

Budget User's Guide

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

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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.

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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.

The diagram illustrates the structure of a budget document. Numbered callouts point to the following sections:

- 1: BUDGET
- 2: GENERAL FUND
- 3: GENERAL GOVERNMENT
- 4: Division/Program – Where Applicable
- 5: 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.
- 6: Services Provided:
 - o Develop and monitor annual operating and capital budgets
 - o Formulate financial strategies including multi-year financial plans
 - o Assist in management of state and federal grants
- 7: Departmental Summary:

	FY 2014 Actual	FY 2015 Actual	FY 2016 Adjusted	FY 2017 Approved	Change	Percent Change
Positions/FTE	8.00	8.00	8.00	8.00	-	0.0
Personnel	\$ 611,135	\$ 643,756	\$ 723,383	\$ 715,336	\$ (8,047)	(1.1)
Operating	21,465	19,143	18,946	21,368	2,422	12.8
Capital	-	-	-	-	-	0.0
TOTAL EXPENDITURES	\$ 632,600	\$ 662,899	\$ 742,329	\$ 736,704	\$ (5,625)	(0.8)
- 8: Funding Adjustments for FY 2017 Include:
 - Personnel costs reflect projected benefits and compensation, including the continuation of the longevity and merit programs. Personnel expenditures also reflect a decrease due to interdepartmental staffing changes.
 - Operating expenditures reflect an increase in staff training required for two certified staff members and one new employee.

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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 21 to 27.

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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 2015 Actual	FY 2016 Actual	FY 2017 Projected
Input:				
Number of Federal Awards	2	66	66	70
Output:				
Budgeted General Fund revenues ¹	1(a)	187,385,953	202,517,925	212,248,859
Actual General Fund revenues ^{2&3}	1(a)	188,981,465	207,157,332	212,248,859
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)	0.8%	2.3%	0.0%
Single Audit findings	2	0	0	0
Percent of Single Audit questioned costs	2	0.0%	0.0%	0.0%

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

² FY 2016 Actual reflects the projection at time of budget preparation.

³ FY 2017 reflects 100% of the revenue amount.

2017 ACTION STEPS

Department Goal 1

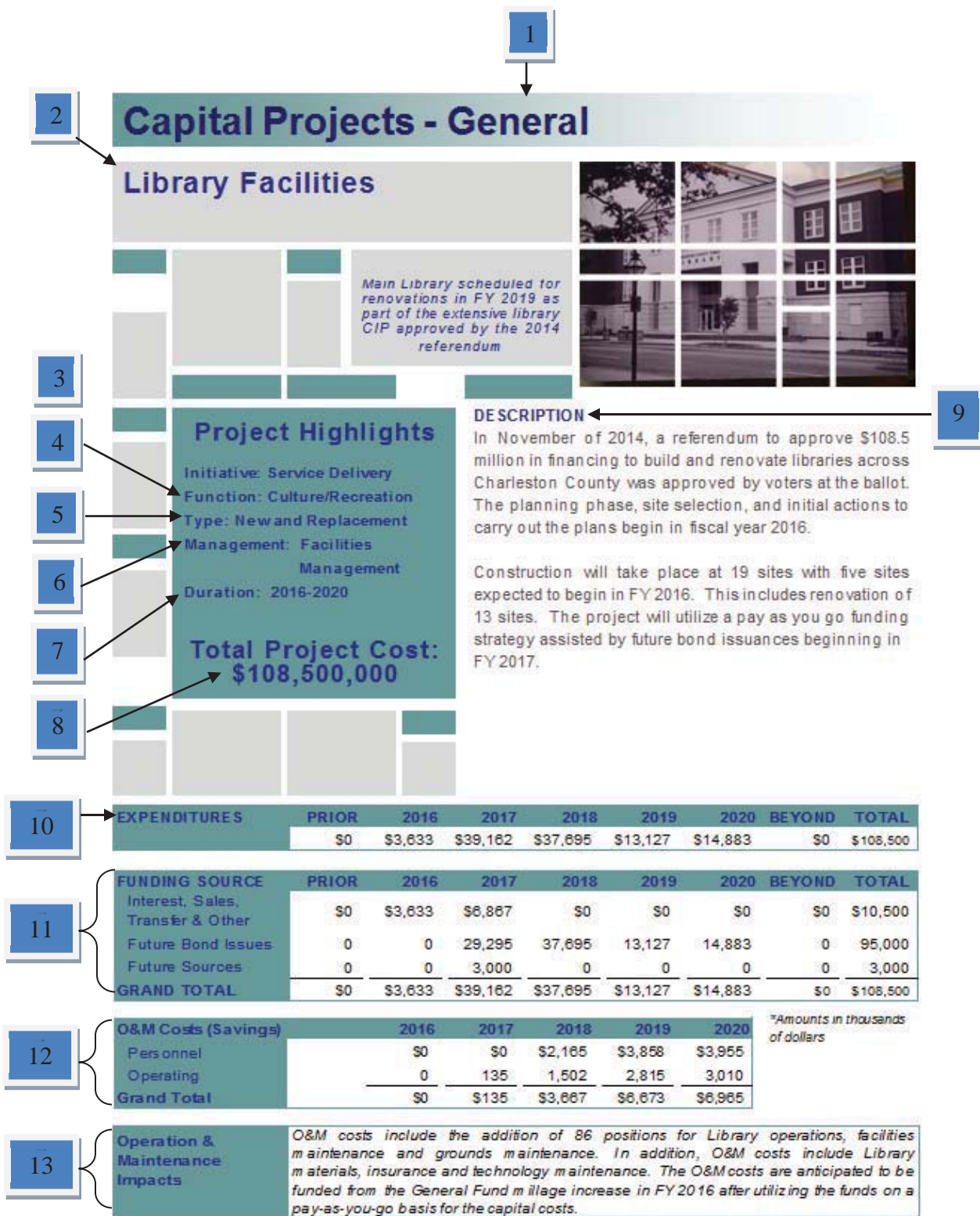
➤ Assist with the upgrade of the County's financial system.

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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; 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.

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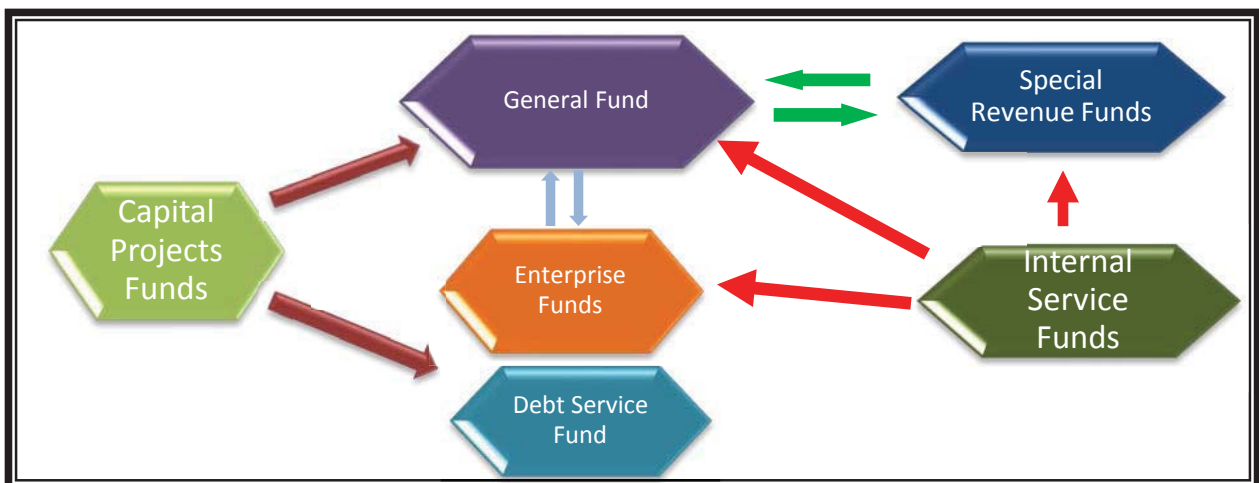
Description of Funds

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

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	1,664,674					1,664,674
Accommodations Tax: State			25,000			25,000
Accommodations Tax: Local			17,839,324			17,839,324
Administrator	1,107,605		100,000			1,207,605
Assessor	4,356,627					4,356,627
Auditor	2,256,343					2,256,343
Budget	736,704					736,704
Building Inspections	1,857,310		19,932			1,877,242
Clerk of Court	3,814,158		765,000			4,579,158
Community Services	1,999,383					1,999,383
Consolidated Dispatch	6,763,186			3,656,918		10,420,104
Coroner	1,610,174					1,610,174
DAODAS				11,567,133		11,567,133
Deputy Admin Finance	461,526					461,526
Deputy Admin General Services	403,481					403,481
Deputy Admin Human Services	433,080					433,080
Economic Development			3,882,284			3,882,284
Elections/Voter Registration	1,948,818					1,948,818
Emergency Management	827,024		3,228,790			4,055,814
Emergency Medical Service	17,390,295					17,390,295
Environmental Management				30,215,219		30,215,219
Facilities Management	18,306,354			3,849,189	1,566,745	23,722,288
Finance	1,001,557					1,001,557
Fleet Management					13,233,613	13,233,613
Greenbelt Programs			9,249,372			9,249,372
Human Resources	1,707,930				28,322,000	30,029,930
Internal Auditor	230,800					230,800
Legal	1,341,705		122,320			1,464,025
Legislative Delegation	247,110					247,110
Library	15,495,938					15,495,938
Magistrate Courts	4,936,650		78,931			5,015,581
Master-In-Equity	680,493					680,493
Nondepartmental	9,000,964	29,242,579				38,243,543
Probate Courts	2,621,973					2,621,973
Procurement	1,254,687				3,000,000	4,254,687
Public Defender	3,130,000		5,253,189			8,383,189
Public Works	11,552,264		5,286,508			16,838,772
Register Mesne Conveyance	1,990,161					1,990,161
Revenue Collections	1,228,795			2,075,450		3,304,245
Safety & Risk Management	2,128,013				5,383,284	7,511,297
Sheriff	66,355,475		1,383,592			67,739,067
Solicitor	6,242,913		2,525,291			8,768,204
State Agencies	329,859					329,859
Technology Services	14,161,637			4,650,609	2,710,083	21,522,329
Transit Agencies			8,671,000			8,671,000
Transportation Development	504,785		51,651,291			52,156,076
Treasurer	1,917,461					1,917,461
Trident Technical College			10,006,300			10,006,300
Veterans Affairs	365,982					365,982
Zoning/Planning	1,946,424		159,819			2,106,243
Total Disbursements	<u>216,310,318</u>	<u>29,242,579</u>	<u>120,247,943</u>	<u>56,014,518</u>	<u>54,215,725</u>	<u>476,031,083</u>

Description of Funds

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

Organization	General Govt.	Judicial	Public Safety	Public Works	Health/ Welfare	Culture/ Rec.	Education	Econ. Develop.	Debt Service	Total
County Council	1,664,674									1,664,674
Accommodations Tax: State						25,000				25,000
Accommodations Tax: Local						17,839,324				17,839,324
Administrator	1,207,605									1,207,605
Assessor	4,356,627									4,356,627
Auditor	2,256,343									2,256,343
Budget	736,704									736,704
Building Inspections			1,877,242							1,877,242
Clerk of Court		4,579,158								4,579,158
Community Services	517,166				1,482,217					1,999,383
Consolidated Dispatch			10,420,104							10,420,104
Coroner		1,610,174								1,610,174
DAODAS					11,567,133					11,567,133
Deputy Admin Finance	461,526									461,526
Deputy Admin General Svs	403,481									403,481
Deputy Admin Human Svs	433,080									433,080
Economic Development								3,882,284		3,882,284
Elections/Voter Registrat.	1,948,818									1,948,818
Emergency Management			3,849,914						205,900	4,055,814
Emergency Medical Svs			17,390,295							17,390,295
Environmental Management				30,215,219						30,215,219
Facilities Management	23,722,288									23,722,288
Finance	1,001,557									1,001,557
Fleet Management	13,233,613									13,233,613
Greenbelt Programs						192,990			9,056,382	9,249,372
Human Resources	30,029,930									30,029,930
Internal Auditor	230,800									230,800
Legal	1,341,705		122,320							1,464,025
Legislative Delegation	247,110									247,110
Library						15,495,938				15,495,938
Magistrate Courts		5,015,581								5,015,581
Master-In-Equity		680,493								680,493
Nondepartmental	9,000,964								29,242,579	38,243,543
Probate Courts		2,621,973								2,621,973
Procurement	4,254,687									4,254,687
Public Defender		8,383,189								8,383,189
Public Works				14,481,314	2,357,458					16,838,772
Register Mesne Convey.	1,990,161									1,990,161
Revenue Collections	3,304,245									3,304,245
Safety & Risk Mgmt.	7,511,297									7,511,297
Sheriff			67,739,067							67,739,067
Solicitor		8,768,204								8,768,204
State Agencies					329,859					329,859
Technology Services	21,522,329									21,522,329
Transit Agencies	8,671,000									8,671,000
Transp Development				28,172,896					23,983,180	52,156,076
Treasurer	1,917,461									1,917,461
Trident Technical College							10,006,300			10,006,300
Veterans Affairs					365,982					365,982
Zoning/Planning	2,106,243									2,106,243
Total Disbursements	144,071,414	31,658,772	101,398,942	72,869,429	16,102,649	33,553,252	10,006,300	3,882,284	62,488,041	476,031,083

Description of Funds

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 : \$476,031,083¹

GOVERNMENTAL FUND TYPES : \$365,800,840²

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

GENERAL FUND : \$216,310,318

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 : \$29,242,579

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

SPECIAL REVENUE FUNDS : \$120,247,943²

These funds account for revenue sources that are legally restricted to expenditure for specific purposes. Although legally restricted, Grant Funds are not included in the annual operating budget due to their project-length budgeting basis.

CAPITAL PROJECTS FUNDS

These funds account for equipment and facilities 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 : \$110,230,243

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

ENTERPRISE FUNDS : \$56,014,518³

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 : \$54,215,725

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

¹ Does not reflect \$4,157,846 in budgeted increases in the ending fund balances.

² Does not include grants and does not reflect \$4,156,447 in budgeted increases in the ending fund balances.

³ Does not include grants and does not reflect \$1,399 in budgeted increases in the ending fund balances.

Description of Funds

GOVERNMENTAL FUND TYPES

SPECIAL REVENUE FUNDS : \$120,247,943⁴

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

Accommodations Tax - Local : \$17,839,324

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 : \$25,000

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 : \$19,932

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 : \$765,000

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

Economic Development : \$3,882,284

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.

⁴ Does not reflect \$4,156,447 in budgeted increases in the ending fund balances of several Special Revenue Funds.

Description of Funds

Emergency Management - Awendaw McClellanville Fire Department : \$2,398,112⁵

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 : \$205,900

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 : \$227,878

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 : \$243,900

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 : \$8,000⁶

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.

Greenbelt Programs : \$9,249,372

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 : \$976,108

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

⁵ Does not reflect \$37,380 in budgeted increase in the ending fund balance.

⁶ Does not reflect \$300 in budgeted increase in the ending fund balance.

Description of Funds

Public Defender - Charleston County : \$4,277,081

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

Public Works – Stormwater Drainage : \$5,286,508

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 : \$221,088

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 : \$867,824

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 : \$88,331

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

Solicitor - Alcohol Education Program : \$98,334

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 : \$11,000⁷

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

Solicitor – Criminal Domestic Violence Appropriation : \$92,647⁸

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

Solicitor - Drug Court : \$333,715⁹

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

Solicitor – DUI Appropriation: \$103,939

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.

⁷ Does not reflect \$4,000 in budgeted increase in the ending fund balance.

⁸ Does not reflect \$7,353 in budgeted increase in the ending fund balance.

⁹ Does not reflect \$285 in budgeted increase in the ending fund balance.

Description of Funds

Solicitor - Expungement : \$155,297

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

Solicitor - Juvenile Education Program : \$108,666

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

Solicitor - Pretrial Intervention : \$359,779

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 : \$829,376

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

Solicitor - Traffic Education Program : \$36,579¹⁰

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 – 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 : \$59,513

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

Solicitor – Violent Crime Prosecution : \$83,370¹¹

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 - Worthless Check : \$61,549

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

¹⁰ Does not reflect \$13,421 in budgeted increase in the ending fund balance.

¹¹ Does not reflect \$16,630 in budgeted increase in the ending fund balance.

Description of Funds

Transportation Development – Revenue Bond Debt Service: \$16,999,369¹²

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.

Transportation Development - Roads Program : \$34,651,922¹³

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

Transportation Sales Tax - Transit Agencies : \$8,671,000¹⁴

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

Trident Technical College : \$6,626,300

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 : \$3,380,000

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 : \$471,807

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 : \$159,819

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.

¹² Does not reflect \$2,560,000 in budgeted increase in the ending fund balance.

¹³ Does not reflect \$468,078 in budgeted increase in the ending fund balance.

¹⁴ Does not reflect \$1,049,000 in budgeted increase in the ending fund balance.

Description of Funds

PROPRIETARY FUND TYPES

ENTERPRISE FUNDS : \$56,014,518¹⁵

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 : \$3,081,877

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 : \$575,041¹⁶

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

Department of Alcohol and Other Drug Abuse Services (DAODAS) : \$11,567,133

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 : \$30,215,219

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 : \$3,849,189

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

Revenue Collections : \$2,075,450

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

Technology Services - Radio Communications : \$4,650,609

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

¹⁵ Does not reflect \$1,399 in budgeted increase in the ending fund balance.

¹⁶ Does not reflect \$1,399 in budgeted increase in the ending fund balance.

Description of Funds

INTERNAL SERVICE FUNDS : \$54,215,725

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 : \$16,233,613

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 : \$28,322,000

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 : \$2,143,569

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

Safety & Risk Management - Safety/Workers' Compensation : \$5,383,284

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 : \$2,133,259

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

Fund Balance Changes

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 2017.

Fund	Beginning Fund Balance	Ending Fund Balance	Net Change
General Fund	\$56.4	\$56.4	\$0.0
Debt Service Fund	17.8	17.0	(0.8)
Special Revenue Funds	34.5	34.6	0.2
Enterprise Funds	69.0	64.9	(4.1)
Internal Service Funds	(147.5)	(148.3)	(0.8)
Total	<u>\$30.2</u>	<u>\$24.7</u>	<u>\$(5.5)</u>

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 2015 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 2017 operating budget does not include the capital expenditures in 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 not projected to use any of the \$56.4 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

The FY 2017 budget reflects the transfer of annual recurring maintenance related to roofing, heating/cooling, paving and technology from the Capital Projects Fund (one-time capital expenditures) to the General Fund to more accurately reflect recurring costs. As a result of this change, the County did not use the General Fund balance in FY 2017.

The **Debt Service Fund** is projected to use \$0.8 million or 4.5% of the \$17.8 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 2017 budget. The use of fund balance is anticipated to allow debt service millage to remain level through FY 2021.

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 less than one percent of the \$13.2 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 add \$0.5 million or 14.8% to the beginning \$3.2 million fund balance. The Transportation Sales Tax: Roads Fund is used for road projects. The Transportation Sales Tax: Roads Fund generated additional funds in the fund balance in FY 2017 because of improvements in revenues. Road projects are scheduled through the end of the 25 year tax, and the additional revenue does not change the current schedule for road projects.

The operations portion of the **Transportation Sales Tax: Transit Fund** is projected to add \$1.0 million or 39.6% to the 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 **Transportation Development: Revenue Bond Debt Service** is projected to add \$2.6 million or 77% to the beginning \$3.3 million fund balance. The debt service is funded from borrowed funds, while the revenues from the Fee-In-Lieu of Taxes incentives are accumulated until the full economic development project is complete. When the project is complete, the revenues will be sufficient to service the debt.

Fund Balance Changes

The operating portion of the **Environmental Management Fund** is projected to use \$2.6 million or 5.0% of the beginning \$51.1 million fund balance for vehicles and heavy equipment replacement.

The operating portion of the **Parking Garages Fund** is projected to use \$0.2 million or 1.6% of the beginning \$12.9 million fund balance. During FY 2017, the 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 \$5.1 million or 3.9% of the \$130.3 million beginning fund balance. Public Works: Stormwater Drainage and Economic Development Funds have the most significant fund balance changes in the non-major funds

The **Public Works: Stormwater Drainage Fund** is projected to spend \$1.3 million or 84.2% of the \$1.5 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 **Economic Development Fund** is projected to use \$1.0 million or 33.2% of the \$3.2 million beginning balance. Charleston County ranks among the nation's top metro areas for job growth, foreign direct investment and employment in "advanced industries." The County is utilizing fund balance for project incentives to promote a more diverse and robust business recruitment program.

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.

OVERVIEW

During the preparation of the Fiscal Year (FY) 2017 budget, the County Administrator provided guidance for assembling an operational budget that included the following directives:

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

The budget presented to County Council met these directives.

The FY 2017 Council Approved budget has available funds and disbursements (including budgeted changes in fund balance) for all operating funds which total \$480.2 million and reflect a \$7.1 million or 1.5 percent increase from the FY 2016 budget. The FY 2017 operating budget is summarized in Figure 1. Additionally, graphs are presented on pages 74 and 75 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 2017 Operating Budget
(Expressed in Millions of Dollars)

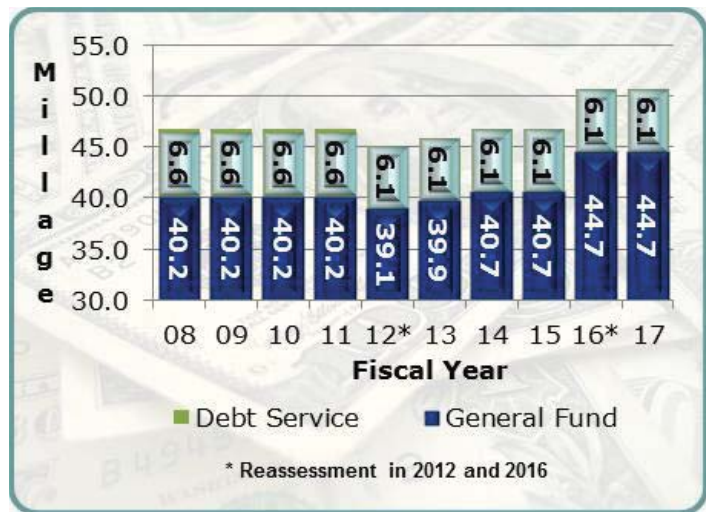
<u>Description</u>		
Available Funds (Including Beginning Fund Balance)		\$ 500.7
Less Budgeted Disbursements		<u>476.0</u>
Nonspendable	67.9	
Restricted: External	(179.5)	
Restricted: Internal	87.3	
Available	<u>49.0</u>	
Ending Fund Balance		<u>\$ 24.7</u>

The millage rate for the County is comprised of the General Fund millage and the Debt Service millage. The General Fund millage for FY 2017 is 44.7 mills and remains constant from the previous year. The Debt Service levy, used to pay interest and principal on funds borrowed for capital projects, is anticipated to remain constant from the FY 2016 rate at 6.1 mills. The combined operating and debt service levy is 50.8 mills.

Budget Analysis

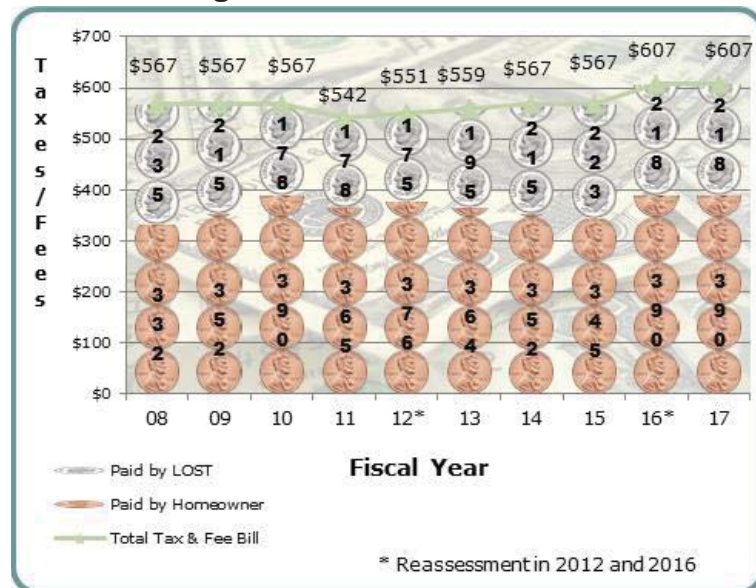
Figure 2 presents a summary of the County's millage rates for FY 2017 and the prior nine years. For the owner of a \$250,000 home (four percent assessed property) the 50.8 mills equate to a tax of \$508, which remains constant to the current tax year for the \$250,000 homeowner. As allowed under State 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 2017 remains constant at \$217.50 for the \$250,000 homeowner. After applying the Sales Tax credit, the net tax is \$290.50, representing no change from the current year for the \$250,000 homeowner.

Figure 2 – County Millage Rates



The Solid Waste Recycling and Disposal Fee of \$99 for a single-family residence remained unchanged since FY 2008. 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 4 – Tax and Fee Bill



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 \$389.50 representing no 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.

Budget Analysis

There are 34 Full-Time Equivalents (FTEs) added in FY 2017, bringing the total number of FTEs employed by Charleston County to 2,595. In order to respond to the growth and customer service demands in the County; 11 FTEs were added to Stormwater Drainage, 5 FTEs were added to Consolidated Dispatch, 2 FTEs were added to Assessor, Building Inspection, Facilities Management, Fleet, Public Works, Technology Services, Telecommunications Transportation Development, and Zoning/Planning respectively, and 1 FTE was added to Awendaw McClellanville Fire District.

Figure 5 – Full-Time Equivalents

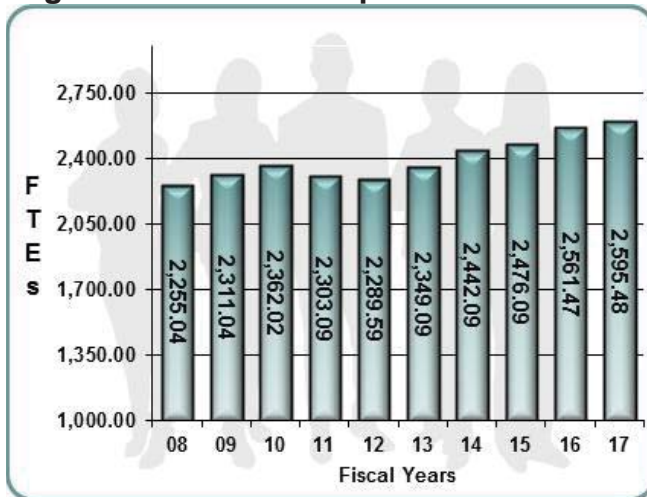


Figure 5 presents a summary of the County's FTEs for FY 2017 and the prior nine years. The FTEs for Charleston County had a steady increasing trend until FY 2011. The major reductions in FTEs resulted from cost saving actions during the recession, including voluntary retirement incentives, and transferring 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 Consolidated Dispatch, converting part-time

personnel working more than 32 hours a week to full-time positions, and pressure to maintain existing service levels.

GENERAL FUND

SUMMARY

The FY 2017 Council approved budgeted disbursements for the General Fund total \$216.3 million, a \$1.6 million (or less than 1.0 percent) increase from the FY 2016 budget. Budgeted funds available for the FY 2017 budget also total \$216.3 million. The General Fund millage is anticipated to remain constant at 44.7 mills.

Page 104 shows a graphical representation of the County's General Fund budget. Page 105 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 \$56.4 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

Figure 6 - FY 2017 General Fund Beginning Balance
(Expressed in Thousands of Dollars)

Nonspendable (Inventory)	\$ 1,161
Restricted: Internal	
Encumbrances	1,550
Designated for PAYGO projects in FY 2017	4,952
Rainy Day Fund	8,363
Two months of Operating Expenditures	36,052
Available	<u>4,331</u>
Total	<u>\$ 56,408</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. In addition, 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 \$212.2 million reflect an increase of \$9.7 million or 4.8 percent from FY 2017. 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 6 - GENERAL FUND - Changes in Revenues

Department/Division	FY 2016 Adjusted	FY 2017 Approved	Amount Change	Percent Change
Property Tax Revenue	\$142,740	\$149,793	\$7,053	4.9%
Local Option Sales Tax	55,800	59,000	3,200	5.7%
EMS: Medicaid and Insurance Billings	7,888	10,340	2,452	31.1%
Lost: Sales Tax Credit	(55,100)	(58,260)	(3,160)	5.7%

Budget Analysis

The County's largest revenue sources, the Property Tax and the Local Option Sales Tax, reflect a net increase of \$10.3 million. The net increase is due to increased projection of property value, aggressive pursuit of non-qualified four percent legal residencies, and improvement in the local economy resulting in increased sales tax projections. The increase in the revenue from the Local Option Sales Tax Credit, which is used to offset the amount property owners pay on their tax bill, also reflects improvements in the local economy. The increase in the Local Option Sales Tax resulted in a higher credit of \$3.2 million or 5.7 percent to taxpayers.

The increase of \$2.5 million in EMS Medicaid and Insurance Billings is the result of the projected growth in Charleston County. As Charleston County's population continues to grow, the County is experiencing increased service demands from the expanded population who are requiring more types of services.

INTERFUND TRANSFERS IN

Approximately \$4.1 million is transferred to the General Fund from other funds, which represents a decrease of \$0.6 million or 12.1 percent from the FY 2016 budget. The decrease represents reduced amounts from the Clerk of Court: IV-D Child Support Enforcement Program (Special Revenue Fund) and Revenue Collection (Enterprise Fund) due to lower revenues in the respective funds.

EXPENDITURES

The FY 2017 approved budgeted expenditures for the General Fund total \$202.2 million, which represents an increase of \$12.0 million or 6.3 percent from the FY 2016 budget. Figure 8 shows the significant budget changes in expenditures for FY 2017.

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

Figure 7 - GENERAL FUND - Changes in Expenditures

<u>Department/Division</u>	<u>FY 2016 Adjusted</u>	<u>FY 2017 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Emergency Medical Services	\$14,029	\$17,390	\$3,361	24.0%
Facilities Management	14,994	18,306	3,312	22.1%
Sheriff	64,521	66,257	1,736	2.7%
Technology Services	10,882	12,120	1,238	11.4%

The \$3.4 million or 24.0 percent increase in Emergency Medical Services represents annualization of the costs related to adding five ambulances and eight quick response vehicles to the budget in FY 2016. In addition, the \$1.7 million or 2.7 percent increase in the Sheriff's Office represents annualized funding for 16 Deputy Sheriffs and eight Law Enforcement Specialists II positions added in FY 2016 and a higher fringe rate to more accurately reflect the higher costs associated with police retirement benefits.

Budget Analysis

Another major budgeted increase in the General Fund operating expenditure is \$3.3 million or 22.1 percent in Facilities Management, representing the transfer of annual recurring maintenance related to roofing, heating/cooling, and paving from the Capital Projects Fund to the General Fund.

The \$1.2 million or 11.4 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.

INTERFUND TRANSFERS OUT

Approximately \$14.1 million is transferred from the General Fund to various other funds. The transfers are decreased \$10.4 million or 42.5 percent from the prior fiscal year primarily due to a decrease 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 and FY 2019 for the remainder of the project. The decrease also represents the transfer of funds to Fleet Management (Internal Service Fund) to purchase one-time capital vehicles and equipment for the public safety expansion in FY 2016.

FUND BALANCE

The FY 2017 ending fund balance is projected to be \$56.4 million. Of this amount, \$37.0 million is set aside in an effort to maintain a two month buffer and is in addition to the \$8.7 million Rainy Day Fund for unexpected events. Another \$6.5 million reflects estimated on-going purchases and projects at the end of FY 2017.

DEBT SERVICE FUND

SUMMARY

The FY 2017 approved budgeted disbursements for the Debt Service Fund total \$29.2 million which is a \$1.5 million or 5.6 percent increase from the FY 2016 budget. Budgeted funds available for FY 2017 also total \$29.2 million. The Debt Service Fund millage is anticipated to be 6.1 mills and represents no change from FY 2016.

Page 106 displays a graphical representation of the County's Debt Service Fund budget. Page 107 contains a fund statement which is a numerical summary of the Debt Service Fund.

REVENUES

Debt Service Fund revenues total \$20.8 million and reflect an increase of \$0.9 million or 4.4% from FY 2016. The increase represents additional property tax revenues from a growing property tax base.

INTERFUND TRANSFERS IN

Approximately \$7.7 million is transferred to the Debt Service Fund from other funds. The transfers increased \$0.7 million or 10.4 percent as a result of transferring funds from the General Fund to pay for the computer leases on computers used in General Fund departments.

Budget Analysis

EXPENDITURES

The FY 2017 budgeted expenditures for the Debt Service Fund total \$29.2 million. This amount is a \$1.5 million or 5.6 percent increase from FY 2016 and represents the continued service of the County's outstanding debt obligations.

FUND BALANCE

The FY 2017 ending fund balance is projected to be \$17.0 million, which represents a \$0.8 million or 4.4 percent decrease from the projected FY 2017 beginning balance. This is a scheduled decrease to avoid tax increases over the next five years.

SPECIAL REVENUE FUNDS

SUMMARY

The FY 2017 approved budgeted disbursements for the Special Revenue Funds total \$120.2 million, a \$1.8 million or 1.5 percent increase from the FY 2016 budget. Budgeted funds available for FY 2017 also total \$120.2 million.

Page 108 shows a graphical representation of the County's Special Revenue Fund budgets, while pages 109 to 149 contain fund statements reflecting numerical summaries of the budgets.

REVENUES

The revenues for the Special Revenue Funds total \$112.6 million and reflect an \$8.5 million or 8.2 percent increase from the FY 2016 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 8 - SPECIAL REVENUE FUNDS - Changes in Revenues

<u>Department/Division</u>	<u>FY 2016 Adjusted</u>	<u>FY 2017 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Transp. Sales Tax: Revenue Bond Debt Service	\$12,400	\$15,290	\$2,890	23.3%
Public Works: Stormwater Drainage	1,764	4,012	2,248	127.4%
Transportation Development: Roads Program	33,820	35,120	1,300	3.8%

The Special Revenue Funds reflect a \$2.9 million or 23.3 percent increase in revenues for the Transportation Sales Tax: Revenue Bond Debt Service. Revenues reflect fees-in-lieu of property taxes that were designated by County Council as security for the repayment of the debt service. After the verification of sufficient revenues to service the current year's debt, the fees-in-lieu of property taxes are distributed to taxing entities. The increase in revenue represents additional fees collected for new and enhanced developments in the county.

Budget Analysis

The increase of \$2.2 or 127.4% in Public Works: Stormwater Drainage is the result of the newly enacted stormwater rate adjustment. The revenue is generated by the collection of a stormwater fee for services provided in unincorporated areas of the County. Revenues also include receipts from several municipalities to enact a program within the municipalities.

Another change to the Special Revenue Funds revenues is a budgeted increase of \$1.3 million or 3.8 percent 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.

INTERFUND TRANSFERS IN

In total, approximately \$7.9 million is transferred into Special Revenue Funds from various other funds. The overall transfers remain relatively constant from FY 2016.

EXPENSES

The FY 2017 budgeted expenses for the Special Revenue Funds total \$100.3 million, which is a \$3.5 million or 3.6 percent increase from FY 2016. Figure 10 shows the significant budget change in expenses.

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

Figure 9 - SPECIAL REVENUE FUNDS - Changes in Expenses

<u>Department/Division</u>	<u>FY 2016 Adjusted</u>	<u>FY 2017 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Public Works: Stormwater Drainage	\$3,160	\$5,287	\$2,127	67.3%
Economic Development	3,140	3,882	742	23.6%

The \$2.1 million increase in the Public Works: Stormwater Drainage represents stormwater program and drainage service expansions in the unincorporated areas of the County resulting from the enactment of the stormwater rate adjustment. The expanded program and services are the result of changes in Federal stormwater requirements.

Another change to the Special Revenue Fund expenses is a \$0.7 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 business incentives and contract services in FY 2017.

INTERFUND TRANSFERS OUT

Approximately \$20.0 million is transferred from the Special Revenue Funds to various other funds. The budgeted transfer decrease by \$1.7 million or 7.8 percent is due to a one-time match for FEMA reimbursements for the declared disaster in FY 2016. The decrease in the Transfers out of the Special Revenue Funds also reflect a one-time principal and interest payment for the Awendaw McClellanville Debt.

FUND BALANCE

The FY 2017 ending fund balance is projected to be \$34.6 million, which reflects a 0.2 million or 0.5 percent change from the estimated FY 2017 beginning balance.

ENTERPRISE FUNDS

SUMMARY

The FY 2017 approved budgeted disbursements for the Enterprise Funds total \$56.0 million. This is a \$0.8 million or 1.5 percent increase from the FY 2016 budget. Funds available for FY 2017 also total \$56.0 million.

Page 150 displays a graphical representation of the County's Enterprise Funds budgets, while pages 151 to 157 contain fund statements reflecting numerical summaries of the budgets.

REVENUES

Revenues for the Enterprise Funds total \$48.4 million and reflect a \$0.3 million or 0.6 percent increase from the FY 2016 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 10 - ENTERPRISE FUNDS - Changes in Revenues

<u>Department/Division</u>	<u>FY 2016 Adjusted</u>	<u>FY 2017 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Consolidated Dispatch: Emergency 911	\$2,198	\$2,455	\$257	11.7%
Environmental Management	\$28,031	\$27,633	(398)	-1.4%

The \$0.3 million dollar increase in Consolidated Dispatch: Emergency 911 represents a larger amount of reimbursable costs from the State government for wireless and wireline services. In addition, the budgeted 911 fees collected on wireline phones reflect an increase based on historical analysis and current trends. These increases are offset by a \$0.4 million decrease in Environmental Management that represents the declining resale value of recyclable products.

INTERFUND TRANSFERS IN

In total, approximately \$3.5 million is transferred into Enterprise Funds from various other funds. The overall transfers are decreased \$0.6 million or 13.9 percent from the FY 2016 budget. The most significant decrease is in Radio Communications and represents reduced support transferred from the General Fund to Radio Communications to purchase radios for the FY 2016 public safety expansion.

Budget Analysis

EXPENSES

The FY 2017 budgeted expenses for the Enterprise Funds total \$54.3 million which is a \$1.0 million or 1.8 percent increase from FY 2016. Figure 12 shows the significant budget change in expenses.

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

Figure 11 - ENTERPRISE FUNDS - Changes in Expenses

<u>Department/Division</u>	<u>FY 2016 Adjusted</u>	<u>FY 2017 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Environmental Management	\$29,420	\$30,215	\$795	2.7%
Consolidated Dispatch: Emergency 911	2,722	3,081	359	13.2%
Tech Services: Radio Communications	5,054	4,651	(403)	-8.0%

The budgeted increase of \$0.8 million or a 2.7 percent in Environmental Management represents an increase due to re-negotiating a contract with Horry County to process recyclable materials for the County. Also included is a \$0.4 million or 13.2 percent increase in Consolidated Dispatch: Emergency 911 for replacement of the County's emergency recording system.

These increases are offset by a \$0.4 million or 8.0 percent decrease in Technology Services: Radio Communication due to the one-time purchase of capital and noncapital radio equipment for the public safety expansion in FY 2016.

INTERFUND TRANSFERS OUT

In total, approximately \$1.7 million is transferred from the Enterprise Fund to other funds. The most significant transfer out is revenue transferred to the General Fund from the Parking Garage for the amount of the profit in the fund.

FUND BALANCE

The FY 2017 combined ending fund balance is projected to be \$64.9 million which reflects a \$4.1 million or 6.0 percent decrease from the beginning fund balance. The majority of the reduction reflects the use of the Environmental Management fund balance for construction of the Material Recovery Facility and other one-time expenses.

INTERNAL SERVICE FUNDS

SUMMARY

The FY 2017 approved budgeted disbursements for the Internal Service Funds total \$54.2 million. This is a \$1.8 million or 3.1 percent decrease from the FY 2016 budget. Funds available for FY 2017 also total \$54.2 million.

Page 157 shows a graphical representation of the County's Internal Service Funds budgets, while pages 158 to 163 contain fund statements reflecting numerical summaries of the budgets.

REVENUES

Internal Service Funds revenues total \$51.0 million, a \$0.9 million or 1.7 percent increase from FY 2016. 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 12 - INTERNAL SERVICE FUNDS - Changes in Revenues

<u>Department/Division</u>	<u>FY 2016 Adjusted</u>	<u>FY 2017 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Human Resources: Employee Benefits	\$27,858	\$28,322	\$464	1.7%
Procurement: Central Parts Warehouse	2,500	3,000	500	20.0%

Human Resources: Employee Benefits reflects an increase by the State of South Carolina to the health insurance rate for employers and employees. The Internal Service Fund also includes an increase of \$0.5 million or 20.0 percent in Procurement: Central Parts Warehouse due to higher cost and increased usage of parts for maintenance of vehicles by Fleet Operations.

INTERFUND TRANSFERS IN

Approximately \$2.4 million is transferred to the Internal Service Funds from other funds. The transfers decreased \$2.4 million or 49.8 percent from the FY 2016 budget to reflect a reduction to Fleet Management by the General Fund for the one-time purchase of police cars and ambulances for the public safety expansion in FY 2016.

EXPENSES

The FY 2017 budgeted expenses for the Internal Service Funds total \$54.2 million which is a \$1.7 million or 3.1 percent decrease from FY 2016. Figure 14 shows the significant budget change in expenses.

Budget Analysis

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

Figure 13 - INTERNAL SERVICE FUNDS - Changes in Expenses

<u>Department/Division</u>	<u>FY 2016 Adjusted</u>	<u>FY 2017 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Procurement: Central Parts Warehouse	\$2,500	\$3,000	\$500	20.0%
Human Resources: Employee Benefits	27,858	28,322	464	1.7%
Fleet Management	15,993	13,234	(2,759)	-17.3%

The \$0.5 million increase in the Procurement: Central Parts Warehouse operating expenses represents an increase in the cost of parts for Fleet Management to maintain vehicles. The increases to expenses in the Human Resources: Employee Benefits Funds represent the higher costs of various employee insurances as passed through by the State.

Another change to the Internal Service Fund expenses is a \$2.7 million or 17.3 percent decrease in Fleet Management due to the one-time capital purchase of vehicles and equipment for the public safety expansion in FY 2017.

FUND BALANCE

The FY 2017 ending fund balance is projected to be \$54.2 million, which represents a \$0.8 million or 0.5 percent decrease from the estimated FY 2017 beginning balance. The decrease is largely due to reducing the Worker's Compensation Fund's reserves based on recent claims history.

Major Revenue Sources

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.

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.

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.*

- 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 80.8% of the \$445.0 million in total revenues for FY 2017. The table below identifies external revenues that are greater than \$10 million.

	FY 2017 Approved	Percentage of Total Revenue
General Fund: Ad Valorem Taxes	\$153,750	34.6%
General Fund: Local Option Sales Tax	59,000	13.3%
General Fund: Local Government Fund	12,861	2.9%
Debt Service Fund: Ad Valorem Taxes	20,660	4.6%
Special Revenue Fund: Transportation Sales Tax	54,000	12.1%
Special Revenue Fund: Accommodations Tax – Local	17,150	3.9%
Special Revenue Fund: Revenue Bond Debt Service	15,290	3.4%
Enterprise Fund: User Fee	26,750	6.0%

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 pages 78 to 85.

Major Revenue Sources

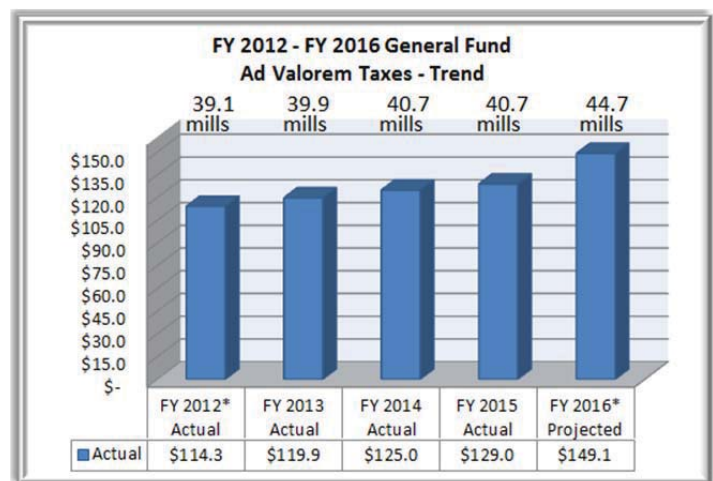
General Fund Ad Valorem Taxes

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

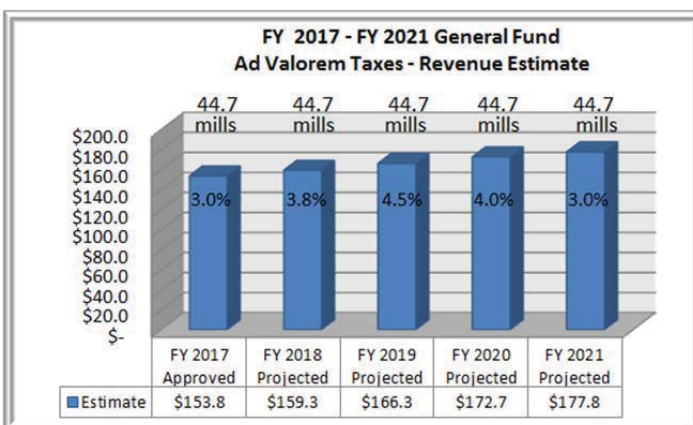
The County's portion of ad valorem taxes for the General Fund shows a consistent increasing trend, which reflects continued growth in the County's tax base. South Carolina Law requires that counties reassess properties every five years. The national recession and the State mandated reassessment resulted in minimal growth in FY 2012. However, the County expects the growth seen in FY 2013 through FY 2016 to continue in the future.



Amounts in the millions

* Reassessment Year

Revenue Estimates



Amounts in the millions

The FY 2017 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 2015 receipts, and FY 2016 year-to-date collection trends. The 44.7 millage rate reflects no change from the previous year. The millage equates to \$178.80 per \$100,000 of appraised value for the homeowner. Also projected is an additional \$4.7 million from an approximate 3.0 percent increase in the tax base.

Major Revenue Sources

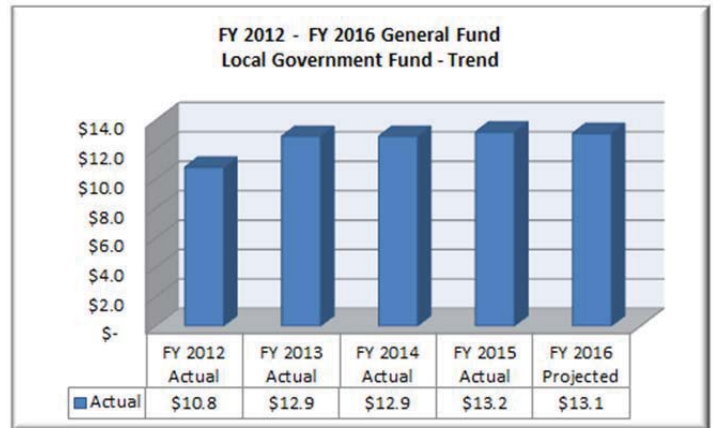
General Fund Local Government Fund

Description

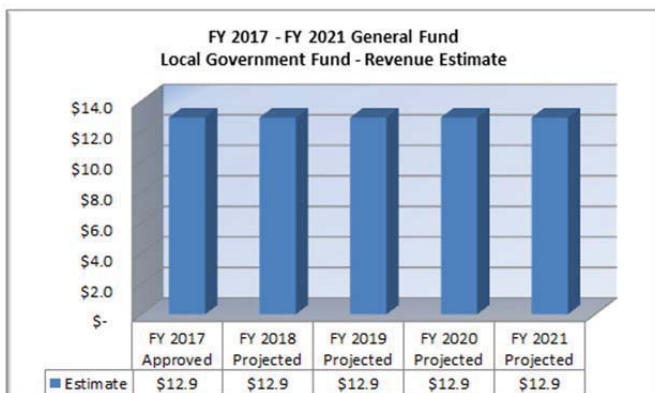
The County receives funds from the State of South Carolina to subsidize its operations. This funding was created to reduce the pressure on property taxes and to provide a predictable source of revenue for county and municipal budgeting. In FY 1992, the Local Government Fund replaced and consolidated 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 2016 was noted by the State as one-time funds. The FY 2016 estimate included a lower amount due to the timing of the disbursement of the one-time additional funding from the State.



Amounts in the millions



Amounts in the millions

Revenue Estimate

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

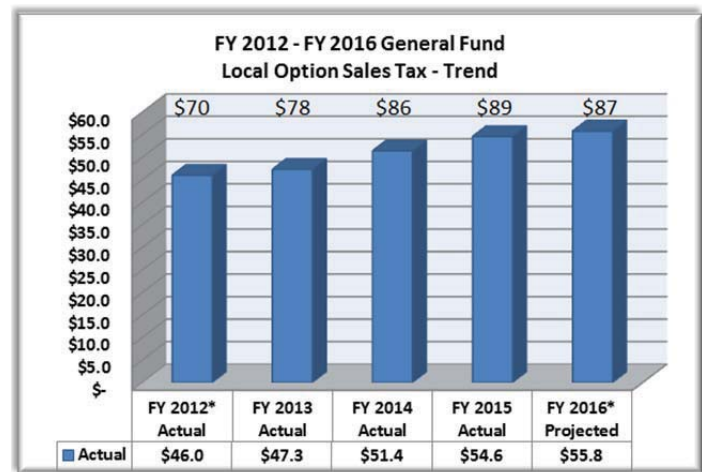
General Fund Local Option Sales Tax

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.

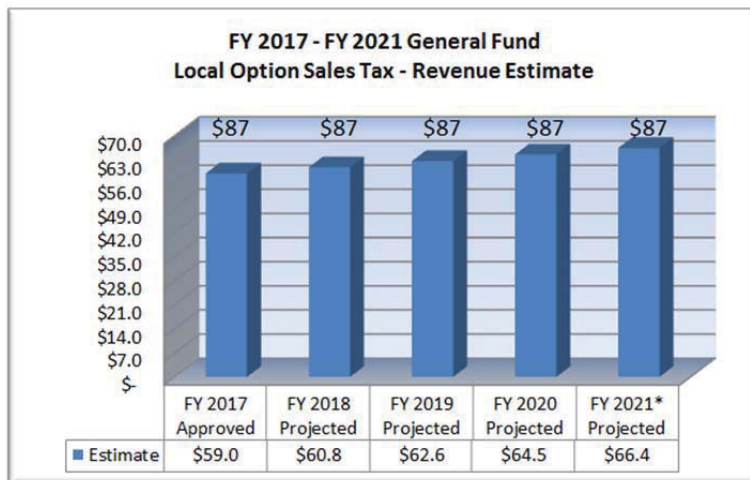
Trend

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 2016 projection reflects a continued level of increased 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 5.7 percent over the FY 2016 projection. The credit is determined by dividing the LOST revenue by the appraised property base. The revenue for FY 2017 equates to a credit of \$87 per \$100,000 of appraised value; this amount is constant from FY 2016. The FY 2017 LOST estimate is based on a review of Charleston County and national economic indicators, actual FY 2015 receipts, and FY 2016 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 continues to improve, the growth in the LOST revenue is expected to parallel the growth in property taxes. As a result, the LOST credit is anticipated to remain the same in future years.

Major Revenue Sources

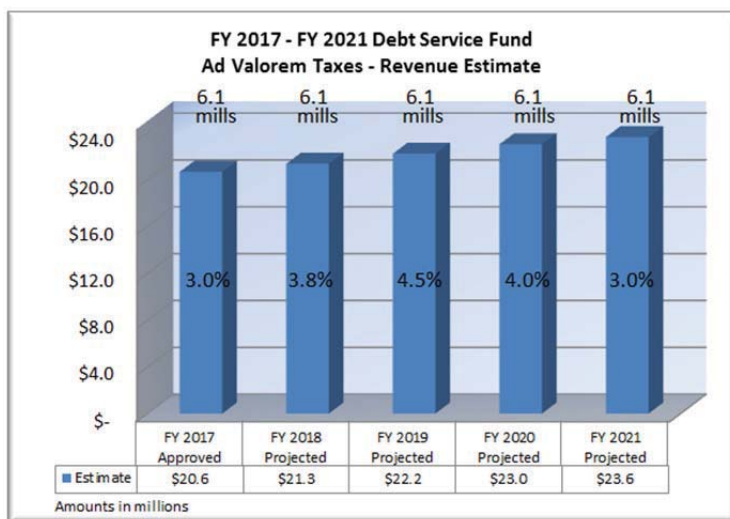
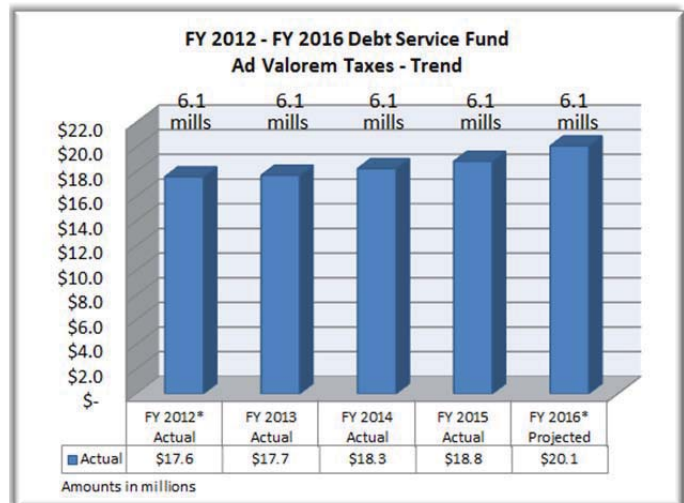
Debt Service Fund Ad Valorem Taxes

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 2016 to continue in the future.



Revenue Estimate

The FY 2017 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 2015 receipts, and FY 2016 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 an approximate 3.0 percent increase in the tax base. The County expects the millage rate to remain constant through FY 2021.

Major Revenue Sources

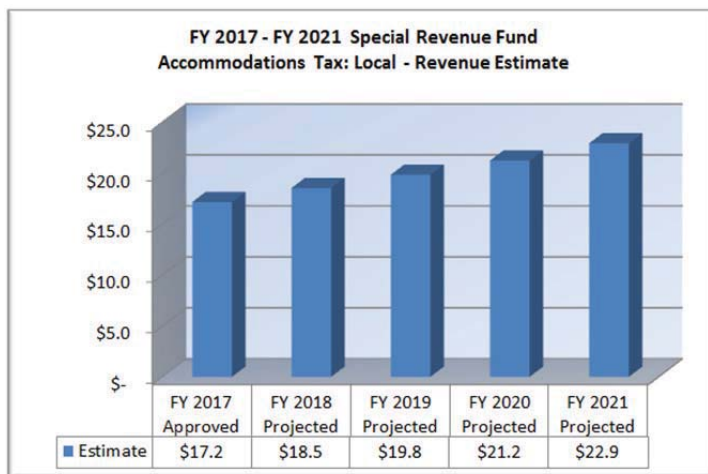
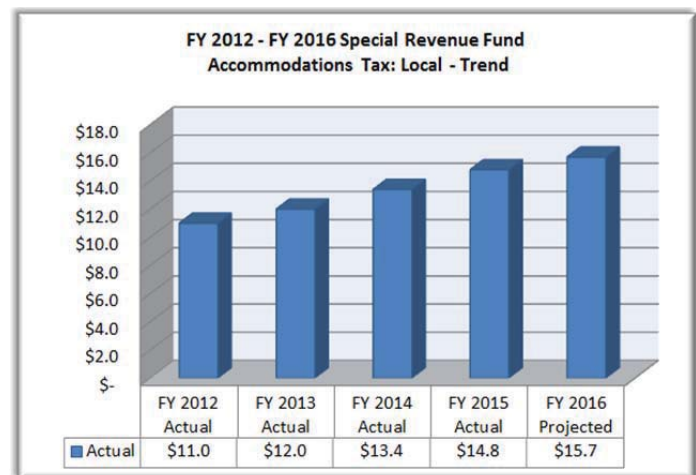
Special Revenue Fund Accommodations Tax - Local

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 FY 2016 revenue was negatively impacted by catastrophic flooding in October of 2015, offsetting projected growth in FY 2016. The upward trend is expected to resume as tourism continues to grow in the Charleston area.



Revenue Estimate

The budgeted Accommodations Tax - Local reflects an estimated 9.2 percent increase from the FY 2016 projection. The Accommodations Tax - Local revenue estimate is based on a review of actual FY 2015 receipts, FY 2016 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 show an 8.0 percent increase in FY 2018 followed by 7.0 percent growth in fiscal years 2019 and 2020 followed by 8.0 percent growth in FY 2021.

Major Revenue Sources

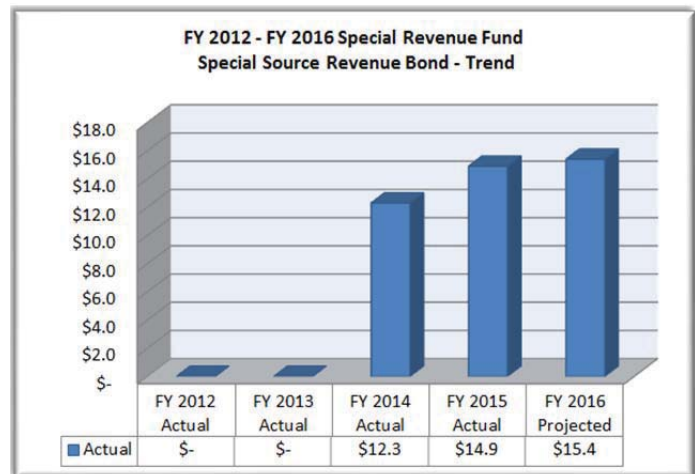
Special Revenue Fund Special Source Revenue Bond

Description

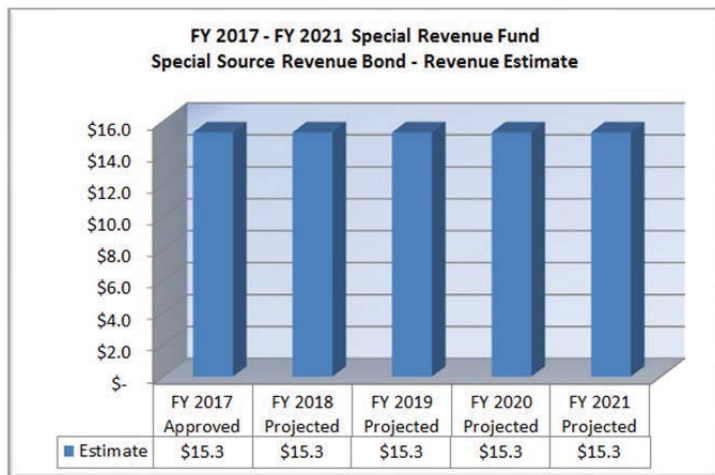
During 2013, County Council designated fees-in-lieu of property taxes as security for the repayment of the special source revenue bond issued in 2013. After the verification of sufficient revenues to service the current year's debt, the fees-in-lieu of property taxes are distributed to taxing entities.

Trend

The revenues from the Special Source Revenue Bond began in FY 2014. The fees-in-lieu of taxes increased in FY 2015 and FY 2016 based on the addition of new development in the County including the Boeing expansion. As personal property related to the fees-in-lieu of taxes is depreciated, the revenues decrease from the various deals. However, new development has more than offset the decrease.



Amounts in the millions



Amounts in the millions

Revenue Estimate

The budget for the fees-in-lieu of taxes pledged as security for the Special Source Revenue Bond reflects an estimated one percent decrease from the FY 2016 projection due to personal property depreciation. The revenue estimate is based on a review of actual FY 2015 receipts, FY 2016 year-to-date collection trends and information received from the Economic Development Department. Looking into the future, the revenue is projected to remain consistent although new development will increase the revenues.

Major Revenue Sources

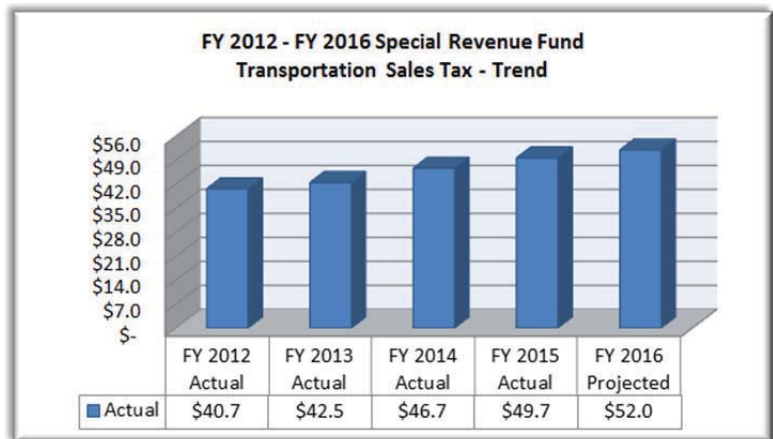
Special Revenue Fund Transportation Sales Tax

Description

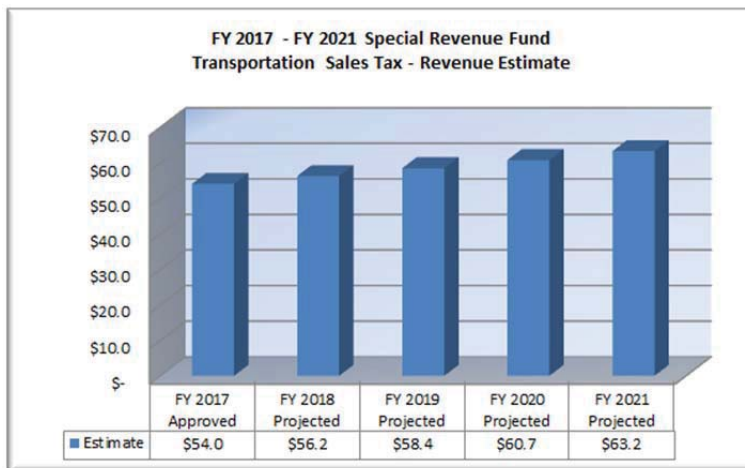
The citizens of Charleston County passed, by referendum, an additional one-half of one percent sales and use tax that took effect May 1, 2005 and will continue for 25 years or until \$1.3 billion is collected. According to the referendum, the sales tax revenues are designated to provide funds for transportation-related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



Amounts in the millions

Revenue Estimate

The Transportation Sales Tax revenue estimate is based on a review of Charleston County and national economic indicators, actual 2015 receipts, and FY 2016 year-to-date collection trends. The Transportation Sales Tax shows approximately a 4.0 percent increase from the FY 2016 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

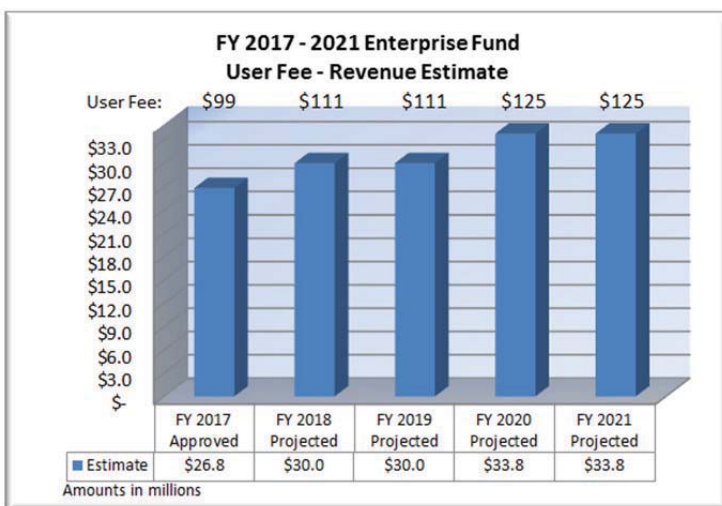
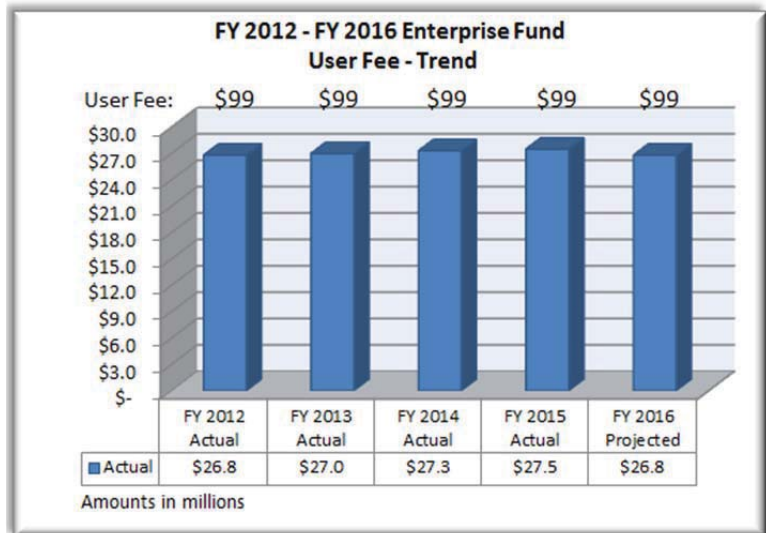
Enterprise Fund User Fee

Description

In 1989, Charleston County began charging 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 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 2015 as the number of residents and businesses in the County grew. In FY 2016, the revenue growth slowed down due to the impact of the County's aggressive goal of 40% recycling. This impact is estimated to be mitigated by growth in the resident and business population in the area.



Revenue Estimate

The FY 2017 User Fee estimate is based on monitoring the success of the recycling program, actual FY 2015 receipts, and FY 2016 year-to-date collection trends. The User Fee charge for residential properties has remained constant at \$99 for the last ten years. The FY 2017 revenue estimate reflects a reduction in the volume of commercial disposal due to the expanded recycling program. The County projects flat revenues as growth in population will offset the reduction in commercial fees.

The cost of servicing a larger population and flat revenues may require the first increase in the User Fee in a decade and would likely be phased in during FY 2018 and FY 2020.