

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, 2022. 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 11 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, 2022 by \$310,660 (net position.) This is comprised of net investment in capital assets of \$219,138, restricted net position of \$140,095 and unrestricted net position of \$(48,573). 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 \$174,722 during the fiscal year ended June 30, 2022, with a \$175,395 increase resulting from governmental activities and a \$673 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 \$988,569, which is a \$365,165 increase from the prior year. Approximately 10.45 percent or \$103,296 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 \$133,840 or approximately 54.22 percent of the total general fund disbursements. Unassigned fund balance of the general fund was \$103,491, or approximately 41.93 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, 2022 is \$250,948.
- 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, 2022 is \$90,470.

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 38 through 40 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 Biological Science Center, 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 64 through 65 of this report.

The government-wide financial statements for component units can be found on pages 57 through 60 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 42 through 44, 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 American Rescue Plan Act 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 157 through 160 of this report.

Proprietary Funds. Charleston County maintains and presents two different types of proprietary funds, enterprise and internal service, shown on pages 49 through 54 and pages 181 through 192 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. Biological Science Center, 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 181 through 186.

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 188 through 192 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 55 and 56 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 64 through 140 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 157. 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 200. As required by the State, the County also presents a Schedule of Fines, Assessments, and Surcharges Collected on page 178.

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 142.

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

\$310,660 at the close of fiscal year 2022. This was an increase of \$174,722 or 128.5 percent during fiscal year 2022.

A portion of the County's net position, \$219,138, 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, \$140,095, 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 2022, the County had positive balances in two of the three categories of net position for the primary government. Unrestricted net position is (\$48,573), 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, 2022
(Recapped from page 38)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current, restricted and other assets	\$ 1,375,864	\$ 1,001,866	\$ 78,930	\$ 67,508	\$ 1,454,794	\$ 1,069,374
Capital and Right of use assets	426,182	387,654	95,260	93,835	521,442	481,489
Total Assets	1,802,046	1,389,520	174,190	161,343	1,976,236	1,550,863
Total deferred outflows of resources	76,331	75,787	-	-	76,331	75,787
Long-term liabilities outstanding	1,283,785	1,093,529	42,085	33,134	1,325,870	1,126,663
Other liabilities	103,613	112,366	14,621	11,493	118,234	123,859
Total liabilities	1,387,398	1,205,895	56,706	44,627	1,444,104	1,250,522
Total deferred inflows of resources	296,362	240,190	1,441	-	297,803	240,190
Net Position:						
Investment in capital assets	146,331	152,003	72,807	74,226	219,138	226,229
Restricted for:						
Capital projects	83,724	301,304	-	-	83,724	301,304
Debt service	29,658	17,631	-	-	29,658	17,631
General government	112	130	-	-	112	130
Law enforcement	5,864	5,029	-	-	5,864	5,029
Judicial	3,396	2,413	-	-	3,396	2,413
Health and welfare assistance	130	357	-	-	130	357
Economic development	17,211	9,174	-	-	17,211	9,174
Unrestricted	(91,809)	(468,819)	43,236	42,490	(48,573)	(426,329)
Total net position	\$ 194,617	\$ 19,222	\$ 116,043	\$ 116,716	\$ 310,660	\$ 135,938

The County's net position increased by \$174,722 during fiscal year 2022. The governmental activities had an increase in net position of \$175,395. Overall revenues for the Governmental Activities increased 11.33 percent. The Business-Type activities had a decrease in net position of \$673. Overall expense for the Business-Type activities increased 1.30 percent.

County of Charleston, South Carolina
Changes in Net Position (Recapped from pages 39 and 40)
For the Fiscal Year Ended June 30, 2022

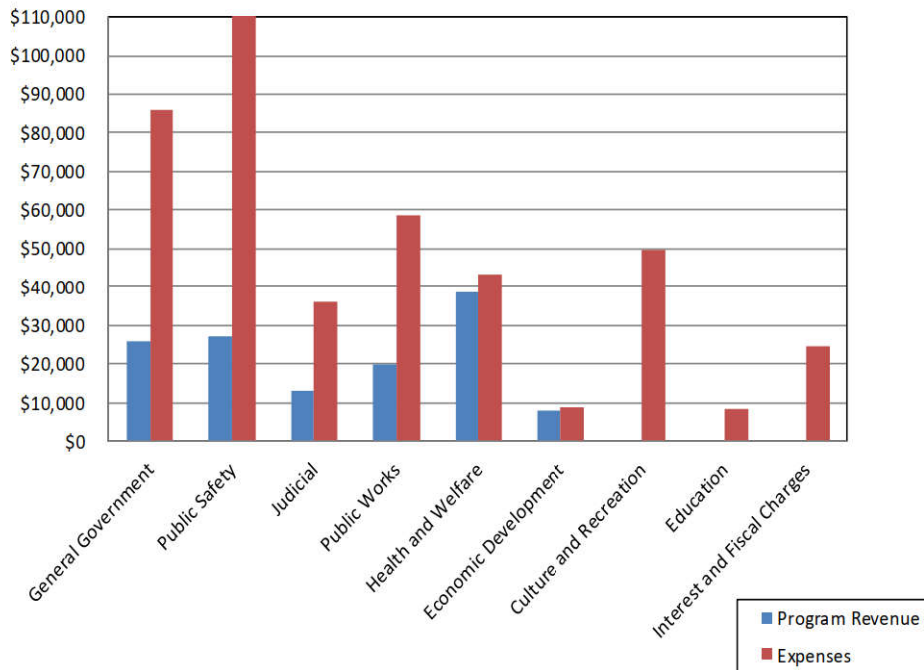
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for services	\$ 73,364	\$ 55,258	\$ 57,216	\$ 50,084	\$ 130,580	\$ 105,342
Operating grants and contributions	59,105	44,791	1,268	1,074	60,373	45,865
Capital grants	10	154	-	-	10	154
General Revenues:						
Property taxes	186,310	190,237	-	-	186,310	190,237
Other taxes and fees	282,540	236,759	1,218	873	283,758	237,632
State aid to political subdivisions	16,017	14,355	-	-	16,017	14,355
Unrestricted investments earnings	1,315	525	180	106	1,495	631
Miscellaneous	-	-	990	426	990	426
Gain on sale of capital assets	-	13,615	1,297	644	1,297	14,259
Total Revenues	618,661	555,694	62,169	53,207	680,830	608,901
Program Expenses						
Governmental Activities:						
General government	85,815	103,991	-	-	85,815	103,991
Public safety	125,170	124,156	-	-	125,170	124,156
Judicial	36,173	36,128	-	-	36,173	36,128
Public works	58,809	60,027	-	-	58,809	60,027
Health and welfare	43,286	17,681	-	-	43,286	17,681
Economic development	9,002	9,142	-	-	9,002	9,142
Culture and recreation	49,883	55,689	-	-	49,883	55,689
Education	8,569	8,261	-	-	8,569	8,261
Interest and fiscal charges	24,422	21,501	-	-	24,422	21,501
Business-Type Activities:						
Biological Science Center	-	-	21	-	21	-
DAODAS	-	-	9,528	9,924	9,528	9,924
E-911 communications	-	-	3,636	3,437	3,636	3,437
Environmental management	-	-	42,200	34,710	42,200	34,710
Parking garages	-	-	2,578	2,744	2,578	2,744
Public safety system	-	-	729	650	729	650
Radio communications	-	-	3,888	3,704	3,888	3,704
Revenue collections	-	-	2,399	2,319	2,399	2,319
Total Expenses	441,129	436,576	64,979	57,488	506,108	494,064
Excess (deficiency) of revenues before transfers over (under) expenses	177,532	119,118	(2,810)	(4,281)	174,722	114,837
Transfers	(2,137)	(2,150)	2,137	2,150	-	-
Increase in Net Position	175,395	116,968	(673)	(2,131)	174,722	114,837
Net position, beginning	19,222	(97,746)	116,716	118,847	135,938	21,101
Net Position, ending	\$ 194,617	\$ 19,222	\$ 116,043	\$ 116,716	\$ 310,660	\$ 135,938

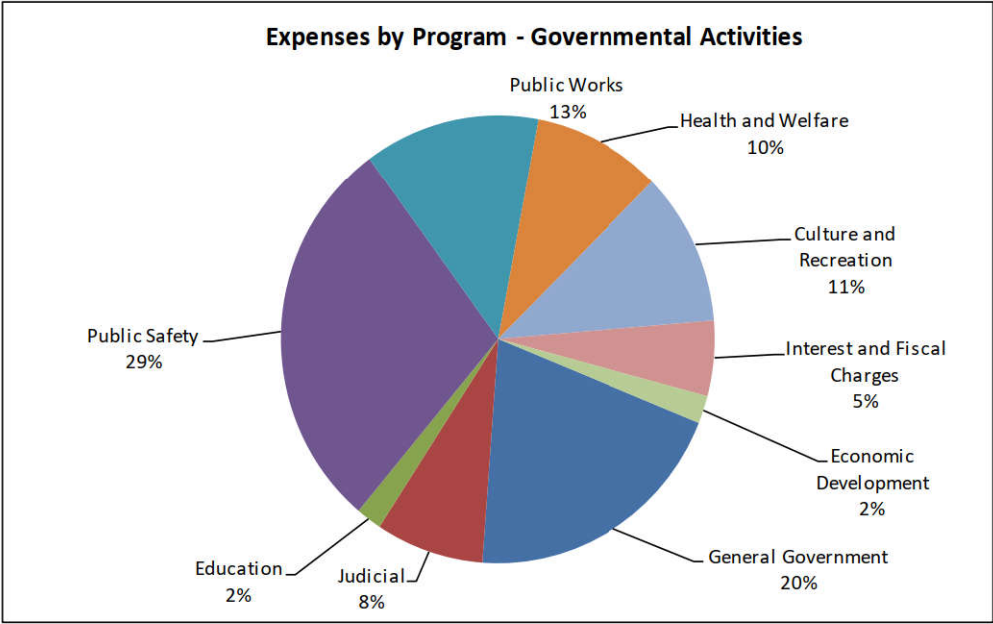
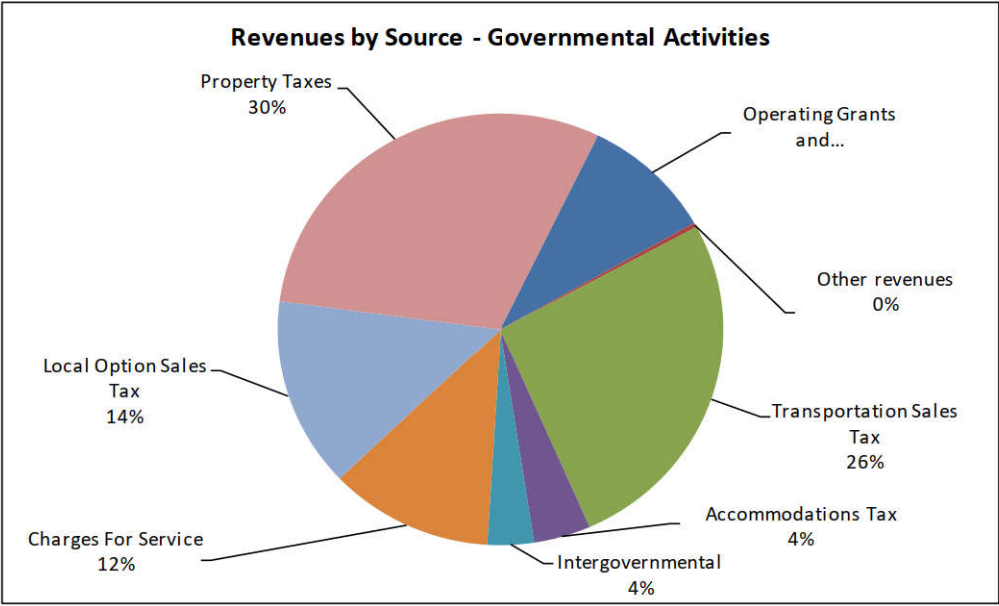
Governmental Activities. Governmental activities increased the County's net position by \$175,395. The key elements of this change are:

- Property tax revenue decreased \$3,927 (2.06 percent) primarily due to an increase in the County's LOST credit given on the real property tax bills, which results in a lower tax bill overall. The County also did a reassessment on property values during 2021, which would affect property tax bills in 2022.
- Other taxes and fees increased \$45,781 (19.33 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 increased \$18,106 (32.76 percent) primarily in the public safety function and the Economic development function. The public safety charges for services increased \$6,477 (42.73 percent) and the Economic development charges for services increased \$5,195 (223.4 percent).

- EMS charges	\$5,644 increased 69.62 percent
- Prisoner's Per Diem	\$1,660 increased 5.2 percent
- Air Service Development Collections (this rental car user fee began in March 2021)	\$5,161 increased 221 percent
- Operating grants and contributions increased \$14,314 (31.96 percent) due to grants for the Pandemic and the American Rescue Plan Act funds (Health and Welfare). The County received \$26,456 in Federal Rental Assistance which is an increase of 277 percent.
- Total governmental activities expenses decreased \$18,176 (17.48 percent) due to an increase in vacant positions and decrease in COVID related expenses.
- The Public Safety expenses increased \$1,014 (0.82 percent) due to increase in operating costs.
- The Health and Welfare expenses increased \$25,605 (144%) due to Federal Grants for emergency rental costs.

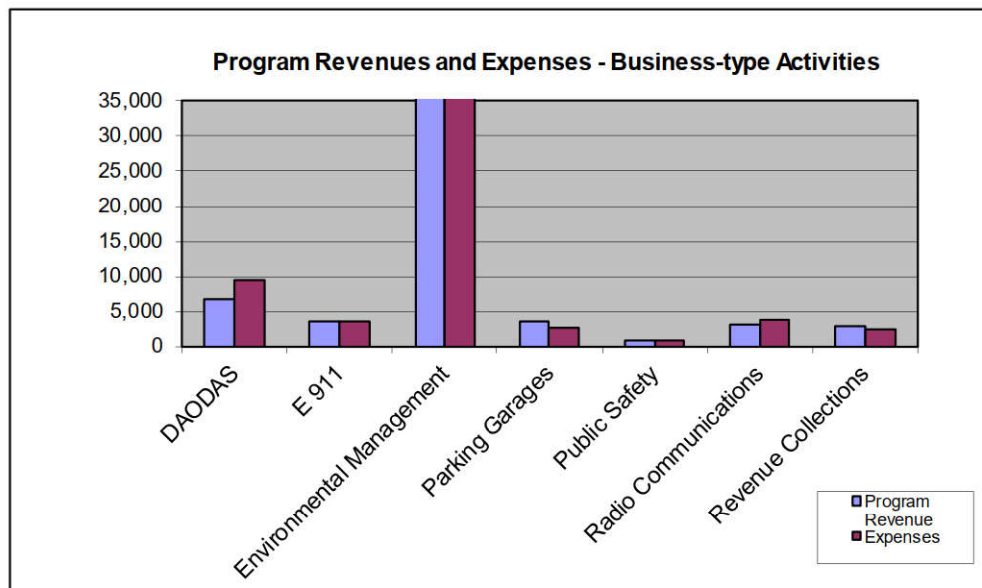
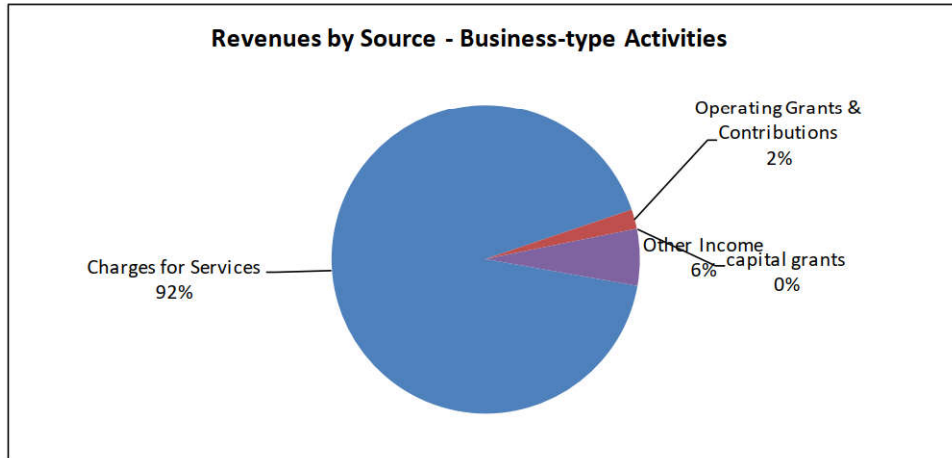
Program Revenues and Expenses - Governmental Activities





Business-type Activities. Business-type activities decreased the County’s net position by \$673. The key elements of this decrease were:

- Environmental management expenses increased by \$7,490 (21.58 percent). The majority of this increase is due to increase of landfill closure costs. This increased \$5,613 over prior years.



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 \$988,569, an increase of \$365,165 in comparison with the prior year. This increase is due to several factors including an increase in accommodations taxes collected, local option sales taxes and transportation sales taxes collected.

The ending fund balance of \$988,569 for the governmental funds is composed of five components: unassigned fund balance of \$103,296, assigned fund balance of \$30,348, committed fund balance of \$95,865, restricted fund balance of \$743,611 and non-spendable fund balance of \$15,449.

Unassigned fund balance accounts for approximately 10.45 percent or \$103,296 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 \$30,348 or 3.07 percent of ending fund balance. Assigned fund balance includes \$3,675 which was encumbered at the end of fiscal year 2022. Assigned fund balances are intended to be used by Charleston County for specific purposes.

Committed fund balance is \$95,865 or 9.7 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 \$743,611 or 75.22 percent of ending fund balance. The major restricted fund balances are for: 1) Capital and infrastructure projects of \$687,239, 2) debt service of \$29,658, 3) \$5,864 for law enforcement activities (primarily comprised of balances in the Sheriff's office), and 4) \$17,211 for local economic development (primarily balances in the Economic Development fund). 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 \$15,499. Non-spendable fund balance accounts for inventories recorded in the general fund and prepaid assets recorded in the Transportation and Road Sales Tax 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 \$103,491 while total fund balance reached \$134,439. Unassigned fund balance is made up of two components: the rainy day fund and all other unassigned fund balance. The rainy day fund totals \$11,186. 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 42 percent of total general fund disbursements, while total fund balance represents 54.46 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 37.40 percent of disbursements, which also meets the financial policy. There was an increase of \$23,857 in the total fund balance of the general fund during the current year. Highlights of the general fund were as follows:

Revenues were \$19,207 or 7.4 percent higher than the previous fiscal year.

- Local option sales taxes collected increased \$12,630 or 16.7 percent. This 1 percent tax is collected when goods are purchased. This growth is due to the increase in spending by our citizens and tourists.
- Service charges increased \$9.63 or 39.6 percent. This increase is partially due to the high activity of real estate transactions. The ROD's revenue increased \$37,211 (25 percent) due to the booming housing market. The ROD had an increase of 15.0 percent in documents recorded. EMS Service fees increased \$5,644 (69.62 percent) due to the increased number of responses (6 percent). The EMS third party billing company has also increased their collection efforts and decreased the electronic filing rejections.

Expenditures increased by \$5,733 or 2.38 percent.

- Public Safety expenditures were up \$4,305 or 4.0 percent. This increase can be attributed to an increase in overtime wages paid.

Debt Service Fund. The debt service fund balance is \$29,658 and is \$8,084 or 37.47 percent greater than the prior fiscal year. This increase is due to additional debt issued this year.

Transportation and Road Sales Tax Special Revenue Fund. This fund balance increased \$316,962 or 109.78 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 \$25,001 or 18.15 percent higher than prior fiscal year. The expenditures in this fund decreased \$6,326 or 7.7 percent from the prior fiscal year

American Plan Rescue Act. The increase in this fund balance was \$115 or 214% from prior fiscal year. This fund had expenditures of \$8,536 compared to \$124 in prior year.

G.O.B. Capital Projects. This fund balance increased \$348 or 0.39 percent from prior fiscal year due to additional bonds issued this fiscal year. Interest income increased \$88 or 0.04 percent.

Other Governmental Funds. The other governmental funds had an increase in fund balance of \$15,798 or 13.98 percent from the prior fiscal year. Special Source Revenue Bonds were refunded in this fiscal year. The Accommodations fund had an increase in fund balance of \$7,023 or 203 percent due to the increase in visitors to Charleston.

Non-major Capital Projects Funds. The non-major capital projects funds reflect a total fund balance of \$5,957 and are shown on pages 160 and 164. The fund balance for the non-major capital projects funds increased \$404 in fiscal year 2022.

Non-major Special Revenue Funds. The non-major special revenue funds have a combined total fund balance of \$122,815, all is classified as restricted, except for a negative fund balance in the Disaster and Pandemic funds which is classified as unassigned. Non-major special revenue funds are shown on pages 157 through 160, and 161 through 163.

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, 2022, is \$59,223 (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 \$64,621. The non-major proprietary funds have total net position of \$(5,398). These funds include Biological Science Center, DAODAS, E-911 communications, radio communications, public safety systems, and revenue collections. See pages 49 through 54 and pages 181 through 186 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 \$59,223 (before internal eliminations), a decrease of \$5,171 or 8.0 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 2022, the Administrator made adjustments to the budget in accordance with the guidelines contained in the budget ordinance.

Actual revenues and transfers in were \$26,088 over the final budget. The most significant revenue variances are outlined below:

Actual expenditures and transfers out were \$16,582 under the final budgeted amounts. The most significant

contributions to this variance were the following:

- Facilities Management was \$2,236 under budget and Public Safety was \$8,677 under budget. The County has an abundance of vacancies (20.0 percent) of personnel in Public Safety. Facilities had projects they were unable to complete in 2022.

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, 2022, amounted to \$514,755 (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 \$33,266 or 6.9 percent for the current year. The depreciation expense increased by \$675 or 2.6 percent.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and easements	\$ 44,417	\$ 44,623	\$ 5,544	\$ 5,544	\$ 49,961	\$ 50,167
Buildings	224,017	242,576	38,822	46,471	262,839	289,047
Improvements other than buildings	45,802	20,967	21,538	17,409	67,340	38,376
Machinery and equipment	41,348	38,411	13,263	13,107	54,611	51,518
Infrastructure	3,453	2,890	-	-	3,453	2,890
Construction in progress	64,105	38,187	12,445	11,304	76,550	49,491
Total	<u>\$ 423,142</u>	<u>\$ 387,654</u>	<u>\$ 91,612</u>	<u>\$ 93,835</u>	<u>\$ 514,754</u>	<u>\$ 481,489</u>

Additional information on the County's capital assets can be found in Note III. C. on pages 89 through 93 of this report.

Long-Term Debt. At the end of the current fiscal year, Charleston County had bonded debt outstanding of \$928,960 (including premiums). Of this amount, \$818,170 comprises debt backed by the full faith and credit of the government (general obligation bonds) and \$110,790 are 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, 2022, this obligation is recorded at a net present value of \$14,878 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	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 799,398	\$ 567,491	\$ 18,772	\$ 19,608	\$ 818,170	\$ 587,099
Special source revenue bonds	110,790	113,898	-	-	110,790	113,898
Intergovernmental note payable	14,878	16,909	-	-	14,878	16,909
Total	\$ 925,066	\$ 698,298	\$ 18,772	\$ 19,608	\$ 943,838	\$ 717,906

The County's total bonded debt increased by \$231,071 (39.36 percent) during the current fiscal year. The County issued \$281,316 in bonded debt during the fiscal year.

The County advance refunded Special Source Revenue Bonds Series 2013.

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 \$413,680. The outstanding debt at June 30, 2022 subject to the debt limitation is \$265,895. This would indicate that the County has not exceeded its limit.

The County implemented GASB Statement No. 87, *Leases* during the year ended June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As the impact of implementation of this Statement would not be significant to net position in prior periods, beginning net position was not restated.

Additional information on the County's long-term debt can be found in Note III. I. on pages 97 through 111 of this report.

Economic Factors and Next Year's Budget Rates

The fiscal year 2023 General Fund budget is a balanced budget. Total disbursements and funds available total \$292,708, an increase of \$21,075 or 7.8 percent from the prior year. The millage is 41.2, which is unchanged from the fiscal year 2022.

The General Fund's budgeted revenues for the fiscal year 2023 will increase \$10,964 or 4.3 percent from 2022. The major changes are:

- The Local Option Sales Tax (LOST) and the Property Tax, the County's largest revenue sources, reflect an increase of \$31,280 or 12.0 percent. The LOST Credit, used to offset the amount property owners pay on their tax bill, increased \$25,390 or 32.7 percent due to the strong local economy and increased online sales. The increase also reflects Council's decision to return \$7.5

million of excess revenues generated in previous years from the LOST to the taxpayers as a credit on their tax bills.

- The State: Aid to Sub-Local Government Fund represents a \$1,810 or 11.9 percent increase from the State to assist governments with the additional costs of State mandates.

The General Fund's budgeted expenditures for the fiscal year 2023 increase \$14,572 or 5.6 percent from the fiscal year 2022. The major changes for the fiscal year 2023 are:

- Library reflects the most significant increase of \$5,229 or 20.2 percent and represents the personnel and operating costs related to the library expansion of two newer branches during the fiscal year. The increase also reflects the additional funding for library materials needed to meet the required State Aid funding level.
- Facilities Management includes a \$1,412 or 7.1 percent increase in allocations for renovation projects. The increase also includes full-year funding for five re-programmed positions during FY 2022.
- Consolidated Dispatch represents a \$1,009 or 10.5 percent increase for the full-year funding of five positions re-programmed in FY 2022 and the replacement of technology capital.

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.

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