt service	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
	<u>7,107</u>	<u>-</u>	<u>24,606</u>	<u>57</u>	<u>50,549</u>	<u>1,393,316</u>	<u>267,796</u>	<u>-</u>	<u>1,500,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>513</u>	<u>-</u>	<u>-</u>	<u>(57)</u>	<u>(37,634)</u>	<u>(160,008)</u>	<u>-</u>	<u>640</u>	<u>978</u>
Other Financing Sources (Uses)									
Transfers in	-	-	-	57	-	219,000	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>57</u>	<u>-</u>	<u>219,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,634)</u>	<u>58,992</u>	<u>-</u>	<u>640</u>	<u>978</u>
Fund Balances - Beginning of Year	<u>3,962</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>36,718</u>	<u>674</u>	<u>-</u>	<u>1,476</u>	<u>2,869</u>
Fund Balances - End of Year	<u>\$ 4,475</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (916)</u>	<u>\$ 59,666</u>	<u>\$ -</u>	<u>\$ 2,116</u>	<u>\$ 3,847</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds						Debt Service Fund	Totals
	Moderna	Bericap	Victims Advocate Grant	7th Circ. Solicitor Gambling	Emergency Mgmt/Co-Gen	Electronic Monitoring		
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 986,717	\$ 3,052,367
Intergovernmental	100,000	100,000	-	-	-	-	-	7,869,107
Interest	-	-	-	-	-	-	-	104
Charges for services	-	-	-	-	-	-	-	40,439
Confiscated money	-	-	-	546,982	-	-	-	676,370
Miscellaneous	-	-	-	-	2,000	56,855	-	373,057
	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>546,982</u>	<u>2,000</u>	<u>56,855</u>	<u>986,717</u>	<u>12,011,444</u>
Expenditures								
Current								
General government	100,000	100,000	-	916	-	-	-	2,020,214
Public safety	-	-	-	-	-	21,075	-	1,675,191
Transportation	-	-	-	-	-	-	-	1,894,819
Health and human services	-	-	-	-	-	-	-	111,738
Environmental and housing	-	-	-	-	-	-	-	271,592
Culture and recreation	-	-	-	-	-	-	-	835,382
Capital outlay	-	-	-	-	-	-	-	247,902
Debt service	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	610,000	610,000
Interest and fiscal charges	-	-	-	-	-	-	230,860	230,860
	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>916</u>	<u>-</u>	<u>21,075</u>	<u>840,860</u>	<u>7,897,698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	546,066	2,000	35,780	145,857	4,113,746
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	389,057
Transfers out	-	-	-	-	-	-	-	(960,808)
Total other financing sources (uses)	-	-	-	-	-	-	-	(571,751)
Net Change in Fund Balances	-	-	-	546,066	2,000	35,780	145,857	3,541,995
Fund Balances - Beginning of Year	-	-	-	-	-	-	1,206,160	6,205,739
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 546,066</u>	<u>\$ 2,000</u>	<u>\$ 35,780</u>	<u>\$ 1,352,017</u>	<u>\$ 9,747,734</u>

CHEROKEE COUNTY, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2016

	School District		Support Office	Clerk of Court				
	Cherokee No. 1	Spartanburg No. 2		Out of Town Surety Bonds	Bondsmen	Finance Officer	Magistrates Cash Bonds	Tax Collector
Assets								
Cash	\$ 26,929,548	\$ -	\$ 48,996	\$ 3,528	\$ 75,816	\$ 81,655	\$ 189,996	\$ 729,181
Other receivables	-	-	-	-	-	-	-	-
Taxes receivable (net)	1,082,719	75,527	-	-	-	-	-	-
	<u>\$ 28,012,267</u>	<u>\$ 75,527</u>	<u>\$ 48,996</u>	<u>\$ 3,528</u>	<u>\$ 75,816</u>	<u>\$ 81,655</u>	<u>\$ 189,996</u>	<u>\$ 729,181</u>
Liabilities								
Due to other designated recipients	\$ 28,012,267	\$ 75,527	\$ 48,996	\$ 3,528	\$ 75,816	\$ 81,655	\$ 189,996	\$ 729,181
	<u>\$ 28,012,267</u>	<u>\$ 75,527</u>	<u>\$ 48,996</u>	<u>\$ 3,528</u>	<u>\$ 75,816</u>	<u>\$ 81,655</u>	<u>\$ 189,996</u>	<u>\$ 729,181</u>

CHEROKEE COUNTY, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2016

	Cherokee Tech	City of Chesnee	Sheriff's Drug Fund	Inmate Trust Funds	Recreation District	CCCADA - Mini Bottle Tax	Town of Blacksburg Bonds	Macedonia	Total
Assets									
Cash	\$ -	\$ -	\$ 51,171	\$ 26,397	\$ -	\$ 15,976	\$ -	\$ -	\$ 28,152,264
Other receivables	-	-	-	-	-	30,467	-	-	30,467
Taxes receivable (net)	14,726	472	-	-	22,831	-	-	3,876	1,200,151
	<u>\$ 14,726</u>	<u>\$ 472</u>	<u>\$ 51,171</u>	<u>\$ 26,397</u>	<u>\$ 22,831</u>	<u>\$ 46,443</u>	<u>\$ -</u>	<u>\$ 3,876</u>	<u>\$ 29,382,882</u>
Liabilities									
Due to other designated recipients	\$ 14,726	\$ 472	\$ 51,171	\$ 26,397	\$ 22,831	\$ 46,443	\$ -	\$ 3,876	\$ 29,382,882
	<u>\$ 14,726</u>	<u>\$ 472</u>	<u>\$ 51,171</u>	<u>\$ 26,397</u>	<u>\$ 22,831</u>	<u>\$ 46,443</u>	<u>\$ -</u>	<u>\$ 3,876</u>	<u>\$ 29,382,882</u>

CHEROKEE COUNTY, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
School District - Cherokee No. 1				
Assets				
Cash	\$ 31,057,610	\$ 101,053,478	\$ 105,181,540	\$ 26,929,548
Taxes receivable (net)	1,411,209	1,082,719	1,411,209	1,082,719
	<u>\$ 32,468,819</u>	<u>\$ 102,136,197</u>	<u>\$ 106,592,749</u>	<u>\$ 28,012,267</u>
Liabilities				
Due to other designated recipients	\$ 32,468,819	\$ 102,136,197	\$ 106,592,749	\$ 28,012,267
	<u>\$ 32,468,819</u>	<u>\$ 102,136,197</u>	<u>\$ 106,592,749</u>	<u>\$ 28,012,267</u>
School District - Sptbg. No. 2				
Assets				
Taxes receivable (net)	\$ 47,424	\$ 756,249	\$ 728,146	\$ 75,527
	<u>\$ 47,424</u>	<u>\$ 756,249</u>	<u>\$ 728,146</u>	<u>\$ 75,527</u>
Liabilities				
Due to other designated recipients	\$ 47,424	\$ 756,249	\$ 728,146	\$ 75,527
	<u>\$ 47,424</u>	<u>\$ 756,249</u>	<u>\$ 728,146</u>	<u>\$ 75,527</u>
Support Office				
Assets				
Cash	\$ 52,677	\$ 5,758,898	\$ 5,762,579	\$ 48,996
	<u>\$ 52,677</u>	<u>\$ 5,758,898</u>	<u>\$ 5,762,579</u>	<u>\$ 48,996</u>
Liabilities				
Due to other designated recipients	\$ 52,677	\$ 5,758,898	\$ 5,762,579	\$ 48,996
	<u>\$ 52,677</u>	<u>\$ 5,758,898</u>	<u>\$ 5,762,579</u>	<u>\$ 48,996</u>
Clerk of Court - Out of Town Surety Bonds				
Assets				
Cash	\$ 3,019	\$ 4,535	\$ 4,026	\$ 3,528
	<u>\$ 3,019</u>	<u>\$ 4,535</u>	<u>\$ 4,026</u>	<u>\$ 3,528</u>
Liabilities				
Due to other designated recipients	\$ 3,019	\$ 4,535	\$ 4,026	\$ 3,528
	<u>\$ 3,019</u>	<u>\$ 4,535</u>	<u>\$ 4,026</u>	<u>\$ 3,528</u>
Clerk of Court - Bondsmen				
Assets				
Cash	\$ 75,801	\$ 15	\$ -	\$ 75,816
	<u>\$ 75,801</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 75,816</u>
Liabilities				
Due to other designated recipients	\$ 75,801	\$ 15	\$ -	\$ 75,816
	<u>\$ 75,801</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 75,816</u>
Clerk of Court - Finance Officer				
Assets				
Cash	\$ 77,800	\$ 5,130	\$ 1,275	\$ 81,655
	<u>\$ 77,800</u>	<u>\$ 5,130</u>	<u>\$ 1,275</u>	<u>\$ 81,655</u>
Liabilities				
Due to other designated recipients	\$ 77,800	\$ 5,130	\$ 1,275	\$ 81,655
	<u>\$ 77,800</u>	<u>\$ 5,130</u>	<u>\$ 1,275</u>	<u>\$ 81,655</u>

CHEROKEE COUNTY, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY
 NET POSITION - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Magistrate Cash Bonds				
Assets				
Cash	\$ 261,162	\$ 1,239,033	\$ 1,310,199	\$ 189,996
Liabilities				
Due to other designated recipients	\$ 261,162	\$ 1,239,033	\$ 1,310,199	\$ 189,996
Tax Collector				
Assets				
Cash	\$ 887,231	\$ 3,667,963	\$ 3,826,013	\$ 729,181
Liabilities				
Due to other designated recipients	\$ 887,231	\$ 3,667,963	\$ 3,826,013	\$ 729,181
Cherokee Tech				
Assets				
Taxes receivable (net)	\$ 13,887	\$ 473,912	\$ 473,073	\$ 14,726
Liabilities				
Due to other designated recipients	\$ 13,887	\$ 473,912	\$ 473,073	\$ 14,726
City of Chesnee				
Assets				
Taxes receivable (net)	\$ 3	\$ 36,801	\$ 36,332	\$ 472
Liabilities				
Due to other designated recipients	\$ 3	\$ 36,801	\$ 36,332	\$ 472
Sheriff's Drug Fund				
Assets				
Cash	\$ 81,711	\$ -	\$ 30,540	\$ 51,171
Liabilities				
Due to other designated recipients	\$ 81,711	\$ -	\$ 30,540	\$ 51,171
Inmate Trust Fund				
Assets				
Cash	\$ 12,116	\$ 403,013	\$ 388,732	\$ 26,397
Liabilities				
Due to other designated recipients	\$ 12,116	\$ 403,013	\$ 388,732	\$ 26,397

CHEROKEE COUNTY, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY
 NET POSITION - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Recreation District				
Assets				
Taxes receivable (net)	\$ 28,138	\$ 632,693	\$ 638,000	\$ 22,831
Liabilities				
Due to other designated recipients	\$ 28,138	\$ 632,693	\$ 638,000	\$ 22,831
CCCADA - Mini Bottle Tax				
Assets				
Cash	\$ 15,976	\$ 85,197	\$ 85,197	\$ 15,976
Other receivables	30,467	\$ 30,467	\$ 30,467	30,467
	\$ 46,443	\$ 115,664	\$ 115,664	\$ 46,443
Liabilities				
Due to other designated recipients	\$ 46,443	\$ 115,664	\$ 115,664	\$ 46,443
Town of Blacksburg - Bonds				
Assets				
Cash	\$ 23,820	\$ 107,355	\$ 131,175	\$ -
Liabilities				
Due to other designated recipients	\$ 23,820	\$ 107,355	\$ 131,175	\$ -
Macedonia				
Assets				
Taxes receivable (net)	\$ 4,216	\$ 158,175	\$ 158,515	\$ 3,876
Liabilities				
Due to other designated recipients	\$ 4,216	\$ 158,175	\$ 158,515	\$ 3,876
Total - All Agency Funds				
Assets				
Cash	\$ 32,548,923	\$ 112,324,617	\$ 116,721,276	\$ 28,152,264
Other receivables	30,467	30,467	30,467	30,467
Taxes receivable (net)	1,504,877	3,140,549	3,445,275	1,200,151
	\$ 34,084,267	\$ 115,495,633	\$ 120,197,018	\$ 29,382,882
Liabilities				
Due to other designated recipients	\$ 34,084,267	\$ 115,495,633	\$ 120,197,018	\$ 29,382,882
	\$ 34,084,267	\$ 115,495,633	\$ 120,197,018	\$ 29,382,882

CHEROKEE COUNTY, SOUTH CAROLINA
SPECIAL REVENUE FUNDS - FIRE DISTRICTS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Buffalo Fire District	Antioch Fire District	Cherokee Creek Fire District	Corinth Fire District	Gaffney Area Fire District	CKC Fire District	Grassy Pond Fire District	Totals
Assets								
Taxes receivable (net)	\$ 5,794	\$ 3,230	\$ 6,331	\$ 3,324	\$ 12,496	\$ 3,913	\$ 4,073	\$ 39,161
Due from other funds	-	2,438	11,055	10,482	15,843	14,063	716	54,597
	<u>\$ 5,794</u>	<u>\$ 5,668</u>	<u>\$ 17,386</u>	<u>\$ 13,806</u>	<u>\$ 28,339</u>	<u>\$ 17,976</u>	<u>\$ 4,789</u>	<u>\$ 93,758</u>
Liabilities								
Due to other funds	\$ 7,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,257
Deferred Inflows of Resources								
Unavailable revenues - property taxes	4,610	2,491	2,987	2,140	9,974	2,856	1,777	26,835
Fund Balances								
Fund balances	(12,746)	3,767	14,729	14,386	19,407	16,116	4,007	59,666
	<u>\$ (879)</u>	<u>\$ 6,258</u>	<u>\$ 17,716</u>	<u>\$ 16,526</u>	<u>\$ 29,381</u>	<u>\$ 18,972</u>	<u>\$ 5,784</u>	<u>\$ 93,758</u>

CHEROKEE COUNTY, SOUTH CAROLINA
SPECIAL REVENUE FUNDS - FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

	Buffalo Fire District	Antioch Fire District	Cherokee Creek Fire District	Corinth Fire District	Gaffney Area Fire District	CKC Fire District	Grassy Pond Fire District	Totals
Revenues								
Taxes	\$ 42,779	\$ 98,604	\$ 159,132	\$ 89,591	\$ 607,208	\$ 72,062	\$ 163,932	\$ 1,233,308
Expenditures								
Current								
Public safety	86,000	131,928	181,237	114,427	588,856	93,444	197,424	1,393,316
Excess (Deficiency) of Revenues Over Expenditures	(43,221)	(33,324)	(22,105)	(24,836)	18,352	(21,382)	(33,492)	(160,008)
Other Financing Sources								
Transfers in	36,500	36,500	36,500	36,500	-	36,500	36,500	219,000
Net Change in Fund Balance	(6,721)	3,176	14,395	11,664	18,352	15,118	3,008	58,992
Fund Balance - Beginning of Year	(6,025)	591	334	2,722	1,055	998	999	674
Fund Balance - End of Year	<u>\$ (12,746)</u>	<u>\$ 3,767</u>	<u>\$ 14,729</u>	<u>\$ 14,386</u>	<u>\$ 19,407</u>	<u>\$ 16,116</u>	<u>\$ 4,007</u>	<u>\$ 59,666</u>

CHEROKEE COUNTY, SOUTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2016

Function and Activity	Construction In Progress	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Books	Total
General government	\$ -	\$ 395,885	\$ 12,757,402	\$ 246,040	\$ 2,904,552	\$ 115,728	\$ -	\$ 16,419,607
Public safety	-	254,958	9,724,052	214,262	5,974,575	-	-	16,167,847
Transportation	-	-	139,222	-	1,415,570	28,535,088	-	30,089,880
Health and human services	-	107,500	877,803	7,145	152,772	-	-	1,145,220
Environmental and housing	-	715,026	694,679	123,681	3,828,765	-	-	5,362,151
Culture and recreation	-	215,526	2,695,053	48,310	869,303	-	1,045,197	4,873,389
Total	<u>\$ -</u>	<u>\$ 1,688,895</u>	<u>\$ 26,888,211</u>	<u>\$ 639,438</u>	<u>\$ 15,145,537</u>	<u>\$ 28,650,816</u>	<u>\$ 1,045,197</u>	<u>\$ 74,058,094</u>

CHEROKEE COUNTY, SOUTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 JUNE 30, 2016

Function and Activity	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
General government	\$ 15,689,560	\$ 732,945	\$ 2,898	\$ 16,419,607
Public safety	15,661,749	669,939	163,841	16,167,847
Transportation	28,226,988	1,894,818	31,926	30,089,880
Health and human services	1,142,880	2,340	-	1,145,220
Environmental and housing	5,523,892	66,092	227,833	5,362,151
Culture and recreation	4,803,351	70,038	-	4,873,389
Total	<u>\$ 71,048,420</u>	<u>\$ 3,436,172</u>	<u>\$ 426,498</u>	<u>\$ 74,058,094</u>
Construction In Progress	<u>\$ 164,871</u>	<u>\$ -</u>	<u>\$ 164,871</u>	<u>\$ -</u>



STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends Information	86-90
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity Information	91-93
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
Debt Capacity Information	95-98
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	99-101
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	102-103
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	

Table 1

Cherokee County, South Carolina
 Net Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net investment in capital assets	\$ 36,357,598	\$ 35,801,839	\$34,273,755	\$33,495,461	\$ 27,349,580	\$ 26,430,868	\$ 25,331,374	\$ 23,674,676	\$ 21,610,643	\$ 18,262,445
Restricted	8,555,119	7,370,241	4,080,442	3,280,976	4,542,499	4,979,719	1,234,126	1,440,463	1,245,124	7,033,291
Unrestricted	7,829,029	(7,271,567)	8,162,509	6,556,049	9,300,952	8,970,730	11,747,627	10,978,978	11,151,706	3,310,316
Total Governmental Activities Net Position	<u>52,741,746</u>	<u>35,900,513</u>	<u>46,516,706</u>	<u>43,332,486</u>	<u>41,193,031</u>	<u>40,381,317</u>	<u>38,313,127</u>	<u>36,094,117</u>	<u>34,007,473</u>	<u>28,606,052</u>
Business-type Activities										
Net investment in capital assets	-	500,757	554,905	533,959	599,338	657,557	907,982	922,608	922,608	914,353
Unrestricted	-	(2,518,035)	2,303,871	2,097,497	1,751,849	827,393	398,351	388,277	388,277	560,185
Total Business-type Activities Net Position	<u>-</u>	<u>(2,017,278)</u>	<u>2,858,776</u>	<u>2,631,456</u>	<u>2,351,187</u>	<u>1,484,950</u>	<u>1,306,333</u>	<u>1,310,885</u>	<u>1,310,885</u>	<u>1,474,538</u>
Primary Government										
Net investment in capital assets	36,357,598	36,302,596	34,828,660	34,029,420	27,948,918	27,088,425	26,239,356	24,597,284	22,533,251	19,176,798
Restricted	8,555,119	7,370,241	4,080,442	3,280,976	4,542,499	4,979,719	1,234,126	1,440,463	1,245,124	7,033,291
Unrestricted	7,829,029	(9,789,602)	10,466,380	8,653,546	11,052,801	9,798,123	12,145,978	11,367,255	11,539,983	3,870,501
Total Primary Government Net Position	<u>\$ 52,741,746</u>	<u>\$ 33,883,235</u>	<u>\$49,375,482</u>	<u>\$ 45,963,942</u>	<u>\$ 43,544,218</u>	<u>\$ 41,866,267</u>	<u>\$ 39,619,460</u>	<u>\$ 37,405,002</u>	<u>\$ 35,318,358</u>	<u>\$ 30,080,590</u>

As of 2008, the Library, Development Board and Fire Districts are included in Governmental Activities.

Table 2

Cherokee County, South Carolina
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
<u>Governmental Activities:</u>										
General government	\$ 9,659,016	\$ 7,403,422	\$6,931,010	\$ 7,212,409	\$ 6,260,382	\$ 8,155,844	\$ 8,654,626	\$ 9,040,423	\$ 7,806,099	\$ 7,365,900
Public safety	11,471,822	10,819,767	10,614,321	10,100,465	9,605,722	7,936,240	7,740,260	7,908,278	7,844,863	6,426,418
Transportation	1,694,096	1,603,765	1,771,970	1,084,307	1,824,343	1,358,602	1,581,692	1,651,157	2,012,355	1,966,563
Health and human services	1,024,905	1,014,252	993,175	1,052,832	981,740	1,075,896	1,077,063	1,107,409	1,061,283	990,200
Environmental and housing	2,969,547	2,197,796	2,944,477	2,800,475	2,999,695	2,733,472	1,853,376	1,768,879	3,959,027	1,793,108
Cultural and recreation	913,265	932,229	940,887	923,610	1,000,711	995,656	989,499	988,793	979,020	121,357
Economic Development	241,728	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Unallocated interest expense	227,403	247,521	428,632	297,181	338,050	118,486	106,411	149,342	190,665	229,899
Total Governmental Activities Expenses	28,201,782	24,218,752	24,624,472	23,471,279	23,010,643	22,374,196	22,002,927	22,614,281	23,853,312	18,893,445
<u>Business-type Activities:</u>										
Geriatrics	4,333,885	7,971,637	7,535,056	7,665,950	7,464,039	8,027,865	8,360,746	7,787,638	7,736,866	7,620,936
Total Business-type Activities Expense	4,333,885	7,971,637	7,535,056	7,665,950	7,464,039	8,027,865	8,360,746	7,787,638	7,736,866	7,620,936
Total Primary Government Expenses	32,535,667	32,190,389	32,159,528	31,137,229	30,474,682	30,402,061	30,363,673	30,401,919	31,590,178	26,514,381
Program Revenues										
<u>Governmental Activities:</u>										
Charges for services										
General government	2,448,663	1,713,215	1,390,996	1,431,702	1,423,421	1,657,508	1,543,497	1,876,439	1,971,794	1,926,205
Public safety	587,388	618,777	582,832	559,290	557,972	639,776	687,036	1,201,382	872,959	757,197
Transportation	-	-	-	-	-	-	83	131	-	871
Health and human services	185,027	210,268	210,274	201,636	233,170	239,331	193,361	207,674	127,279	7,071
Environmental and housing	312,837	342,482	280,138	262,387	582,765	513,058	406,528	185,596	260,938	214,480
Cultural and recreation	45,762	38,212	35,544	40,521	44,212	43,677	-	-	-	-
Other	-	-	-	-	-	-	42,460	41,021	37,378	-
Operating grants and contributions	7,386,396	2,835,655	3,098,229	2,373,406	2,042,486	1,863,193	2,675,538	1,909,316	2,252,470	2,145,049
Capital grants and contributions	425,506	607,976	485,757	1,316,162	873,927	1,083,180	625,121	1,026,399	2,020,221	326,304
Total Governmental Activities Program Revenues	\$ 11,391,579	\$ 6,366,585	\$ 6,083,770	\$ 6,185,104	\$ 5,757,953	\$ 6,039,723	\$ 7,543,039	\$ 6,447,958	\$ 7,543,039	\$ 5,377,177
<u>Business-type Activities:</u>										
Charges for services										
Geriatrics	\$ 3,795,758	\$ 8,687,868	\$ 8,566,325	\$ 8,336,570	\$ 8,114,108	\$ 8,207,671	\$ 8,158,560	\$ 7,320,992	\$ 7,685,471	\$ 7,361,359
Total Business-type Activities Program Revenues	3,795,758	8,687,868	8,566,325	8,336,570	8,114,108	8,207,671	7,685,471	7,320,992	7,685,471	7,361,359
Total Primary Government Program Revenues	15,187,337	15,054,453	14,650,095	14,521,674	14,332,184	14,247,394	15,228,510	13,768,950	15,228,510	12,738,536
Net (Expense) Revenue										
Governmental Activities	(16,810,203)	(17,852,167)	(18,540,702)	(17,286,175)	(17,252,690)	(16,334,473)	(15,829,303)	(16,166,323)	(16,310,273)	(13,516,268)
Business-type Activities	(538,127)	716,231	1,031,269	670,620	650,069	179,806	(202,186)	(466,646)	(51,395)	(259,577)
Total Primary Government	\$ (17,348,330)	\$ (17,135,936)	\$ (17,509,433)	\$ (16,615,555)	\$ (16,602,621)	\$ (16,154,667)	\$ (16,031,489)	\$ (16,632,969)	\$ (16,361,668)	\$ (13,775,845)

Table 2 - Continued

Cherokee County, South Carolina
Change in Net Position - Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other										
Changes in Net Position										
<u>Governmental Activities:</u>										
Taxes	\$ 19,560,551	\$ 18,855,548	\$ 18,616,303	\$ 17,028,528	\$ 16,577,172	\$ 15,981,345	\$ 15,587,679	\$ 15,072,161	\$ 15,192,856	\$ 12,188,888
Unrestricted state aid to political subdivisions	2,056,682	1,812,111	2,048,934	2,037,763	1,717,699	1,968,973	2,410,742	2,887,564	3,027,933	2,722,673
Unrestricted investment earnings	40,150	37,695	36,492	14,893	49,000	86,089	102,750	152,621	504,601	558,049
Miscellaneous	340,733	369,861	219,243	112,555	86,699	196,524	144,776	177,816	111,843	33,773
Special item - forgiveness of advance	-	-	591,850	-	-	-	-	-	-	-
Transfers	11,653,320	-	212,100	(1,068)	(216,168)	1,189	(197,634)	(163,157)	(166,944)	(182,726)
Total Governmental Activities	33,651,436	21,075,215	21,724,922	19,192,671	18,214,402	18,234,120	18,048,313	18,127,005	18,670,289	15,320,657
<u>Business-type Activities:</u>										
Special item	14,208,725	-	(591,850)	-	-	-	-	-	-	-
Transfers	(11,653,320)	-	(212,100)	1,068	(1,189)	197,634	187,444	166,944	182,726	567,906
Total Business-type Activities	2,555,405	-	(212,100)	1,068	(1,189)	197,634	187,444	166,944	182,726	567,906
Total Primary Government	36,206,841	21,075,215	21,512,822	19,193,739	18,213,213	18,431,754	18,235,757	18,293,949	18,853,015	15,888,563
Change in Net Position										
Governmental Activities	16,841,233	3,223,048	3,184,220	1,906,496	1,899,647	2,219,010	1,960,682	2,360,016	2,360,016	1,804,389
Business-type Activities	2,017,278	716,231	227,319	671,688	178,617	(4,552)	(279,202)	115,549	131,331	308,329
Total Primary Government	<u>\$ 18,858,511</u>	<u>\$ 3,939,279</u>	<u>\$ 3,411,539</u>	<u>\$ 2,578,184</u>	<u>\$ 2,078,264</u>	<u>\$ 2,214,458</u>	<u>\$ 1,681,480</u>	<u>\$ 2,475,565</u>	<u>\$ 2,491,347</u>	<u>\$ 2,112,718</u>

As of 2008, the Library, Development Board and Fire Districts are included in Governmental Activities.

Table 3

Cherokee County, South Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829,019	\$ 936,322	\$ 723,348	\$ 816,410
Unreserved	-	-	-	-	-	-	10,371,760	10,510,800	11,600,545	10,789,043
Nonspendable	216,120	282,997	209,952	312,223	183,018	181,869	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	1,937,136	-	-	-	-
Assigned	4,470,846	3,600,135	2,793,932	2,793,722	2,561,859	2,263,498	-	-	-	-
Unassigned	24,554,144	11,422,304	10,421,313	8,398,736	9,225,466	7,291,827	-	-	-	-
Total General Fund	29,241,110	15,305,436	13,425,197	11,504,681	-	-	11,200,779	11,447,122	12,323,893	11,605,453
All Other Governmental Funds										
Reserved										
Debt service	-	-	-	-	-	-	1,180,984	1,379,643	1,202,248	1,005,865
Other reserves	-	-	-	-	-	-	25,439	19,962	18,223	-
Unreserved, reported in:										
Capital projects	-	-	-	-	-	-	5,053,873	4,652,669	5,096,517	4,301,385
Special revenue funds	-	-	-	-	-	-	4,012,393	2,770,969	2,644,447	1,933,585
Nonspendable	2,870,261	1,113,592	389,581	277,843	11,478	11,456	-	-	-	-
Restricted	8,553,867	7,370,241	4,079,190	3,279,724	5,264,163	13,256,724	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,666,376	3,389,294	3,743,750	3,890,692	6,641,502	6,297,072	-	-	-	-
Unassigned	110,183	31,398	16,527	(1,241)	(39,471)	(21,967)	-	-	-	-
Total All Other Governmental Funds	15,200,687	11,904,525	8,229,048	7,447,018	11,877,672	19,543,285	10,272,689	8,823,243	8,961,435	7,240,835
Total Governmental Fund Balance	<u>\$ 44,441,797</u>	<u>\$ 27,209,961</u>	<u>\$ 21,654,245</u>	<u>\$ 18,951,699</u>	<u>\$ 11,877,672</u>	<u>\$ 19,543,285</u>	<u>\$ 21,473,468</u>	<u>\$ 20,270,365</u>	<u>\$ 21,285,328</u>	<u>\$ 18,846,288</u>

Note: As of 2008, the Library, Development Board and Fire Districts are included in Governmental Funds.

(1) The presentation of fund balance changed in 2011 as a result of the implementation of GASB 54.

Table 4

Cherokee County, South Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 18,121,264	\$ 18,370,356	\$ 18,083,828	\$ 16,666,948	\$ 16,305,696	\$ 15,620,801	\$ 15,452,837	\$ 14,505,754	\$ 14,867,165	\$ 11,920,633
Licenses and permits	553,357	201,238	146,092	152,487	162,036	177,446	155,091	152,132	236,839	192,564
Intergovernmental	11,197,349	5,291,837	5,301,159	5,451,215	4,902,304	4,745,559	5,543,031	6,183,958	7,131,797	4,842,879
Charges for services	846,448	880,891	716,515	747,521	974,003	1,052,764	909,095	844,946	836,715	934,525
Contributions	50,000	306,733	-	-	-	-	-	-	-	-
Fines	618,700	628,046	657,793	605,233	596,815	666,618	642,414	823,834	864,270	793,007
Interest	40,176	37,696	36,493	14,893	49,001	86,149	102,979	162,608	547,607	726,919
Miscellaneous	1,975,599	1,663,718	1,956,973	1,395,663	1,320,760	1,454,862	1,820,842	1,674,086	1,653,043	1,496,278
Total Revenues	33,402,893	27,380,515	26,898,853	25,033,960	24,310,615	23,804,199	24,626,289	24,347,318	26,137,436	20,906,805
Expenditures										
General government	8,189,120	6,555,334	6,317,302	6,120,364	5,806,677	7,692,259	8,103,748	8,389,977	7,605,395	7,239,009
Public safety	10,841,788	10,476,019	9,839,655	9,518,997	8,803,348	7,192,714	7,069,961	7,216,186	7,106,831	5,676,563
Transportation	2,452,642	2,625,908	2,302,642	2,047,932	2,238,318	1,835,937	2,174,070	2,325,960	2,099,379	2,529,404
Health and human services	968,801	972,716	951,177	1,045,886	970,910	1,034,326	1,054,423	1,014,173	1,038,232	973,895
Environmental and housing	2,779,699	2,515,825	2,356,312	3,268,715	2,635,579	2,072,358	1,849,208	1,946,850	3,339,914	1,556,969
Culture and recreation	838,001	862,880	852,811	824,456	877,576	878,156	874,088	863,909	888,363	105,005
Other	241,728	33,750	-	-	-	-	-	-	-	-
Capital outlay	614,600	1,039,395	1,554,217	6,186,197	8,869,332	1,420,490	1,504,421	1,901,007	881,965	720,930
Debt service										
Interest	230,860	250,920	268,066	301,142	352,670	62,044	111,398	154,425	195,537	234,559
Principal	610,000	601,388	584,724	564,875	807,004	1,041,500	984,236	862,350	826,750	791,150
Total Expenditures	27,767,239	25,934,135	25,026,906	29,878,564	31,361,414	23,229,784	23,725,553	24,674,837	23,982,366	19,827,484
Excess of Revenues Over (Under) Expenditures	5,635,654	1,446,380	1,871,947	(4,844,604)	(7,050,799)	574,415	900,736	(327,519)	2,155,070	1,079,321
Other Financing Sources (Uses)										
Proceeds from capital lease	-	-	-	-	47,366	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-	9,000,000	-	-	-	-
Transfers in (out)	11,596,183	4,109,335	238,750	106,748	(216,168)	1,189	(197,633)	(187,444)	(166,944)	(182,726)
Total Other Financing Sources (Uses)	11,596,183	4,109,335	238,750	106,748	(168,802)	9,001,189	(197,633)	(187,444)	(166,944)	(182,726)
Special Item										
Forgiveness of advance due to Enterprise Fund	-	-	591,850	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ 17,231,837	\$ 5,555,715	\$ 2,702,547	\$ (4,737,856)	\$ (7,219,601)	\$ 9,575,604	\$ 703,103	\$ (514,963)	\$ 1,988,126	\$ 896,595
Debt Service as a Percentage of Noncapital Expenditures	3.43%	3.91%	3.89%	5.46%	5.37%	5.15%	4.73%	4.57%	5.64%	3.69%

Note: As of 2008, the Library, Development Board and Fire Districts are included in Governmental Funds.

Table 5

Cherokee County, South Carolina
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Year	Real Property	Personal Property	Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2007	2006	95,685,020	55,429,942	(4,482,920)	146,632,042	79.40	2,509,096,667	5.84%
2008	2007	96,118,820	55,969,098	(4,691,040)	147,396,878	83.49	2,734,714,572	5.39%
2009	2008	95,407,370	59,002,431	(5,638,960)	148,770,841	85.60	2,741,983,618	5.43%
2010	2009	97,894,570	55,714,625	(6,586,260)	147,022,935	83.10	2,853,165,847	5.15%
2011	2010	98,877,410	58,298,587	(6,842,660)	150,333,337	83.10	2,794,465,662	5.38%
2012	2011	99,412,030	62,396,712	(8,328,260)	153,480,482	83.10	2,824,136,664	5.43%
2013	2012	99,849,060	63,667,275	(8,117,490)	155,398,845	83.10	2,735,699,735	5.68%
2014	2013	104,916,740	66,392,368	(7,878,110)	163,430,998	88.40	2,862,170,731	5.71%
2015	2014	103,986,030	68,281,320	(7,774,990)	164,492,360	88.40	2,916,290,005	5.64%
2016	2015	106,497,930	67,371,827	(7,498,250)	166,371,507	91.60	2,936,587,863	5.67%

Source: County Auditor's Office

Table 6

Cherokee County, South Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
County Wide Tax Rates										
Operating	70.90	69.90	69.90	64.50	64.50	64.50	64.50	66.40	64.34	62.05
Library	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.30	4.30	4.30
Recreation	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.50	3.50	3.50
Cherokee Tech	2.60	1.70	1.70	1.70	1.70	1.70	1.70	1.80	1.75	1.75
Capital Fund	5.50	4.00	4.00	4.00	4.00	4.00	4.00	4.15	4.40	4.40
Debt Service	5.00	5.00	5.00	5.10	5.10	5.10	5.10	5.20	5.20	3.40
Airport Funds	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.25	0.00
City Rates	120.80	120.80	120.80	115.00	115.00	115.00	115.00	119.90	119.90	115.90
Town of Blacksburg	179.00	162.10	159.80	156.10	206.50	206.50	156.20	171.20	0.00	0.00
School District Rate	168.90	168.90	168.90	166.90	166.90	166.90	166.90	166.90	161.77	156.00
Special District Rates										
CKC	13.00	12.00	12.00	12.00	12.00	12.00	12.30	12.00	12.00	12.00
Buffalo	14.00	13.50	14.00	13.00	13.00	13.00	15.00	13.00	13.00	12.00
Antioch	7.90	8.00	7.90	8.00	8.00	8.00	7.90	8.00	8.00	8.00
Corinth	14.50	15.00	14.50	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Cherokee Creek	12.00	10.90	10.60	10.90	10.80	10.90	10.90	10.80	10.80	10.80
Greater Gaffney	12.00	12.00	12.00	12.00	12.00	12.00	11.20	12.00	12.00	12.00
Macedonia	8.00	8.00	8.00	7.90	7.90	7.90	7.90	8.00	8.00	8.00
Grassy Pond	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00

Source: County Treasurer's Office

Table 7

Cherokee County, South Carolina
Principal Property Taxpayers
June 30, 2016 and 2007

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy	\$ 14,446,299	1	8.68%	4,050,520	2	2.76%
Nestle	7,374,355	2	4.43%	3,869,990	3	2.64%
Milliken	6,714,269	3	4.04%	4,207,360	1	2.87%
Timken	4,149,600	4	2.49%	3,082,860	4	2.10%
Kapstone	3,398,520	5	2.04%			
PFP Venture	3,039,491	6	1.83%			
Broad River Energy	2,748,830	7	1.65%			
Broad River Electric	2,637,536	8	1.59%	2,111,280	6	1.44%
Colonial Pipeline Co	2,579,580	9	1.55%	1,554,350	9	1.06%
Parkdale America LLC	1,928,423	10	1.16%			
Lin Pac, Inc				2,210,869	5	1.51%
Bic Corporation				1,649,680	8	1.13%
BellSouth Telecommunications				1,992,960	7	1.36%
Hamricks, INC				1,212,970	10	0.83%
Total top ten taxpayers	<u>\$ 49,016,903</u>		<u>29.46%</u>	<u>\$ 25,942,839</u>		<u>17.70%</u>

Source: County Treasurer's Office

Table 8

Cherokee County, South Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Tax Year of the Levy		Collections in Subsequent Tax Years	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	9,458,707	8,821,917	93.27%	617,550	9,439,467	99.80%
2008	10,106,082	9,405,464	93.07%	658,700	10,064,164	99.59%
2009	10,560,123	9,402,618	89.04%	907,390	10,310,008	97.63%
2010	8,968,005	8,239,772	91.88%	614,532	8,854,304	98.73%
2011	8,965,448	8,195,547	91.41%	600,578	8,796,125	98.11%
2012	7,235,683	6,698,138	92.57%	485,902	7,184,040	99.29%
2013	8,003,178	7,425,271	92.78%	478,148	7,903,419	98.75%
2014	10,138,794	9,405,238	92.76%	395,080	9,800,318	96.66%
2015	10,281,241	9,612,499	93.50%	1,075,557	10,688,056	103.96%
2016	10,530,223	9,787,892	92.95%	-	9,787,892	92.95%

Source: County Treasurer's Office

Levy and collections recorded at net of exemptions and penalties beginning in 2007.

Table 9

Cherokee County, South Carolina
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Participation	Capital Lease	Loan Payable	Certificates of Participation	Notes Payable			
2007	2,630,000	1,385,950	-	-	1,229,050	-	5,245,000	0.4%	97
2008	2,055,000	1,134,200	-	-	1,005,800	-	4,195,000	0.3%	78
2009	1,455,000	871,850	-	-	773,150	-	3,100,000	0.2%	57
2010	750,000	593,600	-	-	526,400	-	1,870,000	0.1%	34
2011	9,000,000	302,100	-	-	267,900	-	9,570,000	0.7%	173
2012	8,500,000	-	42,461	-	-	-	8,542,461	0.6%	154
2013	7,950,000	-	28,525	-	-	-	7,978,525	0.5%	143
2014	7,380,000	-	11,174	-	-	-	7,391,174	0.5%	131
2015	6,790,000	-	-	4,000,000	-	-	10,790,000	0.7%	192
2016	6,180,000	-	-	4,000,000	-	-	10,180,000	0.6%	179

Notes:

(1) See the "Demographic and Economic Statistics" table (Table 13) for personal income and population data.

Table 10

Cherokee County, South Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

Jurisdiction	Debt Outstanding	Estimated Percent Applicable (1)	Estimated Share of Direct and Overlapping Debt
Direct Debt:			
Cherokee County	\$ 10,180,000	100.00%	<u>\$ 10,180,000</u>
Overlapping Debt:			
City of Gaffney	20,509,779	100.00%	20,509,779
Town of Blacksburg	310,481	100.00%	310,481
Cherokee County School District No. 1	64,079,529	100.00%	64,079,529
SCAGO Education Facilities (on behalf of CCSD#1)	29,400,000	100.00%	<u>29,400,000</u>
Total Overlapping Debt			<u>\$ 114,299,789</u>
Total Direct and Overlapping Debt			<u><u>\$ 124,479,789</u></u>

(1) For debt repaid with property taxes the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the County's boundaries and dividing it by each unit's total taxable assessed value.

Cherokee County, South Carolina
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed valuation	\$ 173,869,757
Less: Exemptions	<u>7,498,250</u>
Net assessed value	<u>\$ 166,371,507</u>
Debt limit - 8 percent of total assessed value	\$ 13,309,721
Total debt	10,180,000
Less: amount set aside for repayment of GO bonds	(1,352,016)
Less: amount available for repayment of CCEDC loan	<u>(4,000,000)</u>
Debt qualifying for margin	<u>4,827,984</u>
Legal debt margin	<u>\$ 8,481,737</u>

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 13,309,721	\$ 13,159,389	\$ 13,047,480	12,431,908	\$ 12,278,439	\$ 12,026,667	\$ 11,761,835	\$ 11,901,667	\$ 11,791,750	\$ 11,730,563
Total Net Debt Applicable to Limit	4,827,984	5,583,841	6,313,125	7,021,886	8,455,406	8,550,792	381,933	75,357	852,752	1,624,135
Legal Debt Margin	<u>\$ 8,481,737</u>	<u>\$ 7,575,548</u>	<u>\$ 6,734,355</u>	<u>\$ 5,410,022</u>	<u>\$ 3,823,033</u>	<u>\$ 11,379,902</u>	<u>\$ 11,826,310</u>	<u>\$ 10,938,998</u>	<u>\$ 10,106,428</u>	<u>\$ 9,632,802</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	36.27%	48.29%	48.39%	56.48%	68.86%	3.25%	0.63%	7.23%	13.85%	17.85%
Total Net General Bonded Debt as a Percentage of Actual Taxable Value of Property	0.16%	0.19%	0.26%	0.30%	0.30%	0.01%	0.00%	0.03%	0.06%	0.08%
Total Net General Bonded Debt per Capita	\$ 84.95	\$ 99.45	\$ 112.22	\$ 152.24	\$ 156.28	\$ 7.02	\$ 1.39	\$ 15.79	\$ 30.14	\$ 39.83

Notes:

- (1) Property value data can be found in the "Assessed Value of Taxable Property and Actual Value of Property Schedule."
- (2) The legal debt limit is 8 percent of total assessed value.
- (3) The legal debt margin is the government's available borrowing under SC Code of Laws and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Table 12

CHEROKEE COUNTY, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND	TOTAL	PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE ¹ OF PROPERTY	PER CAPITA ²
2007	2,630,000	1,005,865	1,624,135	0.06%	30
2008	2,055,000	1,202,248	852,752	0.03%	16
2009	1,455,000	1,379,643	75,357	0.00%	1
2010	750,000	368,067	381,933	0.01%	7
2011	9,570,000	449,208	9,120,792	0.33%	165
2012	8,500,000	44,594	8,455,406	0.30%	152
2013	7,950,000	956,639	6,993,361	0.26%	126
2014	7,380,000	1,078,049	6,301,951	0.22%	112
2015	6,790,000	1,206,160	5,583,840	0.19%	99
2016	6,180,000	1,352,016	4,827,984	0.16%	85

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

¹ Property value data can be found on Table 5

² Population data can be found on Table 13

Table 13

Cherokee County, South Carolina
Demographic and Economic Statistics
Last Ten Years

Year (1)	Population (2)	Personal Income (2)	Per Capita Personal Income (2)	School Enrollment (2)	Unemployment Rate (2)
2007	53,886	1,214,530,000	28,429	9,040	7.80%
2008	54,015	1,274,828,000	23,682	9,099	7.10%
2009	54,394	1,337,188,000	24,794	9,308	9.50%
2010	54,714	1,420,437,000	26,002	9,356	8.50%
2011	55,342	1,420,437,000	26,002	8,797	14.30%
2012	55,540	1,470,297,000	26,532	9,088	12.60%
2013	55,662	1,491,556,000	26,856	8,816	10.20%
2014	56,256	1,613,626,000	28,990	8,664	9.50%
2015	56,150	1,643,091,000	29,401	9,104	8.30%
2016	56,832	1,651,760,000	29,064	8,694	5.30%

Notes:

- (1) Calendar Year
- (2) Provided by SC Appalachian Council of Governments

Table 14

Cherokee County, South Carolina
Principal Employers
June 30, 2016 and 2007

Company or Organization	June 30, 2016			June 30, 2007		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Nestle	1,583	1	5.73%	1,500	1	5.10%
School District of Cherokee County	1,250	2	5.43%	1,150	2	7.26%
Hamrick Mills	431	3	3.75%			2.77%
The Timken Company	1,000	4	3.09%	1,100	3	6.23%
Freightliner	900	5	2.20%	640	4	4.05%
Suminoe	375	6	2.20%			
Milliken & Co. Magnolia Finishing Plant	809	7	1.77%			2.80%
Jetline	225	8	0.99%			
Brown Packing Co. Inc	350	9	0.88%	350	8	2.18%
ADS Logistics	200	10	0.88%	300	10	1.87%
Springfield	246	11	0.75%			
Parkdale Mills	145	12	0.64%			
Ply Gem Siding Group	145	13	0.64%			
Carolina Cotton Works	140	14	0.62%			
Boyd Corp	125	15	0.55%			
Kapstone	110	16	0.49%			
Magnolia Finishing				500	5	3.11%
Upstate Carolina Medical Center				400	6	2.49%
Walmart				389	7	2.42%
Sanders Bros				300	9	1.87%
Alcoa Building Products				250	11	1.56%

Table 15

Cherokee County, South Carolina
County Employees by Function
Last Ten Fiscal Years

Function	2016*	2015*	2014*	2013*	2012*	2011*	2010*	2009*	2008*	2007*
General government	113	106	103	103	94	88	99	102	100	101
Public safety	133	135	131	138	131	123	131	137	137	129
Transportation	10	7	8	12	11	11	15	16	16	21
Health and human services	19	19	21	21	22	26	34	49	49	49
Total full-time equivalent employees	<u>275</u>	<u>267</u>	<u>263</u>	<u>274</u>	<u>258</u>	<u>248</u>	<u>279</u>	<u>304</u>	<u>302</u>	<u>300</u>

Source: County Finance Office

* Includes General Fund employees only

Table 16

Cherokee County, South Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Sheriff										
Incident Reports Filed**	5,786	6,993	5,568	4,901	4,550	5,048	3,877	4,087	4,601	4,419
DARE Graduates	569**	3,437	762	837	702	753	678	727	761	751
Detention Center										
Persons Arrested and Booked	3,689	3,747	3,844	3,997	3,502	4,147	4,272	4,346	4,875	4,452
E911										
Calls Dispatched to Sheriff Department	33,973	33,375	30,099	29,853	30,059	24,381	20,377	22,056	21,234	20,383
Victims Advocate Division										
Victims Assisted	1058	896	884	4,000	3,690	3,545	3,245	3,800	3,601	2,259
Landfill/Transfer Station										
Solid Waste Disposal - Tonnage	38,666	42,889	46,613	47,788	47,713	48,182	48,406	44,749	46,016	44,522
Recycle Center										
Recycle - Tonnage	126,400	127,625	125,812	119,102	114,216	112,318	83,134	83,977	93,185	83,882
Public Works										
Roads (miles)	402	402	333	401	362	366	366	365	365	366
Public Library										
Registered Borrowers	43,514	41,995	39,782	38,974	37,803	36,109	28,150	32,276	29,320	26,626
Circulation	145,672	131,013	156,057	163,855	169,239	178,705	199,272	197,147	177,878	155,087
Building Inspection										
Single Family Dwelling Permits	89	109	71	73	73	72	83	68	119	147

Source: County Treasurer's Office.

** Per Sheriff's Office, these numbers are considerably higher because procedures are being conducted on a case to case basis.

Table 17

Cherokee County, South Carolina
Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Vehicles	41	46	41	41	36	36	36	36	35	32
Law Enforcement Center										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	70	70	70	61	68	67	65	63	64	67
Equipment	2	2	2	2	2	2	2	2	2	N/A
Detention Center										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	5	4	4	3	4	4	4	4	4	4
Landfill/Transfer Station										
Buildings	4	4	4	4	5	5	5	5	5	5
Vehicles	3	3	3	3	4	4	4	6	8	8
Equipment	7	7	7	9	10	10	9	9	9	N/A
Recycle Center										
Buildings	5	5	5	5	4	4	4	4	4	4
Vehicles	7	7	8	8	8	8	8	8	10	8
Equipment	9	7	8	9	8	8	8	10	9	N/A
Drop off Stations	7	7	7	7	7	7	7	7	6	N/A
Road and Bridges										
Buildings	2	2	2	2	2	2	2	2	2	2
Vehicles	15	18	16	15	18	18	20	19	20	20
Equipment	25	25	26	26	26	26	26	26	26	N/A
Solid Waste Collections										
Buildings	2	2	2	2	2	2	2	2	2	2
Vehicles	17	20	16	14	15	18	17	15	14	13
Emergency Management										
Vehicles	1	1	4	4	4	4	4	4	4	4

N/A Not Available

Source: County Finance Office



COMPLIANCE SECTION

SUPPLEMENTARY INFORMATION REQUIRED
BY STATE OF SOUTH CAROLINA

CHEROKEE COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
CLERK OF COURT AND MAGISTRATE COURT
JUNE 30, 2016

	Collections (2),(3)	Amount Remitted to County Treasurer	Amount Remitted to State Treasurer(1)	Amount Allocated to Victims' Services
Clerk of Court:				
Fines and Fees	\$ 459,380	\$ 180,048	\$ 279,332	\$ -
Assessments	23,053		14,944	8,109
Surcharges	39,217		19,099	20,118
Pullouts	1,137		1,137	-
Total	<u>\$ 522,787</u>	<u>\$ 180,048</u>	<u>\$ 314,512</u>	<u>\$ 28,227</u>
Magistrate Court:				
Fines and Fees	\$ 406,074	\$ 406,074	\$ -	\$ -
Assessments	413,906		373,455	40,451
Surcharges	234,963		215,950	19,013
Pullouts	25,300		25,300	-
Total	<u>\$ 1,080,243</u>	<u>\$ 406,074</u>	<u>\$ 614,705</u>	<u>\$ 59,464</u>
Victim Assistance:				
Amount reserved for victim assistance, 6/30/15				\$ -
Plus: Amounts allocated for victim assistance, 7/1/15 - 6/30/16				
Assessments and surcharges				78,586
Less: Amounts spent for victim assistance in fiscal year 2016 from				
assessments and surcharges				
Salaries and benefits - 2016				(78,586)
Balance reserved for victim assistance, 6/30/16				<u>\$ -</u>

¹ Includes payments forwarded for Public Defender of \$12,819.

² Does not include civil fees collected of \$228,739 retained by county treasurer.

³ Does not include Indigent Defense amounts of \$45,202 sent directly to Indigent Defense.

Page intentionally left blank