

Management's Discussion and Analysis

As management of Charleston County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Charleston County for the fiscal year ended June 30, 2021. The Management Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, providing an overview of the County's financial activity, and identifying changes in the County's financial condition, material deviations from the financial budget and individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2 through 13 of this report, and the County's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at June 30, 2021 by \$135,938 (net position.) This is comprised of net investment in capital assets of \$226,229, restricted net position of \$336,038 and unrestricted net position of \$(426,329). The unrestricted net position deficit was primarily due to implementing Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* (GASB #68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* (GASB #71) in the fiscal year ending June 30, 2015, as well as GASB Statement No. 75 (OPEB), *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions* during fiscal year 2018.
- Charleston County's total net position increased by \$114,837 during the fiscal year ended June 30, 2021, with a \$116,967 increase resulting from governmental activities and a \$2,131 decrease resulting from business-type activities.
- As of the close of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$623,404, which is a \$31,400 increase from the prior year. Approximately 14.29 percent or \$89,091 of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) for the general fund was \$109,818 or approximately 45.55 percent of the total general fund disbursements. Unassigned fund balance of the general fund was \$89,891, or approximately 35.59 percent of total general fund disbursements.
- The County implemented GASB #68 and GASB #71 in the fiscal year ended June 30, 2015. These Statements require the County to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for their participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. The County's net pension liability at June 30, 2021 is \$301,826.
- The County implemented GASB No. 75 in fiscal year 2018. This Statement requires the County to recognize the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the Statement of Net Position) and present more extensive note disclosures. The County's OPEB liability at June 30, 2021 is \$80,668.
- In June 2021, the County paid a settlement related to the death of an inmate at the County's detention center. The total settlement was \$10 million, with \$8 million paid by the County.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Charleston County's basic financial statements which are comprised of three sections:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains required supplementary and other supplementary financial information in addition to the basic financial statements.

Government-wide Financial Statements. Government-wide financial statements are designed to provide readers with a broad overview of the financial position of Charleston County and are similar to private sector financial statements. They include a Statement of Net Position and a Statement of Activities. These statements appear on pages 40 through 42 of this report.

The Statement of Net Position presents financial information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position.

The Statement of Activities follows the statement of net position and presents information showing how the County's net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in future fiscal periods.

Both statements distinguish between functions of Charleston County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, public safety, judicial, public works, health and welfare, economic development, culture and recreation, and education. Major business activities include environmental management (recycling and waste disposal) and parking garages. Other business-type activities include the Department of Alcohol and Other Drug Abuse Services (DAODAS), a countywide E-911 communication system, public safety system, radio communications, and revenue collections.

Charleston County's government-wide financial statements include component units of the County. Component units can be blended or discretely presented. Component units are legally separate organizations for which the primary government is financially accountable and are presented as a separate column in the government-wide statements and as combining statements of net position and of activities in the fund financial statements. The focus of the statements is clearly on the primary government and the presentation allows the user to address the relative relationship with the component units. For those readers interested in more information on the component units, contact information is provided in Note I. B. on pages 66 through 67 of this report.

The government-wide financial statements for component units can be found on pages 59 through 62 of this report.

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

Governmental Funds. Governmental funds, presented on pages 44 through 46, essentially account for the same functions as those reported under the governmental activities on the government-wide Statement of

Net Position and Statement of Activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Charleston County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison.

Governmental funds individually presented in Charleston County's statements include five major funds: the General Fund, the Debt Service Fund, the Transportation and Road Sales Tax Special Revenue Fund, the G.O.B. Capital Projects Fund, and the Disaster and Pandemic Fund. Although there are many smaller governmental funds in Charleston County government, they have been presented in a total column termed as "Other Governmental Funds". Combining statements for these other governmental funds have been presented on pages 151 through 158 of this report.

Proprietary Funds. Charleston County maintains and presents two different types of proprietary funds, enterprise and internal service, shown on pages 51 through 56 and pages 175 through 186 of this report.

Enterprise funds report in greater detail the same information presented as business-type activities in the government-wide financial statements for Environmental Management and Parking Garages. DAODAS, E-911 Communications, Public Safety System, Radio Communications, and Revenue Collections are presented in one total column termed as "Non-major Other Funds" but may be separately reviewed in the combining statements on pages 175 through 180.

Internal service funds (ISFs) are an accounting mechanism to accumulate and allocate costs internally for Charleston County Government. The County uses internal service funds to account for Fleet Management, Office Support Services, Workers' Compensation, Employee Benefits, and Telecommunications. See pages 182 through 186 of this report. ISFs have been eliminated on the Statement of Net Position.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Charleston County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 57 and 58 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. Notes are presented on pages 63 through 134 of the report.

Other Information. Individual statements, which present more detailed views of non-major funds used in governmental and business-type funds, begin on page 151. Additional trend information about the County, which may be of interest to the reader, is found under the Statistical Section of this report, starting on page 194. As required by the State, the County also presents a Schedule of Fines, Assessments, and Surcharges Collected on page 172.

This report also presents required supplementary financial information concerning the County's progress in funding its obligation to provide other postemployment benefits (OPEB) to its employees and the proportionate share of the net pension liability. Required Supplementary Financial Information can be found starting on page 136.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Charleston County, assets and deferred outflows exceeded liabilities and deferred inflows by

\$135,938 at the close of fiscal year 2021. This was an increase of \$114,837 or 87.4 percent during fiscal year 2021.

A portion of the County's net position, \$226,229, is net investment in capital assets (e.g., land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities.

An additional portion of the County's net position, \$336,038, represents resources that are subject to external restrictions on how they may be used. These include funds for road projects, construction/purchase of capital assets, and debt service.

At the end of 2021, the County had positive balances in two of the three categories of net position for the primary government. Unrestricted net position is (\$426,329), indicates the portion of net position which can be used for day-to-day operations without constraints established by legislation or other legal requirements. The recognition of the County's net pension liability as required by GASB #68 and GASB #71 has contributed to this negative unrestricted net position, as well as the implementation of GASB #75 relating to post employment benefits. Another contributing factor to the negative net position is the County has issued GO bonds for roads and greenbelt projects in the transportation sales tax fund. The roads are not County roads and the greenbelt funds are used by other local governments, therefore those assets are not shown on the County's statements.

Charleston County's Net Position
June 30, 2021
(Recapped from page 40)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
	Current, restricted and other assets	\$ 1,001,866	\$ 893,886	\$ 67,508	\$ 81,236	\$ 1,069,374
Capital assets	387,654	364,384	93,835	84,348	481,489	448,732
Total Assets	1,389,520	1,258,270	161,343	165,584	1,550,863	1,423,854
Total deferred outflows of resources	75,787	55,923	-	-	75,787	55,923
Long-term liabilities outstanding	1,093,529	1,139,390	33,134	35,359	1,126,663	1,174,749
Other liabilities	112,366	44,757	11,493	11,378	123,859	56,135
Total liabilities	1,205,895	1,184,147	44,627	46,737	1,250,522	1,230,884
Total deferred inflows of resources	240,190	227,792	-	-	240,190	227,792
Net Position:						
Investment in capital assets	152,003	121,876	74,226	55,893	226,229	177,769
Restricted for:						
Capital projects	301,304	229,415	-	-	301,304	229,415
Debt service	17,631	35,705	-	-	17,631	35,705
General government	130	130	-	-	130	130
Law enforcement	5,029	4,657	-	-	5,029	4,657
Judicial	2,413	2,679	-	-	2,413	2,679
Health and welfare assistance	357	377	-	-	357	377
Economic development	9,174	3,574	-	-	9,174	3,574
Unrestricted	(468,819)	(496,159)	42,490	62,954	(426,329)	(433,205)
Total net position	\$ 19,222	\$ (97,746)	\$ 116,716	\$ 118,847	\$ 135,938	\$ 21,101

The County's net position increased by \$114,837 during fiscal year 2021. The governmental activities had an increase in net position of \$116,967. Overall revenues for the Governmental Activities increased 8.37 percent. The Business-Type activities had a decrease in net position of \$2,131. Overall revenues for the Business-Type activities decreased 1.76 percent.

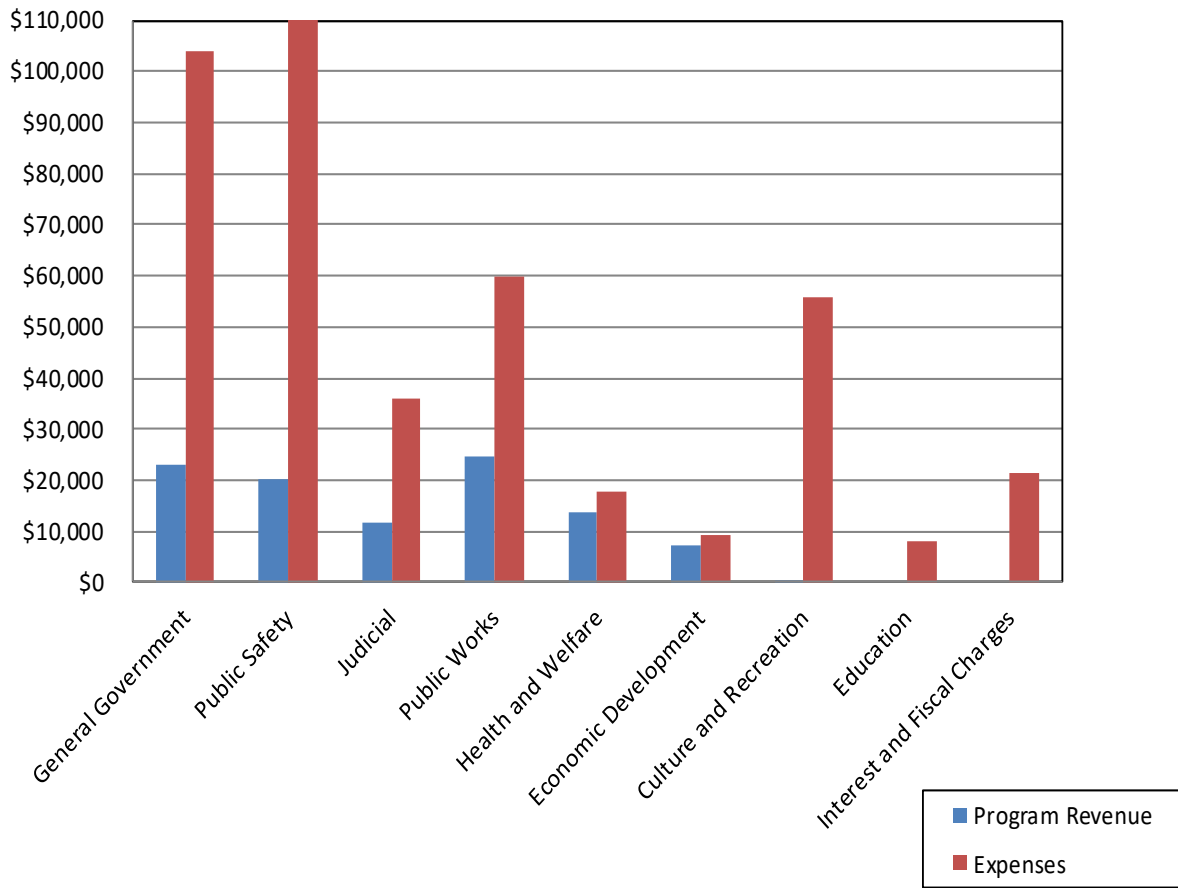
County of Charleston, South Carolina
Changes in Net Position (Recapped from pages 41 and 42)
For the Fiscal Year Ended June 30, 2021

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for services	\$ 55,258	\$ 60,187	\$ 50,084	\$ 49,676	\$ 105,342	\$ 109,863
Operating grants and contributions	44,791	42,837	1,074	1,207	45,865	44,044
Capital grants	154	5,417	-	183	154	5,600
General Revenues:						
Property taxes	190,237	178,577	-	-	190,237	178,577
Other taxes and fees	236,759	207,306	873	707	237,632	208,013
State aid to political subdivisions	14,355	14,189	-	-	14,355	14,189
Unrestricted investments earnings	525	4,261	106	1,051	631	5,312
Miscellaneous	-	-	426	790	426	790
Gain on sale of capital assets	13,615	-	644	549	14,259	549
Total Revenues	555,694	512,774	53,207	54,163	608,901	566,937
Program Expenses						
Governmental Activities:						
General government	103,991	86,998	-	-	103,991	86,998
Public safety	124,156	129,003	-	-	124,156	129,003
Judicial	36,128	35,776	-	-	36,128	35,776
Public works	60,027	74,986	-	-	60,027	74,986
Health and welfare	17,681	7,790	-	-	17,681	7,790
Economic development	9,142	15,002	-	-	9,142	15,002
Culture and recreation	55,689	57,219	-	-	55,689	57,219
Education	8,261	15,648	-	-	8,261	15,648
Interest and fiscal charges	21,501	24,369	-	-	21,501	24,369
Business-Type Activities:						
DAODAS	-	-	9,924	10,552	9,924	10,552
E-911 communications	-	-	3,437	2,995	3,437	2,995
Environmental management	-	-	34,710	36,043	34,710	36,043
Parking garages	-	-	2,744	2,603	2,744	2,603
Public safety system	-	-	650	742	650	742
Radio communications	-	-	3,704	3,605	3,704	3,605
Revenue collections	-	-	2,319	2,326	2,319	2,326
Total Expenses	436,576	446,791	57,488	58,866	494,064	505,657
Excess (deficiency) of revenues before transfers over (under) expenses	119,118	65,983	(4,281)	(4,703)	114,837	61,280
Transfers	(2,150)	(2,766)	2,150	2,766	-	-
Increase in Net Position	116,968	63,217	(2,131)	(1,937)	114,837	61,280
Net position, beginning	(97,746)	(160,963)	118,847	120,784	21,101	(40,179)
Net Position, ending	\$ 19,222	\$ (97,746)	\$ 116,716	\$ 118,847	\$ 135,938	\$ 21,101

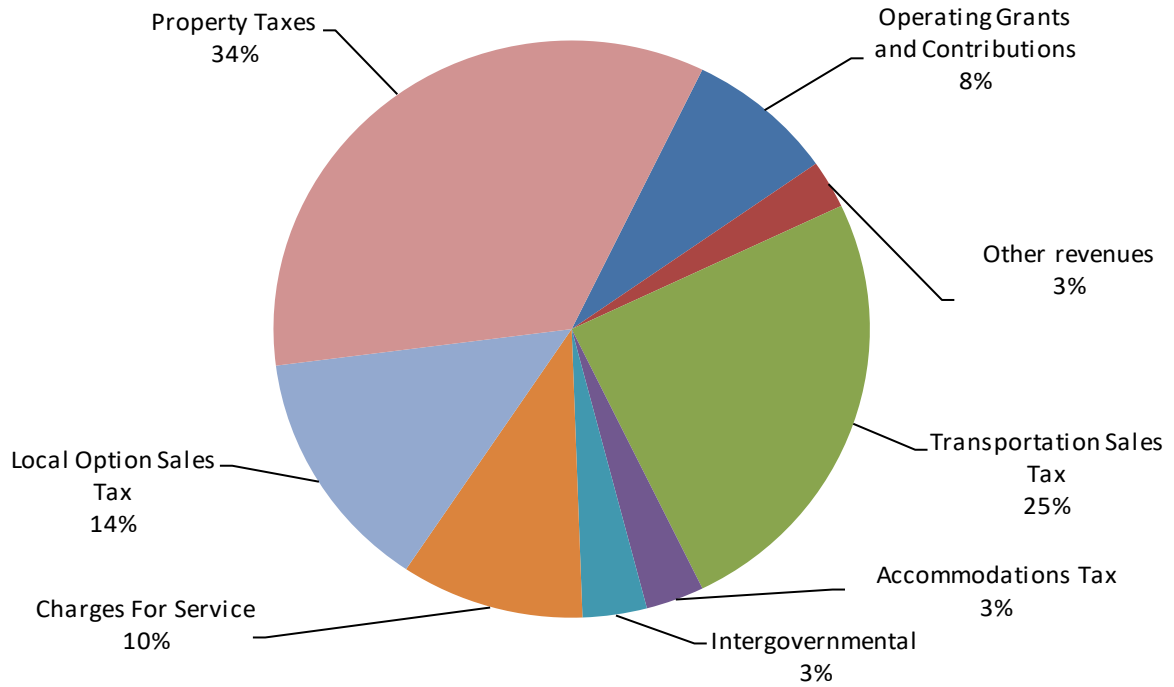
Governmental Activities. Governmental activities increased the County's net position by \$116,968. The key elements of this change are:

- Property tax revenue increased \$11,659 (6.53 percent) primarily due to an increase in the County's total taxable assessed value for real and personal property and vehicles.
- Other taxes and fees increased \$29,453 (14.2 percent) due to increased consumer spending in Charleston County. This includes accommodations tax, local option sales tax and transportation sales tax, also, the 2nd Transportation one half cent sales tax which was effective May 1, 2017.
- Charges for services decreased \$4,929 (8.2 percent) primarily in the public works function and the public safety function. The public safety charges for services decreased \$7,113 (32%) and the public works charges for services decreased \$3,793 (42.5%).
 - Prisoner's Per Diem \$ (825)
 - Local Government Operating Contribution \$ (181)
 - EMS \$ (8,266)
 - Public Works Projects \$ (3,733)
- Operating grants and contributions increased \$1,954 (4.5 percent) due to new grants for Pandemic funds (Health and Welfare). The County received \$7,010 in Federal Rental Assistance.
- Total governmental activities expenses increased \$16,993 (19.5 percent) due to an increase in salaries/benefits and COVID related expenses.
- The Public Safety expenses decreased \$4,847 (3.7 percent) due to decrease in overtime, salaries and employee fringe benefits.
- The Public Works expenses decreased \$14,959 (20 percent) due to decrease in grant costs and vacant positions.
- The Economic Development expenses decreased \$5,860 (39 percent) due to a decrease in State Grants costs.
- The Health and Welfare expenses increased \$9,891 (127%) due to new Federal Grants for emergency rental costs.

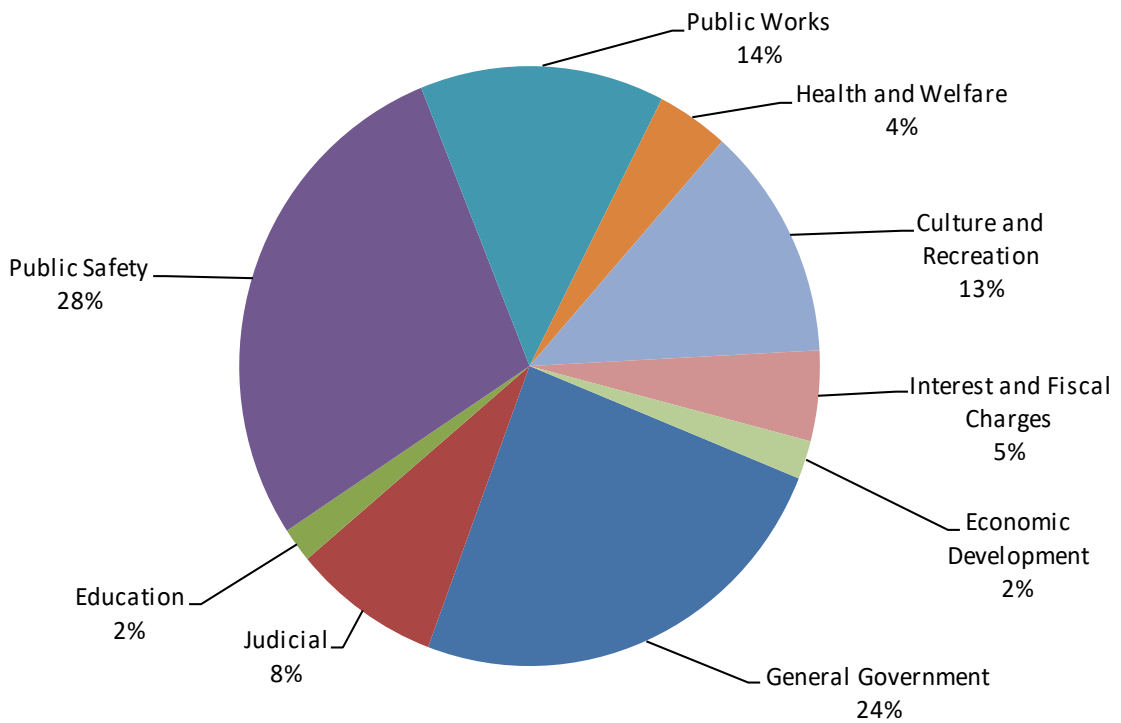
Program Revenues and Expenses - Governmental Activities



Revenues by Source - Governmental Activities

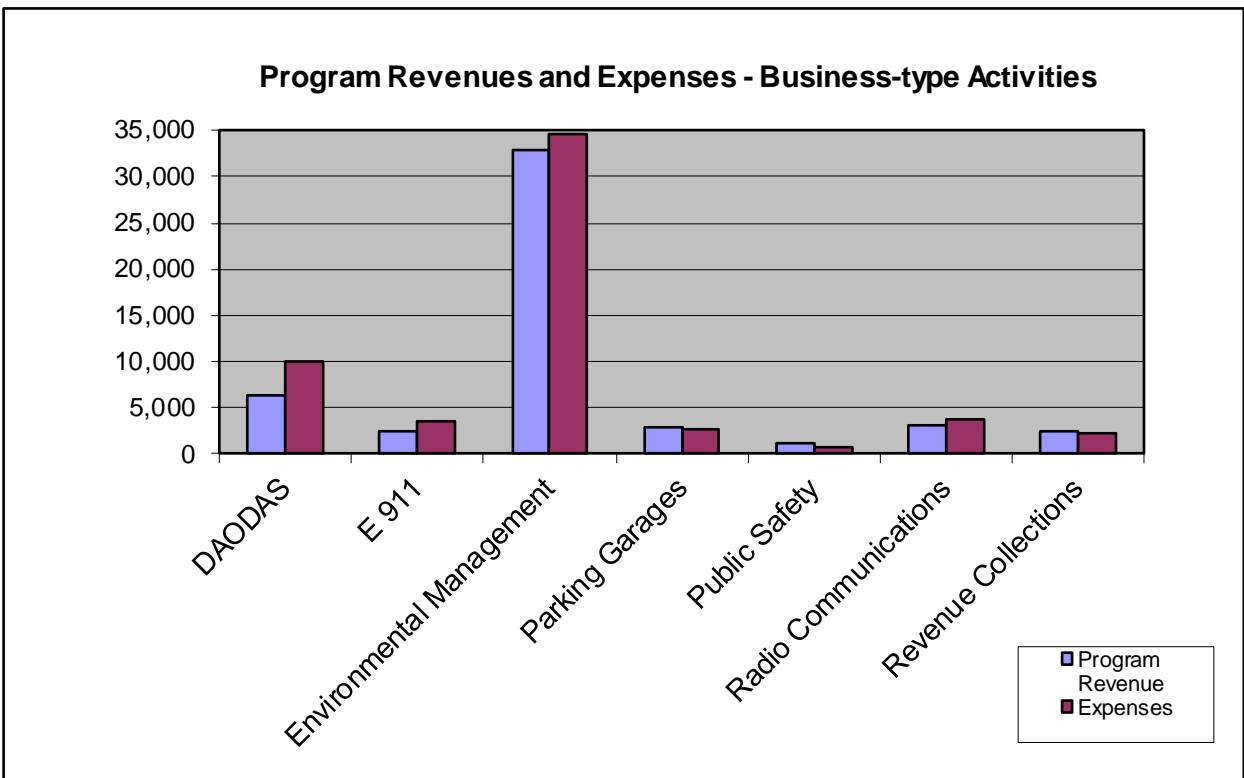
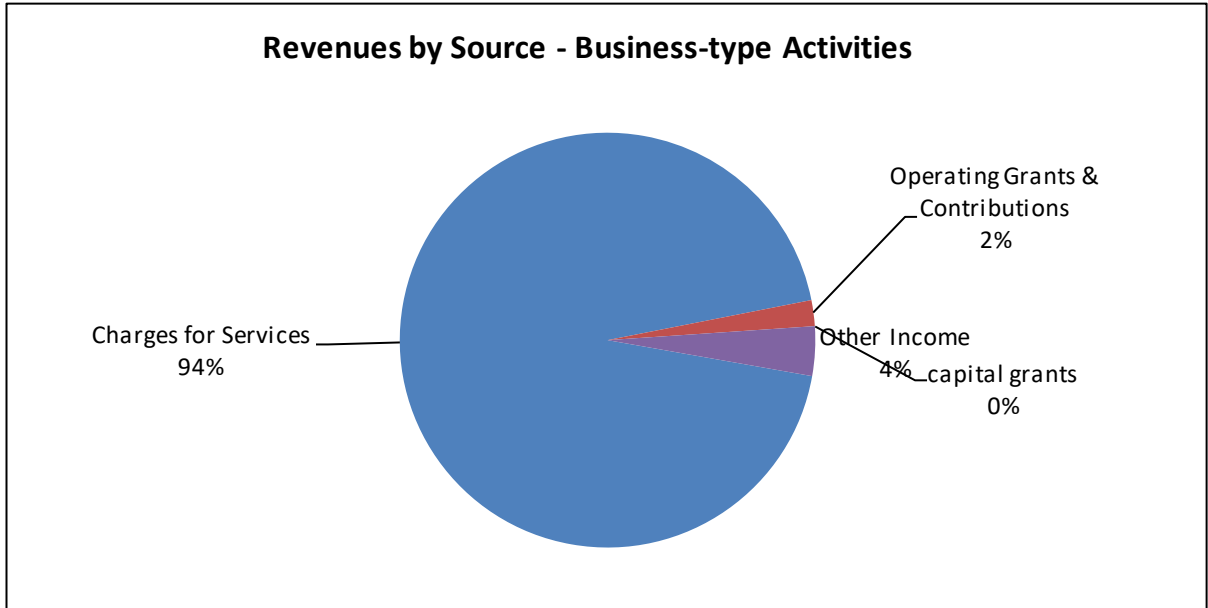


Expenses by Program - Governmental Activities



Business-type Activities. Business-type activities decreased the County’s net position by \$2,131. The key elements of this decrease were:

- Unrestricted investment earnings decreased by \$945 (90 percent) due to lower interest rates and lower overall cash balances for the business-type activities..



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$623,404, an increase of \$31,400 in comparison with the prior year. This increase is due to several factors including an increase in accommodations taxes collected and transportation sales taxes collected.

The ending fund balance of \$623,404 for the governmental funds is composed of five components: unassigned fund balance of \$89,091, assigned fund balance of \$19,928, committed fund balance of \$95,112, restricted fund balance of \$418,510 and non-spendable fund balance of \$763.

Unassigned fund balance accounts for approximately 14.29 percent or \$89,091 of the total fund balance. Unassigned fund balance is available for spending at Charleston County's discretion.

Assigned fund balance for the current fiscal year is \$19,928 or 3.2 percent of ending fund balance. Assigned fund balance includes \$5,101 which was encumbered at the end of fiscal year 2021. Assigned fund balances are intended to be used by Charleston County for specific purposes.

Committed fund balance is \$95,112 or 15.3 percent of ending fund balance and is comprised of the fund balances in the capital project funds. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of County Council.

The restricted fund balance totals \$418,510 or 67.1 percent of ending fund balance. The major restricted fund balances are for: 1) Capital and infrastructure projects of \$379,833, 2) debt service of \$21,574, 3) \$5,028 for law enforcement activities (primarily comprised of balances in the Sheriff's office), and 4) \$9,174 for local economic development (primarily balances in the Accommodations fund and the Economic Development office). The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Non-spendable fund balance is \$763. Non-spendable fund balance accounts for inventories recorded in the general fund.

General Fund. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$89,891 while total fund balance reached \$110,582. Unassigned fund balance is made up of two components: the rainy day fund and all other unassigned fund balance. The rainy day fund totals \$10,000. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund disbursements. Unassigned fund balance represents 36 percent of total general fund disbursements, while total fund balance represents 43.8 percent of that same amount. This meets the County's financial policy of maintaining an unassigned fund balance of 2 months of expenditures. Excluding the rainy day fund from the calculation, unassigned fund balance is 31.6 percent of disbursements, which also meets the financial policy. There was an increase of \$11,379 in the total fund balance of the general fund during the current year. Highlights of the general fund were as follows:

Revenues were \$13,110 or 5.3 percent higher than the previous fiscal year.

- Property taxes and local option sales taxes collected increased \$17,896 or 10.2 percent.

- Permits and licenses increased \$999 or 16.6 percent.

Expenditures increased by \$4,005 or 1.7 percent.

- General government expenditures were up \$5,850 or 8.7 percent.

Debt Service Fund. The debt service fund balance is \$21,574 and is \$18,691 or 46.4 percent less than the prior fiscal year. This decrease is due to a planned decrease of these funds and no additional debt issued this year.

Transportation and Road Sales Tax Special Revenue Fund. This fund balance increased \$56,406 or 24.28 percent from the prior fiscal year. The new 2nd half cent Transportation Sales Tax was effective May 1, 2017. This increase is due to an increase in transportation sales taxes collected of \$16,900 or 14 percent higher than prior fiscal year. The expenditures in this fund increased \$5,446 or 7.0 percent from the prior fiscal year

Disaster and Pandemic Funds. The increase in this fund balance was \$5,176 or 186% from prior fiscal year due to a decrease in expenditures of \$8,605 or 60.28%. Several FEMA grants for past disasters were winding down.

G.O.B. Capital Projects. This fund balance decreased \$40,289 or 31% from prior fiscal year due to ongoing projects and no additional bonds issued this fiscal year.

Other Governmental Funds. The other governmental funds had an increase in fund balance of \$17,420 or 18.1 percent from the prior fiscal year. The Construction Fund had an increase in the fund balance of \$19,700. This increase was due to the sale of property on Rivers Avenue.

Non-major Capital Projects Funds. The non-major capital projects funds reflect a total fund balance of \$5,553 and are shown on pages 154 and 158. The fund balance for the non-major capital projects funds increased \$19,443 in fiscal year 2021.

Non-major Special Revenue Funds. The non-major special revenue funds have a combined total fund balance of \$108,221, all is classified as restricted. Non-major special revenue funds are shown on pages 151 through 153, and 155 through 157. The Special Source Revenue Bond Fund was classified as a non-major fund in fiscal year 2021. The amount of this restricted fund balance at year end is \$72,210.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Total net position for the enterprise funds at June 30, 2021, is \$64,394 (before the elimination of internal service fund charges and indirect costs.) The major funds are environmental management and the parking garages with total net position of \$68,477. The non-major proprietary funds have total net position of \$(4,083). These funds include DAODAS, E-911 communications, radio communications, public safety systems, and revenue collections. See pages 51 through 56 and pages 175 through 180 for the proprietary funds statements.

As of the end of the current fiscal year, Charleston County's enterprise funds reported combined ending net position of \$64,394 (before internal eliminations), a decrease of \$4,377 or 6.4 percent in comparison with the prior year. The proprietary funds implemented GASB No. 75 during fiscal year 2018. Two of the non-major enterprise funds have negative net position. These negative net positions are primarily due to the OPEB and retirement expenses.

General Fund Budgetary Highlights

During fiscal year 2021, the Administrator made adjustments to the budget in accordance with the guidelines contained in the budget ordinance.

Actual revenues and transfers in were \$18,214 over the final budget. The most significant revenue variances are outlined below:

- Property and local option sales taxes were \$12,069 over budget due to the robust housing market and increasing visitors to the County.
- Service charges were \$3,733 over budget due primarily to the increase in number of transactions recorded in the ROD office.

Actual expenditures and transfers out were \$5,139 under the final budgeted amounts. The most significant contributions to this variance were the following:

- Facilities Management was \$4,156 under budget and Public Safety was \$3,995 under budget. The County has quite a few vacancies of personnel in Public Safety. Facilities had projects they were unable to complete in 2021.

Capital Asset and Debt Administration

Capital Assets. Charleston County's net investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$481,489 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, bridges and drainage easements. The County's net investment in capital assets increased \$32,757 or 7.3 percent for the current year. The depreciation expense decreased by \$1033 or 3.8 percent.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and easements	\$ 44,623	\$ 45,880	\$ 5,544	\$ 7,044	\$ 50,167	\$ 52,924
Buildings	242,576	245,434	46,471	13,885	289,047	259,319
Improvements other than buildings	20,967	3,441	17,409	16,354	38,376	19,795
Machinery and equipment	38,411	40,832	13,107	11,339	51,518	52,171
Infrastructure	2,890	2,454	-	-	2,890	2,454
Construction in progress	38,187	26,343	11,304	35,726	49,491	62,069
Total	<u>\$ 387,654</u>	<u>\$ 364,384</u>	<u>\$ 93,835</u>	<u>\$ 84,348</u>	<u>\$ 481,489</u>	<u>\$ 448,732</u>

Additional information on the County's capital assets can be found in Note III. C. on pages 86 through 89 of this report.

Long-Term Debt. At the end of the current fiscal year, Charleston County had bonded debt outstanding of \$700,997. Of this amount, \$587,099 comprises debt backed by the full faith and credit of the government (general obligation bonds) and \$113,898 is Special Source Revenue Bonds to be repaid with FILOT payments.

In addition to the bonded debt, Charleston County signed a contract with the S.C. Infrastructure Bank to pay \$3,000 a year starting on January 1, 2004, for a period of 25 years as the County's commitment toward the

Arthur Ravenel, Jr. Bridge over the Cooper River. As of June 30, 2021, this obligation is recorded at a net present value of \$16,909 using a discount rate of 5.7 percent. This is the same rate the Bank is repaying its loan from the federal government, using the money received from the County.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 567,491	\$ 635,143	\$ 19,608	\$ 22,449	\$ 587,099	\$ 657,592
Special source revenue bonds	113,898	120,078	-	-	113,898	120,078
Intergovernmental note payable	16,909	18,830	-	-	16,909	18,830
Total	\$ 698,298	\$ 774,051	\$ 19,608	\$ 22,449	\$ 717,906	\$ 796,500

The County's total bonded debt decreased by \$70,493 (10.72 percent) during the current fiscal year.

The County's GOBs were rated Aaa by Moody's Investors Service, AAA by Standard & Poor's Ratings Service, and AAA by Fitch Ratings.

South Carolina statutes limit the amount of general obligation (G.O.) debt a governmental entity may issue (without referendum) to 8 percent of its total assessed value. The current available G.O. debt limit for Charleston County is \$392,218. The outstanding debt at June 30, 2021 subject to the debt limitation is \$231,390. This would indicate that the County has not exceeded its limit.

Additional information on the County's long-term debt can be found in Note III. I. on pages 93 through 104 of this report.

Economic Factors and Next Year's Budget Rates

The fiscal year 2022 General Fund budget is a balanced budget. Total disbursements and funds available total \$271,632, an increase of \$21,656 or 8.7 percent from the prior year. The millage is 41.2, which is unchanged from fiscal year 2021.

The General Fund's budgeted revenues for fiscal year 2022 increased \$10,615 or 4.4 percent from 2021. The major changes are:

- The Property Tax and the Local Option Sales Tax, the County's largest revenue sources, reflect an increase of \$25,580 or 10.9 percent. The increase is due to higher sales tax projections resulting from a strong recovery of the local economy after the pandemic in FY 2021. In addition, Charleston County anticipates an increase in Property Tax revenue due to rising property values and property sales. The increase in the revenue from the Local Option Sales Tax, which is used to offset the amount property owners pay on their tax bill, results in a higher credit of \$17,100 or 28.2 percent to taxpayers.
- The Register of Deeds: Documentary Stamps represents an increase of \$3,500 or 58.3 percent in the estimated fee collections is based on higher number of anticipated real estate transactions occurring in FY 2022.

The General Fund's budgeted expenditures for fiscal year 2022 increase \$15,176 or 6.2 percent from fiscal year 2021. The major changes for fiscal year 2022 are:

- Emergency Medical Services increase of \$5,287 or 29.5 percent represents full-year funding of forty-two positions added in FY 2021 and twenty positions added in FY 2022.
- Technology Services represents a \$2,450 or 19.9 percent increase for the purchase of hardware and software requirements and higher contract costs due to price inflation and new applications.
- County Council decrease of \$4,839 or 69.1 percent is the most significant decrease and represents the elimination of the budgeted Stop Gap mechanism used in FY 2021 to give the County the flexibility needed to address unknown issues resulting from the pandemic.

Requests for Information

This financial report is designed to provide a general overview of Charleston County's finances for all those with an interest in the government's financing. Questions concerning any of the information should be addressed to the Finance Department, 4045 Bridge View Drive, Suite A225, North Charleston, SC 29405-7464.