
Budget User's Guide

Charleston County

It is our objective to present budgetary information as clearly and concisely as possible. The following constitutes a "Budget User's Guide" for the interested citizen:

The County prepares two budget documents: the **Approved Budget Detail Book** and the **Approved Budget Narrative Book**. The Detail Book provides comprehensive capital listings; full-time equivalent (FTE) listings that break down full-time employees by position and pay grade; and copies of the County's line item budget. The Narrative Book presents the County's operating budget through schedules and narratives focusing on major changes from the prior year. This User's Guide is customized for the Budget Narrative Book.

The Budget Narrative Book is divided into sixteen sections: Performance Measures, Overview, Schedules, Council Agencies, Elected Officials, Appointed Officials, County Administrator, Deputy Administrator Community Services, Deputy Administrator Finance, Deputy Administrator General Services, Deputy Administrator Human Services, Deputy Administrator Transportation & Public Works, Capital, Debt, Long Term Financial Plans, and Appendix.

Following the **Table of Contents** and **Charleston County At A Glance** is the **County Administrator's Letter to Citizens**, which discusses the contents of the Approved Budget, major policy issues impacting the current budget, and anticipated challenges for future budgets. The introduction to the narrative book also includes the **Organizational Chart** and information about **County Council and Elected and Appointed Officials**. The **Budget Highlights** points out the approved budget's significant elements, addressing frequently asked questions like: "How much is the County's current fiscal year operating budget?" and "Is there a tax increase?".

The first section, **Performance Measures**, provides an overview of the County's performance measures program. The section opens with the **County's Mission and Values**. In the **Performance Measures' Guide**, the County's Initiatives (goals) and the process used to develop measures from the initiatives are described. **Notable Results** in meeting these measures during the current fiscal year are highlighted. Additional department measures are outlined in the budget narrative sections.

The **Overview** provides a **User Guide** and an analysis of the various funds. The **Description of Funds** and **Fund Balance Changes** provide a brief explanation of various fund types included in this document, and a total budget of expenditures for each fund type and fund and changes from the previous year. The **Budget Analysis** portion highlights major changes in the County's budgets and decisions made during Council's deliberations. This section also outlines financial policies, short and long-term goals, new activities and programs, and provides an explanation of revenue assumptions. The **Major Revenue Sources** section indicates the County's largest revenue sources and addresses trends to determine revenue estimates.

The **Schedules** segment includes a high level summary of the County's available funds and disbursements. It also contains a summary of revenues, expenditures, interfund transfers, and authorized permanent positions for all funds. The summaries are illustrated by graphs detailing the sources of revenues, the function of the expenditures, and authorized positions. The last section displays individual fund statements of revenues and expenditures. This section answers such budget questions as "How many permanent employees does the County have and what divisions do they work in?"; "How much revenue is budgeted for the current

Budget User's Guide

Charleston County

fiscal year and what are the sources of this funding?"; and "What is the County's total current fiscal year expenditure budget?"

The County's operating budgets are divided into nine major directorates: ***Council Agencies, Elected Officials, Appointed Officials, County Administrator, Deputy Administrator Community Services, Deputy Administrator Finance, Deputy Administrator General Services, Deputy Administrator Human Services, and Deputy Administrator Transportation & Public Works.*** Individual departmental budgets and narratives are listed alphabetically within each section. Each budget narrative is generally divided into four sections: Mission, Department or Division Summary, Funding Adjustments and Performance Measures. Where appropriate, a departmental organizational chart is included. A detailed discussion of the budget narrative is outlined below.

The County's Capital Improvement Program is presented in the ***Capital*** section and provides detailed information about the County's Capital Improvement Plan. A brief description of each project is included with estimated cash flows, operating costs or savings, and funding sources.

The County's outstanding debt and repayment schedule is included in the ***Debt*** section. The section outlines the County's Debt Policy and the Debt Management Plan, and the State's Constitutional limit on debt capacity for all governmental agencies and information about the County's rating with the three rating agencies.

The ***Long Term Financial Plans*** section is used to identify future financial challenges and opportunities through financial forecasting and analysis. Based on that information, strategies are devised to achieve financial sustainability.

Finally, the ***Appendix*** section contains a **Community Profile**, a description of the County's overall **Budget Process** and **Financial System**; the **Financial Policies**; general statistical information; the **Budget Ordinances**; a **Glossary** of terms and concepts; a listing of **Acronyms**; and an **Index**.

A GUIDE TO UNDERSTANDING THE BUDGET NARRATIVE SECTION

1. **Department** – The primary organizational unit within the County. Each department performs a specific function.
2. **Fund** – An independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The County maintains the minimum number of funds consistent with legal and managerial requirements.
3. **Function** – A list of activities used to classify resources in broad service areas.
4. **Division / Program** – A smaller component of a department organized to easily track resources and related expenditures.
5. **Mission** – A concise statement that defines the purpose of the department or division.

Budget User's Guide

Charleston County

6. **Service Provided** – A short overview and explanation of the services provided to the organization and/or citizens by the departments.
7. **Department or Division Summary** – A recap of financial information for four fiscal years, two years of the most recent audited figures, the previous year's adjusted budget and Council's approved current year. In addition, the dollar and percentage change from the previous fiscal year is computed. The financial information is broken down by major categories of revenue and objects of expenditure (i.e., personnel, operating, and capital expenditures).
8. **Funding Adjustment** – This section is broken down into several categories: revenues, major objects of expenditure and other relevant categories. This section reflects significant changes in funding from the previous fiscal year.

1

2

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8

BUDGET

GENERAL FUND **GENERAL GOVERNMENT**

Division/Program – Where Applicable

Mission: The Budget Department provides financial services and assists departments with the administration of grant awards in order to maintain the County's financial integrity and accountability and to support effective decision-making.

Services Provided:

- Develop and monitor annual operating and capital budgets
- Formulate financial strategies including multi-year financial plans
- Assist in management of state and federal grants

Departmental Summary:

	<u>FY 2013 Actual</u>	<u>FY 2014 Actual</u>	<u>FY 2015 Adjusted</u>	<u>FY 2016 Approved</u>	<u>Change</u>	<u>Percent Change</u>
Positions/FTE	7.00	8.00	8.00	8.00	-	0.0
Personnel	\$ 608,913	\$ 611,135	\$ 714,148	\$ 723,383	\$ 9,235	1.3
Operating	16,409	21,465	16,302	18,946	2,644	16.2
Capital	-	-	-	-	-	0.0
TOTAL EXPENDITURES	\$ 625,322	\$ 632,600	\$ 730,450	\$ 742,329	\$ 11,879	1.6

Funding Adjustments for FY 2016 Include:

- Personnel costs reflect projected compensation, including the continuation of the longevity program and the addition of a merit pay program.
- Operating expenditures reflect an increase in staff training due to a certification received in calendar year 2014.

Budget User's Guide

Charleston County

9. Performance Measures – This section is divided into five sections:

- **County Initiatives** – The five County goals that set the direction of departments in fulfilling the mission and values of Charleston County. Departments state their department goals based on the County initiatives.
- **Department Goals** – Accomplishments grouped based on how they meet the County Initiatives.
- **Objectives** – Well-defined and measurable targets that describe how the department will reach their goals within an achievable time frame.
- **Measures** – The objective accomplished through delivery of products, services, or processes, measured in the previous years and planned for the current year.
- **Action Steps** – These short-term and long-term projects for departments are used as the method of accomplishing goals.

Additional information pertaining to performance measures can be referenced in the Performance Measures section on pages B-1 to B-7.

9

Performance Measures:

Initiative IV: Workflow Analysis-Process Management

Department Goal 1: Determine financial resources necessary for the County's functions.

Objective 1(a): Annually update a five-year plan for the General Fund, the Debt Service Fund, the Transportation Sales Tax Special Revenue Fund, and the Environmental Management Enterprise Fund that incorporates the Capital Improvement Plan and equipment replacement program.

Objective 1(b): Estimate General Fund budgeted revenues within 2% of actuals.

Initiative V: Quality Control

Department Goal 2: Ensure compliance with grant terms and conditions.

Objective 2: Work with departments to ensure zero audit findings and/or questioned costs in the Single Audit.

MEASURES:

	Objective	FY 2014 Actual	FY 2015 Actual	FY 2016 Projected
Input:				
Number of Federal Awards	2	72	62	67
Output:				
Budgeted General Fund revenues ¹	1(a)	183,646,487	187,385,953	202,517,925
Actual General Fund revenues ^{2,3}	1(a)	187,025,101	185,958,589	202,517,925
Efficiency:				
Dollar amount of Single Audit questioned costs	2	\$0	\$0	\$0
Outcome:				
Five-year plans prepared	1(b)	100%	100%	100%
Percent of revenue variance ¹	1(a)	1.8%	(0.8%)	0%
Single Audit findings	2	0	0	0
Percent of Single Audit questioned costs	2	0.0%	0.0%	0.0%

¹ FY 2014 and FY 2015 represent a one-time adjustment for an accounting change made to budgeted revenues are reflected in the actuals.

² FY 2015 Actual reflects the projection at time of budget preparation.

³ FY 2016 reflects 100% of the revenue amount.

2016 ACTION STEPS

Department Goal 1

➤ Assist with the upgrade of the County's financial system.

Budget User's Guide

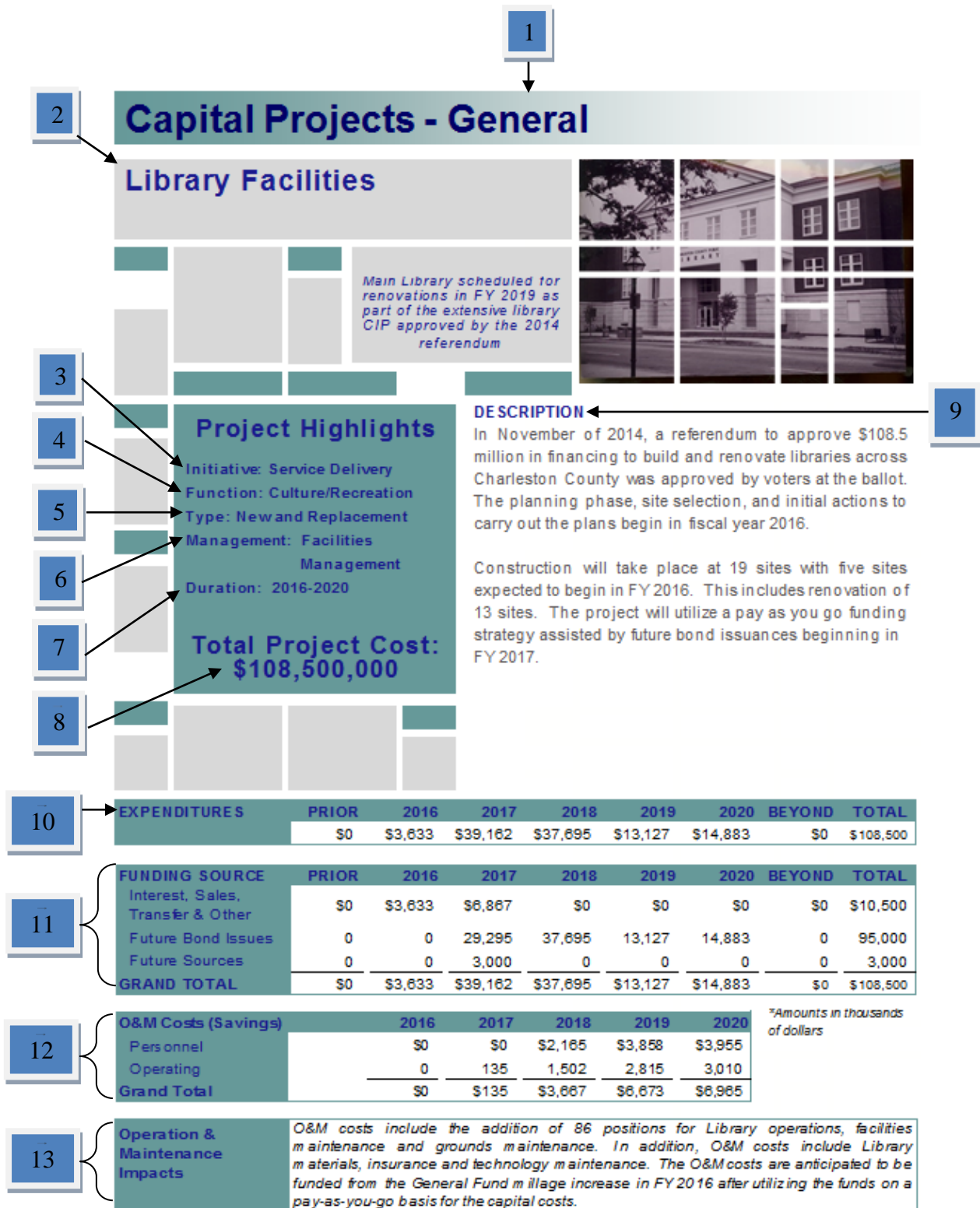
Charleston County

A GUIDE TO UNDERSTANDING THE CAPITAL IMPROVEMENT PLAN SECTION

1. **Capital Improvement Plan (CIP)** – Indicates which of the three plans the capital project belongs to: the General Capital Improvement Plan, the Transportation Sales Tax Comprehensive Plan of Expenditures, or the Environmental Management Enterprise Fund.
2. **Project Name** – The name of the particular capital project being described.
3. **Initiative** – This section indicates which of the five County Initiatives the project aims to serve. County Initiatives are listed in the Performance Measures Guide in Section B of this Budget document.
4. **Function** – The capital asset will be utilized to serve a vital function of Charleston County; either general government, judicial, public safety, public works, health/welfare, culture/recreation, education, or economic development.
5. **Type** – The type of project indicates whether it will be a new capital asset, a new replacement of an old capital asset, or a renovation/upgrade of an existing capital asset.
6. **Management** – Department in Charleston County that is overseeing the capital project.
7. **Duration** – Time span over which the project is expected to last.
8. **Total Project Cost** – Total cost during the project, excluding impacts on the operating budget.
9. **Project Description** – Explanation of the project including important key points.
10. **Expenditures** – Breakdown of the expected dollar amount of spending allocated to the project per year over the course of the five year CIP.
11. **Funding Source** – Breakdown of the expected sources of funding, per year, to align with the expenditures allocated to the project each year over the course of the five year CIP. Projects are normally funded by either existing bond issues; revenue from interest, sales, transfers, and other sources; future bond issues; or future sources to be identified later.
12. **Operating and Maintenance Costs (Savings)** – The expected dollar amount of impact on the operating budget once the project is completed and in operation. The impact includes the increase or savings in personnel costs associated with the capital asset once the project is completed. The impact also quantifies the expected increases or savings in operating spending associated with the particular project.
13. **Operations and Maintenance Impacts** – This section describes why and/or how the correlating costs or savings in section 12 were determined.

Budget User's Guide

Charleston County



Description of Funds

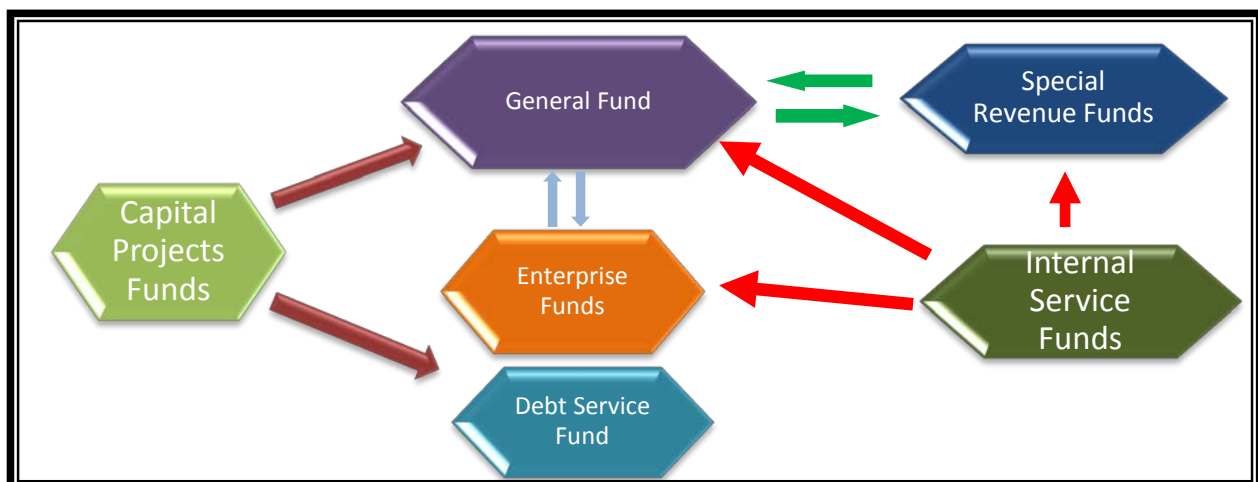
Charleston County

Charleston County utilizes fund accounting to maintain its financial records. A fund is an independent fiscal entity with assets, liabilities, reserves, residual balances, revenues and expenditures for undertaking various activities. The County's funds are divided into governmental and proprietary fund types, which are defined below.

- **Governmental Funds are used to provide public services.**
 - **General Fund** provides services primarily through tax revenue and is used to account for all financial resources of the government except for those required to be accounted for in another fund.
 - **Debt Service Fund** repays the principal and interest on the County's long-term debt.
 - **Special Revenue Funds** account for revenues legally restricted for particular purposes. Often Special Revenue Funds are associated with grants.
 - **Capital Projects Funds** account for major spending on equipment and facilities.
- **Proprietary Funds are operated similar to private industry (business).**
 - **Enterprise Funds** provide services outside of the County and are supported primarily by service charges.
 - **Internal Service Funds** provide services within the County and are supported primarily by fees charged to County departments and agencies.

Although each of the above funds can stand alone, there are also on-going financial relationships between governmental and proprietary funds.

- Amounts required for the **Capital Projects Funds** are used to determine the funding level for the **Debt Service Fund**. Once a capital project is complete, the operating and maintenance associated with the project influence the **General Fund**.
- Services provided by **Internal Service Funds** impact operating costs for the **General Fund**, **Enterprise Funds** and **Special Revenue Funds**.
- **Enterprise Funds** and **Special Revenue Funds** often rely on the **General Fund** for supplemental funding. In addition, the **Enterprise Funds** and **Special Revenue Funds** reimburse the **General Fund** for costs associated with the funds operations.



The table above illustrates the relationships between Governmental and Proprietary Fund.

Description of Funds

Charleston County

The following table presents the County's organizational structure by fund type.

Organization	General Fund	Debt Service Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
County Council	1,613,801					1,613,801
Accommodations Tax: State			62,000			62,000
Accommodations Tax: Local			17,239,454			17,239,454
Administrator	936,904		100,000			1,036,904
Assessor	4,301,150					4,301,150
Auditor	2,229,335					2,229,335
Budget	742,329					742,329
Building Inspections	1,735,590		20,878			1,756,468
Clerk of Court	3,681,737		1,035,000			4,716,737
Community Services	1,884,188					1,884,188
Consolidated Dispatch	6,915,661			2,853,439		9,769,100
Coroner	1,547,275					1,547,275
DAODAS				11,244,139		11,244,139
Deputy Admin Finance	463,041					463,041
Deputy Admin General Services	399,636					399,636
Deputy Admin Human Services	413,347					413,347
Economic Development			3,208,040			3,208,040
Elections/Voter Registration	1,958,597					1,958,597
Emergency Management	815,192		3,152,456			3,967,648
Emergency Medical Service	15,663,519					15,663,519
Environmental Management				27,455,935		27,455,935
Facilities Management	15,490,738			3,844,561		19,335,299
Finance	1,047,862					1,047,862
Fleet Management					15,669,669	15,669,669
Greenbelt Programs			9,149,429			9,149,429
Human Resources	1,490,661				27,858,000	29,348,661
Internal Auditor	228,490					228,490
Legal	1,319,220		122,320			1,441,540
Legislative Delegation	236,121					236,121
Library	15,162,774					15,162,774
Magistrate Courts	4,872,920		76,968			4,949,888
Master-In-Equity	673,584					673,584
Nondepartmental	16,786,160	27,699,762				44,485,922
Probate Courts	2,582,527					2,582,527
Procurement	943,770		326,158		2,500,000	3,769,928
Public Defender	3,097,292		5,229,018			8,326,310
Public Works	11,497,251		2,821,937			14,319,188
Register Mesne Conveyance	1,966,672					1,966,672
Revenue Collections	1,209,500			2,091,590		3,301,090
Safety & Risk Management	2,135,276				5,594,284	7,729,560
Sheriff	65,266,421		1,323,642			66,590,063
Solicitor	5,946,546		2,742,853			8,689,399
State Agencies	377,106					377,106
Technology Services	12,764,805			4,564,634	1,973,225	19,302,664
Transit Agencies			8,361,000			8,361,000
Transportation Development	428,760		51,597,999			52,026,759
Treasurer	1,830,357					1,830,357
Trident Technical College			9,427,000			9,427,000
Veterans Affairs	358,817					358,817
Zoning/Planning	1,733,658		148,436			1,882,094
Total Disbursements	<u>214,748,590</u>	<u>27,699,762</u>	<u>116,144,588</u>	<u>52,054,298</u>	<u>53,595,178</u>	<u>464,242,416</u>

Description of Funds

Charleston County

The following table presents the County's organizational structure by function.

Organization	General Fund	Debt Service Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
County Council	1,613,801					1,613,801
Accommodations Tax: State			62,000			62,000
Accommodations Tax: Local			17,239,454			17,239,454
Administrator	936,904		100,000			1,036,904
Assessor	4,301,150					4,301,150
Auditor	2,229,335					2,229,335
Budget	742,329					742,329
Building Inspections	1,735,590		20,878			1,756,468
Clerk of Court	3,681,737		1,035,000			4,716,737
Community Services	1,884,188					1,884,188
Consolidated Dispatch	6,915,661			2,853,439		9,769,100
Coroner	1,547,275					1,547,275
DAODAS				11,244,139		11,244,139
Deputy Admin Finance	463,041					463,041
Deputy Admin General Services	399,636					399,636
Deputy Admin Human Services	413,347					413,347
Economic Development			3,208,040			3,208,040
Elections/Voter Registration	1,958,597					1,958,597
Emergency Management	815,192		3,152,456			3,967,648
Emergency Medical Service	15,663,519					15,663,519
Environmental Management				27,455,935		27,455,935
Facilities Management	15,490,738			3,844,561		19,335,299
Finance	1,047,862					1,047,862
Fleet Management					15,669,669	15,669,669
Greenbelt Programs			9,149,429			9,149,429
Human Resources	1,490,661				27,858,000	29,348,661
Internal Auditor	228,490					228,490
Legal	1,319,220		122,320			1,441,540
Legislative Delegation	236,121					236,121
Library	15,162,774					15,162,774
Magistrate Courts	4,872,920		76,968			4,949,888
Master-In-Equity	673,584					673,584
Nondepartmental	16,786,160	27,699,762				44,485,922
Probate Courts	2,582,527					2,582,527
Procurement	943,770		326,158		2,500,000	3,769,928
Public Defender	3,097,292		5,229,018			8,326,310
Public Works	11,497,251		2,821,937			14,319,188
Register Mesne Conveyance	1,966,672					1,966,672
Revenue Collections	1,209,500			2,091,590		3,301,090
Safety & Risk Management	2,135,276				5,594,284	7,729,560
Sheriff	65,266,421		1,323,642			66,590,063
Solicitor	5,946,546		2,742,853			8,689,399
State Agencies	377,106					377,106
Technology Services	12,764,805			4,564,634	1,973,225	19,302,664
Transit Agencies			8,361,000			8,361,000
Transportation Development	428,760		51,597,999			52,026,759
Treasurer	1,830,357					1,830,357
Trident Technical College			9,427,000			9,427,000
Veterans Affairs	358,817					358,817
Zoning/Planning	1,733,658		148,436			1,882,094
Total Disbursements	<u>214,748,590</u>	<u>27,699,762</u>	<u>116,144,588</u>	<u>52,054,298</u>	<u>53,595,178</u>	<u>464,242,416</u>

Description of Funds

Charleston County

The Description of Funds provides a brief explanation of various fund types included in this document and a total budget of expenditures for each fund type and fund.

ALL FUND TYPES : \$464,242,416¹

GOVERNMENTAL FUND TYPES : \$358,592,940²

The Governmental Fund types include the General Fund, the Debt Service Fund, the Special Revenue Funds, and the Capital Projects Funds.

GENERAL FUND : \$214,748,590

This fund is the general operating fund of the County and accounts for all financial resources except those required to be accounted for in other funds.

DEBT SERVICE FUND : \$27,699,762

This fund collects resources to service the County's General Obligation Bonds, notes payable, and capital leases.

SPECIAL REVENUE FUNDS : \$116,144,588²

These funds account for revenue sources that are legally restricted to expenditure for specific purposes.

CAPITAL PROJECTS FUNDS

These funds account for capital projects that are financed from the County's General Obligation Bonds, notes payable, sales of property, and transfers from the General Fund. These funds are not included in the annual operating budget due to their project-length budgeting basis.

PROPRIETARY FUND TYPES : \$105,649,476

The Proprietary Fund types include the Enterprise Funds and the Internal Service Funds.

ENTERPRISE FUNDS : \$52,054,298

These funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

INTERNAL SERVICE FUNDS : \$53,595,178

These funds account for operations that provide services to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

¹ Does not reflect \$1,085,215 in budgeted increases in the ending fund balances.

² Does not include grants and does not reflect \$1,085,215 in budgeted increases in the ending fund balances.

Description of Funds

Charleston County

GOVERNMENTAL FUND TYPES

SPECIAL REVENUE FUNDS : \$116,144,588³

These funds account for revenue sources that are legally restricted to expenditure for specific purposes.

Accommodations Tax - Local : \$17,239,454

This fund records a two percent charge for transient room rentals throughout the entire County. This tax is collected by the County. The expenditure of these funds is restricted to tourist-related activities.

Accommodations Tax - State : \$62,000

This fund is used to account for the two percent sales tax collection from transient room rentals in the unincorporated areas of the County. This tax is collected by the State and disbursed to the County. The first \$25,000 and five percent of the amount above \$25,000 are transferred to the General Fund. The expenditure of the funds transferred to the General Fund is unrestricted, and the expenditure of the remaining funds is restricted to tourist-related activities.

Administrator – Summer Youth Program : \$100,000

This fund is used to provide job opportunities for high school and college students to explore possible careers, have a meaningful employment experience, and develop essential work readiness skills.

Building Inspections – Project Impact : \$20,878

This fund accounts for monies received to educate the County's citizens related to addressing natural and man-made hazards of the area.

Clerk of Court - IV-D Child Support Enforcement : \$1,035,000

This fund accounts for federal monies received to enforce child support obligations at the local level.

Economic Development : \$3,208,040

This fund records revenues from the multi-county industrial park fees assessed in lieu of property taxes. These revenues fund economic development activities among local governments. This fund is also used to accelerate growth and development of sizable minority businesses and the entrepreneurial community by building strong relationships and making successful, sustainable connections.

³ Does not reflect \$1,085,215 in budgeted increases in the ending fund balances of several Special Revenue Funds.

Description of Funds

Charleston County

Emergency Management - Awendaw McClellanville Fire Department : \$2,082,617⁴

This fund accounts for the revenues generated by ad valorem property taxes in the Awendaw McClellanville Consolidated Fire Protection District to provide fire protection in the northern end of the County.

Emergency Management – Awendaw Fire Debt Service : \$450,000

This fund accounts for the revenues generated by ad valorem taxes in the Awendaw Consolidated Fire District. The County uses the funds to repay the principal and interest on existing debt issued for the benefit of the Awendaw Fire District.

Emergency Management - East Cooper Fire District : \$145,000

This fund accounts for revenues generated by ad valorem taxes in the district. The County contracts with the Town of Mt. Pleasant to provide fire service for the district.

Emergency Management - Hazardous Materials Enforcement : \$228,239

This fund records the hazardous materials fee charged to various businesses within the County that store or use hazardous materials. These funds are available for training and the acquisition of equipment to assist fire departments within the County in hazardous materials incidents.

Emergency Management - Northern Charleston County Fire District : \$238,600

This fund accounts for revenues generated by ad valorem taxes in the district. The County contracts with several fire departments to provide fire service in the northwest portion of the County.

Emergency Management - West St. Andrew's Fire District : \$8,000⁵

This fund accounts for revenues generated by ad valorem taxes in the district. The County contracts with the St. Andrew's Public Service District to provide fire service for the district.

Greenbelts Programs : \$9,149,429

This fund accounts for revenues generated by the half-cent sales tax for greenbelts.

Legal - Seized Assets : \$122,320

This fund records the revenues from the State seized drug funds for the purpose of prosecuting cases.

Public Defender - Berkeley County : \$954,226

This fund receives monies from the State to supplement Berkeley County's funding to represent indigent persons in Berkeley County.

⁴ Does not reflect \$29,175 in budgeted increase in the ending fund balance.

⁵ Does not reflect \$850 in budgeted increase in the ending fund balance.

Description of Funds

Charleston County

Public Defender - Charleston County : \$4,274,792

This fund receives monies from the State to supplement the County's funding to represent indigent persons in Charleston County.

Public Works – Stormwater Drainage : \$2,821,937

This fund accounts for fees collected in the unincorporated areas of the County to address water quality issues for the County's citizens.

Sheriff - Asset Forfeiture : \$273,100

This fund records the revenues from the seizure of assets associated with the drug trade. These revenues are dedicated to the control of illicit drug traffic.

Sheriff - Programs : \$761,577

This fund accounts for various grants and programs within the Sheriff's Office, the largest of which is the Detention Center Inmate Welfare Fund.

Sheriff - IV-D Child Support Enforcement : \$85,726

This fund accounts for federal monies received to track and distribute IV-D papers.

Solicitor - Alcohol Education Program : \$117,114

This fund receives funding from the State to reduce the alcohol related caseload sent to courts for prosecution and provides key education to youth.

Solicitor – Bond Estreatment : \$5,000⁶

This fund accounts for fines charged for bond forfeiture. These funds can be used at the Solicitor's discretion.

Solicitor – Criminal Domestic Violence Appropriation : \$92,086⁷

This fund receives funding from the State to reduce domestic violence and its impact on our community.

Solicitor - Drug Court : \$315,648⁸

This fund receives funding from the State to provide non-traditional prosecution and incarceration of nonviolent offenders with substance abuse problems.

Solicitor – DUI Appropriation: \$72,673⁹

This fund is used to process magisterial DUI cases and assists and/or prosecutes general session cases to relieve the burden on law enforcement officers who prosecute their own cases.

⁶ Does not reflect \$10,000 in budgeted increase in the ending fund balance.

⁷ Does not reflect \$7,914 in budgeted increase in the ending fund balance.

⁸ Does not reflect \$4,809 in budgeted increase in the ending fund balance.

⁹ Does not reflect \$1,017 in budgeted increase in the ending fund balance.

Description of Funds

Charleston County

Solicitor - Expungement : \$331,328

This fund accounts for fees charged to defendants for record destruction relating to an arrest or conviction.

Solicitor - Juvenile Education : \$108,522

This fund accounts for fees charged to first time juvenile offenders to purge their record from the system.

Solicitor - Pretrial Intervention : \$359,443

This fund accounts for fees charged to first-time defendants entering the program. After successfully completing the program, applicants have their records expunged.

Solicitor - State Appropriation : \$902,068

This fund receives funding from the State to supplement the County's funding of the Solicitor's Office.

Solicitor - Traffic Education Program : \$39,015¹⁰

This fund is fee funded and serves to improve road safety in the community for drivers who have received traffic citations that are four points or less.

Solicitor – Violent Crime Prosecution : \$88,859¹¹

This fund receives funding from the State to accelerate the prosecution of offenders of violent crimes; consequently the acceleration will reduce the detention center population and the number of violent offenders on bond.

Solicitor – Victims' Unclaimed Restitution: \$5,000

This fund accounts for unclaimed restitution from individuals in the Pretrial Intervention Program. These funds are used exclusively for services to victims.

Solicitor - Victim-Witness State Appropriation : \$59,301

This fund accounts for funding from the State to provide assistance to victims and witnesses before, during, and after the court case.

Solicitor - Worthless Check : \$61,676¹²

This fund accounts for fees collected to process worthless checks as a service to victims by assisting in the collection of restitution.

Transportation Development – Special Source Revenue Bond Debt Service: \$16,669,369

This fund accounts for revenues generated by multi-county industrial park fees. The County uses a portion of the funds received to repay the principal and interest on debt issues for road projects. The balance of the funds received are disbursed to taxing entities.

¹⁰ Does not reflect \$20,985 in budgeted increase in the ending fund balance.

¹¹ Does not reflect \$11,141 in budgeted increase in the ending fund balance.

¹² Does not reflect \$324 in budgeted increase in the ending fund balance.

Description of Funds

Charleston County

Transportation Sales Tax - Roads Program : \$35,254,788

This fund accounts for revenues generated by the half-cent sales tax for roads.

Transportation Sales Tax - Transit Agencies : \$8,361,000¹³

This fund accounts for revenues generated by the half-cent sales tax for public transportation.

Trident Technical College : \$6,179,000

This fund accounts for revenues generated by countywide ad valorem taxes. The County remits the entire amount collected to Trident Technical College to fund operation and maintenance of facilities.

Trident Technical College – Debt Service : \$3,248,000

This fund accounts for revenues generated by countywide ad valorem taxes. The County uses the funds to repay the principal and interest on debt issued for the benefit of Trident Technical College.

Victim's Bill of Rights : \$465,327

This fund accumulates fines from General Sessions Court and Magistrates' Courts and provides victim services with these funds according to the State's Victim's Bill of Rights.

Zoning/Planning – Tree Fund : \$148,436

This fund accounts for the collection of fines for improper tree removal to be used for the public beautification through the planting of trees in Charleston County.

¹³ Does not reflect \$999,000 in budgeted increase in the ending fund balance.

Description of Funds

Charleston County

PROPRIETARY FUND TYPES

ENTERPRISE FUNDS : \$52,054,298

These funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Consolidated Dispatch - Emergency 911 Communications : \$2,476,974

This fund records revenues from the State and fees levied countywide through telephone bills to support the Emergency 911 system.

Consolidated Dispatch – Fire and Agency Costs : \$376,492

This fund accounts for fees charged to recover the software maintenance costs shared among local public safety agencies.

Department of Alcohol and Other Drug Abuse Services (DAODAS) : \$11,244,139

This fund records the activity of programs administered by DAODAS. These programs reduce the negative impact of alcohol and other drugs on constituents by planning and implementing comprehensive and effective programs of professional services. State and federal funding, Medicaid, client fees, and other funding sources support these programs.

Environmental Management : \$27,455,935

This fund records the operations of the County's solid waste disposal services and the landfill. This fund also records the County's recycling operations including curbside collection, drop site collection, a materials recovery facility, and a yard waste/mulch facility. These services are funded through a countywide user fee, tipping fees, sale of recyclables, grants, and other revenues.

Facilities Management - Parking Garages : \$3,844,561

This fund accounts for the operation, financing, and construction of County parking facilities.

Revenue Collections : \$2,091,590

This fund accounts for costs to collect the accommodations tax, business licenses, the hazardous material fee, hospitality taxes, stormwater fees, and the solid waste user fee.

Technology Services - Radio Communications : \$4,564,634

This fund accounts for communications support to County agencies and external public safety agencies.

Description of Funds

Charleston County

INTERNAL SERVICE FUNDS : \$53,595,178

These funds account for operations that provide services to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

Fleet Management/Procurement - Parts Warehouse : \$16,128,967

This fund accounts for the purchase and maintenance of the County's vehicles. This fund also records the operations of the fleet parts warehouse.

Human Resources - Employee Benefits : \$27,858,000

This fund accounts for the revenues and costs of providing health, dental, and life insurance to the County's employees and retirees.

Office Support Services/Technology Services - Records Management : \$2,019,702

This fund accounts for centrally administered mail processing and delivery service, photocopying, postage metering service, and records management.

Safety & Risk Management - Safety/Workers' Compensation : \$5,594,284

This fund records the operations of the County's safety program which reduces the impact of worker-related accidents. This fund also accounts for self-insured workers' compensation claims which are less than \$100,000. In addition, this fund accounts for workers' compensation insurance through the South Carolina Counties Workers' Compensation Trust.

Technology Services - Telecommunications : \$1,994,225

This fund accounts for the maintenance and service of telephone systems and wireless devices for the County.

Fund Balance Changes

Charleston County

Charleston County defines fund balance as the cumulative total over time of revenues in excess of expenses in any established fund. The adequacy of the fund balance in all funds is reviewed on an annual basis. The table below summarizes the fund balance changes occurring in FY 2016.

Fund	Beginning Fund Balance	Ending Fund Balance	Net Change
General Fund	\$49.9	\$42.2	\$(7.6)
Debt Service Fund	16.5	15.7	(0.8)
Special Revenue Funds	38.1	33.8	(4.3)
Enterprise Funds	119.6	117.3	(2.4)
Internal Service Funds	20.7	19.8	(0.9)
Total	\$244.8	\$228.8	\$(16.1)

AMOUNTS IN MILLIONS

Charleston County uses the quantitative criteria established in GASB Statement No. 34 to identify major funds: total assets, liabilities, revenues, or expected expenditures/expenses of that individual fund are at least 10% of the corresponding total for all funds of that fund type and at least 5% of funds combined. The County's major funds per the last completed audit in FY 2014 were as follows:

Governmental	Proprietary (Enterprise)
General Fund	Environmental Management
Debt Service Fund	Parking Garages
Transportation Sales Tax Special Revenue Fund	
Transportation Development: Revenue Bond*	

*The FY 2016 operating budget does not include the Transportation Development: Revenue Bond which is a project length budget.

The following discussion outlines the changes in the major funds and the non-major funds.

Major Fund Balance Changes

The **General Fund** is projected to use \$7.6 million or 15.3% of the \$49.9 million beginning fund balance. The County's financial policies state that additional funds "may be used to fund one-time capital expenditures or other one-time costs." The additional funds are determined after setting aside two months of the subsequent year's recurring disbursements and the General Fund's share of the Rainy Day Fund.

Financial Policies

- *Financial Reserve Policy 4: Should there be available fund balance, it may be used to fund one-time capital expenditures or other one-time costs.*

Fund Balance Changes

Charleston County

For the FY 2016 budget, \$7.6 million is used for facility projects and the replacement/upgrade of equipment/software as part of the County's commitment to preserve all County assets.

The **Debt Service Fund** is projected to use \$0.8 million or 5.1% of the \$16.5 million beginning fund balance. The County's financial policies state that a portion of the "debt service payments to be made in the next fiscal year" will be set aside in the Debt Service Fund's fund balance.

After considering the restricted funds held by trustees and the set aside funds, the excess is used to fund the difference between revenues and expenditures in the FY 2016 budget. The use of fund balance is anticipated to allow debt service millage to remain level through FY 2020.

Financial Policies

- *Debt Management Policy 6: ... designate a portion of the Debt Service Fund's fund balance equal to the proportion of debt service payments due in the next fiscal year to ensure sufficient cash flows in the following year.*

The Transportation Sales Tax: Special Revenue Fund is comprised of three components: Greenbelts, Transit, and Roads. The operations portion of the **Transportation Sales Tax: Greenbelts Fund** is projected to use \$0.3 million or 2.1% of the \$13.4 million fund balance to pay for debt service. The Transportation Sales Tax: Greenbelt Fund generated a fund balance in the earlier years as revenues outpaced expenditures.

The operations portion of the **Transportation Sales Tax: Roads Fund** is projected to use \$1.4 million or 13.2% of the beginning \$10.9 million fund balance. The Transportation Sales Tax: Roads Fund is using fund balance for road projects. The Transportation Sales Tax: Roads Fund generated a fund balance in the earlier years as revenues outpaced expenditures.

The operations portion of the **Transportation Sales Tax: Transit Fund** is projected to add \$1.0 million to fund balance because of improvements in revenue. The expenditures are scheduled through the end of the 25 year tax and are not accelerated when tax collections improve.

The operating portion of the **Environmental Management Fund** is projected to use \$0.8 million or 1.0% of the beginning \$74.9 million fund balance for vehicle and heavy equipment replacement.

The operating portion of the **Parking Garages Fund** is projected to use \$0.3 million or 2.0% of the beginning \$14.6 million fund balance. During FY 2016, fund balance is being used for one-time purposes, including replacement of a vehicle and facility improvements and repairs.

Non-major Fund Balance Changes

The **non-major funds** are projected to use \$5.9 million or 9.4% of the \$63.1 million beginning fund balance. Accommodations Tax: Local and Public Works: Stormwater Drainage Funds have the most significant fund balance changes in the non-major funds

Fund Balance Changes

Charleston County

The **Accommodations Tax: Local Fund** is a two percent charge collected for transient room rentals throughout the County. County Council enacted the fee in Fiscal Year 1994 to encourage and support area tourism. The operating portion of the Accommodations Tax: Local is projected to use \$1.0 million or 48.8% of the \$2.1 million beginning balance. The County is providing additional funding for the final phase of the transition to a countywide consolidated dispatch and the expansion of public safety services. A portion of the consolidated dispatch and public safety services are required to support a growing number of tourists in the area. Future revenue growth is estimated to exceed expenditure growth. As a result, the use of fund balance is anticipated to be reduced in FY 2017 and eliminated by FY 2018.

The **Public Works: Stormwater Drainage Fund** is projected to spend \$1.1 million or 79.7% of the \$1.3 million beginning balance for drainage projects in the county. The Public Works: Stormwater Drainage Fund generated a fund balance in the earlier years as revenues outpaced expenditures.

The spreadsheet on pages D4-D5 provides an overall picture of the County's finances including the net increase/decrease in fund balance and the beginning and ending fund balance.

Budget Analysis

Charleston County

OVERVIEW

During the preparation of the Fiscal Year (FY) 2016 budget, the County Administrator provided guidance for assembling an operational budget that included the following directives:

- ❖ Seek opportunities to improve efficiency and reduce costs.
- ❖ Limit financial impact on taxpayer.
- ❖ Protect the County's level of financial security.
- ❖ Maintain a qualified and highly motivated work force.
- ❖ Preserve County assets.

The budget presented to County Council met these directives.

The FY 2016 Council Approved budget has available funds and disbursements (including budgeted changes in fund balance) for all operating funds which total \$465.3 million and reflect a \$1.4 million or 0.3 percent increase from the FY 2015 budget. The FY 2016 operating budget is summarized in Figure 1. Additionally, graphs are presented on pages D-4 and D-5 that represent the total available funds and the total disbursements for the County's annually appropriated operating funds. This budget does not include project-length budgets (i.e., Capital Projects Funds or grants) appropriated in previous years.

Figure 1 - Summary of FY 2016 Operating Budget
(Expressed in Millions of Dollars)

<u>Description</u>		
Available Funds (Including Beginning Fund Balance)	\$	693.0
Less Budgeted Disbursements		<u>464.2</u>
Nonspendable	63.6	
Restricted: External	0.1	
Restricted: Internal	105.0	
Available	<u>60.1</u>	
Ending Fund Balance	\$	<u>228.8</u>

The millage rate for the County is comprised of the General Fund millage and the Debt Service millage. The General Fund millage is increasing for FY 2016 to 44.7 mills after an adjustment for reassessment, which is an increase of 4.0 mills. The Debt Service levy, used to pay interest and principal on funds borrowed for capital projects, is anticipated to remain constant from the FY 2015 rate at 6.1 mills. The combined operating and debt service levy is 50.8 mills.

Budget Analysis

Charleston County

Figure 2 presents a summary of the County's millage rates for FY 2016 and the prior nine years. For the owner of a \$250,000 home (four percent assessed property) the 50.8 mills equate to a tax of \$508, which is a \$40 increase from the current tax year for the \$250,000 homeowner. As allowed under State law, the County elected beginning in FY 1991 to reduce property taxes by levying a one percent Local Option Sales Tax (LOST). The Sales Tax credit for FY 2016 remains constant at \$222.50 for the \$250,000 homeowner. After applying the Sales Tax credit, the net tax is \$285.50, representing a \$40 increase from the current year for the \$250,000 homeowner.

Figure 2 – County Millage Rates

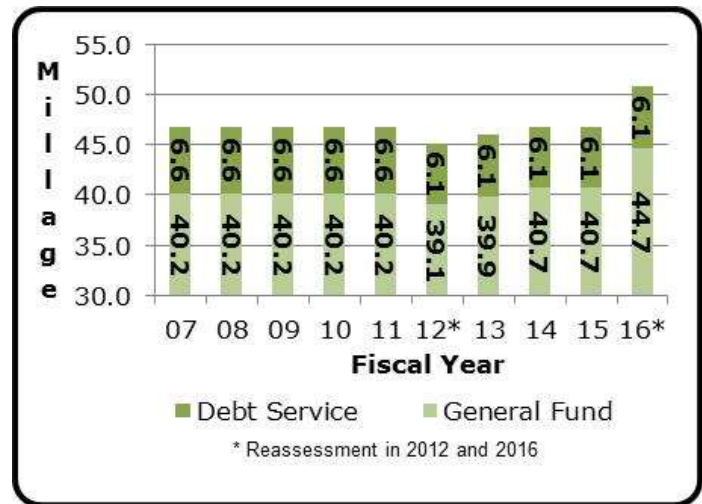
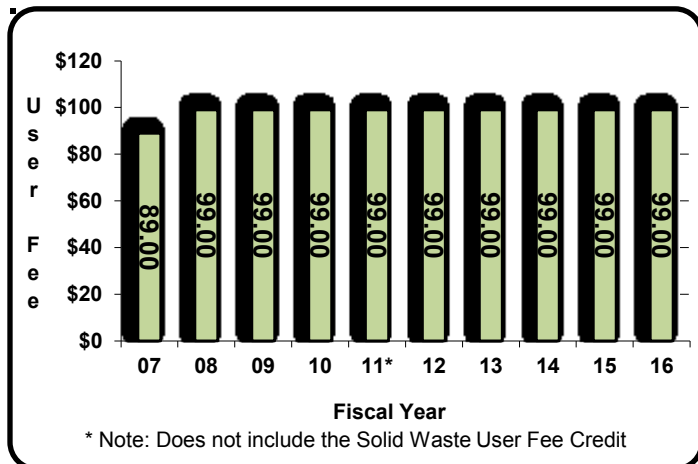


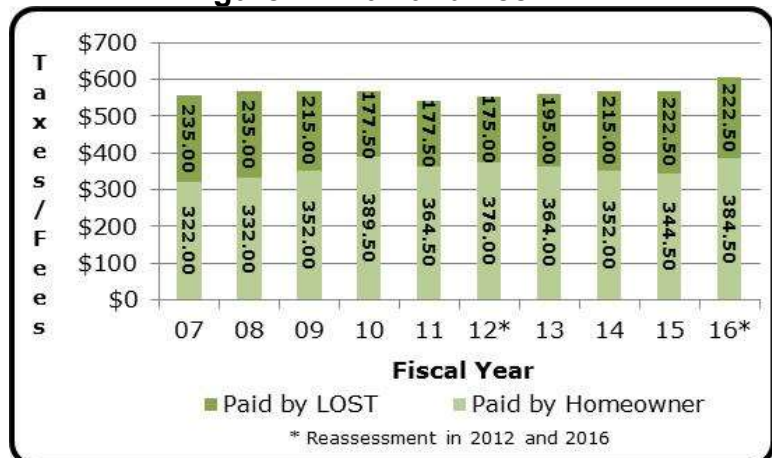
Figure 3 – Solid Waste User Fee



The Solid Waste Recycling and Disposal Fee of \$99 for a single-family residence remains unchanged from FY 2015. In FY 2011, user fee accounts charged the Annual Solid Waste Recycling and Disposal Fee received a \$25 one-time credit to be applied to the user fee bill. The one-time credit was not extended past FY 2011. Figure 3 presents a ten year history of the Solid Waste User Fee.

When the Solid Waste Recycling and Disposal Fee is included, the overall tax and fee bill for the owner of a \$250,000 home (four percent assessed property) amounts to \$384.50 representing a \$40 change from the current tax year. Figure 4 illustrates these amounts, as well as provides a ten-year history of the County's tax and fee bill paid by the homeowner, the LOST credit and by the Solid Waste User Fee credit.

Figure 4 – Tax and Fee Bill



Budget Analysis

Charleston County

There are 78 Full-Time Equivalents (FTEs) added in FY 2016, bringing the total number of FTEs employed by Charleston County to 2,554. In order to maintain high quality service levels; 51 FTEs were added to Emergency Medical Services (EMS), 24 FTEs were added to Sheriff: Law Enforcement, and 4 FTEs were added to Coroner, Probate Courts, Treasurer, and Zoning/Planning.

Figure 5 – Full-Time Equivalents

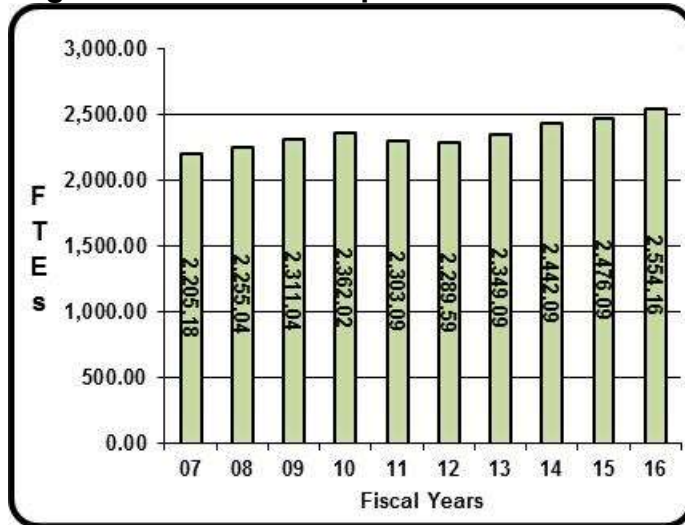


Figure 5 presents a summary of the County's FTEs for FY 2016 and the prior nine years. The FTEs for Charleston County had a steady increasing trend until FY 2011. The major reductions in FTEs resulted from cost saving actions during the recession, including voluntary retirement incentives, and transferring positions to the Council of Governments, a tri-county agency which provides assistance to local governments. The current trend is experiencing an increase as a result of the transition of employees from various entities to Charleston County for the new Consolidated Dispatch and converting part-time personnel

working more than 32 hours a week to full-time positions. In FY 2016, the County added 76 public safety positions to EMS, the Sheriff: Law Enforcement and the Coroner in response to the growing population in Charleston requiring additional services.

GENERAL FUND

SUMMARY

The FY 2016 Council approved budgeted disbursements for the General Fund total \$214.7 million, an \$18.8 million or 9.6 percent increase from the FY 2015 budget. Budgeted funds available for the FY 2016 budget also total \$214.7 million. The General Fund millage is anticipated to be 44.7 mills.

Page D-34 shows a graphical representation of the County's General Fund budget. Page D-35 shows a fund statement which depicts the numerical summary of the General Fund budget.

BEGINNING BALANCE

The General Fund beginning fund balance for FY 2016 is \$49.9 million. This fund balance includes a portion of the "Rainy Day Fund" which is an amount established and maintained by County Ordinance for catastrophes and two months of recurring disbursements. (See Figure 6 for additional detail.)

Budget Analysis

Charleston County

Figure 6 - FY 2016 General Fund Beginning Balance
(Expressed in Thousands of Dollars)

Nonspendable (Inventory)	\$ 1,282
Restricted: Internal	
Encumbrances	1,550
Designated for PAYGO projects in FY 2016	9,161
Rainy Day Fund	3,701
Two months of Operating Expenditures	32,773
Available	<u>1,391</u>
Total	<u>\$ 49,858</u>

Financial Policies

- *Financial Reserve Policy 1: ...strive to maintain a minimum ... fund balance in the General Fund of 2 months of the subsequent year's...operating expenditures.*
- *Financial Reserve Policy 3: ...maintain a Rainy Day fund... at no less than four percent of the General Fund disbursements.*

The Rainy Day fund was established in FY 1992 to strengthen the County's balance sheet and the County's disaster preparedness position. The fund is intended to equal no less than four percent of the General Fund disbursements as required by the Budget Ordinance. The combined total of the Rainy Day Funds in the General Fund and the Environmental Management Fund meet the four percent criteria. An internal restriction of fund balance has been established to equal two months of the following fiscal year's General Fund operating budget.

REVENUES

General Fund budgeted revenues of \$202.5 million reflect an increase of \$12.9 million or 6.8 percent from FY 2016. Figure 7 shows the significant budget changes in revenues.

Figure 7 - Major Changes in Revenues for the General Fund
(Expressed in Thousands of Dollars)

Figure 7 - GENERAL FUND - Changes in Revenues

<u>Department/Division</u>	<u>FY 2015 Adjusted</u>	<u>FY 2016 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Property Tax Revenue	\$125,890	\$142,740	\$16,850	13.4%
Local Option Sales Tax	53,500	55,800	2,300	4.3%
Treasurer: Interest Income	1,300	2,400	1,100	84.6%
RMC: Documentary Stamps	5,000	6,000	1,000	20.0%
Multi-County Parks	3,125	1,150	(1,975)	-63.2%
Lost: Sales Tax Credit	(52,830)	(55,100)	(2,270)	4.3%
Consolidated Dispatch: Local Gov't Contribution	3,914	740	(3,174)	-81.1%

Budget Analysis

Charleston County

The County's largest revenue sources, the Property Tax and the Local Option Sales Tax, reflect a net increase of \$19.2 million. The net increase is due to an increase in the operating millage rate of 44.7, which reflects an increase of 4.0 mills from FY 2015. Charleston County increased the millage rate in FY 2016 to address the expanded service requirements for the county's growing population (estimated to grow close to 1,000 per month). The decrease in the revenue from the Local Option Sales Tax Credit, which is used to offset the amount property owners pay on their tax bill. The increase in the Local Option Sales Tax resulted in a higher credit of \$2.3 million or 4.3 percent to taxpayers.

The increase of \$1.1 million in Treasurer: Interest Income reflects a projected increase in the interest earnings rate in FY 2016. The current interest rate is 0.25% and is anticipated to grow to 0.50% in January 2016, halfway through FY 2016.

The increase of \$1.0 million in RMC: Documentary Stamps is the result of the recent economic upswing and the resulting increase in property transfers in the County. As Charleston County's population continues to grow, the County is experiencing an increase in property sales. The County began seeing an increase in property sales in FY 2013 after the recession, which is expected to continue into FY 2016 due to the population growth in the county.

The decrease of \$2.0 million in Multi-County Parks reflects an accounting change for the Transportation Special Source Revenue Bond (Special Revenue Fund). The revenue is set-aside as security for the special source revenue bond until the specific fee-in-lieu of tax is collected when the funds are transferred back to the General Fund.

The decrease of \$3.2 million in Consolidated Dispatch: Local Government Contribution, reflects a planned reduction in agency fees over a two year transition period. Beginning in FY 2014, reimbursements from member agencies such as the City of Charleston, City of Isle of Palms, City of North Charleston, James Island Public Service District, St. Andrew's Public Service District, St. John's Fire District and Town of Mount Pleasant were phased out. FY 2016 is the last year the County will receive payment under the interagency agreement.

INTERFUND TRANSFERS IN

Approximately \$4.6 million is transferred to the General Fund from other funds, which represents an increase of \$3.1 million or 208.1 percent from the FY 2015 budget. The increase represents an amount from the Transportation Special Source Revenue Bond (Special Revenue Fund) due to an accounting change where the Multi-County Park fee-in-lieu of taxes serves as security for a special source revenue bond. After the bond payments are made from other sources, the funds are released to the General Fund through an interfund transfer. The increase also represents a higher amount from the Parking Garages (Enterprise Fund) due to an increase in available funds.

EXPENDITURES

The FY 2016 approved budgeted expenditures for the General Fund total \$193.1 million, which represents an increase of \$9.1 million or 5.0 percent from the FY 2015 budget. Figure 8 shows the significant budget changes in expenditures for FY 2016.

Budget Analysis

Charleston County

Figure 8 - Major Changes in Expenditures for the General Fund
(Expressed in Thousands of Dollars)

Figure 8 - GENERAL FUND - Changes in Expenditures

<u>Department/Division</u>	<u>FY 2015 Adjusted</u>	<u>FY 2016 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Emergency Medical Services	\$12,928	\$15,664	\$2,736	21.2%
Sheriff: Law Enforcement	27,997	30,427	2,430	8.7%
Technology Services	9,358	10,878	1,520	16.2%
Facilities Management	14,356	15,491	1,135	7.9%
Consolidated Dispatch	8,283	6,916	(1,367)	-16.5%

The budgeted increase in Emergency Medical Services represents the start-up costs and partial funding of the personnel costs related to adding five ambulances and eight quick response vehicles. During FY 2017, the recurring costs for the 51 positions are anticipated to be fully funded without the need for additional revenues. The increase is slightly offset by an increased reimbursement from the Local Accommodations Tax for servicing tourist areas.

The \$2.4 million increase in the Sheriff: Law Enforcement operating expenditures represents the start-up costs and partial funding for 16 Deputy Sheriffs and eight Law Enforcement Specialists II positions. During FY 2017, the recurring costs are anticipated to be fully funded without the need for additional revenues. The budgeted increase also represents purchasing body cameras for all law enforcement officers.

The \$1.5 million or 16.2 percent increase in Technology Services operating expenditures represents an increase in maintenance contracts due to a growing number of new applications and hardware/software infrastructure. The increase also represents a change in the vendor contract for current services and new development.

Another major budgeted increase in the General Fund operating expenditure is \$1.1 million in Facilities Management, resulting from an increase in leasing costs due to moving the Department of Alcohol and Other Drug Abuses Service (DAODAS) and the Department of Health and Environmental Control (DHEC) to a new building. The increase in Facilities Management also includes higher rates for electricity and gas charges and maintenance contracts.

These increases are offset by a budgeted \$1.4 million or 16.5 percent decrease to Consolidated Dispatch operating expenditures. This decrease reflects an increased amount of reimbursement from Accommodations Tax: Local, a fee charged to tourist staying in transient accommodations. The increased reimbursement is the result of increased services provided to a growing number of tourists in Charleston.

Budget Analysis

Charleston County

INTERFUND TRANSFERS OUT

Approximately \$21.6 million is transferred from the General Fund to various other funds. The transfers are increased \$9.7 million or 81.4 percent from the prior fiscal year primarily due to an increase in funds being transferred to the Capital Projects Fund for the library expansion approved by voters in the November 2014 referendum. The County will use a pay-as-you-go approach to fund the initial two years of the library expansion capital project, and expects to borrow funds in FY 2017 for the remainder of the project.

FUND BALANCE

The FY 2016 ending fund balance is projected to be \$42.2 million. Of this amount, \$32.8 million is set aside in an effort to maintain a two month buffer and is in addition to the \$3.7 million Rainy Day Fund for unexpected events. The County's policy is to use available fund balance to fund one-time expenditures. In FY 2016, Council authorized, in total, the use of \$9.2 million from fund balance for pay-as-you-go capital equipment and other one-time expenditures.

DEBT SERVICE FUND

SUMMARY

The FY 2016 approved budgeted disbursements for the Debt Service Fund total \$27.7 million which is a \$1.4 million or 4.8 percent decrease from the FY 2015 budget. Budgeted funds available for FY 2016 also total \$27.7 million. The Debt Service Fund millage is anticipated to be 6.1 mills and represents no change from FY 2015.

Page D-36 displays a graphical representation of the County's Debt Service Fund budget. Page D-37 contains a fund statement which is a numerical summary of the Debt Service Fund.

REVENUES

Debt Service Fund revenues total \$19.9 million and reflect a decrease of less than \$0.1 million from FY 2015.

INTERFUND TRANSFERS IN

Approximately \$6.9 million is transferred to the Debt Service Fund from other funds. The transfers decreased less than \$0.1 million or 0.4 percent as a result of transferring funds from non-general funds to repay general obligation bonds for capital projects.

EXPENDITURES

The FY 2016 budgeted expenditures for the Debt Service Fund total \$27.7 million. This amount is a \$1.4 million or 4.8 percent decrease from FY 2015 and represents the continued service of the County's outstanding debt obligations. The decrease in the expenditures reflects an anticipated delay until FY 2017 of the debt service for the bond issue for the Trident Technical College's Aeronautical Training Facility.

Budget Analysis

Charleston County

FUND BALANCE

The FY 2016 ending fund balance is projected to be \$15.7 million, which represents a \$2.1 million or 11.9 percent decrease from FY 2015. This is a scheduled decrease to minimize and/or delay a tax increase.

SPECIAL REVENUE FUNDS

SUMMARY

The FY 2016 approved budgeted disbursements for the Special Revenue Funds total \$116.1 million (including budgeted increases in fund balance), a \$0.2 million or a 0.1 percent increase from the FY 2015 budget. Budgeted funds available for FY 2016 also total \$116.1 million.

Page D-38 shows a graphical representation of the County's Special Revenue Fund budgets, while pages D-39 to D-75 contain fund statements reflecting numerical summaries of the budgets.

REVENUES

The revenues for the Special Revenue Funds total \$104.0 million and reflect a \$5.7 million or 5.8 percent increase from the FY 2015 budget. Figure 9 provides information on significant budgeted revenue changes.

Figure 9 - Major Changes in Revenues for the Special Revenue Funds
(Expressed in Thousands of Dollars)

Figure 9 - SPECIAL REVENUE FUNDS - Changes in Revenues

<u>Department/Division</u>	<u>FY 2015 Adjusted</u>	<u>FY 2016 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Transportation Development: Roads Program	\$31,383	\$33,820	\$2,437	7.8%
Accommodation Tax: Local	14,755	16,235	1,480	10.0%

The Special Revenue Funds reflect a \$2.4 million or 7.8 percent increase in sales tax revenues for the Transportation Development: Roads program. The budgeted increase for the sales tax funded revenues is tied to improvements in the local economy through increased consumer spending.

Another change to the Special Revenue Funds revenues is a budgeted increase of \$1.5 million or 10.0 percent in Accommodations Tax: Local, reflecting the strong tourism economy within the County.

INTERFUND TRANSFERS IN

In total, approximately \$7.8 million is transferred into Special Revenue Funds from various other funds. The overall transfers are decreased \$0.3 million or 3.5 percent from the FY 2015 budget. The most significant decrease, in Solicitor: State Appropriations, represents lower support from the General Fund to sustain existing personnel.

Budget Analysis

Charleston County

EXPENDITURES

The FY 2016 budgeted expenditures for the Special Revenue Funds total \$96.0 million, which is a \$2.5 million or 2.7 percent increase from FY 2015. Figure 10 shows the significant budget change in expenditures.

Figure 10 - Major Changes in Expenditures for the Special Revenue Funds
(Expressed in Thousands of Dollars)

Figure 10 - SPECIAL REVENUE FUNDS - Changes in Expenditures

<u>Department/Division</u>	<u>FY 2015 Adjusted</u>	<u>FY 2016 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Accommodations Tax: Local	\$15,099	\$17,239	\$2,140	14.2%
Economic Development	1,957	2,854	897	45.9%

The \$2.1 million increase in the Accommodations Tax: Local represents growth in transient room rentals in Charleston County. SC State Code Section 6-4-5 outlines operating costs associated with the criminal justice system, law enforcement, fire protection, and solid waste collection based on the estimated percentage of costs directly attributed to tourists as one of the allowable uses for accommodations revenue. The increased operating expenditures reflect additional funding for the final phase of the transition to a county-wide consolidated dispatch and the expansion of public safety services, including the Emergency Medical Services and Sheriff: Law Enforcement.

Another change to the Special Revenue Fund expenditures is a \$0.9 budgeted increase in the Economic Development Fund. Charleston County continues to be recognized as a destination for new business. In order to continue business development and expansion in the area, the Economic Development department will increase personnel and provide more business incentives in FY 2016.

INTERFUND TRANSFERS OUT

Approximately \$20.2 million is transferred from the Special Revenue Funds to various other funds. The transfers decreased \$2.3 million or 10.4 percent due to one-time payment during FY 2015 from the Greenbelts: Nondepartmental fund for a project related to protecting green space in Charleston County.

FUND BALANCE

The FY 2016 ending fund balance is projected to be \$33.8 million, which reflects less than a 0.1 million change from FY 2015.

Budget Analysis

Charleston County

ENTERPRISE FUNDS

SUMMARY

The FY 2016 approved budgeted disbursements for the Enterprise Funds total \$52.1million. This is a \$2.9 million or 5.9 percent decrease from the FY 2015 budget. Funds available for FY 2016 also total \$52.1 million.

Page D-76 displays a graphical representation of the County's Enterprise Funds budgets, while pages D-77 to D-83 contain fund statements reflecting numerical summaries of the budgets.

REVENUES

Revenues for the Enterprise Funds total \$46.7 million and reflect a \$17.3 million or 27.1percent decrease from the FY 2015 budget. Figure 11 provides information on significant budgeted revenue changes.

Figure 11 - Major Changes in Revenues for the Enterprise Funds
(Expressed in Thousands of Dollars)

Figure 11 - ENTERPRISE FUNDS - Changes in Revenues

<u>Department/Division</u>	<u>FY 2015 Adjusted</u>	<u>FY 2016 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Environmental Management	\$ 27,900	\$ 26,688	\$ (1,213)	-4.3%
DAODAS	25,747	9,135	(16,613)	-64.5%

The \$1.2 million decrease in the Environmental Management represents the declining resale value of recyclable products. In addition, the revenue decrease in the Department of Alcohol and Other Drug Abuses Services (DAODAS) Fund reflects anticipated one-time revenue from the sale of the Charleston Center to the Medical University of South Carolina for \$17 million in FY 2015.

INTERFUND TRANSFERS IN

In total, approximately \$3.0 million is transferred into Enterprise Funds from various other funds. The overall transfers are decreased \$0.7 million or 19.8 percent from the FY 2015 budget. The most significant decrease is in Drug, Alcohol, and Other Drug Abuse Services (DAODAS) and represents reduced support transferred from the General Fund due to DAODAS partially funding a portion of the Chicora Center lease related to the Health Department.

EXPENSES

The FY 2016 budgeted expenses for the Enterprise Funds total \$50.2 million which is a \$3.0 million or 6.3 percent decrease from FY 2015. Figure 12 shows the significant budget change in expenditures.

Budget Analysis

Charleston County

Figure 12 - Major Changes in Expenditures for the Enterprise Funds
(Expressed in Thousands of Dollars)

Figure 12 - ENTERPRISE FUNDS - Changes in Expenses

<u>Department/Division</u>	<u>FY 2015 Adjusted</u>	<u>FY 2016 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Environmental Management	\$25,006	\$27,456	\$2,450	9.8%
Consolidated Dispatch: Emergency 911	1,849	2,477	628	34.0%

The budgeted increase of \$2.5 million or a 9.8 percent in Environmental Management represents an increase in the replacement of heavy equipment in FY 2016.

Another change to the Enterprise Fund expenditures is a \$0.6 budgeted increase in the Consolidated Dispatch: Emergency 911 fund. The increase represents the reallocation of personnel into the fund from within the department and training costs for newly-hired telecommunicators. In addition, the increase is due to an upgrade of the telephone system and to procure consultant services to assist with anticipated projects.

INTERFUND TRANSFERS OUT

In total, approximately \$1.8 million is transferred from the Enterprise Fund to other funds. The most significant transfer out is revenue transferred to the General Fund from Parking Garages.

FUND BALANCE

The Rainy Day fund was established in FY 1992 to strengthen the County's balance sheet and the County's disaster preparedness position. The fund is intended to equal no less than four percent of the General Fund disbursements as required by the Budget ordinance. In FY 2011, Council set aside a \$5.7 million dollar Rainy Day Fund in the Enterprise Fund Balance. This shift was possible due to trash and debris removal constituting the majority of the costs occurring after a natural disaster. The combined total of the Rainy Day Funds in the General Fund and the Environmental Management Fund meet the four percent criteria. The FY 2016 combined ending fund balance is projected to be \$117.3 million which reflects a \$0.3 million or 0.3 percent decrease from the FY 2015 budget.

INTERNAL SERVICE FUNDS

SUMMARY

The FY 2016 approved budgeted disbursements for the Internal Service Funds total \$53.6 million. This is a \$0.6 million or 1.0 percent decrease from the FY 2015 budget. Funds available for FY 2015 also total \$53.6 million.

Page D-84 shows a graphical representation of the County's Internal Service Funds budgets, while pages D-85 to D-89 contain fund statements reflecting numerical summaries of the budgets.

Budget Analysis

Charleston County

REVENUES

Internal Service Funds revenues total \$50.1 million, a \$0.5 million or 1.0 percent decrease from FY 2015. Figure 13 provides information on significant budgeted revenue changes.

Figure 13 - Major Changes in Revenues for the Internal Service Funds
(Expressed in Thousands of Dollars)

Figure 13 - INTERNAL SERVICE FUNDS - Changes in Revenues

<u>Department/Division</u>	<u>FY 2015</u> <u>Adjusted</u>	<u>FY 2016</u> <u>Approved</u>	<u>Amount</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Human Resources: Employee Benefits	\$ 27,564	\$ 27,858	\$ 294	1.1%
Safety & Risk: Safety/Worker's Compensation	5,977	5,030	(947)	-15.8%

Human Resources: Employee Benefits reflects an increase by the State of South Carolina to the health insurance rate for employers and employees. These increases are offset by a \$0.9 million or 15.8 percent decrease in Safety and Risk: Safety/Workers' Compensation revenue. The change represents a reduction in the anticipated cost of worker's compensation and safety programs due to lower costs and higher reserves.

INTERFUND TRANSFERS IN

Approximately \$2.6 million is transferred to the Internal Service Funds from other funds. The transfers decreased \$0.7 million or 20.4 percent from the FY 2015 budget to reflect a reduction in Fleet Management for the replacement of vehicles utilized by the General Fund.

EXPENSES

The FY 2016 budgeted expenses for the Internal Service Funds total \$53.6 million which is a \$0.5 million or 1.0 percent decrease from FY 2016. Figure 14 shows the significant budget change in expenditures.

Figure 14 - Major Changes in Expenditures for the Internal Service Funds
(Expressed in Thousands of Dollars)

Figure 14 - INTERNAL SERVICE FUNDS - Changes in Expenses

<u>Department/Division</u>	<u>FY 2015</u> <u>Adjusted</u>	<u>FY 2016</u> <u>Approved</u>	<u>Amount</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Procurement: Central Parts Warehouse	\$2,233	\$2,500	\$267	12.0%
Fleet Management	14,082	13,629	(453)	-3.2%
Safety & Risk: Safety/Workers Compensation	6,071	5,594	(477)	-7.9%

The \$0.2 million increase in the Procurement: Central Parts Warehouse operating expenditures represents an increase in the cost of parts for Fleet Management to maintain vehicles.

Budget Analysis

Charleston County

The increases to expenses in the Internal Service Fund are offset by a decrease to Fleet Management by \$0.5 million or 3.2 percent. The decrease in operating expenses reflect the lower cost of fuel and a reduction in the cost for subcontracted work due to completing more mechanical work in-house.

Another change to the Internal Service Fund expenditures is a \$0.5 million budgeted decrease in Safety and Risk: Safety/Workers Compensation due to a reduction in the estimate for anticipated worker's compensation premiums and claims based on historical analysis and current trends.

FUND BALANCE

The FY 2016 ending fund balance is projected to be \$19.8 million, which represents a \$0.8 million decrease from FY 2015. The decrease is largely due to a reduction in the cost of fuel.

Major Revenue Sources

Charleston County

Charleston County seeks to reduce the impact of governmental cost on the taxpayer, to provide for relatively stable and diversified revenue, and to equate the cost of services to revenue received.

Financial Policies

- *Revenue Policy #1: ...strive to maintain a diversified and stable revenue system to aid in sheltering it from the impact of short-term fluctuations in any one revenue source.*

The revenue that Charleston County uses to fund its services and programs is generated from a balanced revenue stream, which consists of three main parts: property taxes, sales taxes and other revenue sources.

- Property Taxes
- Sales Taxes
- Intergovernmental
- Fines and Forfeitures
- Leases and Rentals
- Licenses and Permits
- Charges and Fees
- Interest
- Miscellaneous

The major revenue sources for Charleston County account for 77.8% of the \$423.2 million in total revenues for FY 2016. The table below identifies revenues that are greater than \$10 million.

	FY 2016 Approved	Percentage of Total Revenue
General Fund: Ad Valorem Taxes	\$146,360	34.6%
General Fund: Local Option Sales Tax	55,800	13.2%
General Fund: Local Government Fund	13,058	3.1%
Debt Service Fund: Ad Valorem Taxes	19,590	4.6%
Special Revenue Fund: Transportation Sales Tax	52,000	12.3%
Special Revenue Fund: Accommodations Tax – Local	16,235	3.8%
Enterprise Fund: User Fee	26,000	6.1%

Amounts in the thousands

The following pages include an analysis of major revenue sources approved through the annual budget process, including a trend analysis and explanation of the revenue estimation process for each. This analysis includes revenue sources from the General Fund, Debt Service Fund, Special Revenue Funds and Enterprise Funds.

A detailed schedule of the County's revenues is on page D-8 to D-14.

Major Revenue Sources

Charleston County

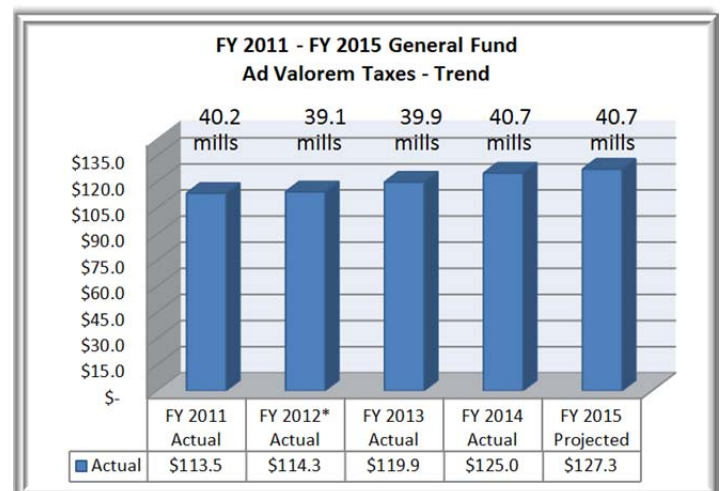
General Fund Ad Valorem Taxes

Description

The County Assessor, the County Auditor, and the State calculate the taxable value of the County's real property, personal property and motor vehicles. The County Auditor applies the appropriate millage rates for the various taxing entities in the County to determine the ad valorem taxes. The Treasurer collects the ad valorem taxes for all of the taxing entities in the County and remits these collections in the following month. The real and personal property are billed annually in September and are due the following January. The motor vehicles are billed annually during the month when the taxpayer's license registration is due for renewal.

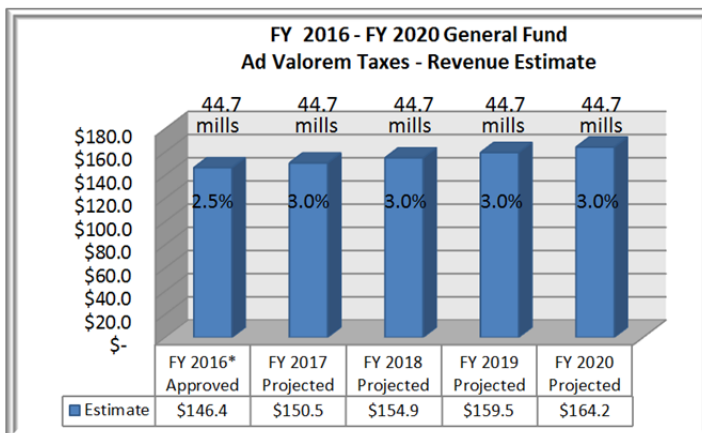
Trend

The County's portion of ad valorem taxes for the General Fund shows a consistent increasing trend, which reflects continued growth in the County's tax base. South Carolina Law requires that counties reassess properties every five years. The national recession and the State mandated reassessment resulted in minimal growth in FY 2012. However, the County expects the growth seen in FY 2013 through FY 2015 to continue in the future.



Amounts in the millions

* Reassessment Year



Amounts in the millions

* Reassessment Year

Revenue Estimates

The FY 2016 General Fund Ad Valorem Taxes estimate is based on the projection of appraised property value, review of Charleston County and national economic indicators, actual FY 2014 receipts, and FY 2015 year-to-date collection trends. The millage rate used in the estimate reflects an increase of 4 mills or \$16. The millage equates to \$178.80 per \$100,000 of appraised value for the homeowner. Also projected is an additional \$3.0 million from an approximately 2.5 percent increase in the tax base.

Major Revenue Sources

Charleston County

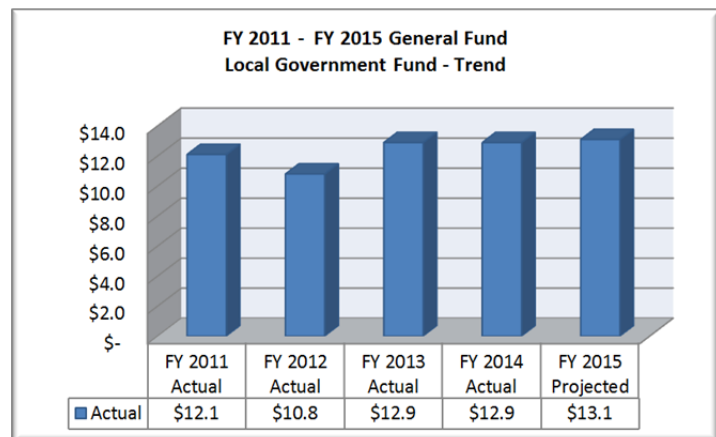
General Fund Local Government Fund

Description

The County receives funds from the State of South Carolina to subsidize its operations. This funding was created to reduce the pressure on property taxes and to provide a predictable source of revenue for county and municipal budgeting. In FY 1992, the Local Government Fund replaced and consolidated many other taxes allocated by the State. The State determines the Local Government Fund based on 4.5 percent of the State's General Fund revenues for the State's last completed fiscal year. Changes in the State's overall economy are not reflected in this revenue until two years after the change. However, the State has the authority to change the percentage used to calculate the aid provided to the County.

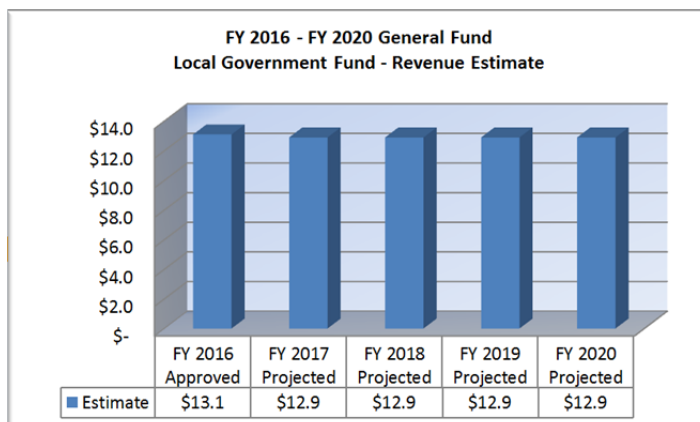
Trend

Revenues from the Local Government Fund began showing a decreasing trend in FY 2009 as the national economic downturn began impacting the State's revenue collections and budget. As the State and local economy began seeing improvements late in FY 2012, the State increased the funding level to local governments in FY 2013. However, the allocation formula from FY 1992 was not used. Part of the funding for FY 2013 through FY 2015 was noted by the State as one-time funds. Due to the timing of the disbursements from the State, the funding appears in the FY 2015 projections.



Amounts in the millions

Revenue Estimate



Amounts in the millions

The FY 2016 estimate includes a projected amount due to the timing of the disbursement of the one-time additional funding from the State. In addition, the estimate is based on information provided by the State's proposed budget. There is uncertainty in calculating the on-going trend for this major revenue source because the State has stopped using the 4.5 percent of the State's General Fund revenues as the formula for calculating the funds provided to local governments. As a

result, the on-going projections are based on the current level of payments after adjusting for the timing of the one-time payments.

Major Revenue Sources

Charleston County

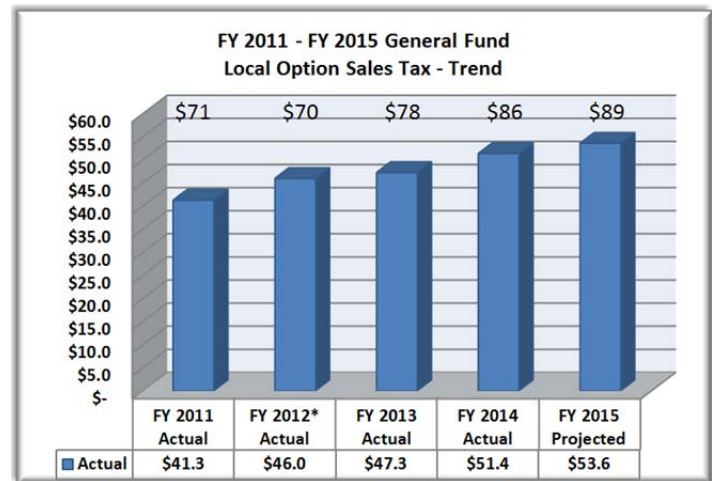
General Fund Local Option Sales Tax

Description

The citizens of Charleston County passed, by referendum, an additional one percent sales tax which took effect during FY 1991. According to State law, a portion of the sales tax revenues are designated to reduce local property taxes. Charleston County attempts to apply 100 percent of the Local Option Sales Tax revenues as credits against local property taxes.

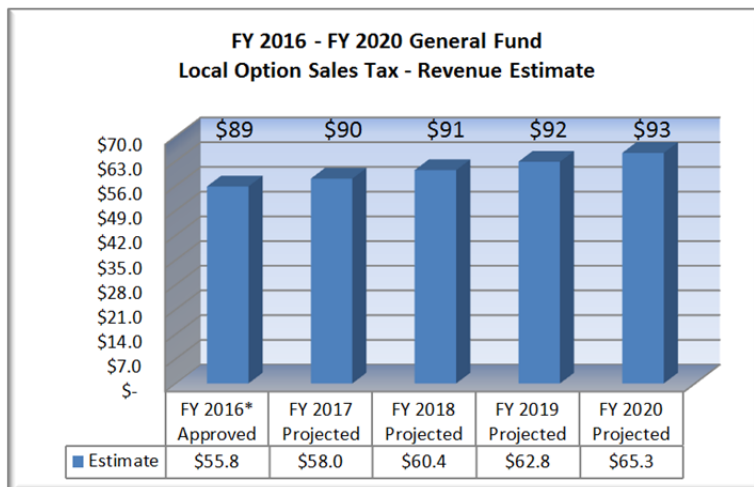
Trend

The Local Option Sales Tax (LOST) is directly tied to the level of consumer spending in Charleston County. The revenue from the LOST showed an increasing trend until the beginning of the recession in FY 2009 and continued to decline through FY 2010. The economy began improving in FY 2011, resulting in increased revenue for Local Option Sales Tax revenue. The FY 2015 projection reflects continued increased level of consumer spending in Charleston County.



Amounts in the millions

* Reassessment Year



Amounts in the millions

* Reassessment Year

Revenue Estimate

The budgeted revenues from the Local Option Sales Tax represent growth of four percent over the FY 2015 projection. The credit is determined by dividing the LOST revenue by the appraised property base. The revenue for FY 2016 equates to a credit of \$89 per \$100,000 of appraised value; this amount is constant from FY 2015. The FY 2016 LOST estimate is based on a review of Charleston County and national economic indicators, actual FY 2014 receipts, and FY 2015 year-to-date collection trends. Sales tax

receipts are expected to continue to rise, reflecting improved economic conditions in Charleston County due to increased tourism and new industries in the area. As the economy stabilizes, the growth in the LOST revenue is expected to outpace the growth in property taxes. As a result, the LOST credit is anticipated to increase slightly in future years.

Major Revenue Sources

Charleston County

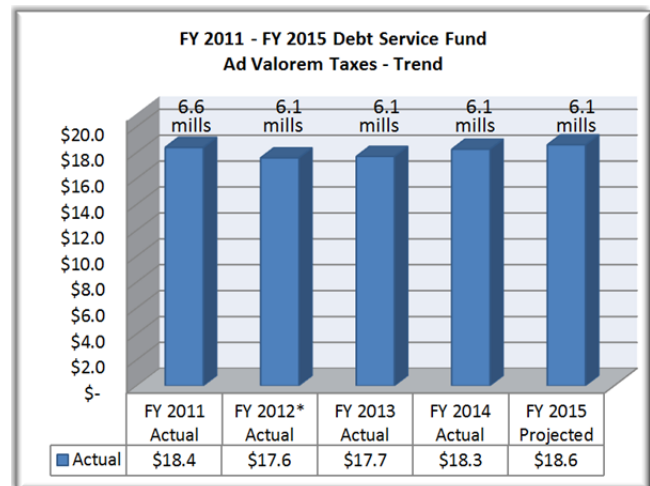
Debt Service Fund Ad Valorem Taxes

Description

The County Assessor, the County Auditor, and the State calculate the taxable value of the County's real property, personal property and motor vehicles. The County Auditor applies the appropriate millage rates for the various taxing entities in the County to determine the ad valorem taxes. The Treasurer collects the ad valorem taxes for all of the taxing entities in the County and remits these collections in the following month. The real and personal property are billed annually in September and are due the following January. The motor vehicles are billed annually during the month when the taxpayer's license registration is due for renewal.

Trend

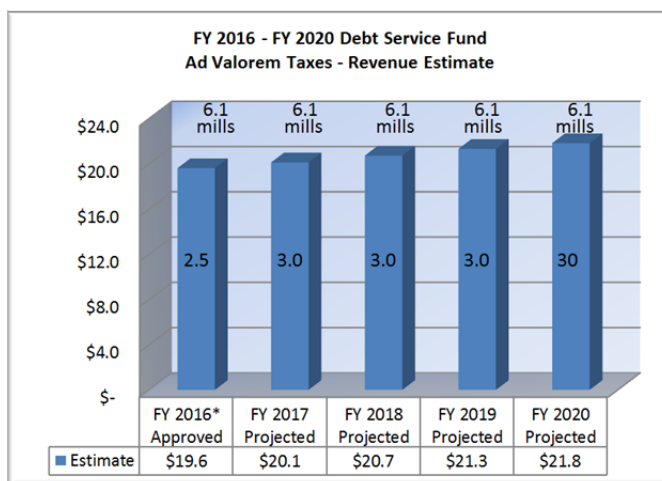
The County's portion of ad valorem taxes for its Debt Service Fund remained steady, reflecting growth in the County's tax base. South Carolina Law requires that counties reassess properties every five years. The State Mandated reassessment resulted in minimal growth in FY 2012. However, the County expects the growth seen in FY 2013 through FY 2015 to continue in the future.



Amounts in the millions

* Reassessment Year

Revenue Estimate



Amounts in the millions

* Reassessment Year

The FY 2016 Debt Service Fund Ad Valorem Taxes estimate is based on a projection of the appraised property value, a review of Charleston County and national economic indicators, actual FY 2014 receipts, and FY 2015 year-to-date collection trends. The millage rate used in the estimate remains constant from the previous year and equates to \$24.40 per \$100,000 of appraised value for the homeowner. The estimate includes approximately a 2.5 percent increase in the tax base. The County expects the millage rate to remain constant through FY 2020.

Major Revenue Sources

Charleston County

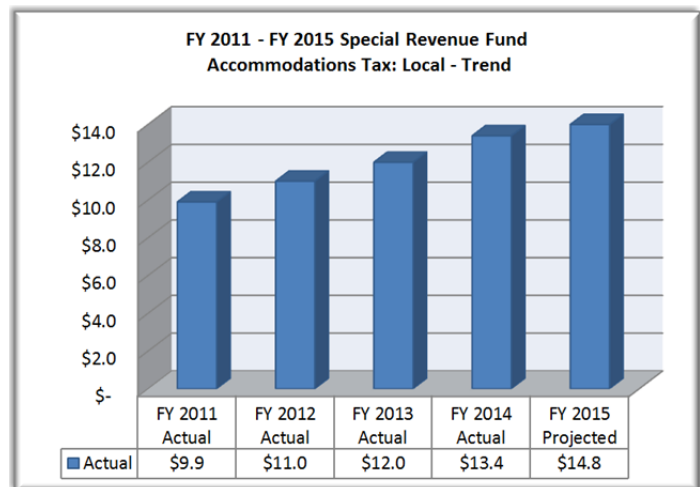
Special Revenue Fund Accommodations Tax - Local

Description

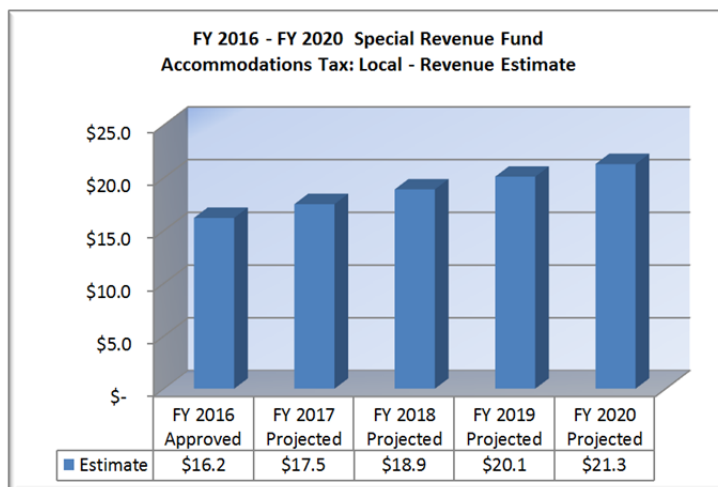
The Accommodations Tax - Local is a two percent charge for transient room rentals throughout the County. County Council enacted the Accommodations Tax - Local in FY 1994 to encourage and support area tourism. Collections of the Accommodations Tax - Local began on April 1, 1994, upon which its legitimacy was challenged in court. In November 1995, the State Supreme Court ruled in favor of the tax which is collected on a monthly basis.

Trend

The revenues from the Accommodations Tax - Local had consistently shown an increasing trend until FY 2009 when the recession impacted tourism. The downward trend continued through FY 2010, but began showing improvement in FY 2011. The upward trend is expected to remain constant as tourism continues to grow in the Charleston area.



Amounts in the millions



Amounts in the millions

Revenue Estimate

The budgeted Accommodations Tax - Local reflects an estimated 10.0 percent increase from the FY 2015 projection. The Accommodations Tax - Local revenue estimate is based on a review of actual FY 2014 receipts, FY 2015 year-to-date collection trends and tourism information received from the Office of Tourism at the College of Charleston's Business School. Looking into the future, the revenue is projected to continue showing an 8.0 percent increase each year.

Major Revenue Sources

Charleston County

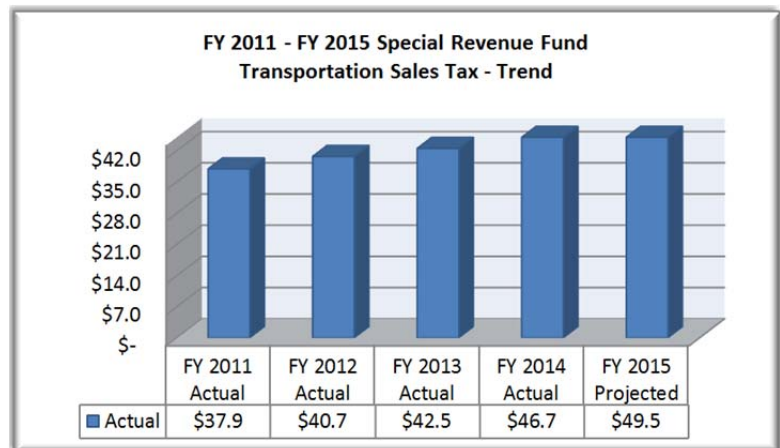
Special Revenue Fund Transportation Sales Tax

Description

The citizens of Charleston County passed, by referendum, an additional one-half of one percent sales and use tax that took effect May 1, 2005 and will continue for 25 years or until \$1.3 billion is collected. According to the referendum, the sales tax revenues are designated to provide funds for transportation-related projects, mass transit, and greenbelts.

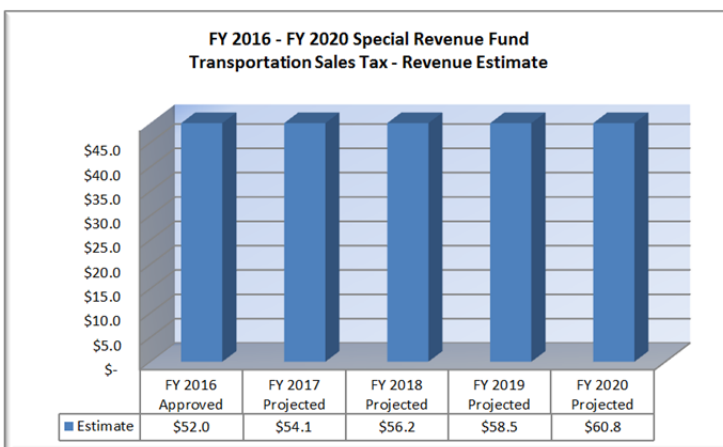
Trend

The revenues from the Transportation Sales Tax had a general trend of increasing through FY 2008. As a result of the nationwide recession, the revenue from the Transportation Sales Tax declined in FY 2009 and FY 2010. Consumer spending in the County began improving in FY 2011. The upward revenue trend after FY 2011 is expected to continue.



Amounts in the millions

Revenue Estimate



Amounts in the millions

The Transportation Sales Tax revenue estimate is based on a review of Charleston County and national economic indicators, actual 2014 receipts, and FY 2015 year-to-date collection trends. The Transportation Sales Tax shows approximately a 5.0 percent increase from the FY 2015 projection reflecting strong confidence in consumer spending in our local economy. This upward trend is expected to continue as the tax is directly tied to the level of consumer spending in Charleston County.

Major Revenue Sources

Charleston County

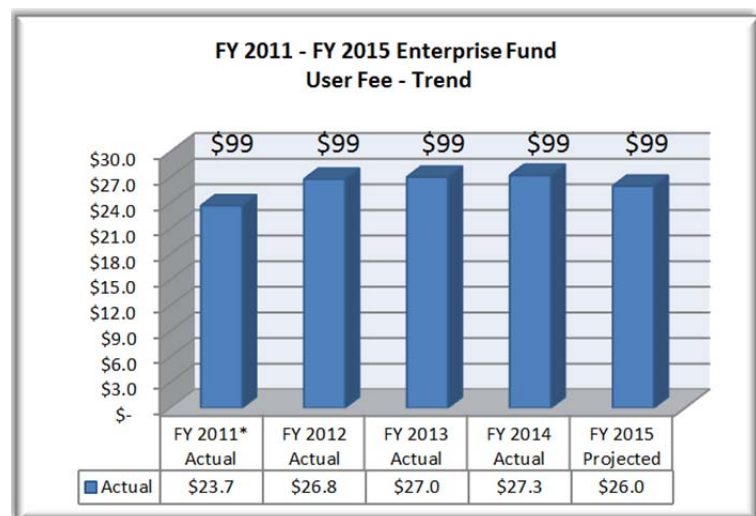
Enterprise Fund User Fee

Description

The County charges a user fee to real property owners, as well as certain commercial and governmental entities to provide funding for the County's recycling, solid waste, and disposal efforts. The Revenue Collections Department administers the billing and collection of this fee. The User Fee for residential property owners is included in the annual tax bill. The Revenue Collections Department calculates and bills for the commercial entities on an annual basis.

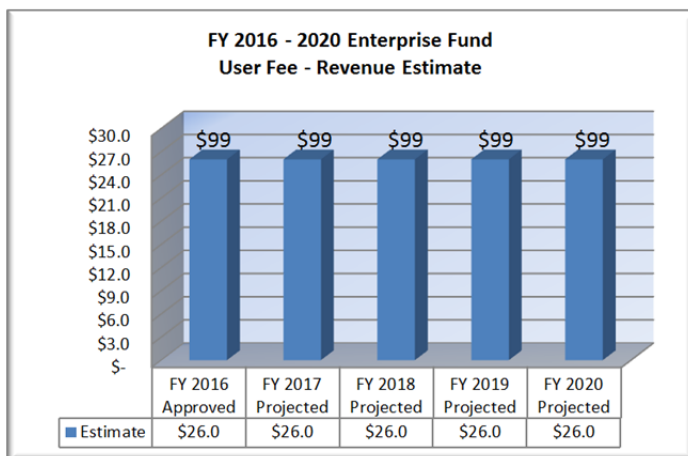
Trend

The revenues from the User Fee had shown a slightly increasing trend until FY 2011 when the County provided a one-time \$25 credit to the Solid Waste User Fee. The User Fee revenues reflected moderate growth between FY 2012 and FY 2014 as the number of residents and businesses in the County grew. In FY 2015, the revenue growth slowed down due to the impact of the County's aggressive goal of 40% recycling. The revenue trend is anticipated to remain constant because the resident and business growth in the area will offset the reduction in the user fee revenue due to the 40% recycling fee.



Amounts in millions

*One-time \$25 credit



Amounts in millions

Revenue Estimate

The FY 2016 User Fee estimate is based on monitoring the success of the recycling program, actual FY 2014 receipts, and FY 2015 year-to-date collection trends. The User Fee charge for residential properties has remained constant at \$99 for the last nine years. The FY 2016 revenue estimate reflects a reduction in the volume of commercial disposal due to the expanded recycling program. However, the County projects flat revenues as growth in population will offset the reduction in commercial fees.



End Section