

# **CHEROKEE COUNTY**

**South Carolina**



## ***Comprehensive Annual Financial Report***

**YEAR ENDED JUNE 30, 2017**



**CHEROKEE COUNTY, SOUTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2017**

**PREPARED BY FINANCE DEPARTMENT**

**J. HOLLAND BELUE, ADMINISTRATOR**



CHEROKEE COUNTY, SOUTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2017

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## INTRODUCTORY SECTION



# CHEROKEE COUNTY

110 RAILROAD AVENUE  
GAFFNEY, SC 29340-3136  
TELEPHONE (864) 487-2560  
TELEFAX (864) 487-2594

## COUNTY COUNCIL:

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

CLERK TO COUNCIL  
DORIS PEARSON



COUNTY ADMINISTRATOR  
J. HOLLAND BELUE

December 28, 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, 2017.

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, 2017. 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 57,037. 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 57,037 with a 4.4% unemployment rate (unadjusted) for October 2017. 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.

### *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 2017, Cherokee County attracted capital investment dollars totaling in excess of over \$140 million. The investment was partially from new industrial residents such as the Steel Creek Galvanizing Plant and Charlotte-based STEAG SCR-Tech, and environmental based services operation in Blacksburg for its catalyst regeneration process. The majority of investment came from expansions of existing industries such as Ace Bakery's planned \$30 million expansion. Also Brown Packing, Hamrick Mills, Tribal Manufacturing and Broad River Energy had expansions in 2017. In workforce news, Cherokee County maintained its certified SC Work Ready Community status. Over 160 new jobs were created throughout the county in the industrial sector. The Cherokee County School District began work on its Institute of Innovation, or I<sup>2</sup> located on the Cherokee Campus of Spartanburg Community College. This new technical training school is anticipated to enhance our workforce needs in the near future and is expected to open in the fall of 2018. In 2017, initial signs began to surface of construction of lane widening of almost 20 miles of I-85 through Cherokee County. These education and infrastructure initiatives continue to have positive impacts on future economic development. Economic Development activity leveled off at the end of 2017 but it is anticipated that activity in 2018 will remain steady.

### *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, 2016. This was the twentieth 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,

A blue ink signature of J. Holland Belue, consisting of a stylized 'J' and 'B' followed by a horizontal line.

J. Holland Belue  
County Administrator

A blue ink signature of Ann H. Boggs, written in a cursive style.

Ann H. Boggs  
Finance Director

CHEROKEE COUNTY, SOUTH CAROLINA  
List of Principal Officials  
June 30, 2017

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 – 57,037

Members of County Council

Tim Spencer  
Quay Little  
Charles Mathis, Jr.  
Tracy A. McDaniel  
Mike Fowlkes  
David Smith  
Lyman Dawkins III

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

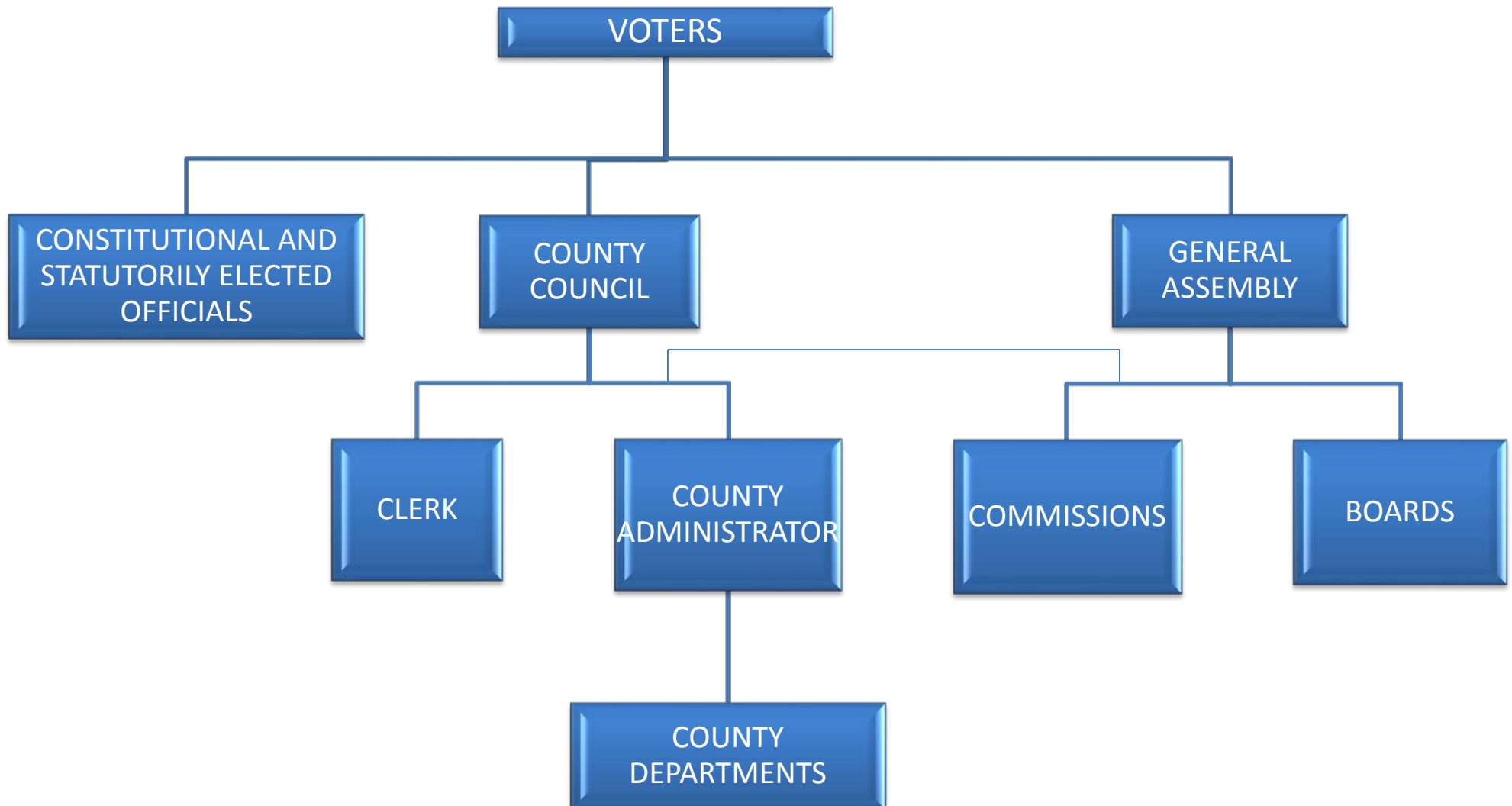
J. Holland Belue

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, 2016**

*Christopher P. Morill*

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, each major fund, and the aggregate remaining fund information of Cherokee County, South Carolina as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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, each major fund, and the aggregate remaining fund information of Cherokee County, South Carolina, as of June 30, 2017, and the respective changes in financial position 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  
December 28, 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, 2017. 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, 2017 by \$51,380,828 (net position). This amount is greater than net investment in capital assets by \$13,810,218. Net position categories show the portion that must be spent for specific purposes.
- The County's total net position decreased by \$1,360,918 from governmental activities.
- As of June 30, 2017, the County's governmental funds reported combined ending fund balances of \$42,517,038, a decrease of \$1,924,759 (including \$4,271,959 from the affiliated Economic Development Corporation) from the prior year. Of the combined ending fund balances amount, \$24,735,237 is available for use at the County's discretion.
- At June 30, 2017, unassigned fund balance for the General Fund was \$24,735,237, or approximately 106 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 \$630,000, or 10.2 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.

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). Activity during this fiscal year was from governmental activities of the County that is comprised of general government, public safety, transportation, health and human services, environmental and housing, culture and recreation, economic development initiatives, and other.

## **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-five 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 and economic development corporation, which are considered to be major funds. Data from the other fifty 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.

*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		Total		Total Percent Change
	2017	2016	2017	2016	2016-2017
Current and Other Assets	\$ 47,846,939	\$ 48,743,380	\$ 47,846,939	\$ 48,743,380	-1.8%
Capital Assets	43,120,610	42,537,598	43,120,610	42,537,598	1.4%
<b>Total Assets</b>	<b>90,967,549</b>	<b>91,280,978</b>	<b>90,967,549</b>	<b>91,280,978</b>	<b>-0.3%</b>
Deferred outflow of resources					
Deferred amounts related to pensions	3,552,628	1,902,148	3,552,628	1,902,148	86.8%
Total assets and deferred outflows of resources	94,520,177	93,183,126	94,520,177	93,183,126	1.4%
Current Liabilities	24,833,856	21,419,327	24,833,856	21,419,327	15.9%
Long-term Liabilities	18,305,493	19,022,053	18,305,493	19,022,053	-3.8%
<b>Total Liabilities</b>	<b>43,139,349</b>	<b>40,441,380</b>	<b>43,139,349</b>	<b>40,441,380</b>	<b>6.7%</b>
Deferred inflow of resources					
Deferred amounts related to pensions	-	-	-	-	*
Total liabilities and deferred outflows of resources	43,139,349	40,441,380	43,139,349	40,441,380	6.7%
<b>Net Position</b>					
Net investment in capital assets	37,570,610	36,357,598	37,570,610	36,357,598	3.3%
Restricted	9,971,317	8,555,119	9,971,317	8,555,119	16.6%
Unrestricted	3,838,901	7,829,029	3,838,901	7,829,029	-51.0%
<b>Total Net Position</b>	<b>51,380,828</b>	<b>52,741,746</b>	<b>51,380,828</b>	<b>52,741,746</b>	<b>-2.6%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 94,520,177</b>	<b>\$ 93,183,126</b>	<b>\$ 94,520,177</b>	<b>\$ 93,183,126</b>	<b>1.4%</b>

**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 \$51,380,828, as of June 30, 2017. (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 decreased by \$1,360,918. This decrease was partially due to government activities such as investment in infrastructure and governmental operating activities.

# GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

**Table 2**  
**Changes in Cherokee County's Net Position**

	Governmental		Business-type		Total		Total
	Activities		Activities		Total		Percent
	2017	2016	2017	2016*	2017	2016	2016-2017
Revenues:							
Program Revenues:							
Charges for services	\$ 2,588,280	\$ 3,579,677	\$ -	\$ 3,795,758	\$ 2,588,280	\$ 7,375,435	-64.9%
Operating grants and contributions	3,796,009	7,386,396	-	-	3,796,009	7,386,396	-48.6%
Capital grants and contributions	552,225	425,506	-	-	552,225	425,506	29.8%
General Revenues:						-	
Property taxes	19,668,355	19,085,374	-	-	19,668,355	19,085,374	3.1%
Other taxes	471,106	475,177	-	-	471,106	475,177	-0.9%
Other	3,284,324	2,437,565	-	-	3,284,324	2,437,565	34.7%
Total Revenues	30,360,299	33,389,695	-	3,795,758	30,360,299	37,185,453	-18.4%
Expenses:							
General government	9,075,414	9,659,016	-	-	9,075,414	9,659,016	-6.0%
Public safety	12,549,976	11,471,822	-	-	12,549,976	11,471,822	9.4%
Transportation	4,730,303	1,694,096	-	-	4,730,303	1,694,096	179.2%
Health and human services	1,022,910	1,024,905	-	-	1,022,910	1,024,905	-0.2%
Environmental and housing	2,823,167	2,969,547	-	-	2,823,167	2,969,547	-4.9%
Culture and recreation	1,309,948	913,265	-	-	1,309,948	913,265	43.4%
Economic development	2,949	241,728	-	-	2,949	241,728	-98.8%
Unallocated interest expense	206,550	227,403	-	-	206,550	227,403	-9.2%
Geriatrics	-	-	-	4,333,885	-	4,333,885	-100.0%
Total Expenses	31,721,217	28,201,782	-	4,333,885	31,721,217	32,535,667	-2.5%
Increase (Decrease) in Net							
Position Before Transfers	(1,360,918)	5,187,913	-	(538,127)	(1,360,918)	4,649,786	-129.3%
Special Item - Sale of Peachtree Centre	-	-	-	14,208,725	-	14,208,725	*
Transfers	-	11,653,320	-	(11,653,320)	-	-	*
Change in Net Position	(1,360,918)	16,841,233	-	2,017,278	(1,360,918)	18,858,511	-107.2%
Beginning Net Position	52,741,746	35,900,513	-	(2,017,278)	52,741,746	33,883,235	55.7%
Ending Net Position	\$ 51,380,828	\$ 52,741,746	\$ -	\$ -	\$ 51,380,828	\$ 52,741,746	-2.6%

\* 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.

**Change in net position.** The County's total revenues decreased by 18.4 percent to approximately \$30.4 million, primarily as a result of the sale of the property of Peachtree Centre effective December 1, 2015, lower charges for services, and lower grants and contributions, partially offset by an increase in property taxes and other revenues (See Table 2).

## GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

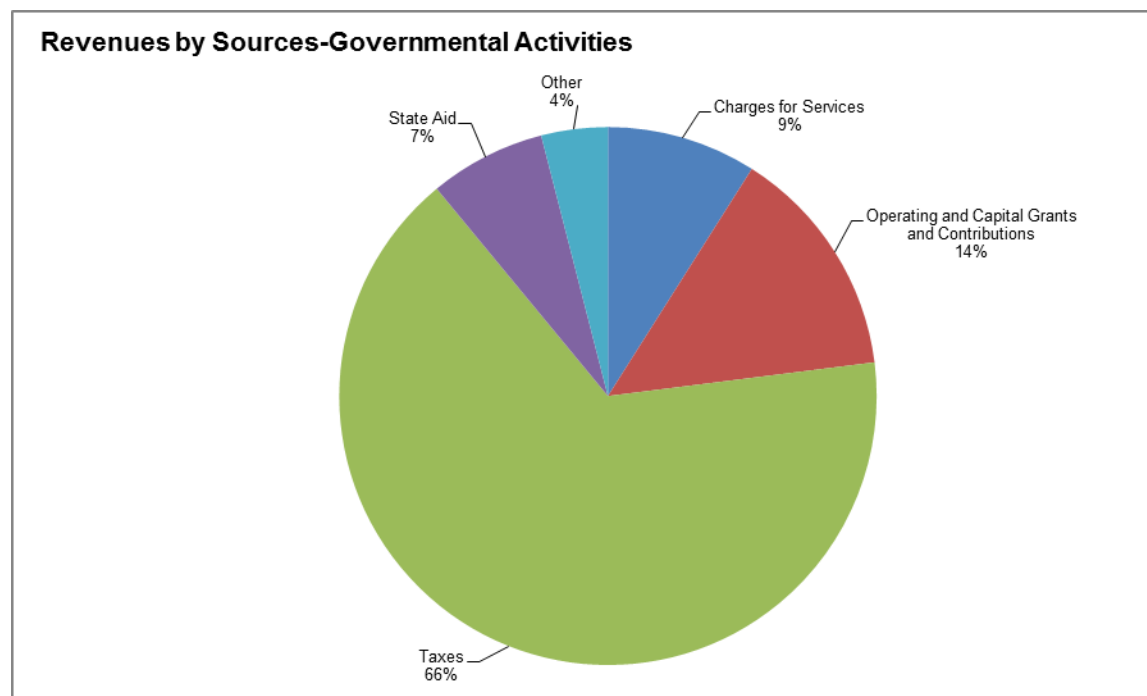
The County's total cost of all programs and services had a decrease of 2.5 percent. This decrease is due primarily to partial year expenses in 2016 from the business-type activities as a result of the sale of the Peachtree Centre property effective December 1, 2015, partially offset by increases in payroll and benefits expense, transportation expenditures, land purchased for the site location of the proposed VA nursing home facility and site improvements at the recreation district facilities.

### Governmental Activities

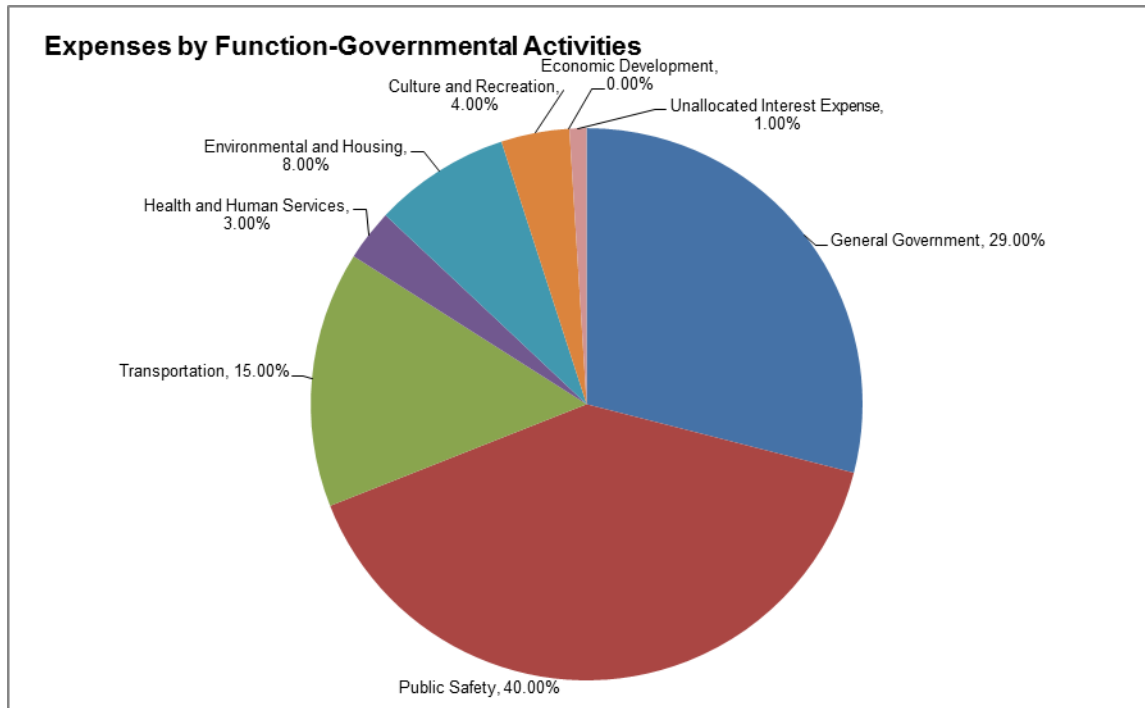
The County's governmental activities had net (expense) revenue of (\$24,784,703). However, these services are intended to be primarily funded by taxes, as opposed to charges for services and grants, and those taxes and other general revenues. Expenses did exceed total revenues by \$1,360,918.

Total revenues for the County's governmental activities decreased by 9.1 percent, and total expenses increased 12.5 percent. Factors contributing to these results included:

- Increases in property taxes, due primarily to increased valuations resulting from construction and property purchases.
- Decreases in fines, capital and operating grants partially for infrastructure reimbursements.
- Increases in payroll and benefits costs across all functions.
- Increases in expenditures for improvement of transportation, recreation and veterans facilities.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued



### Business-type Activities

There was no business-type activity in 2017. 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 net deficit of \$538,127 from 2016 activity through November 30, 2015 is provided in the enterprise fund. The financial impact of the sale transaction is shown in the enterprise fund with a corresponding transfer to the governmental fund in the government wide 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, 2017, the County's governmental funds reported combined ending fund balances of \$42,517,038, a decrease of \$1,924,760 from the prior year. This decrease resulted from \$628,070 from capital purchase activity and \$2,273,480 from other governmental fund expenditures for transportation, debt service and public safety activities, partially offset by general fund operations.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – continued**

Approximately 58 percent of the combined fund balances (\$24,735,237) constitute unassigned fund balance, which is available for spending at the County's discretion. Seventeen percent of the combined fund balances (\$7,397,846) is assigned for various types of cultural, administrative and capital projects. The majority of the remaining balance is restricted (\$9,970,065) 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 (\$413,890).

The general fund is the chief operating fund of the County. At June 30, 2017, unassigned fund balance of the general fund was \$24,735,237 and total fund balance was \$30,027,510. As a measure of the general fund's liquidity, the unassigned fund balance represents approximately 107 percent of total general fund expenditures and transfers out.

The capital fund has a total fund balance of \$743,317, all of which is assigned for capital projects. The net decrease in fund balance during the current fiscal year was \$628,070. Funds were primarily spent for capital assets and infrastructure improvements.

### **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 17, 2015, the County sold the property of Peachtree Centre, but the impact of activity from July 1 through November 30 2015 is provided in the enterprise fund in fiscal year 2016. The financial impact of the sale transaction is shown in the enterprise fund with a corresponding transfer to the governmental fund in the government wide 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 \$994,747 primarily due to increased charges for services and tax revenues. Actual expenditures were under budget by \$92,808 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 implementation of a compensation adjustment based on years of service that resulted in an overall increase in salary and related benefit expense, and expenditures for the upgrade of 911 (communications) equipment and services, infrastructure for the recreation facilities and land for the proposed VA Nursing Home. Certain expenditures for the 911 upgrade are qualified for reimbursement from funds in other government funds and recorded as a transfer in to offset the funds expended by the General Fund.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2017, the County had \$77,851,411 invested in capital assets including police and fire equipment, buildings, infrastructure, etc. (See following table). Capital assets for government activities increased by of \$3,793,317 or 5.1 percent, over last year.

	Governmental Activities		Totals		Total Percent Change
	2017	2016	2017	2016	2016-2017
Land	\$ 1,688,895	\$ 1,688,895	\$ 1,688,895	\$ 1,688,895	0.0%
Construction in Progress	497,845	-	497,845	-	0.0%
Buildings	26,893,076	26,888,211	26,893,076	26,888,211	0.0%
Other Improvements	625,303	547,760	625,303	547,760	14.2%
Equipment	16,307,575	15,237,212	16,307,575	15,237,212	7.0%
Infrastructure	30,734,984	28,650,816	30,734,984	28,650,816	7.3%
Books	1,103,732	1,045,197	1,103,732	1,045,197	5.6%
Total Capital Assets	\$ 77,851,410	\$ 74,058,091	\$ 77,851,410	\$ 74,058,091	5.1%

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 \$5,550,000 in outstanding general obligation bonds and capital leases, compared to \$6,180,000 last year. That is a decrease of 10 percent as shown in the following table.

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2017	2016	2017	2016	2017	2016	2016-2017
General Obligation Bonds	\$ 5,550,000	\$ 6,180,000	\$ -	\$ -	\$ 5,550,000	\$ 6,180,000	-10.2%
Total Long-term Debt	\$ 5,550,000	\$ 6,180,000	\$ -	\$ -	\$ 5,550,000	\$ 6,180,000	-10.2%

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 information related to 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 \$13.81 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 and assessed valuation.

## **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 4.4%. This was higher than the unemployment rate for the state of South Carolina (3.9%) and higher than the national unemployment rate (4.1%).

All of these factors were considered in the approval of the County's millage rate total property millage rate of 91.6 mills for 2016 and 2017. There was no millage increase in the 2018 approved budget.

Budgeted 2018 operations expenditures (excluding capital budgeted expenditures) are expected to increase by \$1,870,074, which is 8.5 percent over the final 2017 budget. This increase is primarily due to the approval of a compensation increase based on years of service, additional positions, and increased health care premium and retirement cost increases for County employees. The County has added no major new programs or initiatives to the 2018 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, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 33,834,123
Investments	7,584,769
Accounts receivable (net)	1,238,428
Taxes receivable (net)	1,227,213
Due from State	518,118
Assets held for sale	2,700,595
Prepaid items	412,439
Due from Recreation District	331,254
Capital assets - not being depreciated	2,186,740
Capital assets - net of accumulated depreciation	40,933,870
Total assets	90,967,549
Deferred Outflows of Resources	
Deferred amounts related to pensions	3,552,628
Liabilities	
Accounts payable	877,957
Accrued liabilities	461,379
Local option sales tax - property tax relief	3,415,155
Unearned revenue	117,189
Accrued interest payable	32,091
Noncurrent liabilities	
Due within one year	1,458,628
Due in more than one year	18,305,493
Net pension liability	18,471,457
Total liabilities	43,139,349
Deferred Inflows of Resources	
Deferred amounts related to pensions	-
Net Position	
Net investment in capital assets	37,570,610
Restricted for	
Transportation	812,863
Public safety	3,000,966
Economic development	4,271,759
Health and human services	325,557
Debt service	1,520,524
Cultural and recreation	
Expendable	38,396
Nonexpendable	1,252
Unrestricted (deficit)	3,838,901
Total net position (deficit)	\$ 51,380,828

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

CHEROKEE COUNTY, SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and
		Charges for	Operating	Capital	Changes in Net Position
		Services	Grants and	Grants and	Primary Government
			Contributions	Contributions	Governmental
					Activities
Primary Government					
Governmental activities					
General government	\$ 9,075,414	\$ 1,341,954	\$ 799,188	\$ -	\$ (6,934,272)
Public safety	12,549,976	632,661	1,479,668	61,583	(10,376,064)
Transportation	4,730,303	-	1,215,679	-	(3,514,624)
Health and human services	1,022,910	155,398	21,035	-	(846,477)
Environmental and housing	2,823,167	417,972	156,504	11,054	(2,237,637)
Culture and recreation	1,309,948	40,295	123,935	7,246	(1,138,472)
Economic development	2,949	-	-	472,342	469,393
Unallocated interest expense	206,550	-	-	-	(206,550)
Total primary government	<u>31,721,217</u>	<u>2,588,280</u>	<u>3,796,009</u>	<u>552,225</u>	<u>(24,784,703)</u>
General Revenues					
					19,668,355
					123,380
					103,188
					244,538
					2,151,798
					107,071
					93,689
					931,766
Transfers					-
Total general revenues and transfers					<u>23,423,785</u>
Change in net position					(1,360,918)
Net position (deficit) - beginning of year					<u>52,741,746</u>
Net position - end of year					<u>\$ 51,380,828</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, 2017

	General	Capital Projects Fund	Economic Development Corporation	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 27,105,381	\$ 3,162,113	\$ 1,679,825	\$ 9,471,573	\$ 41,418,892
Taxes receivable (net)	1,080,105	35,745	-	111,364	1,227,214
Other receivables (net)	644,606	-	-	593,822	1,238,428
Due from other funds	5,989,098	-	-	789,487	6,778,585
Due from State	518,118	-	-	-	518,118
Prepaid items	399,912	-	200	12,527	412,639
Due from Recreation District	-	331,254	-	-	331,254
Assets held for resale	-	-	2,700,595	-	2,700,595
<b>Total assets</b>	<b>\$ 35,737,220</b>	<b>\$ 3,529,112</b>	<b>\$ 4,380,620</b>	<b>\$ 10,978,773</b>	<b>\$ 54,625,725</b>
<b>Liabilities</b>					
Accounts payable	\$ 730,071	\$ -	\$ -	\$ 26,834	\$ 756,905
Due to other funds	683,669	2,756,701	108,661	3,229,554	6,778,585
Accrued expenditures	431,634	-	-	29,745	461,379
Other liabilities	117,176	-	-	-	117,176
Local option sales tax - property tax relief	3,415,155	-	-	-	3,415,155
Unearned revenue	-	-	-	117,189	117,189
<b>Total liabilities</b>	<b>5,377,705</b>	<b>2,756,701</b>	<b>108,661</b>	<b>3,403,322</b>	<b>11,646,389</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - property taxes	332,005	29,094	-	101,199	462,298
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Prepays	399,912	-	200	13,778	413,890
<b>Restricted for:</b>					
Library activities	-	-	-	-	-
Emergency communications	-	-	-	1,855,406	1,855,406
Law enforcement	-	-	-	290,107	290,107
Health and welfare	-	-	-	59,284	59,284
Road surface repairs	-	-	-	812,863	812,863
Culture and recreation	-	-	-	38,396	38,396
Social services	-	-	-	266,273	266,273
Public safety	-	-	-	104,935	104,935
Economic development	-	-	4,271,759	-	4,271,759
Solicitor	-	-	-	739,360	739,360
Other purposes	-	-	-	11,158	11,158
Debt service	-	-	-	1,520,524	1,520,524
<b>Assigned</b>					
Unfunded OPEB	2,669,536	-	-	-	2,669,536
Road surface repairs	1,422,446	-	-	-	1,422,446
County buildings	-	331,254	-	-	331,254
Airport	-	255,102	-	-	255,102
Capital projects	-	156,961	-	-	156,961
Administration	20,250	-	-	141,938	162,188
GIS mapping	-	-	-	-	-
Emergency communications	-	-	-	28,721	28,721
C&D landfill	25,000	-	-	-	25,000
Matching Grant	400,000	-	-	-	400,000
Scholarship SCC	55,129	-	-	-	55,129
Public safety	-	-	-	382,570	382,570
Economic development	300,000	-	-	-	300,000
Library	-	-	-	1,208,939	1,208,939
<b>Unassigned</b>	<b>24,735,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,735,237</b>
<b>Total fund balance</b>	<b>30,027,510</b>	<b>743,317</b>	<b>4,271,959</b>	<b>7,474,252</b>	<b>42,517,038</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 35,737,220</b>	<b>\$ 3,529,112</b>	<b>\$ 4,380,620</b>	<b>\$ 10,978,773</b>	<b>\$ 54,625,725</b>

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, 2017

Fund Balances - Total Governmental Funds			\$ 42,517,038
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.			43,120,610
Resources received but reflected as unearned revenues in fund statements.			458,223
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	(2,342,800)		
General obligation bonds	(5,550,000)		
Loan payable	(4,000,000)		
Compensated absences	(407,941)		
Accrual for landfill closure	(7,463,382)		
Accrued interest payable	(32,091)	(19,796,214)	
Pension related deferred outflows			3,552,628
Net Pension Liability			(18,471,457)
Net Position of Governmental Activities			<u>\$ 51,380,828</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, 2017

	General	Capital Projects Fund	Economic Development Corporation	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 14,333,258	\$ 1,109,063	\$ -	\$ 3,282,011	\$ 18,724,332
Licenses and permits	246,684	-	-	-	246,684
Intergovernmental	3,560,717	-	-	3,695,647	7,256,364
Charges for services	888,316	-	-	38,016	926,332
Fines	598,771	-	-	-	598,771
Contributions	-	-	472,004	-	472,004
Interest	92,996	14,061	338	33	107,428
Miscellaneous	932,504	-	-	1,099,202	2,031,706
	<u>20,653,246</u>	<u>1,123,124</u>	<u>472,342</u>	<u>8,114,909</u>	<u>30,363,621</u>
<b>Expenditures</b>					
Current					
General government	7,171,255	-	-	624,658	7,795,913
Public safety	10,208,411	-	-	2,175,116	12,383,527
Transportation	943,044	-	-	4,736,428	5,679,472
Health and human services	870,894	-	-	116,548	987,442
Environmental and housing	3,177,126	-	-	13,716	3,190,842
Culture and recreation	333,733	-	-	879,702	1,213,435
Economic development	-	-	2,949	-	2,949
Capital outlay	-	1,777	-	292,003	293,780
Debt service					
Principal retirement	-	-	-	630,000	630,000
Interest and fiscal charges	-	-	-	210,120	210,120
	<u>22,704,463</u>	<u>1,777</u>	<u>2,949</u>	<u>9,678,291</u>	<u>32,387,480</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,051,217)</u>	<u>1,121,347</u>	<u>469,393</u>	<u>(1,563,382)</u>	<u>(2,023,859)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	99,098	-	-	-	99,098
Transfers in	3,295,516	-	-	836,792	4,132,308
Transfers out	(557,000)	(1,749,417)	(279,000)	(1,546,890)	(4,132,307)
	<u>2,837,614</u>	<u>(1,749,417)</u>	<u>(279,000)</u>	<u>(710,098)</u>	<u>99,099</u>
Net Change in Fund Balances	786,397	(628,070)	190,393	(2,273,480)	(1,924,760)
Fund Balances - Beginning of Year	<u>29,241,113</u>	<u>1,371,387</u>	<u>4,081,566</u>	<u>9,747,732</u>	<u>44,441,798</u>
Fund Balances - End of Year	<u>\$ 30,027,510</u>	<u>\$ 743,317</u>	<u>\$ 4,271,959</u>	<u>\$ 7,474,252</u>	<u>\$ 42,517,038</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, 2017

Net Change in Fund Balance - Total Governmental Funds \$ (1,924,760)

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	4,153,936	
Depreciation expense	<u>(3,565,514)</u>	588,422

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	(5,410)
--------------------------------------	---------

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

Property taxes	39,819
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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	630,000

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	3,570	
Change in compensated absences	(15,504)	
Change in unfunded OPEB costs	(109,100)	
Change in landfill closure/post closure costs	<u>167,921</u>	46,887

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.

(735,876)

Change in Net Position of Governmental Activities	<u><u>\$ (1,360,918)</u></u>
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The accompanying notes are an integral part of the financial statements.

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

## Assets

Cash	\$ 36,423,570
Other receivables	30,467
Taxes receivable (net)	<u>1,344,722</u>
Total Assets	<u>\$ 37,798,759</u>

## Liabilities

Due to designated recipients	<u>\$ 37,798,759</u>
Total Liabilities	<u>\$ 37,798,759</u>

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



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

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

**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 non-profit corporation established under State law, of which the County is the sole corporate member as identified in the corporation's bylaws. 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.

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, 2017

**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 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. 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, 2017

**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.

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, 2017

**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, 2017

**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, 2017

**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.

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, 2017

**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 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, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

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.

Major outlays for capital assets and improvements are capitalized as projects are 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

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**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**

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.

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, 2017 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, 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, 2017

**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, 2017

**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.



CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

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

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, 2017, expenditures exceeded appropriations in the following departments:

General Government	
Central Purchasing	\$ 18,100
Human Resources	1,831
Courthouse	34,323
Addressing	18,030
GIS/Mapping	24
Election Commission	911
Poll Workers	81,798
Magistrate - Gaffney	4,882
Voter Registration	496
Probate Court	2,147
Register of Deeds	2,020
Circuit Solicitor	9,184
Public Safety	
Code Enforcement	5,350
Communications	548,587
Animal Shelter	207
Enhanced Communications/911	26,590

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

**C. Excess of Expenditures Over Appropriations - Continued**

Coroner	1,024
Law Enforcement Center	12,316
Sheriff	7,209
Detention Center	161,785
Environmental and Housing	
Solid Waste Disposal	24,327
Health and Human Services	
Alcohol and Drug Abuse	5,000
Indigent Care	18,035
Culture and Recreation	
Library	510
Recreation District	\$ 331,919

**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, 2017 were covered by federal depository insurance or by collateral held in the pledging financial institution's trust department in the County's name.

**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.

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

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

**A. Cash Deposits and Investments - Continued**

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, 2017, the County had the following investments:

Investment Type	Value	Maturity	Rating	Fair Value Hierarchy
Local Government Investment Pool	\$ 7,584,769	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, 2017

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

**B. Taxes Receivable - Continued**

Property taxes on vehicles are billed by the 15<sup>th</sup> 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 2017 levy was assessed at \$109,176,390, 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 2017 assessed value for personal property was \$70,167,449. The County tax rate is currently 71.60 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	\$ 468,009	\$ 136,003	\$ 332,006	\$ 748,099	\$ 1,080,105
Capital fund	41,012	11,918	29,094	6,651	35,745
Debt service fund	41,176	11,966	29,210	6,109	35,319
Library fund	21,649	10,007	11,642	16,456	28,098
Fire districts funds	56,128	16,310	39,818	8,128	47,946
	<u>627,974</u>	<u>186,204</u>	<u>441,770</u>	<u>785,443</u>	<u>1,227,213</u>
Agency Funds	<u>1,553,683</u>	<u>451,500</u>	<u>1,102,183</u>	<u>242,541</u>	<u>1,344,724</u>
	<u>\$ 2,181,657</u>	<u>\$ 637,704</u>	<u>\$ 1,543,953</u>	<u>\$ 1,027,984</u>	<u>\$ 2,571,937</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, 2017 the balance in this account, included in the general fund, was \$3,418,212.

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**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, 2017 was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,688,895	\$ -	\$ -	\$ 1,688,895
Construction in progress	-	497,845	-	497,845
	<u>1,688,895</u>	<u>497,845</u>	<u>-</u>	<u>2,186,740</u>
Capital Assets Being Depreciated:				
Buildings	26,888,212	4,864	-	26,893,076
Improvements other than buildings	547,760	77,543	-	625,303
Machinery and equipment	15,237,212	1,430,983	360,620	16,307,575
Infrastructure	28,650,816	2,084,168	-	30,734,984
Books	1,045,199	58,533	-	1,103,732
	<u>72,369,199</u>	<u>3,656,091</u>	<u>360,620</u>	<u>75,664,670</u>
Less Accumulated Depreciation:				
Buildings	9,446,304	596,469	-	10,042,773
Improvements other than buildings	326,674	34,707	-	361,381
Machinery and equipment	9,941,295	1,702,280	355,210	11,288,364
Infrastructure	10,972,103	1,173,780	-	12,145,883
Books	834,120	58,279	-	892,399
	<u>31,520,496</u>	<u>3,565,515</u>	<u>355,210</u>	<u>34,730,800</u>
Total Capital Assets Being Depreciated, Net	<u>40,848,703</u>	<u>90,577</u>	<u>5,410</u>	<u>40,933,870</u>
Total Capital Assets, Net	<u>\$ 42,537,598</u>	<u>\$ 588,422</u>	<u>\$ 5,410</u>	<u>\$ 43,120,610</u>

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

<b>Governmental Activities</b>	
General government	\$ 780,702
Public safety	908,350
Health and human services	16,278
Environmental and housing	477,710
Transportation	1,242,516
Culture and recreation	139,958
Total	<u>\$ 3,565,515</u>

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

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

**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, 2017:

	<u>Receivable</u>	<u>Payable</u>
Interfund:		
General Fund	\$ 5,989,094	\$ 683,669
Capital Projects Fund	-	2,756,701
Nonmajor Special Revenue Funds	105,822	3,229,554
Economic Development Corporation	-	108,661
Debt Service Fund	683,669	-
	<u>\$ 6,778,585</u>	<u>\$ 6,778,585</u>

The following is a summary of interfund transfers for the year ended June 30, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 3,295,516	\$ 557,000
Capital Projects Fund	-	1,749,417
Economic Development Corporation	-	279,000
Non-Major Special Revenue Funds	836,792	1,546,891
	<u>\$ 4,132,308</u>	<u>\$ 4,132,308</u>

During the year, transfers were used to 1) move funds from the Capital Projects Fund to the General Fund as approved in the 2017-2018 Budget, 2) for routine transfers of funds to and from other funds, such as covering of certain expenditures from special revenue grants.

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

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

**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 2018 and 2021 are as follows:

Year Ending June 30,	
2018	\$ 310,030
2019	304,105
2020	292,000
2021	<u>121,667</u>
	<u><u>\$ 1,027,802</u></u>

Total lease expense, including lease payments based on usage, for the year ended June 30, 2017 was \$362,587.

**F. Long-term Debt**

The following is a summary of debt transactions for the County for the year ended June 30, 2017:

Governmental Activities	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
General Obligation Bonds	\$ 6,180,000	\$ -	\$ 630,000	\$ 5,550,000	\$ 650,000
Loan Payable	4,000,000	-	-	4,000,000	-
Landfill Closure and Post Closure Liability	7,631,302	21,000	188,922	7,463,380	721,850
Net OPEB Obligation	2,233,700	221,100	112,000	2,342,800	-
Compensated Absences	<u>392,438</u>	<u>407,941</u>	<u>392,438</u>	<u>407,941</u>	<u>86,778</u>
	<u><u>\$ 20,437,440</u></u>	<u><u>\$ 650,041</u></u>	<u><u>\$ 1,323,360</u></u>	<u><u>\$ 19,764,121</u></u>	<u><u>\$ 1,458,628</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
2018	650,000	188,700	838,700
2019	670,000	166,600	836,600
2020	695,000	143,820	838,820
2021	720,000	120,190	840,190
2022-2025	<u>2,815,000</u>	<u>227,460</u>	<u>3,042,460</u>
	<u><u>\$ 5,550,000</u></u>	<u><u>\$ 846,770</u></u>	<u><u>\$ 6,396,770</u></u>

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**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>
2018	\$ -	-	-
2019	571,429	TBD	(1)
2020	571,429	TBD	(1)
2021	571,429	TBD	(2)
2022-2025	<u>2,285,713</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 2017.

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, 2017

**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, 2017, calculated as follows:

	MSW	C&D Cells A, B & C	Total
Total estimated current closure and post closure care cost	\$ 5,057,380	\$ 2,406,000	
Percentage of landfill capacity used to date	100%	100%	
Reported liability for closure and post closure care cost	<u>\$ 5,057,380</u>	<u>\$ 2,406,000</u>	<u>\$ 7,463,380</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, 2017. 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, 2017

**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, 2017, 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, 2017

**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](http://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.

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 4 - OTHER INFORMATION - Continued**

**D. Pension Plans - Continued**

**a. South Carolina Retirement System - continued**

**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 8.66% and 11.41%, respectively, of earnable compensation for the year ended June 30, 2017. Employers also contribute an additional .15% of earnable compensation, if participating in the death benefit program. Contributions to the Plan from the County were \$627,224.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2017, the County reported a net pension liability of \$10,788,221 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, using membership data as of July 1, 2015 projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2016, using generally accepted actuarial 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, 2016. Based upon this information, the County's proportion was .050507%.

For the year ended June 30, 2017, the County recognized pension expense of \$1,055,227. At June 30, 2017, 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	\$ 634,081	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	608,298	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
County contributions subsequent to the measurement date	627,224	-
Total	<u>\$ 1,869,603</u>	<u>\$ -</u>

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**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 \$627,224 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, 20178. 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	
2018	\$ (344,422)
2019	(285,967)
2020	(404,156)
2021	(207,834)
	<u>\$ (1,242,379)</u>

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of July 1, 2015, 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 by 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, 2015 valuation were based on the results of an actuarial experience study, as required to be completed at least once in each five-year period by S.C. state statute. The experience report issued as of July 1, 2015 was performed on data through June 30, 2015.

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 third quarter 2015. 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, 2017

**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 January 1, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Portfolio Real Rate of Return</u>
Global Equity	43%	3.06%
Real Assets	8%	0.35%
Opportunistic	20%	0.78%
Diversified Credit	17%	0.73%
Conservative Fixed Income	12%	0.18%
Total Expected Real Return	<u>100%</u>	<u>5.10%</u>
Inflation for Actuarial Purposes		<u>2.75%</u>
Total Expected Nominal Return		<u>7.85%</u>

**Discount Rate** - The discount rate used to measure the total pension liability was 7.5%. 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	\$ 13,458,010	\$ 10,788,221	\$ 8,565,722

**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](http://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, 2017

**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](http://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, 2017

**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 9.24% and 13.84%, respectively, of earnable compensation for the year ended June 30, 2017. 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 \$570,369.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2017, the County reported a net pension liability of \$7,683,236 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, using membership data as of July 1, 2015 projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2016, using generally accepted actuarial 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, 2016. Based upon this information, the County's proportion was .30291%.

For the year ended June 30, 2017, the County recognized pension expense of \$878,243. At June 30, 2017, 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	\$ 571,512	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	541,144	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
County contributions subsequent to the measurement date	570,369	-
Total	<u>\$ 1,683,025</u>	<u>\$ -</u>



CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**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 \$570,369 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, 2017. 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	
2018	\$ (270,058)
2019	(264,279)
2020	(385,219)
2021	(193,100)
	<u>\$ (1,112,656)</u>

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of July 1, 2015, 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 by 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, 2015 valuation were based on the results of an actuarial experience study, as required to be completed at least once in each five-year period by S.C. state statute. The experience report issued as of July 1, 2015 was performed on data through June 30, 2015.

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 2015. 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, 2017

**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 January 1, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Portfolio Real Rate of Return</u>
Global Equity	43%	3.06%
Real Assets	8%	0.35%
Opportunistic	20%	0.78%
Diversified Credit	17%	0.73%
Conservative Fixed Income	12%	0.18%
Total Expected Real Return	<u>100%</u>	<u>5.10%</u>
Inflation for Actuarial Purposes		<u>2.75%</u>
Total Expected Nominal Return		<u>7.85%</u>

**Discount Rate** - The discount rate used to measure the total pension liability was 7.5%. 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	\$ 10,069,538	\$ 7,683,236	\$ 5,538,695

**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](http://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, 2017

**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 \$69,797.

*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	\$ 224,800
Interest on OPEB Obligation	89,300
Adjustment to Annual Required Contribution	(93,000)
Annual OPEB Costs	221,100
Contributions Made	(112,000)
Increase in Net OPEB Obligation	109,100
Net OPEB Obligation - Beginning of Year	2,233,700
Net OPEB Obligation - End of Year	\$ 2,342,800

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 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
2017	\$ 221,100	\$ 112,000	50.66%	\$ 2,342,800
2016	238,300	111,700	46.87%	2,233,700
2015	261,000	104,900	40.19%	2,107,100

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 4 - OTHER INFORMATION - Continued**

**E. Post Employment Health Insurance Benefits - Continued**

*Funding Status and Progress* - As of July 1, 2016, 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 \$2,801,800. The covered payroll (annual payroll of active employees covered by the plan) was \$4,811,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 58.24%.

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 2016 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 6.84%. 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.

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 5 – TAX ABATEMENTS**

The county utilizes an economic development program to attract businesses and industry to the County for the purposes of expanding and diversifying the local economy and creating jobs. This is the only program under which taxes are abated at the County. South Carolina law allows two primary mechanisms that the County may employ in order to improve its competitiveness with other jurisdictions, both in-state and out-of-state, and incentivize new or additional investment in the County. These mechanisms effectively allow the County to reduce the amount of ad valorem property taxes that will be paid on new business investments. These two mechanisms include: Fee in Lieu of Tax (FILOT) agreements and Special Source Revenue Credits (SSRC).

While these two mechanisms do not totally level the playing field, they do position the County to have its other attributes, geographic location, labor qualify, etc. to be better evaluated in a company's decision process. These two mechanisms are key in making Cherokee County competitive with our neighboring states for qualify economic development projects.

Companies that are located in South Carolina and classified as manufacturing facilities are subject to *ad valorem taxes*. The fair market value is multiplied by the assessment ratio, generally equal to 10.5%, to produce the assessed value and then multiplied by the millage rate. Cherokee County provides certain tax reductions through the following programs:

1. Fee in Lieu of Ad Valorem Tax
2. Special Source Revenue Credit

The *Fee in Lieu of Ad Valorem Tax* program is intended to encourage commercial and industrial investment in South Carolina. The property tax reduction is granted pursuant to Chapter 44 of Title 12 of the South Carolina Code of Laws of South Carolina 1976 as amended. Taxpayers are eligible to receive a reduction in property taxes, through reduced assessed values and locked millage rates, if they enter into an agreement with Cherokee County and invest at least \$2.5 million in taxable property (or some other negotiated investment floor) in Cherokee County within a 5 year period. Under the *Fee in Lieu of Ad Valorem Tax* program, if a taxpayer does not make the required investment within the 5 year period, then the reduced property taxes terminate and the taxpayer must repay Cherokee County the difference between the abated taxes received and what the taxpayer would have paid had it not had the benefit of the *Fee in Lieu of Ad Valorem Tax* program.

Cherokee County has twenty-two (22) taxpayers that have entered into an agreement with Cherokee County under the *Fee in Lieu of Ad Valorem Tax* program. In the aggregate, these taxpayers, without the benefit of the program would pay \$3,095,662 to Cherokee County in *ad valorem* tax. However, due to the benefit provided by the *Fee in Lieu of Ad Valorem Tax* program, the taxpayers paid an aggregate of \$2,244,871 to Cherokee County in the most recent fiscal year.

The *Special Source Revenue Credit* program is intended to encourage investment into infrastructure serving Cherokee County or infrastructure serving a commercial or manufacturing enterprise in Cherokee County. The property tax reduction is granted pursuant to Chapter 1 of Title 4 of the South Carolina Code of Laws of South Carolina 1976, as amended. All property that is located in an MCIP, *Multi-County Industrial Park*, is exempt from property taxes, but property owners must pay an amount equivalent to the property taxes that would otherwise be due. The companies that make an agreement with the county based on this option are based on infrastructure credits or credits based on investments /money spent to improve a facility. Taxpayers are eligible to receive a percentage reduction off their total property tax liability if the taxpayer is located in a multicounty park, enters into an agreement with Cherokee County and agrees to make an investment in taxable property in Cherokee County and create jobs. If the taxpayer does not meet its investment or job commitments, the taxpayer must repay a portion of the reduction.

CHEROKEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 5 – TAX ABATEMENTS - Continued**

Cherokee County has three (3) taxpayers that have entered into an agreement with Cherokee County under the Special Source Revenue Credit program. In the aggregate, these taxpayers, without the benefits of the program would pay \$35,341 to Cherokee County in ad valorem tax in the most recent fiscal year. However, due to the benefit provided by the *Special Source Revenue Credit* program, the taxpayers pay an aggregate of \$21,833 to Cherokee County.

**NOTE 6 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 28, 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\*

	2017	2016	2015
County's Proportion of the Collective Net Pension Liability	0.050507%	0.049787%	0.081311%
County's Proportionate Share of the Collective Net Pension Liability	\$ 10,788,221	\$ 9,442,344	\$ 13,999,059
County's Covered-Employee Payroll	\$ 4,895,086	\$ 7,842,135	\$ 7,382,455
County's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	220.39%	120.41%	189.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.91%	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

	2017	2016	2015
Statutorially Required Contributions	\$ 627,224	\$ 541,397	\$ 854,792
Contributions in Relation to the Statutorially Required Contributions	\$ 627,224	\$ 541,397	\$ 854,792
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 5,425,815	\$ 4,895,086	\$ 7,842,135
Contributions as a Percentage of Covered-Employee Payroll	11.56%	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.

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\*

	2017	2016	2015
County's Proportion of the Collective Net Pension Liability	0.302910%	0.304780%	0.291680%
County's Proportionate Share of the Collective Net Pension Liability	\$ 7,683,236	\$ 6,642,756	\$ 5,583,983
County's Covered-Employee Payroll	\$ 3,861,673	\$ 3,775,721	\$ 3,507,756
County's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	198.96%	175.93%	159.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.44%	64.57%	67.55%

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

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

	2017	2016	2015
Statutorily Required Contributions	\$ 570,369	\$ 530,594	\$ 506,342
Contributions in Relation to the Statutorily Required Contributions	\$ 570,369	\$ 530,594	\$ 506,342
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	4,005,403	3,861,673	\$ 3,775,721
Contributions as a Percentage of Covered-Employee Payroll	14.24%	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, 2017

	BUDGETED AMOUNTS			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues				
Taxes	\$ 13,756,400	\$ 13,756,400	\$ 14,333,258	\$ 576,858
Licenses and permits	206,500	206,500	246,684	40,184
Intergovernmental	3,603,709	3,603,709	3,560,717	(42,992)
Charges for services	694,700	694,700	888,316	193,616
Fines	619,500	619,500	598,771	(20,729)
Interest	-	-	92,996	92,996
Miscellaneous	777,690	777,690	932,504	154,814
Total Revenues	19,658,499	19,658,499	20,653,246	994,747
Expenditures				
Current				
General government				
Vehicle Maintenance	253,833	253,833	191,716	62,117
Administration	543,224	543,224	483,571	59,653
Pooled Vehicles	12,501	12,501	11,818	683
Finance	365,458	365,458	365,366	92
Human Resources	99,197	99,197	101,028	(1,831)
Information Technology	259,829	259,829	220,263	39,566
Central Purchasing	2,000	2,000	20,100	(18,100)
Central Services	1,642,840	1,642,840	1,318,134	324,706
County Buildings	254,434	254,434	228,001	26,433
Administrative Building Complex	254,159	254,159	225,872	28,287
Courthouse	61,309	61,309	95,632	(34,323)
Development Board	156,700	156,700	82,304	74,396
Delinquent Tax Collector	116,433	116,433	109,197	7,236
Treasurer	331,472	331,472	323,301	8,171
Auditor	244,711	244,711	223,155	21,556
Building Inspectors	306,039	306,039	274,359	31,680
Tax Assessor	363,300	363,300	306,765	56,535
Risk Management	52,264	52,264	50,966	1,298
Addressing	52,386	52,386	70,416	(18,030)
GIS/Mapping	89,265	89,265	89,289	(24)
Poll Workers	165,185	165,185	248,390	(83,205)
Magistrate - Gaffney	606,429	606,429	611,311	(4,882)
Clerk of Court	241,851	241,851	240,518	1,333
Probate Court	248,235	248,235	250,382	(2,147)
Register of Deeds	208,957	208,957	183,920	25,037
Attorney/Judicial	87,725	87,725	89,745	(2,020)
Clerk of Court Support	253,384	253,384	242,489	10,895
Circuit Solicitor	215,840	215,840	225,024	(9,184)
Victims Advocate	114,402	114,402	111,538	2,864
Appalachian COG	36,685	36,685	36,685	-
Cherokee Defender Corp	140,000	140,000	140,000	-
	7,780,047	7,780,047	7,171,255	608,792
Public Safety				
Code Enforcement	99,628	99,628	104,978	(5,350)
Communications	472,012	472,012	1,020,599	(548,587)
Animal Shelter	130,698	130,698	130,905	(207)
Enhanced Communications/911	972,196	972,196	998,786	(26,590)
Fire Protection	281,500	281,500	189,215	92,285
Coroner	176,104	176,104	177,128	(1,024)
Law Enforcement Center	119,327	119,327	131,643	(12,316)
Sheriff	4,280,523	4,280,523	4,287,732	(7,209)
Detention Center	2,861,253	2,861,253	3,023,038	(161,785)
Emergency Preparedness	150,088	150,088	144,387	5,701
	9,543,329	9,543,329	10,208,411	(665,082)

CHEROKEE COUNTY, SOUTH CAROLINA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Environmental and Housing				
Department of Public Works	129,591	129,591	93,791	35,800
Solid Waste Collections	1,932,803	1,932,803	1,766,719	166,084
C and D Landfill	536,134	536,134	512,704	23,430
Solid Waste Disposal	79,142	79,142	103,469	(24,327)
Recycling Center	671,602	671,602	654,823	16,779
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>3,394,892</u>	<u>3,394,892</u>	<u>3,177,126</u>	<u>217,766</u>
Health and Human Services				
Veterans Office	176,153	176,153	155,698	20,455
Alcohol and Drug Abuse	7,500	7,500	12,500	(5,000)
Health Department	33,760	33,760	33,760	-
Indigent Care	196,924	196,924	214,959	(18,035)
County Health and Human Services	292,096	292,096	292,096	-
Social Services	29,200	29,200	26,881	2,319
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>870,633</u>	<u>870,633</u>	<u>870,894</u>	<u>(261)</u>
Transportation				
Roads and Bridges	1,207,066	1,207,066	943,044	264,022
	<u>1,207,066</u>	<u>1,207,066</u>	<u>943,044</u>	<u>264,022</u>
Culture and Recreation				
Library	-	-	510	(510)
Recreation district	1,304	1,304	333,223	(331,919)
	<u>1,304</u>	<u>1,304</u>	<u>333,733</u>	<u>(332,429)</u>
Total Expenditures	<u>22,797,271</u>	<u>22,797,271</u>	<u>22,704,463</u>	<u>92,808</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,138,772)</u>	<u>(3,138,772)</u>	<u>(2,051,217)</u>	<u>1,087,555</u>
Other Financing Sources (Uses)				
Sale of capital assets	15,000	15,000	99,098	84,098
Transfers in	4,681,334	4,681,334	3,295,516	(1,385,818)
Transfers out	(557,000)	(557,000)	(557,000)	-
Total Other Financing Sources (Uses)	<u>4,139,334</u>	<u>4,139,334</u>	<u>2,837,614</u>	<u>(1,301,720)</u>
Net Change in Fund Balance	1,000,562	1,000,562	786,397	(214,165)
Fund Balance - Beginning of Year	<u>9,987,084</u>	<u>9,987,084</u>	<u>29,241,113</u>	<u>19,254,029</u>
Fund Balance - End of Year	<u>\$ 10,987,646</u>	<u>\$ 10,987,646</u>	<u>\$ 30,027,510</u>	<u>\$ 19,039,864</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, 2017

**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, 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%
July 1, 2016	-	2,801,800	2,801,800	0%	4,811,000	58.24%

**Schedule of Employer Contributions**

Fiscal Year End	Annual Required Contribution	Estimated Employer Contribution	Percent Funded
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%
June 30, 2017	224,800	112,000	50.7%



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

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

	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	\$ 6,674	\$ 291,602	\$ 719,414	\$ 3,353,417	\$ 36,183	\$ 3,277	\$ (1,307)	\$ 102,487	\$ 150,103
Taxes receivable (net)	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	\$ 289,138	-	-	3,373	13,756	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
	<u>\$ 692</u>	<u>\$ 6,674</u>	<u>\$ 291,602</u>	<u>\$ 719,414</u>	<u>\$ 3,642,555</u>	<u>\$ 36,183</u>	<u>\$ 3,277</u>	<u>\$ 2,066</u>	<u>\$ 116,243</u>	<u>\$ 150,103</u>
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,066	\$ -	\$ -
Due to other funds	-	-	-	690,693	1,789,149	36,183	-	-	116,243	150,103
Accrued expenses	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>690,693</u>	<u>1,789,149</u>	<u>36,183</u>	<u>-</u>	<u>2,066</u>	<u>116,243</u>	<u>150,103</u>
Deferred Inflows of Resources										
Unavailable revenues - property taxes	-	-	-	-	-	-	-	-	-	-
Fund Balances										
Restricted	692	6,674	291,602	-	1,853,406	-	3,277	-	-	-
Assigned	-	-	-	28,721	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
	<u>692</u>	<u>6,674</u>	<u>291,602</u>	<u>28,721</u>	<u>1,853,406</u>	<u>-</u>	<u>3,277</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 692</u>	<u>\$ 6,674</u>	<u>\$ 291,602</u>	<u>\$ 719,414</u>	<u>\$ 3,642,555</u>	<u>\$ 36,183</u>	<u>\$ 3,277</u>	<u>\$ 2,066</u>	<u>\$ 116,243</u>	<u>\$ 150,103</u>



CHEROKEE COUNTY, SOUTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - CONTINUED  
JUNE 30, 2017

	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	\$ 184,285	\$ 144,617	\$ 95,667	\$ 5,000	\$ 31,030	\$ 195,626	\$ 16,548	\$ 995	\$ 528,918	\$ 132,630
Taxes receivable (net)	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	19,246	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	105	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
	<u>\$ 184,285</u>	<u>\$ 144,617</u>	<u>\$ 95,667</u>	<u>\$ 5,000</u>	<u>\$ 31,030</u>	<u>\$ 214,872</u>	<u>\$ 16,548</u>	<u>\$ 1,100</u>	<u>\$ 528,918</u>	<u>\$ 132,630</u>
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	52	7	354	-	-	214,872	-	-	7,657	337
Accrued expenses	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
	<u>52</u>	<u>7</u>	<u>354</u>	<u>-</u>	<u>-</u>	<u>214,872</u>	<u>-</u>	<u>-</u>	<u>7,657</u>	<u>337</u>
Deferred Inflows of Resources										
Unavailable revenues - property taxes	-	-	-	-	-	-	-	-	-	-
Fund Balances										
Restricted	184,233	-	-	5,000	31,030	-	16,548	-	521,261	132,293
Assigned	-	144,610	95,313	-	-	-	-	1,100	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
	<u>184,233</u>	<u>144,610</u>	<u>95,313</u>	<u>5,000</u>	<u>31,030</u>	<u>-</u>	<u>16,548</u>	<u>1,100</u>	<u>521,261</u>	<u>132,293</u>
	<u>\$ 184,285</u>	<u>\$ 144,617</u>	<u>\$ 95,667</u>	<u>\$ 5,000</u>	<u>\$ 31,030</u>	<u>\$ 214,872</u>	<u>\$ 16,548</u>	<u>\$ 1,100</u>	<u>\$ 528,918</u>	<u>\$ 132,630</u>

CHEROKEE COUNTY, SOUTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - CONTINUED  
JUNE 30, 2017

	Special Revenue Funds								
	Estreated Bonds	Weekend Jail	Sex Offender	EPD	Fire Insurance	Sheriff Hardship	Sheriff DSS	Federal Drug	Title IV-D Incentives
Assets									
Cash	\$ 16,267	\$ 55,373	\$ 51,789	\$ 59,236	\$ -	\$ 9,807	\$ 22,190	\$ 51,077	\$ 238,706
Taxes receivable (net)	-	-	-	-	-	-	-	-	-
Other receivables	-	-	1,885	-	104,935	-	1,997	-	3,398
Due from other funds	-	-	-	-	-	-	-	5,350	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
	<u>\$ 16,267</u>	<u>\$ 55,373</u>	<u>\$ 53,674</u>	<u>\$ 59,236</u>	<u>\$ 104,935</u>	<u>\$ 9,807</u>	<u>\$ 24,187</u>	<u>\$ 56,427</u>	<u>\$ 242,104</u>
Liabilities									
Accounts payable	\$ -	\$ -	\$ 2,601	\$ -	\$ -	\$ -	\$ -	\$ 5,056	\$ -
Due to other funds	-	-	176	-	-	-	-	32,579	18
Accrued expenses	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,635</u>	<u>18</u>
Deferred Inflows of Resources									
Unavailable revenues - property taxes	-	-	-	-	-	-	-	-	-
Fund Balances									
Restricted	16,267	-	50,897	59,236	104,935	9,807	24,187	18,792	242,086
Assigned	-	55,373	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
	<u>16,267</u>	<u>55,373</u>	<u>50,897</u>	<u>59,236</u>	<u>104,935</u>	<u>9,807</u>	<u>24,187</u>	<u>18,792</u>	<u>242,086</u>
	<u>\$ 16,267</u>	<u>\$ 55,373</u>	<u>\$ 53,674</u>	<u>\$ 59,236</u>	<u>\$ 104,935</u>	<u>\$ 9,807</u>	<u>\$ 24,187</u>	<u>\$ 56,427</u>	<u>\$ 242,104</u>

CHEROKEE COUNTY, SOUTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - CONTINUED  
JUNE 30, 2017

	Special Revenue Funds								
	Bulletproof Vests	Solicitor	Emergency Management	Library	Development Board	Fire Districts	LETC	Hazmat	SC DHEC HPP Grant
<b>Assets</b>									
Cash	\$ 7,800	\$ 27,408	\$ 8,855	\$ 1,147,886	\$ 149,782	\$ -	\$ 1,452	\$ 48	\$ (12,809)
Taxes receivable (net)	-	-	-	28,098	-	47,946	-	-	-
Other receivables	-	-	41,380	101,896	-	-	-	-	12,818
Due from other funds	-	-	-	-	-	80,077	-	-	-
Prepaid expenses	-	-	-	12,527	-	-	-	-	-
	<u>\$ 7,800</u>	<u>\$ 27,408</u>	<u>\$ 50,235</u>	<u>\$ 1,290,407</u>	<u>\$ 149,782</u>	<u>\$ 128,023</u>	<u>\$ 1,452</u>	<u>\$ 48</u>	<u>\$ 9</u>
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ 17,111	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	5,350	-	50,235	-	-	-	-	-	-
Accrued expenses	-	-	-	21,892	7,853	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
	<u>5,350</u>	<u>-</u>	<u>50,235</u>	<u>39,003</u>	<u>7,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>									
Unavailable revenues - property taxes	-	-	-	28,687	-	43,301	-	-	-
<b>Fund Balances</b>									
Restricted	2,450	27,408	-	13,778	-	-	-	48	-
Assigned	-	-	-	\$ 1,208,939	\$ 141,929	84,722	1,452	-	9
Unassigned	-	-	-	-	-	-	-	-	-
	<u>2,450</u>	<u>27,408</u>	<u>-</u>	<u>1,222,717</u>	<u>141,929</u>	<u>84,722</u>	<u>1,452</u>	<u>48</u>	<u>9</u>
	<u>\$ 7,800</u>	<u>\$ 27,408</u>	<u>\$ 50,235</u>	<u>\$ 1,290,407</u>	<u>\$ 149,782</u>	<u>\$ 128,023</u>	<u>\$ 1,452</u>	<u>\$ 48</u>	<u>\$ 9</u>

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

	Special Revenue Funds							Debt Service Fund	Totals
	Sheriff Confiscated Funds	Restitution	Dare	Electronic Monitoring	7th Circuit Solicitor - Gambling	Emergency Mgmt/CoGen	Others		
Assets									
Cash	\$ 125,905	\$ 2,296	\$ 23,106	\$ 103,826	\$ 546,844	\$ 2,000	\$ 4,125	\$ 830,746	\$ 9,471,573
Taxes receivable (net)	-	-	-	-	-	-	-	35,320	111,364
Other receivables	-	-	-	-	-	-	-	-	593,822
Due from other funds	151	-	-	-	-	-	20,135	683,669	789,487
Prepaid expenses	-	-	-	-	-	-	-	-	12,527
	<u>\$ 126,056</u>	<u>\$ 2,296</u>	<u>\$ 23,106</u>	<u>\$ 103,826</u>	<u>\$ 546,844</u>	<u>\$ 2,000</u>	<u>\$ 24,260</u>	<u>\$ 1,549,735</u>	<u>\$ 10,978,773</u>
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,834
Due to other funds	8,867	-	2,455	103,826	-	-	20,398	-	3,229,554
Accrued expenses	-	-	-	-	-	-	-	-	29,745
Unearned revenue	117,189	-	-	-	-	-	-	-	117,189
	<u>126,056</u>	<u>-</u>	<u>2,455</u>	<u>103,826</u>	<u>-</u>	<u>-</u>	<u>20,398</u>	<u>-</u>	<u>3,403,322</u>
Deferred Inflows of Resources									
Unavailable revenues - property taxes	-	-	-	-	-	-	-	29,211	101,199
Fund Balances									
Restricted	-	2,296	20,651	-	546,844	2,000	3,862	1,520,524	5,712,084
Assigned	-	-	-	-	-	-	-	-	1,762,168
Unassigned	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>2,296</u>	<u>20,651</u>	<u>-</u>	<u>546,844</u>	<u>2,000</u>	<u>3,862</u>	<u>1,520,524</u>	<u>7,474,252</u>
	<u>\$ 126,056</u>	<u>\$ 2,296</u>	<u>\$ 23,106</u>	<u>\$ 103,826</u>	<u>\$ 546,844</u>	<u>\$ 2,000</u>	<u>\$ 24,260</u>	<u>\$ 1,549,735</u>	<u>\$ 10,978,773</u>
								\$	-

CHEROKEE COUNTY, SOUTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	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	-	-	-	167,072	933,824	-	-	10,875	60,629	9,039	-	-	-
Interest	-	5	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	35,000	-	-	-	-	-	-	-	71,516	196,657	88,559
	-	5	35,000	167,072	933,824	-	-	10,875	60,629	9,039	71,516	196,657	88,559
Expenditures													
Current													
General government	-	-	102,398	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	33	-	-	-	-	-	-	-	16,064	11,631
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-	-	9,039	-	-	-
Environmental and housing	-	-	-	-	-	-	-	11,616	2,100	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	13,549	-
Debt service													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	102,398	33	-	-	-	11,616	2,100	9,039	-	29,613	11,631
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	5	(67,398)	167,039	933,824	-	-	(741)	58,529	-	71,516	167,044	76,928
Other Financing Sources (Uses)													
Transfers in	-	-	279,000	-	-	-	-	741	-	-	-	-	-
Transfers out	-	-	-	(138,318)	(1,068,810)	-	-	-	(58,529)	-	(71,516)	(51)	-
Total other financing sources (uses)	-	-	279,000	(138,318)	(1,068,810)	-	-	741	(58,529)	-	(71,516)	(51)	-
Net Change in Fund Balances	-	5	211,602	28,721	(134,986)	-	-	-	-	-	-	166,993	76,928
Fund Balances - Beginning of Year	692	6,669	80,000	-	1,988,392	-	3,277	-	-	-	-	17,240	67,682
Fund Balances - End of Year	\$ 692	\$ 6,674	\$ 291,602	\$ 28,721	\$ 1,853,406	\$ -	\$ 3,277	\$ -	\$ -	\$ -	\$ -	\$ 184,233	\$ 144,610

CHEROKEE COUNTY, SOUTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2017

	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	-	107,240	-	-	1,900,679	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	35,082	-	-	-	-	-	-	-	60,000	4,847	11,763	21,420
	<u>35,082</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>107,240</u>	<u>-</u>	<u>-</u>	<u>1,900,679</u>	<u>60,000</u>	<u>4,847</u>	<u>11,763</u>	<u>21,420</u>
Expenditures												
Current												
General government	-	-	50,000	-	-	-	-	-	129,554	1,643	-	-
Public safety	23,232	-	-	-	-	-	-	-	-	-	6,979	1,505
Transportation	-	-	-	-	-	-	-	4,736,428	-	-	-	-
Health and human services	-	-	-	-	3,295	-	-	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	4,962	-	-	-	28,774	1,523	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
	<u>28,194</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>32,069</u>	<u>1,523</u>	<u>-</u>	<u>4,736,428</u>	<u>129,554</u>	<u>1,643</u>	<u>6,979</u>	<u>1,505</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,171</u>	<u>(1,523)</u>	<u>-</u>	<u>(2,835,749)</u>	<u>(69,554)</u>	<u>3,204</u>	<u>4,784</u>	<u>19,915</u>
Other Financing Sources (Uses)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(75,171)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,171)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,888	-	-	-	-	(1,523)	-	(2,835,749)	(69,554)	3,204	4,784	19,915
Fund Balances - Beginning of Year	88,425	5,000	-	31,030	-	18,071	1,100	3,357,010	201,847	13,063	50,589	30,982
Fund Balances - End of Year	<u>\$ 95,313</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 31,030</u>	<u>\$ -</u>	<u>\$ 16,548</u>	<u>\$ 1,100</u>	<u>\$ 521,261</u>	<u>\$ 132,293</u>	<u>\$ 16,267</u>	<u>\$ 55,373</u>	<u>\$ 50,897</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, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 803,367	\$ -
Intergovernmental	-	104,935	-	11,995	-	42,787	-	-	61,583	123,935	-
Interest	-	-	-	-	-	-	-	-	-	-	28
Charges for services	-	-	-	-	-	-	-	-	-	38,016	-
Confiscated money	-	-	-	-	304,993	-	-	40,113	-	-	-
Miscellaneous	15,000	-	-	-	-	-	125	-	-	9,525	27,000
	<u>15,000</u>	<u>104,935</u>	<u>-</u>	<u>11,995</u>	<u>304,993</u>	<u>42,787</u>	<u>125</u>	<u>40,113</u>	<u>61,583</u>	<u>974,843</u>	<u>27,028</u>
Expenditures											
Current											
General government	-	-	-	-	-	-	-	20,030	14,050	-	205,733
Public safety	4,329	-	-	8,162	182,765	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Health and human services	-	102,408	-	-	-	1,806	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	879,702	-
Capital outlay	3,636	-	-	-	159,699	2,150	-	-	66,280	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
	<u>7,965</u>	<u>102,408</u>	<u>-</u>	<u>8,162</u>	<u>342,464</u>	<u>3,956</u>	<u>-</u>	<u>20,030</u>	<u>80,330</u>	<u>879,702</u>	<u>205,733</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,035</u>	<u>2,527</u>	<u>-</u>	<u>3,833</u>	<u>(37,471)</u>	<u>38,831</u>	<u>125</u>	<u>20,083</u>	<u>(18,747)</u>	<u>95,141</u>	<u>(178,705)</u>
Other Financing Sources (Uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	170,000
Transfers out	-	-	-	-	-	-	-	-	(30,669)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,669)</u>	<u>-</u>	<u>170,000</u>
Net Change in Fund Balances	<u>7,035</u>	<u>2,527</u>	<u>-</u>	<u>3,833</u>	<u>(37,471)</u>	<u>38,831</u>	<u>125</u>	<u>20,083</u>	<u>(49,416)</u>	<u>95,141</u>	<u>(8,705)</u>
Fund Balances - Beginning of Year	<u>52,201</u>	<u>102,408</u>	<u>9,807</u>	<u>20,354</u>	<u>56,263</u>	<u>203,255</u>	<u>2,325</u>	<u>7,325</u>	<u>49,416</u>	<u>1,127,576</u>	<u>150,634</u>
Fund Balances - End of Year	<u>\$ 59,236</u>	<u>\$ 104,935</u>	<u>\$ 9,807</u>	<u>\$ 24,187</u>	<u>\$ 18,792</u>	<u>\$ 242,086</u>	<u>\$ 2,450</u>	<u>\$ 27,408</u>	<u>\$ -</u>	<u>\$ 1,222,717</u>	<u>\$ 141,929</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, 2017

	Special Revenue Funds							
	LETC	Hazmat	SC DHEC HPP Grant	Sheriff Confiscated Funds	Dare	Fire Districts	Restitution	Others
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,470,016	\$ -	\$ -
Intergovernmental	-	-	11,054	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-
Miscellaneous	6,950	-	-	-	28,490	-	180	400
	<u>6,950</u>	<u>-</u>	<u>11,054</u>	<u>-</u>	<u>28,490</u>	<u>1,470,016</u>	<u>180</u>	<u>400</u>
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	9,974	-	-	51	6,923	1,831,960	-	-
Transportation	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	11,045	-	-	-	-	385
Debt service	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
	<u>9,974</u>	<u>-</u>	<u>11,045</u>	<u>51</u>	<u>6,923</u>	<u>1,831,960</u>	<u>-</u>	<u>385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,024)</u>	<u>-</u>	<u>9</u>	<u>(51)</u>	<u>21,567</u>	<u>(361,944)</u>	<u>180</u>	<u>15</u>
Other Financing Sources (Uses)								
Transfers in	-	-	-	51	-	387,000	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>-</u>	<u>387,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(3,024)</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>21,567</u>	<u>25,056</u>	<u>180</u>	<u>15</u>
Fund Balances - Beginning of Year	<u>4,476</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>(916)</u>	<u>59,666</u>	<u>2,116</u>	<u>3,847</u>
Fund Balances - End of Year	<u>\$ 1,452</u>	<u>\$ 48</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 20,651</u>	<u>\$ 84,722</u>	<u>\$ 2,296</u>	<u>\$ 3,862</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, 2017

	Special Revenue Funds				Debt Service Fund	Totals
	Re-Con Group	7th Circ. Solicitor Gambling	Emergency Mgmt/Co-Gen	Electronic Monitoring		
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,008,628	\$ 3,282,011
Intergovernmental	100,000.00	-	-	-	-	3,695,647
Interest	-	-	-	-	-	33
Charges for services	-	-	-	-	-	38,016
Confiscated money	-	2,028	-	-	-	347,134
Miscellaneous	-	-	-	139,554	-	752,068
	<u>100,000</u>	<u>2,028</u>	<u>-</u>	<u>139,554</u>	<u>1,008,628</u>	<u>8,114,909</u>
Expenditures						
Current						
General government	100,000	1,250	-	-	-	624,658
Public safety	-	-	-	71,508	-	2,175,116
Transportation	-	-	-	-	-	4,736,428
Health and human services	-	-	-	-	-	116,548
Environmental and housing	-	-	-	-	-	13,716
Culture and recreation	-	-	-	-	-	879,702
Capital outlay	-	-	-	-	-	292,003
Debt service	-	-	-	-	-	-
Principal retirement	-	-	-	-	630,000	630,000
Interest and fiscal charges	-	-	-	-	210,120	210,120
	<u>100,000</u>	<u>1,250</u>	<u>-</u>	<u>71,508</u>	<u>840,120</u>	<u>9,678,291</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>778</u>	<u>-</u>	<u>68,046</u>	<u>168,508</u>	<u>(1,563,382)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	836,792
Transfers out	-	-	-	(103,826)	-	(1,546,890)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,826)</u>	<u>-</u>	<u>(710,098)</u>
Net Change in Fund Balances	<u>-</u>	<u>778</u>	<u>-</u>	<u>(35,780)</u>	<u>168,508</u>	<u>(2,273,480)</u>
Fund Balances - Beginning of Year		546,066	2,000	35,780	1,352,016	9,747,732
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ 546,844</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 1,520,524</u>	<u>\$ 7,474,252</u>

CHEROKEE COUNTY, SOUTH CAROLINA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2017

	School District		Support Office	Clerk of Court				Magistrates Cash Bonds	Tax Collector
	Cherokee No. 1	Spartanburg No. 2		Out of Town Surety Bonds	Bondsmen	Finance Officer			
Assets									
Cash	\$ 35,315,681	\$ -	\$ 50,431	\$ 2,552	\$ 75,838	\$ 80,932	\$ 183,709	\$ 640,740	
Other receivables	-	-	-	-	-	-	-	-	
Taxes receivable (net)	1,098,275	174,678	-	-	-	-	-	-	
	<u>\$ 36,413,956</u>	<u>\$ 174,678</u>	<u>\$ 50,431</u>	<u>\$ 2,552</u>	<u>\$ 75,838</u>	<u>\$ 80,932</u>	<u>\$ 183,709</u>	<u>\$ 640,740</u>	
Liabilities									
Due to other designated recipients	\$ 36,413,956	\$ 174,678	\$ 50,431	\$ 2,552	\$ 75,838	\$ 80,932	\$ 183,709	\$ 640,740	
	<u>\$ 36,413,956</u>	<u>\$ 174,678</u>	<u>\$ 50,431</u>	<u>\$ 2,552</u>	<u>\$ 75,838</u>	<u>\$ 80,932</u>	<u>\$ 183,709</u>	<u>\$ 640,740</u>	

CHEROKEE COUNTY, SOUTH CAROLINA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2017

	Cherokee Tech	City of Chesnee	Sheriff's Drug Fund	Inmate Trust Funds	Recreation District	CCCADA - Mini Bottle Tax	Town of Blacksburg	Macedonia	Total
<b>Assets</b>									
Cash	\$ -	\$ -	\$ 51,171	\$ 6,540	\$ -	\$ 15,976	\$ -	\$ -	\$ 36,423,570
Other receivables	-	-	-	-	-	30,467	-	-	30,467
Taxes receivable (net)	16,239	385	-	-	24,340	-	26,366	4,439	1,344,722
	<u>\$ 16,239</u>	<u>\$ 385</u>	<u>\$ 51,171</u>	<u>\$ 6,540</u>	<u>\$ 24,340</u>	<u>\$ 46,443</u>	<u>\$ 26,366</u>	<u>\$ 4,439</u>	<u>\$ 37,798,759</u>
<b>Liabilities</b>									
Due to other designated recipients	\$ 16,239	\$ 385	\$ 51,171	\$ 6,540	\$ 24,340	\$ 46,443	\$ 26,366	\$ 4,439	\$ 37,798,759
	<u>\$ 16,239</u>	<u>\$ 385</u>	<u>\$ 51,171</u>	<u>\$ 6,540</u>	<u>\$ 24,340</u>	<u>\$ 46,443</u>	<u>\$ 26,366</u>	<u>\$ 4,439</u>	<u>\$ 37,798,759</u>

CHEROKEE COUNTY, SOUTH CAROLINA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>School District - Cherokee No. 1</b>				
Assets				
Cash	\$ 26,929,548	\$ 107,253,336	\$ 98,867,203	\$ 35,315,681
Taxes receivable (net)	1,082,719	1,098,275	1,082,719	1,098,275
	<u>\$ 28,012,267</u>	<u>\$ 108,351,611</u>	<u>\$ 99,949,922</u>	<u>\$ 36,413,956</u>
Liabilities				
Due to other designated recipients	\$ 28,012,267	\$ 108,351,611	\$ 99,949,922	\$ 36,413,956
	<u>\$ 28,012,267</u>	<u>\$ 108,351,611</u>	<u>\$ 99,949,922</u>	<u>\$ 36,413,956</u>
<b>School District - Sptbg. No. 2</b>				
Assets				
Taxes receivable (net)	\$ 75,527	\$ 1,056,959	\$ 957,808	\$ 174,678
	<u>\$ 75,527</u>	<u>\$ 1,056,959</u>	<u>\$ 957,808</u>	<u>\$ 174,678</u>
Liabilities				
Due to other designated recipients	\$ 75,527	\$ 1,056,959	\$ 957,808	\$ 174,678
	<u>\$ 75,527</u>	<u>\$ 1,056,959</u>	<u>\$ 957,808</u>	<u>\$ 174,678</u>
<b>Support Office</b>				
Assets				
Cash	\$ 48,996	\$ 5,749,021	\$ 5,747,586	\$ 50,431
	<u>\$ 48,996</u>	<u>\$ 5,749,021</u>	<u>\$ 5,747,586</u>	<u>\$ 50,431</u>
Liabilities				
Due to other designated recipients	\$ 48,996	\$ 5,749,021	\$ 5,747,586	\$ 50,431
	<u>\$ 48,996</u>	<u>\$ 5,749,021</u>	<u>\$ 5,747,586</u>	<u>\$ 50,431</u>
<b>Clerk of Court - Out of Town Surety Bonds</b>				
Assets				
Cash	\$ 3,528	\$ 4,590	\$ 5,566	\$ 2,552
	<u>\$ 3,528</u>	<u>\$ 4,590</u>	<u>\$ 5,566</u>	<u>\$ 2,552</u>
Liabilities				
Due to other designated recipients	\$ 3,528	\$ 4,590	\$ 5,566	\$ 2,552
	<u>\$ 3,528</u>	<u>\$ 4,590</u>	<u>\$ 5,566</u>	<u>\$ 2,552</u>
<b>Clerk of Court - Bondsmen</b>				
Assets				
Cash	\$ 75,816	\$ 22	\$ -	\$ 75,838
	<u>\$ 75,816</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 75,838</u>
Liabilities				
Due to other designated recipients	\$ 75,816	\$ 22	\$ -	\$ 75,838
	<u>\$ 75,816</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 75,838</u>
<b>Clerk of Court - Finance Officer</b>				
Assets				
Cash	\$ 81,655	\$ 200	\$ 923	\$ 80,932
	<u>\$ 81,655</u>	<u>\$ 200</u>	<u>\$ 923</u>	<u>\$ 80,932</u>
Liabilities				
Due to other designated recipients	\$ 81,655	\$ 200	\$ 923	\$ 80,932
	<u>\$ 81,655</u>	<u>\$ 200</u>	<u>\$ 923</u>	<u>\$ 80,932</u>

CHEROKEE COUNTY, SOUTH CAROLINA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY  
 NET POSITION - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>Magistrate Cash Bonds</b>				
Assets				
Cash	\$ 189,996	\$ 1,160,819	\$ 1,167,106	\$ 183,709
Liabilities				
Due to other designated recipients	\$ 189,996	\$ 1,160,819	\$ 1,167,106	\$ 183,709
<b>Tax Collector</b>				
Assets				
Cash	\$ 729,181	\$ 3,773,825	\$ 3,862,266	\$ 640,740
Liabilities				
Due to other designated recipients	\$ 729,181	\$ 3,773,825	\$ 3,862,266	\$ 640,740
<b>Cherokee Tech</b>				
Assets				
Taxes receivable (net)	\$ 14,726	\$ 524,649	\$ 523,136	\$ 16,239
Liabilities				
Due to other designated recipients	\$ 14,726	\$ 524,649	\$ 523,136	\$ 16,239
<b>City of Chesnee</b>				
Assets				
Taxes receivable (net)	\$ 472	\$ 39,520	\$ 39,607	\$ 385
Liabilities				
Due to other designated recipients	\$ 472	\$ 39,520	\$ 39,607	\$ 385
<b>Sheriff's Drug Fund</b>				
Assets				
Cash	\$ 51,171	\$ -	\$ -	\$ 51,171
Liabilities				
Due to other designated recipients	\$ 51,171	\$ -	\$ -	\$ 51,171
<b>Inmate Trust Fund</b>				
Assets				
Cash	\$ 26,397	\$ 329,492	\$ 349,349	\$ 6,540
Liabilities				
Due to other designated recipients	\$ 26,397	\$ 329,492	\$ 349,349	\$ 6,540

CHEROKEE COUNTY, SOUTH CAROLINA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY  
 NET POSITION - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>Recreation District</b>				
Assets				
Taxes receivable (net)	\$ 22,831	\$ 688,505	\$ 686,996	\$ 24,340
Liabilities				
Due to other designated recipients	\$ 22,831	\$ 688,505	\$ 686,996	\$ 24,340
<b>CCCADA - Mini Bottle Tax</b>				
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
<b>Town of Blacksburg - Bonds</b>				
Assets				
Cash	\$ -	\$ 51,296	\$ 51,296	\$ -
Liabilities				
Due to other designated recipients	\$ -	\$ 51,296	\$ 51,296	\$ -
<b>Town of Blacksburg - Bonds</b>				
Assets				
Taxes receivable (net)	\$ -	\$ 26,366	\$ -	\$ 26,366
Liabilities				
Due to other designated recipients	\$ -	\$ 26,366	\$ -	\$ 26,366
<b>Macedonia</b>				
Assets				
Taxes receivable (net)	\$ 3,876	\$ 155,869	\$ 155,306	\$ 4,439
Liabilities				
Due to other designated recipients	\$ 3,876	\$ 155,869	\$ 155,306	\$ 4,439
<b>Total - All Agency Funds</b>				
Assets				
Cash	\$ 28,152,264	\$ 118,407,798	\$ 110,136,492	\$ 36,423,570
Other receivables	30,467	30,467	30,467	30,467
Taxes receivable (net)	1,200,151	3,590,143	3,445,572	1,344,722
	\$ 29,382,882	\$ 122,028,408	\$ 113,612,531	\$ 37,798,759
Liabilities				
Due to other designated recipients	\$ 29,382,882	\$ 122,028,408	\$ 113,612,531	\$ 37,798,759
	\$ 29,382,882	\$ 122,028,408	\$ 113,612,531	\$ 37,798,759

CHEROKEE COUNTY, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS - FIRE DISTRICTS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	Buffalo Fire District	Antioch Fire District	Cherokee Creek Fire District	Corinth Fire District	Gaffney Area Fire District	CKC Fire District	Grassy Pond Fire District	DMW Fire District	Goucher White Plains Fire District	Totals
Assets										
Taxes receivable (net)	\$ 5,845	\$ 2,537	\$ 13,691	\$ 2,726	\$ 11,154	\$ 4,162	\$ 4,252	\$ 1,326	\$ 2,253	\$ 47,946
Due from other funds	4,159	2,601	17,602	10,249	15,880	7,780	7,147	5,320	9,339	80,077
	<u>\$ 10,004</u>	<u>\$ 5,138</u>	<u>\$ 31,293</u>	<u>\$ 12,975</u>	<u>\$ 27,034</u>	<u>\$ 11,942</u>	<u>\$ 11,399</u>	<u>\$ 6,646</u>	<u>\$ 11,592</u>	<u>\$ 128,023</u>
Liabilities										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources										
Unavailable revenues - property taxes	5,729	1,914	13,197	2,275	10,053	3,750	2,804	1,326	2,253	43,301
Fund Balances										
Fund balances	4,273	3,225	18,096	10,701	16,981	8,191	8,596	5,320	9,339	84,722
	<u>\$ 10,002</u>	<u>\$ 5,139</u>	<u>\$ 31,293</u>	<u>\$ 12,976</u>	<u>\$ 27,034</u>	<u>\$ 11,941</u>	<u>\$ 11,400</u>	<u>\$ 6,646</u>	<u>\$ 11,592</u>	<u>\$ 128,023</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, 2017

	Buffalo Fire District	Antioch Fire District	Cherokee Creek Fire District	Corinth Fire District	Gaffney Area Fire District	CKC Fire District	Grassy Pond Fire District	DMW Fire District	Goucher White Plains Fire District	Totals
Revenues										
Taxes	\$ 67,982	\$ 99,830	\$ 223,378	\$ 85,747	\$ 614,799	\$ 76,092	\$ 160,016	\$ 39,415	\$ 102,757	\$ 1,470,016
Expenditures										
Current										
Public safety	97,463	146,872	266,511	135,932	632,225	130,517	201,927	80,595	139,918	1,831,960
Excess (Deficiency) of Revenues Over Expenditures	(29,481)	(47,042)	(43,133)	(50,185)	(17,426)	(54,425)	(41,911)	(41,180)	(37,161)	(361,944)
Other Financing Sources										
Transfers in	46,500	46,500	46,500	46,500	15,000	46,500	46,500	46,500	46,500	387,000
Net Change in Fund Balance	17,019	(542)	3,367	(3,685)	(2,426)	(7,925)	4,589	5,320	9,339	25,056
Fund Balance - Beginning of Year	(12,746)	3,767	14,729	14,386	19,407	16,116	4,007	-	-	59,666
Fund Balance - End of Year	<u>\$ 4,273</u>	<u>\$ 3,225</u>	<u>\$ 18,096</u>	<u>\$ 10,701</u>	<u>\$ 16,981</u>	<u>\$ 8,191</u>	<u>\$ 8,596</u>	<u>\$ 5,320</u>	<u>\$ 9,339</u>	<u>\$ 84,722</u>



CHEROKEE COUNTY, SOUTH CAROLINA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 JUNE 30, 2017

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	\$ 38,960	\$ 3,321,348	\$ 115,728	\$ -	\$ 16,629,323
Public safety	497,845	254,958	9,724,052	23,332	6,486,859	-	-	16,987,046
Transportation	-	-	139,221	-	1,523,085	30,619,256	-	32,281,562
Health and human services	-	107,500	877,803	7,145	164,446	-	-	1,156,894
Environmental and housing	-	715,026	694,679	123,681	4,318,499	-	-	5,851,885
Culture and recreation	-	215,526	2,699,915	48,310	877,218	-	1,103,732	4,944,701
Total	<u>\$ 497,845</u>	<u>\$ 1,688,895</u>	<u>\$ 26,893,072</u>	<u>\$ 241,428</u>	<u>\$ 16,691,455</u>	<u>\$ 30,734,984</u>	<u>\$ 1,103,732</u>	<u>\$ 77,851,411</u>

CHEROKEE COUNTY, SOUTH CAROLINA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
 JUNE 30, 2017

Function and Activity	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
General government	\$ 16,419,607	\$ 232,042	\$ 22,326	\$ 16,629,323
Public safety	16,167,847	459,749	138,395	16,489,201
Transportation	30,089,880	2,191,682	-	32,281,562
Health and human services	1,145,220	11,674	-	1,156,894
Environmental and housing	5,362,151	688,509	198,775	5,851,885
Culture and recreation	4,873,389	72,435	1,123	4,944,701
Total	<u>\$ 74,058,094</u>	<u>\$ 3,656,091</u>	<u>\$ 360,619</u>	<u>\$ 77,353,566</u>
Construction In Progress	<u>\$ -</u>	<u>\$ 497,845</u>	<u>\$ -</u>	<u>\$ 497,845</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.

<b>Contents</b>	<b>Page</b>
Financial Trends Information	84-88
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	89-92
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
Debt Capacity Information	93-96
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	97-99
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	100-101
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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 37,570,610	\$ 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
Restricted	9,971,317	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
Unrestricted	3,838,901	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
Total Governmental Activities Net Position	<u>51,380,828</u>	<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>
<b>Business-type Activities</b>										
Net investment in capital assets	-	-	500,757	554,905	533,959	599,338	657,557	907,982	922,608	922,608
Unrestricted	-	-	(2,518,035)	2,303,871	2,097,497	1,751,849	827,393	398,351	388,277	388,277
Total Business-type Activities Net Position	<u>-</u>	<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>
<b>Primary Government</b>										
Net investment in capital assets	37,570,610	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
Restricted	9,971,317	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
Unrestricted	3,838,901	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
Total Primary Government Net Position	<u>\$ 51,380,828</u>	<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>

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
<u>Governmental Activities:</u>										
General government	\$ 9,075,414	\$ 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
Public safety	12,549,976	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
Transportation	4,730,303	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
Health and human services	1,022,910	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
Environmental and housing	2,823,167	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
Cultural and recreation	1,309,948	913,265	932,229	940,887	923,610	1,000,711	995,656	989,499	988,793	979,020
Economic Development	-	241,728	-	-	-	-	-	-	-	-
Other	2,949	-	-	-	-	-	-	-	-	-
Unallocated interest expense	206,550	227,403	247,521	428,632	297,181	338,050	118,486	106,411	149,342	190,665
Total Governmental Activities Expenses	31,721,217	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
<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
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
Total Primary Government Expenses	31,721,217	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
<b>Program Revenues</b>										
<u>Governmental Activities:</u>										
Charges for services										
General government	1,341,954	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
Public safety	632,661	587,388	618,777	582,832	559,290	557,972	639,776	687,036	1,201,382	872,959
Transportation	-	-	-	-	-	-	-	83	131	-
Health and human services	155,398	185,027	210,268	210,274	201,636	233,170	239,331	193,361	207,674	127,279
Environmental and housing	417,972	312,837	342,482	280,138	262,387	582,765	513,058	406,528	185,596	260,938
Cultural and recreation	40,295	45,762	38,212	35,544	40,521	44,212	43,677	-	-	-
Other	-	-	-	-	-	-	-	42,460	41,021	37,378
Operating grants and contributions	3,796,009	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
Capital grants and contributions	552,225	425,506	607,976	485,757	1,316,162	873,927	1,083,180	625,121	1,026,399	2,020,221
Total Governmental Activities Program Revenues	\$ 6,936,514	\$ 11,391,579	\$ 6,366,585	\$ 6,083,770	\$ 6,185,104	\$ 5,757,953	\$ 7,543,039	\$ 6,173,624	\$ 6,447,958	\$ 7,543,039
<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
Total Business-type Activities Program Revenues	-	3,795,758	8,687,868	8,566,325	8,336,570	8,114,108	7,685,471	8,158,560	7,320,992	7,685,471
Total Primary Government Program Revenues	6,936,514	15,187,337	15,054,453	14,650,095	14,332,184	13,872,061	15,228,510	14,332,184	13,768,950	15,228,510
<b>Net (Expense) Revenue</b>										
Governmental Activities	(24,784,703)	(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)
Business-type Activities	-	(538,127)	716,231	1,031,269	670,620	650,069	179,806	(202,186)	(466,646)	(51,395)
Total Primary Government	\$ (24,784,703)	\$ (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)

Table 2 - Continued

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
<u>Governmental Activities:</u>										
Taxes	\$ 20,139,461	\$ 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
Unrestricted state aid to political subdivisions	2,151,798	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
Unrestricted investment earnings	107,071	40,150	37,695	36,492	14,893	49,000	86,089	102,750	152,621	504,601
Miscellaneous	1,025,455	340,733	369,861	219,243	112,555	86,699	196,524	144,776	177,816	111,843
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)
Total Governmental Activities	23,423,785	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
<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
Total Business-type Activities	-	2,555,405	-	(212,100)	1,068	(1,189)	197,634	187,444	166,944	182,726
Total Primary Government	23,423,785	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
<b>Change in Net Position</b>										
Governmental Activities	(1,360,918)	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
Business-type Activities	-	2,017,278	716,231	227,319	671,688	178,617	(4,552)	(279,202)	115,549	131,331
Total Primary Government	<u>\$ (1,360,918)</u>	<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>

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									
	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829,019	\$ 936,322	\$ 723,348
Unreserved	-	-	-	-	-	-	-	10,371,760	10,510,800	11,600,545
Nonspendable	399,912	216,120	282,997	209,952	312,223	183,018	181,869	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	1,937,136	-	-	-
Assigned	4,892,361	4,470,846	3,600,135	2,793,932	2,793,722	2,561,859	2,263,498	-	-	-
Unassigned	24,735,237	24,554,144	11,422,304	10,421,313	8,398,736	9,225,466	7,291,827	-	-	-
Total General Fund	30,027,510	29,241,110	15,305,436	13,425,197	11,504,681	11,970,343	11,674,330	11,200,779	11,447,122	12,323,893
<b>All Other Governmental Funds</b>										
Reserved										
Debt service	-	-	-	-	-	-	-	1,180,984	1,379,643	1,202,248
Other reserves	-	-	-	-	-	-	-	25,439	19,962	18,223
Unreserved, reported in:										
Capital projects	-	-	-	-	-	-	-	5,053,873	4,652,669	5,096,517
Special revenue funds	-	-	-	-	-	-	-	4,012,393	2,770,969	2,644,447
Nonspendable	13,978	2,870,261	1,113,592	389,581	277,843	11,478	11,456	-	-	-
Restricted	9,970,065	8,553,867	7,370,241	4,079,190	3,279,724	5,264,163	13,256,724	-	-	-
Assigned	2,505,485	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	12,489,528	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
Total Governmental Fund Balance	<u>\$ 42,517,038</u>	<u>\$ 44,441,797</u>	<u>\$ 27,209,961</u>	<u>\$ 21,654,245</u>	<u>\$ 18,951,699</u>	<u>\$ 23,848,015</u>	<u>\$ 31,217,615</u>	<u>\$ 21,473,468</u>	<u>\$ 20,270,365</u>	<u>\$ 21,285,328</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Taxes	\$ 18,724,332	\$ 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
Licenses and permits	246,684	553,357	201,238	146,092	152,487	162,036	177,446	155,091	152,132	236,839
Intergovernmental	7,256,364	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
Charges for services	926,332	846,448	880,891	716,515	747,521	974,003	1,052,764	909,095	844,946	836,715
Contributions	472,004	50,000	306,733	-	-	-	-	-	-	-
Fines	598,771	618,700	628,046	657,793	605,233	596,815	666,618	642,414	823,834	864,270
Interest	107,428	40,176	37,696	36,493	14,893	49,001	86,149	102,979	162,608	547,607
Miscellaneous	2,031,706	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
<b>Total Revenues</b>	<b>30,363,621</b>	<b>33,402,893</b>	<b>27,380,515</b>	<b>26,898,853</b>	<b>25,033,960</b>	<b>24,310,615</b>	<b>23,804,199</b>	<b>24,626,289</b>	<b>24,347,318</b>	<b>26,137,436</b>
<b>Expenditures</b>										
General government	7,795,913	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
Public safety	12,383,527	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
Transportation	5,679,472	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
Health and human services	987,442	968,801	972,716	951,177	1,045,886	970,910	1,034,326	1,054,423	1,014,173	1,038,232
Environmental and housing	3,190,842	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
Culture and recreation	1,213,435	838,001	862,880	852,811	824,456	877,576	878,156	874,088	863,909	888,363
Other	2,949	241,728	33,750	-	-	-	-	-	-	-
Capital outlay	293,780	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
Debt service										
Interest	210,120	230,860	250,920	268,066	301,142	352,670	62,044	111,398	154,425	195,537
Principal	630,000	610,000	601,388	584,724	564,875	807,004	1,041,500	984,236	862,350	826,750
<b>Total Expenditures</b>	<b>32,387,480</b>	<b>27,767,239</b>	<b>25,934,135</b>	<b>25,026,906</b>	<b>29,878,564</b>	<b>31,361,414</b>	<b>23,229,784</b>	<b>23,725,553</b>	<b>24,674,837</b>	<b>23,982,366</b>
Excess of Revenues Over (Under) Expenditures	(2,023,859)	5,635,654	1,446,380	1,871,947	(4,844,604)	(7,050,799)	574,415	900,736	(327,519)	2,155,070
<b>Other Financing Sources (Uses)</b>										
Proceeds from capital lease	-	-	-	-	-	47,366	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-	-	9,000,000	-	-	-
Transfers in (out)	99,099	11,596,183	4,109,335	238,750	106,748	(216,168)	1,189	(197,633)	(187,444)	(166,944)
<b>Total Other Financing Sources (Uses)</b>	<b>99,099</b>	<b>11,596,183</b>	<b>4,109,335</b>	<b>238,750</b>	<b>106,748</b>	<b>(168,802)</b>	<b>9,001,189</b>	<b>(197,633)</b>	<b>(187,444)</b>	<b>(166,944)</b>
<b>Special Item</b>										
Forgiveness of advance due to Enterprise Fund	-	-	-	591,850	-	-	-	-	-	-
<b>Net Change in Fund Balance</b>	<b>\$ (1,924,760)</b>	<b>\$ 17,231,837</b>	<b>\$ 5,555,715</b>	<b>\$ 2,702,547</b>	<b>\$ (4,737,856)</b>	<b>\$ (7,219,601)</b>	<b>\$ 9,575,604</b>	<b>\$ 703,103</b>	<b>\$ (514,963)</b>	<b>\$ 1,988,126</b>
Debt Service as a Percentage of Noncapital Expenditures	2.98%	3.43%	3.91%	3.89%	5.46%	5.37%	5.15%	4.73%	4.57%	5.64%

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
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%
2017	2016	109,176,390	70,167,449	(6,665,250)	172,678,589	91.60	3,034,419,669	5.69%

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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>County Wide Tax Rates</b>										
Operating	70.90	70.90	69.90	69.90	64.50	64.50	64.50	64.50	66.40	64.34
Library	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.30	4.30
Recreation	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.50	3.50
Cherokee Tech	2.60	2.60	1.70	1.70	1.70	1.70	1.70	1.70	1.80	1.75
Capital Fund	5.50	5.50	4.00	4.00	4.00	4.00	4.00	4.00	4.15	4.40
Debt Service	5.00	5.00	5.00	5.00	5.10	5.10	5.10	5.10	5.20	5.20
Airport Funds	0.00	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.25
<b>City Rates</b>	120.80	120.80	120.80	120.80	115.00	115.00	115.00	115.00	119.90	119.90
<b>Town of Blacksburg</b>	175.00	179.00	162.10	159.80	156.10	206.50	206.50	156.20	171.20	0.00
School District Rate	168.90	168.90	168.90	168.90	166.90	166.90	166.90	166.90	166.90	161.77
<b>Special District Rates</b>										
CKC	13.00	13.00	12.00	12.00	12.00	12.00	12.00	12.30	12.00	12.00
Buffalo	14.00	14.00	13.50	14.00	13.00	13.00	13.00	15.00	13.00	13.00
Antioch	7.90	7.90	8.00	7.90	8.00	8.00	8.00	7.90	8.00	8.00
Corinth	14.50	14.50	15.00	14.50	15.00	15.00	15.00	15.00	15.00	15.00
Cherokee Creek	18.00	12.00	10.90	10.60	10.90	10.80	10.90	10.90	10.80	10.80
Greater Gaffney	12.00	12.00	12.00	12.00	12.00	12.00	12.00	11.20	12.00	12.00
Macedonia	8.00	8.00	8.00	8.00	7.90	7.90	7.90	7.90	8.00	8.00
Grassy Pond	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Goucher	15.00	-	-	-	-	-	-	-	-	-
DMW Dire	15.00	-	-	-	-	-	-	-	-	-

Source: County Treasurer's Office

Table 7

Cherokee County, South Carolina  
Principal Property Taxpayers  
June 30, 2017 and 2008

Taxpayer	2017			2008		
	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
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	10,298,791	9,612,499	93.34%	379,462	9,991,961	97.02%
2016	10,530,223	9,787,892	92.95%	628,975	10,416,867	98.92%
2017	11,003,284	10,309,737	93.70%	-	10,309,737	0.00%

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			
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
2017	5,550,000	-	-	4,000,000	-	-	9,550,000	0.6%	167

## 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, 2017

Jurisdiction	Debt Outstanding	Estimated Percent Applicable (1)	Estimated Share of Direct and Overlapping Debt
<b>Direct Debt:</b>			
Cherokee County	\$ 9,550,000	100.00%	<u>\$ 9,550,000</u>
<b>Overlapping Debt:</b>			
City of Gaffney	2,050,979	100.00%	2,050,979
Town of Blacksburg	254,616	100.00%	254,616
Cherokee County School District No. 1	74,392,002	100.00%	74,392,002
SCAGO Education Facilities (on behalf of CCSD#1)	26,905,000	100.00%	<u>26,905,000</u>
Total Overlapping Debt			<u>103,602,597</u>
Total Direct and Overlapping Debt			<u><u>\$ 113,152,597</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 2017**

Assessed valuation	\$ 179,343,839
Less: Exemptions	<u>6,665,250</u>
Net assessed value	<u>\$ 172,678,589</u>
Debt limit - 8 percent of total assessed value	\$ 13,814,287
Total debt	9,550,000
Less: amount set aside for repayment of GO bonds	(1,520,525)
Less: amount available for repayment of CCEDC loan	<u>(4,000,000)</u>
Debt qualifying for margin	<u>4,029,475</u>
Legal debt margin	<u>\$ 9,784,812</u>

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 13,814,287	\$ 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
Total Net Debt Applicable to Limit	4,029,475	4,827,984	5,583,841	6,313,125	7,021,886	8,455,406	8,550,792	381,933	75,357	852,752
Legal Debt Margin	<u>\$ 9,784,812</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.17%	36.27%	48.29%	48.39%	56.48%	68.86%	3.25%	0.63%	7.23%	13.85%
Total Net General Bonded Debt as a Percentage of Actual Taxable Value of Property	0.13%	0.14%	0.19%	0.26%	0.30%	0.30%	0.01%	0.00%	0.03%	0.06%
Total Net General Bonded Debt per Capita	\$ 70.65	\$ 70.90	\$ 99.45	\$ 112.22	\$ 152.24	\$ 156.28	\$ 7.02	\$ 1.39	\$ 15.79	\$ 30.14

## 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 <sup>1</sup> OF PROPERTY	PER CAPITA <sup>2</sup>
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
2017	5,550,000	1,520,524	4,029,476	0.13%	71

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

<sup>1</sup> Property value data can be found on Table 5

<sup>2</sup> 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)
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%
2017	57,037	1,700,836,000	29,820	9,024	4.40%

## Notes:

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

Table 14

Cherokee County, South Carolina  
Principal Employers  
June 30, 2017 and 2008

Company or Organization	June 30, 2017			June 30, 2008		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Nestle	1,350	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	450	3	3.75%			2.77%
The Timken Company	1,000	4	3.09%	1,100	3	6.23%
Freightliner	909	5	2.20%	640	4	4.05%
Milliken & Co. Magnolia Finishing Plant	989	7	1.77%			2.80%
Jetline	225	8	0.99%			
Brown Packing Co. Inc	350	9	0.88%	350	8	2.18%
ADS Logistics				300	10	1.87%
Springfield	246	10	0.75%			
Parkdale Mills	145	11	0.64%			
Ply Gem Siding Group	145	12	0.64%			
Carolina Cotton Works	140	13	0.62%			
Boyd Corp	125	14	0.55%			
Kapstone	110	15	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%
Limestone				250	12	1.56%

Table 15

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

Function	2017*	2016*	2015*	2014*	2013*	2012*	2011*	2010*	2009*	2008*
General government	141	113	106	103	103	94	88	99	102	100
Public safety	135	133	135	131	138	131	123	131	137	137
Transportation	6	10	7	8	12	11	11	15	16	16
Health and human services	23	19	19	21	21	22	26	34	49	49
Total full-time equivalent employees	<u>305</u>	<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>

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Sheriff										
Incident Reports Filed**	10,174	5,786	6,993	5,568	4,901	4,550	5,048	3,877	4,087	4,601
DARE Graduates	3,465	569**	3,437	762	837	702	753	678	727	761
Detention Center										
Persons Arrested and Booked	3,364	3,689	3,747	3,844	3,997	3,502	4,147	4,272	4,346	4,875
E911										
Calls Dispatched to Sheriff Department	23,061	33,973	33,375	30,099	29,853	30,059	24,381	20,377	22,056	21,234
Victims Advocate Division										
Victims Assisted	4715	1058	896	884	4,000	3,690	3,545	3,245	3,800	3,601
Landfill/Transfer Station										
Solid Waste Disposal - Tonnage	37,912	38,666	42,889	46,613	47,788	47,713	48,182	48,406	44,749	46,016
Recycle Center										
Recycle - Tonnage	138,638	126,400	127,625	125,812	119,102	114,216	112,318	83,134	83,977	93,185
Public Works										
Roads (miles)	405.65	402	402	333	401	362	366	366	365	365
Public Library										
Registered Borrowers	32,155	43,514	41,995	39,782	38,974	37,803	36,109	28,150	32,276	29,320
Circulation	94,484	145,672	131,013	156,057	163,855	169,239	178,705	199,272	197,147	177,878
Building Inspection										
Single Family Dwelling Permits	111	89	109	71	73	73	72	83	68	119

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Vehicles	32	41	46	41	41	36	36	36	36	35
Law Enforcement Center										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	80	70	70	70	61	68	67	65	63	64
Equipment	2	2	2	2	2	2	2	2	2	2
Detention Center										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	6	5	4	4	3	4	4	4	4	4
Equipment	4	4	4	4	3	4	4	4	4	4
Landfill/Transfer Station										
Buildings	4	4	4	4	4	5	5	5	5	5
Vehicles	3	3	3	3	3	4	4	4	6	8
Equipment	5	7	7	7	9	10	10	9	9	9
Recycle Center										
Buildings	5	5	5	5	5	4	4	4	4	4
Vehicles	7	7	7	8	8	8	8	8	8	10
Equipment	9	9	7	8	9	8	8	8	10	9
Drop off Stations	7	7	7	7	7	7	7	7	7	6
Road and Bridges										
Buildings	2	2	2	2	2	2	2	2	2	2
Vehicles	19	15	18	16	15	18	18	20	19	20
Equipment	21	25	25	26	26	26	26	26	26	26
Solid Waste Collections										
Buildings	2	2	2	2	2	2	2	2	2	2
Vehicles	19	17	20	16	14	15	18	17	15	14
Emergency Management										
Vehicles	1	1	1	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, 2017

	<u>Collections (2),(3)</u>	<u>Amount Remitted to County Treasurer</u>	<u>Amount Remitted to State Treasurer(1)</u>	<u>Amount Allocated to Victims' Services</u>
<b>Clerk of Court:</b>				
Fines and Fees	\$ 481,795	\$ 182,065	\$ 299,730	\$ -
Assessments	20,445		13,248	7,197
Surcharges	33,328		15,942	17,386
Pullouts	1,208		1,208	-
Total	<u>\$ 536,776</u>	<u>\$ 182,065</u>	<u>\$ 330,128</u>	<u>\$ 24,583</u>
<b>Magistrate Court:</b>				
Fines and Fees	\$ 339,694	\$ 339,694	\$ -	\$ -
Assessments	354,282		319,654	34,628
Surcharges	160,600		148,295	12,305
Pullouts	17,800		17,800	-
Total	<u>\$ 872,376</u>	<u>\$ 339,694</u>	<u>\$ 485,749</u>	<u>\$ 46,933</u>
<b>Victim Assistance:</b>				
Amount reserved for victim assistance, 6/30/16				\$ -
Plus: Amounts allocated for victim assistance, 7/1/16 - 6/30/17				
Assessments and surcharges				71,516
Less: Amounts spent for victim assistance in fiscal year 2017 from				
assessments and surcharges				
Salaries and benefits - 2017				71,516
Balance reserved for victim assistance, 6/30/16				<u>\$ 143,032</u>

<sup>1</sup> Includes payments forwarded for Public Defender of \$14,141.

<sup>2</sup> Does not include civil fees collected of \$196,918 retained by county treasurer.

<sup>3</sup> Does not include Indigent Defense amounts of \$33,514 sent directly to Indigent Defense.

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