



**CITY OF NORTH CHARLESTON  
SOUTH CAROLINA**

**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**

**FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared By:**

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**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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## **INTRODUCTORY SECTION**

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November 10, 2011

To the Council and Citizens of the City of North Charleston  
North Charleston, South Carolina

The Comprehensive Annual Financial Report (CAFR) of the City of North Charleston (the "City") for the fiscal year ended June 30, 2011 is hereby submitted for your review. This report was prepared by the City's Finance Department and it reflects the financial position and results of operations for the fiscal year ended June 30, 2011 in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the enclosed data is complete and accurate in all material respects and is reported in a manner designated to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required by state law to have an annual independent financial audit. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that the financial statements of the City of North Charleston present fairly in conformity with GAAP, in all material aspects, the financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining funds at June 30, 2011, and respective changes in financial position and cash flows, where applicable, for the year then ended.

To the Council and Citizens of the  
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The City is also required to undergo an annual Single Audit in conformity with provisions of the Federal Single Audit Act and U.S. Office of Management and Budget Circular A-133, **Audits of State and Local Governments**. Information related to this Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, has been issued in a separate bound document.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of North Charleston's MD&A can be found immediately following the report of the independent auditors.

## **CITY PROFILE**

The City of North Charleston is located in Charleston, Dorchester and Berkeley Counties, in the southeastern part of South Carolina. Incorporated in 1972, it is one of the State's youngest cities of significant size and has experienced consistent significant growth throughout its life. The City encompasses approximately 77 square miles and, through aggressive annexation, it has become the third most populous municipality in the State of South Carolina with an estimated population of 97,471, according to the 2010 Census.

The City operates under the Mayor-Council form of government. The governing body is composed of a Mayor elected at large and ten Council members elected from ten individual, single-member districts. The Mayor is the chief executive and administrative officer of the City and the presiding officer of the City Council. The Council is the legislative body establishing policies for the City through the enactment of ordinances and resolutions governing all City affairs. The Mayor appoints department heads and staff members to assist in the administration of the daily operations and programs of the City.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. Such taxes are levied and collected by Charleston, Dorchester and Berkeley Counties and remitted to the City. The City is also empowered by state statutes to extend its corporate limits by voluntary annexation, which occurs periodically when deemed appropriate by Council.

The City provides services to its citizens in the following areas: police, fire, public works (sanitation), building inspections, parks and recreation, cultural arts, housing and community development, planning, zoning and code enforcement and general administration. The City also operates a coliseum, convention center, performing arts center, parking facilities, and a municipal golf course.

The annual budget serves as the foundation for the City's financial planning and control. The South Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year for all funds for which an annual budget is required. Activities for the General Fund, the Debt Service Funds and Special Revenue Funds are budgeted annually with the exception of the Firemen's Insurance and Inspection Fund and the Anti-Drug Fund, both of which had no activity or, due to the specialized nature of the funds, had expenditures approved on a case by case basis. The annual budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by department within an individual fund.

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The Mayor presents the proposed budget to Council for review, and after Council approval, a public hearing is then held on the proposed budget to hear suggestions. The Mayor may make transfers of appropriations within departments of individual funds, however, transfers between departments and/or funds require approval of the Council. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated budget has been adopted. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts do not lapse but are brought forward to the new year and added to the budget adopted by City Council for that year. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

## **FACTORS AFFECTING FINANCIAL CONDITION**

**Local Economy.** North Charleston's diverse economy is attributed to its unique blend of trade, manufacturing and service businesses, and government. Local industry is characterized by the production of a wide range of products, including: paper, automobile components, health care, housewares, tools, machinery and electronics equipment, and airplane components. Major non-manufacturing employers include those providing aerospace, defense, education, financial, transportation, marine, health care, food distribution, and retail sales services. Area businesses have experienced continuing growth and development in the past year. This continued growth is indicative of the excellent market location of this area, which is served by major highways including Interstate 26, the Mark Clark Expressway (I-526), and U.S. Highways 17, 52 and 78. The City is also served by The Port of Charleston, an international container cargo port terminal, that ranks in the top eight busiest in the nation with cargo valued at more than \$50 billion in 2010. International trade through the South Carolina ports facilitates over 280,000 jobs across the State of South Carolina in the maritime, transportation, distribution and manufacturing industries while providing an overall economic impact of \$45 billion each year.

North Charleston is part of a Metropolitan Statistical Area (MSA) that includes the City of Charleston, Town of Mount Pleasant and other areas of Berkeley, Dorchester and Charleston counties that features a population estimate exceeding 665,000 and a gross taxable sales estimate exceeding \$18 billion. North Charleston remains the State's municipal leader in retail sales for the past nineteen years. In calendar year 2010, retail sales exceeded \$5.64 billion and surpassed any other city in South Carolina by over \$500 million. The City has over 4.5 million square feet of retail space, the largest four areas being the Tanger Outlet Center, Northwoods Mall, Northwoods Market Place and Festival Center. Residential construction for the area, measured by new building permit activity, has increased over 40% since 2000. The region has an estimated civilian labor workforce exceeding 328,000, which has grown by over 20% for the last ten years. The local unemployment rate of 9.4% as of June 30, 2011 is below the State average but slightly above the National average for the same time period.

The collaborative effort of the City of North Charleston's economic development division, Charleston County's economic development department, the Charleston Regional Development Alliance and the Charleston Metro Chamber of Commerce continues to be successful in attracting new businesses to the area. The U.S. Navy remains the largest employer in the area with over 11,000 employees, however six of the top fifteen employers in the MSA have headquarters in the City of North Charleston. Building permits issued during calendar year 2010 increased 4% from the previous year and provided for an estimated capital investment of over \$392 million during that same time period. Revenue collections from building permits issued for the fiscal year ended June 30, 2011 increased slightly to \$1,592,904.



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Tourism remains a vital segment of the local MSA economy. Overall hotel/motel occupancy rates increased by over 9% from calendar year 2009 to 2010. Hotel/motel room inventory exceeds 6,800 rooms in the City of North Charleston as of the calendar year ending 2010. This total represents over 40% of the total room inventory available in Charleston County and most of the growth is attributable to the City Center TIF District redevelopment area. In 2011 & 2012, hotel expansion in North Charleston is expected to bring three new hotels adding over 350 rooms.

**Coliseum, Convention and Performing Arts Center.** In September 1997, the City issued certificates of participation (COPS) to finance the construction of a Convention and Performing Arts Center that connects with the existing North Charleston Coliseum. The Convention Center has over 202,000 square feet, including: 135,000 square feet of exhibit space, a 25,000 square foot ballroom (divisible into six separate rooms), 20 meeting rooms with seating capacities ranging from 50 to 200 people, a full service kitchen/concessions and ample on-site parking. The Performing Arts Center has over 2,300 cushioned seats, full production capabilities, an in-house sound and lighting system, a 110 foot by 40 foot stage, eight dressing rooms, and complete support, food and beverage services. The Coliseum hosts various events ranging from college basketball, NBA and NHL exhibition games, professional ice skating, Olympic gymnastics, concerts and Walt Disney productions. It has been the home facility for the South Carolina Stingrays hockey team (three-time ECHL Champion) for the past eighteen years.

In October 2009, the Mayor and City Council approved a comprehensive renovation project to facilitate improvements to the North Charleston Coliseum. Plans include additions to the north and south entrances that will provide new food court and concession areas designed to accommodate more patrons. These concession area changes will help spur along the renovation of existing concession areas into new corporate suites. Other improvements include the replacement of the current sound system along with the addition of new catwalks with wider platforms capable of providing expanded rigging for spotlighting of larger events, and retrofitted box seats with kitchen areas. Construction of the new concession area in the southern end of the Coliseum was completed in September 2011. Renovation to the corporate suites is set to be completed by the spring of 2012. Completion of the northern end of the concession area is estimated to be complete by 2013.

The City also expanded event space to the Coliseum during 2011. The project known as the Montague Terrace added over 7,400 square feet that will be used primarily as an entertainment venue for small concerts, theater performances and comedy shows. It will also be used as event space for private receptions and as a food court for the other Coliseum events. Montague Terrace was built for LEED Silver Certification by the U.S. Green Building Council making it one of the largest eco-friendly event venues in the Charleston area.

The Charleston Area Convention Center Complex has been awarded the State of South Carolina Governor's Cup, which is presented annually by the South Carolina Department of Parks, Recreation and Tourism to an outstanding organization that has demonstrated a significant economic impact on the state and local community and has noticeably improved the quality of life for South Carolina. The Complex annually hosts over 300 events (concerts, athletic contests, conferences, graduations, tournaments, etc.), many of which were held over several days or weeks with attendance exceeding 500,000. During the last ten years, over 2,400 additional hotel rooms have been added due to construction near the Complex which will assist in the City's efforts to attract quality events and conferences that will have a significant financial impact to the local economy. According to studies prepared by the Charleston Area Convention

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and Visitors Bureau, estimates are that the total economic impact to the Charleston area by events held at the Charleston Area Convention Center Complex amounts to over \$75 million annually. Direct tax revenue for the complex is estimated at over \$6 million annually.

**Municipal Golf Course.** During 1999 through 2001, the City of North Charleston constructed a twenty-seven hole municipal golf course facility on land located in Dorchester County. The City issued mortgage revenue bonds in the amount of \$11,080,000 during 1998 to fund the construction of the golf course facility and \$4,625,000 in general obligation bonds in 1999 to fund the construction and development of roads and infrastructure improvements in this area. The first eighteen holes opened for play in October 2000 with the final nine holes opening in November 2001. In July 2003, the City took advantage of favorable interest rates by issuing mortgage revenue bonds in the amount of \$11,700,000 to refund the remaining \$10,960,000 outstanding in the Series 1998 bonds. Debt service savings over the remaining term of the bonds is estimated at \$1,586,091.

The golf course is situated in the center of a residential and commercial development project that has already generated over \$200 million in taxable property value. The City has also experienced over a \$7 million increase in annual property tax collections from Dorchester County over the past ten years primarily attributable to the residential growth surrounding the golf course. Plans have been announced to create a commercial development district on a twenty-seven acre tract known as the Wescott Plantation Circle. Plans include the construction of a 120 room hotel, 140,000 square feet of commercial and office space and 125 housing units on four parcels surrounding the traffic circle.

**Tax Increment Financing Districts.** Over the past ten years, City Council has authorized the issuance and sale of over \$56,000,000 in tax increment bonds for the purpose of providing a portion of the cost of constructing certain public improvements to the City Center Redevelopment Plan. There are several projects identified by the administration in this tax increment financing district, including: streetscaping and landscaping projects, the former Charlestowne Mall area improvements, drainage improvements, upgrade of sewer lift stations, a new fire museum, a new City Hall and the purchase of property for expansion of parking and outlying office space for the Convention Center Complex. In September 2009, employees from all departments except for public works moved into the new 167,000 square foot city hall located in the City Center TIF completed at a cost of \$37.5 million.

In August 2006, the area's first outlet mall known as the Tanger Outlet Center hosted its grand opening celebration. This 352,000 square foot outlet center has already attracted over 90 retail stores along with a food court and other shopping and dining opportunities, is over 90% occupied and, when completed, is expected to generate over \$14.0 million in annual State sales tax revenue and over \$2,000,000 in annual property tax revenues to the City of North Charleston. The outlet center, built at a cost of over \$60 million, and other business construction is generating over 2,000 full and part-time jobs and attracting over four million shoppers and visitors annually. Developers continue to plan other retail outlets and restaurants in this 300 plus acre Center Pointe area of the City Center redevelopment plan. Phase one of the development plan already has over 35 retail stores and restaurants open. When phase two is completed, the area plans to be home to a total of more than 50 additional retail stores and more than a dozen restaurants. This area is already home to a Sams Club, a Wal-Mart Supercenter and a 55,000-square-foot five-story office building leasing space to an engineering firm, medical practice and other professional firms. The area is also home to the North Charleston and American LaFrance Fire Museum and Educational Center, which was completed in April 2007, and contains many interactive exhibits and vintage fire equipment along with over 20 antique fire trucks.

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In December 2003, the City issued \$9,975,000 in tax increment financing bonds for the purpose of acquiring and developing certain land improvements in another tax increment finance district known as the Noisette Community Redevelopment Project Area. The proposed development has already experienced the demolition of all structures in a 57 acre area known as the Oak Terrace Preserve and proposes replacing them with new construction consisting of residential and commercial units. The Oak Terrace Preserve area was originally built by the federal government in the early 1940s for shipyard workers and other military personnel but over time the homes have deteriorated. The City has contracted with a real estate management firm to manage the development of the project and to market the property for resale. Demolition and phase one infrastructure improvements were completed in calendar year 2006. Subsequently, the City has received deposits on over 100 parcels and closed on the sale of over 80 parcels to developers. The entire project includes plans for over 375 homes and 17 parks. The development is designed to meet residential green sustainable standards for energy efficiency, recycling, location and the types of building materials used.

Another major project development group, known as Magnolia Development and Ashley River Center, has invested funds to clean up and revitalize over 400 acres of blighted industrial property in the North Charleston/Charleston Neck area located between the Cooper and Ashley Rivers. Magnolia spent nearly \$10 million cleaning up and revitalizing the former Macalloy Corporation chromium plant area on Shipyard Creek near the Cooper River with plans to locate a port related facility. Future plans include setting aside approximately 130 acres along the Ashley River recreating a core of local neighborhoods where approximately 4,000 homes are mixed with commercial space, stores, offices and civic buildings.

In July 2008, the Cottage Living magazine recognized the 3,000 acre area surrounding the old Navy Base area that includes Oak Terrace Preserve, Horizon Village, Garco Park, Clemson's Restoration Institute and the Mixson Neighborhood development as a one of the top ten cottage communities in the nation for its adaptive reuse of existing buildings and in-fill development. Cottage Living's criteria include styles of homes with unifying design elements and walkable streets that result in a model new city where sustainability and quality of life are the top priorities. The June 2009 edition of the Men's Journal named this same historical Park Circle neighborhood as one of the nation's top 30 "Coolest Neighborhoods". The selection was largely based on the influx of artists and entrepreneurs relocating to Park Circle and on the Noisette Community's cutting edge approach to sustainable urban renewal. Other awards and honors include Bloomberg's Businessweek naming North Charleston to its list of America's Most Fun, Affordable Cities, the National League of Cities citing North Charleston for Municipal Excellence, the Home Depot Foundation extending the City of North Charleston its award of excellence for sustainable community development and Forbes naming the Charleston MSA the highest ranking S.C. metropolitan area for best places for business and careers.

**North Charleston's Palmetto Commerce Park.** Charleston County's transportation improvements funded by the half-cent sales tax included a major project that is designed to alleviate traffic congestion along a busy thoroughfare known as Ashley Phosphate Road in North Charleston while attracting more business to the Palmetto Commerce Park. The six mile Palmetto Commerce Parkway construction project, completed in 2011, links the Palmetto Commerce Park to Ashley Phosphate Road and later will network with other North Charleston road projects. The construction effort consists of several phases that are scheduled to be complete by 2013 with the main goal of attracting more companies to and near the industrial park. The Palmetto Commerce Parkway expansion has already created significant interest in future business construction and improvements. Roper Saint Francis Healthcare is eyeing a 24 acre

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tract for a new 100,000 square foot data center that will employ over 200 workers over a period of the next two years. Charleston County government owns a 15 acre parcel where it is constructing a 38,000 square foot consolidated dispatch center that is scheduled to open in 2013 and employ over 150 employees. In addition, Immedion LLC, a Greenville-based information technology company, will open its 15,000 square foot data center on Palmetto Commerce Parkway by May 2012. Crosspoint Industrial Park is aggressively marketing over 300 acres between the Roper and Charleston County tracts for new suppliers of Boeing and other industries.

Various business relocations have occurred at the Palmetto Commerce Industrial Park. In November 2005, Daimler Vans Manufacturing relocated its North American Sprinter Van assembly plant to a 460,000 square foot facility in the industrial park. Employment at the plant has ranged from 100 to 200 while van production has ranged from 30 to 100 during peak times. In 2009, Daimler announced plans to replace the Chrysler unit's ram logo on the vans to the Mercedes Benz three point star, a decision management stated would not result in any major immediate changes in production or vehicle design.

In October 2010, Cummins Turbo Technologies celebrated the culmination of the consolidation of its North American operations into its expanded Palmetto Commerce Park location, a location that began with the opening of an 112,000 square foot \$13 million manufacturing facility in the industrial park. As part of the consolidation, the Palmetto facility expanded by more than 83,000 square feet and included a new Turbo assembly line at a cost of \$3 million, with plans to add a minimum of 165 new jobs.

In 2009, Venture Aerobearings, a joint venture between GE Aviation and SKF Group of Sweden, completed construction of a \$38 million 125,000 square foot plant that will supply parts for jet engines and employ over 100 people. TWL Precision Limited, a world-wide supplier of precision automotive components, opened its North American corporate office in Palmetto Commerce Park in 2008. They are a key supplier for Toyota with the new Charleston area facility supplying their growing North American customer base which includes Cummins Turbo Technologies. TWL invested over \$4 million in capital improvements and has hired over 75 employees with plans for future growth. Cintas Corporation, an industrial dry cleaning manufacturer, invested \$8.4 million in a new facility in the park which created over 75 new jobs at this location.

In September 2011, locally based InterTech Group Inc. announced its aerospace subsidiary, TIGHitco, will open a manufacturing facility in the Palmetto Commerce Park. TIGHitco plans to invest, in several phases, over \$40 million on a facility that is expected to create over 350 jobs. The first phase is expected to be complete by the fall of 2012, which consists of the completion of a 120,000 square feet facility. TIGHitco, which specializes in aerospace parts made from composite, is a supplier to Boeing for the manufacture of its 787 Dreamliner.

In July 2010, Boeing announced plans for another plant to fabricate and assemble interiors for the 787 Dreamliner aircraft. Construction began on the 300,000 square foot, 150 employee facility in Palmetto Commerce Park in late 2010 and Boeing expects the plant to be fully operational by the spring of 2012.

**Further Economic Development.** An area adjacent to the Palmetto Commerce Park, known as the Ingleside Plantation, has the potential of becoming another prominent commercial and residential hub. Announced in 2008, this approximate 2,000 acre tract, with a build-out expected over a twenty year period, should attract hotels, light industry, offices, and retail stores along with apartments and single-family homes. The first construction project included a 300-unit apartment complex.

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In February 2005, ground was broken on a manufacturing complex costing more than \$560 million and totaling more than 700,000 square feet being built by the joint venture of Vought Aircraft Industries Inc. and Global Aeronautica on land near the Charleston International Airport, which is located in the City of North Charleston. The plant manufactures most of the rear aft fuselage of the new Boeing 787 Dreamliner, which will carry up to 300 passengers with a range of as far as 8,500 nautical miles. The plant completed its first component sections of the 787 Dreamliner in May 2007. In 2008 and 2009, the Boeing Company completed the purchase of the joint venture between Vought and Global Aeronautica for purposes of strengthening the 787 Dreamliner program by integrating this facility and its employees into the Boeing family. The Boeing operations employ over 3,000 workers and contractors at its North Charleston facilities.

With perhaps the largest economic impact announcement in South Carolina history, in late October 2009 Boeing announced it plans to expand its facilities in North Charleston to accommodate a new final assembly facility for its new 787 Dreamliner. The company broke ground in late 2009 on a 584,000 square foot expansion near its existing factory that is expected to begin manufacturing its first locally made 787 Dreamliner by the spring of 2012. The State of South Carolina, along with various local governments, helped lure Boeing to North Charleston by offering an incentives package worth \$450 million that calls for Boeing to create at least 3,800 jobs and invest more than \$750 million within seven years to take advantage of the incentives package. With the potential influx of additional jobs and business created by suppliers to Boeing locating to the Lowcountry, which is supported by various of the announcements previously discussed in Palmetto Commerce Park, the North Charleston area hopes to benefit from the enormous economic impact this announcement has fueled.

2AM Group, LLC, has become the region's first bundled technical service supplier for automotive, aerospace and marine vehicle product manufacturers. The company, headquartered in Spartanburg, South Carolina, recently launched its second U.S. operation in North Charleston and employs more than 50 at the facility in Pepperdam Industrial Park. Delfin USA, a division of Moscow based Delfin Russia, invested \$20 million for a 42 acre site on Virginia Avenue to purchase the former Shell lubricants plant. In November 2008, the Delfin Group announced a \$55 million capital investment in the facility to retrofit the existing infrastructure to support manufacturing its automotive and industrial lubricants to serve both domestic and global markets. This expansion has added over 160 new jobs in the last three years.

In July 2009, BAE Systems announced it was expanding its local operations by consolidating its three area facilities into a 74,000 square foot building in North Charleston's Aviation Business Park, a move the company says is necessary to accommodate its growing electronics engineering programs. This project represents an investment of \$4.5 million and created approximately 75 new jobs in 2009 and up to 100 additional jobs in 2010. Since the announcement, BAE has secured multiple contracts, including one from the U.S. Army worth up to \$95 million to develop automated security systems to control access to Army bases and other installations. In October 2009, Scientific Research Corporation (SRC), an advanced engineering company that provides innovation solutions to its government, private domestic and international markets, announced plans to expand its North Charleston operations. SRC plans to invest \$4 million and add 300 new jobs over the next five years.

In July 2010, Behr Heat Transfer Systems, a manufacturer of automotive air conditioning and engine cooling systems, announced plans to invest over \$3 million at its North Charleston manufacturing plant. The move is expected to create over 70 new jobs during the next several years as the company expands its production line with two new products that are key to improving automotive fuel efficiency.

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Titan Atlas Manufacturing bought the former Lockheed plant in North Charleston's Stark Industrial Park in late 2010. It has invested over \$11 million in existing facilities with plans for over \$6 million more in new improvements to its facilities. Titan produces low-cost prefabricated housing kits from concrete panels for use in disaster relief efforts and plans to employ over 200 workers over the next five years.

Coastal Corrugated Inc. announced plans in 2011 to invest over \$2 million and add over 40,000 square feet to its existing 55,000 square foot facility in North Charleston after landing a contract with automotive parts maker Robert Bosch. Coastal expects to expand its work force by 70 as it supplies Bosch packaging with specialized components.

**Redevelopment of the Former Charleston Navy Base.** In another major project, the State Ports Authority (SPA) has sought to acquire additional port facilities in the vicinity of Charleston Harbor. The City of North Charleston also worked with the Charleston Naval Base Redevelopment Authority (RDA) for several years to acquire or otherwise assume control of property on the former Navy Base for purposes of economic development and community enrichment. Recognizing that land held by the RDA at the Navy Base could provide a solution to both entities' needs, the South Carolina State Legislature passed a bill, effective July 1, 2002, ordering the RDA to transfer property to the City of North Charleston and SPA upon the City and SPA negotiating a mutually acceptable land division. A memorandum of understanding reflecting terms of an agreement was reached between the City, SPA and RDA that provided for the SPA to acquire land primarily on the southern end of the base for port expansion while the City acquire land on the northern end of the base. This transfer would be without purchase cost. The State of South Carolina has agreed to provide for certain infrastructure improvements to protect area neighborhoods from SPA operations and truck and rail traffic. The agreement between the City and SPA was approved by the City Council and signed in October 2002.

In early 2007, the South Carolina State Ports Authority received its permit to begin construction on a three-berth 280 acre marine terminal at the former Charleston Area Naval Base. The first phase of the terminal was expected to open in six years. Upon build out, which is estimated to take over twenty years, the Navy base terminal is expected to increase capacity by over 50%. In anticipation of this increased activity, an additional 16 million square feet of speculative industrial space is slated for development with over one million square feet already under construction.

In June 2001, the City established a tax increment financing district designed to provide over \$75 million in funds necessary to blend both public and private investment in the Navy Base area. In February 2003, the City entered into a contract to acquire land and improvements from the RDA that had been earlier conveyed to the RDA by the Federal government. It accepted deeds transferring approximately 250 acres of land in the northern section of the former Navy base. The City of North Charleston had previously entered into a memorandum of understanding with the Noisette Company, LLC in an effort to revitalize property acquired in the former Navy Base area into a model for sustainable living through economic development and community enrichment. Various public development activities included street improvements, landscaping and beautification, utility system and drainage improvements, public park and amenity improvements as well as improved facilities for police, fire and other public services. By the end of calendar year 2006, the City completed the development of the Riverfront Park near the northern tip of the old Charleston Naval Base. Grand opening of the Greater Charleston Naval Base Memorial on the former Navy Base occurred in 2008. The North Charleston Housing Authority, through a \$31 million seed grant from the U.S. Department of Housing and Urban Development, complemented this revitalization effort by rehabilitating and developing mixed-income, mixed-use neighborhoods.



To the Council and Citizens of the  
City of North Charleston

The Noisette master plan and future development of the former Navy base, along with the City's initiative to redevelop the Century Oaks TIF District, has had a positive effect on the change in public housing throughout the City of North Charleston. In particular, the North Charleston Housing Authority completed demolition of the North Park Village, a 524 unit public housing community near the base and has constructed on that site the Horizon Village, a \$73 million 484 unit residential development that is a mix of affordable apartments, dwellings for the elderly and homes for ownership. Horizon Village is a public-private development designed to place the property on the City's tax rolls where it had been previously exempt.

However, the viability of the Noisette redevelopment project has come into question due to the financial support of the project and the ongoing debate surrounding how best to serve the cargo expected from the \$600 million S.C. State Ports Authority terminal under construction on the former Navy base. In December 2010, the S.C. Department of Commerce gained control of property, during foreclosure proceedings, previously owned by Noisette. The Department of Commerce immediately unveiled a plan to develop a rail yard site, on property that the Clemson University Restoration Institute owns, designed to provide rail line access through the northern end of the base. In September 2005, the City Council passed a resolution authorizing the Mayor to enter into an agreement to transfer approximately 80 acres the City owns in the former Navy base area to the Clemson University Restoration Institute for the purpose of the establishment of a research campus and restorative sciences program. In early 2007, Clemson University received permission from the State of South Carolina's Budget and Control Board to take over the restoration of the Confederate submarine H.L. Hunley. The Department of Commerce has offered to relocate the Clemson University Restoration Institute to other property on the Naval Base that it gained control of during the foreclosure proceedings.

The City has filed a lawsuit attempting to enforce the previously mentioned 2002 memorandum of understanding entered into between the SPA and the City which prohibits rail access through the north end of the base and would greatly alter commercial and residential development plans for the northern end of the base. The City and the State of South Carolina are still attempting to work out a compromise, but as of the date of this report, no such compromise has been reached.

In December 2009, Clemson University announced it had landed a \$45 million grant, set aside from the American Recovery and Reinvestment Act, to build a drivetrain and wind turbine testing facility on the former Navy Base. The grant is part of a \$98 million proposal organized by Clemson University Restorative Institute and other State of South Carolina agencies described as the largest research effort in the university's history. The facility will be equipped to test 7.5 and 15 megawatt drivetrains, which will make the institute the largest wind turbine testing facility in the world. Currently, the world's largest testing rig is equipped for 6 megawatt trials. Clemson estimates that the project will create over 100 construction jobs and over 20 full-time jobs. Clemson broke ground in October 2010 on the facility that is housed in a former warehouse on deep waterfront property along the Cooper River adjacent to existing rail and ship-handling infrastructure. Construction is expected to be complete in 2012.

**Long-Term Financial Planning.** Unassigned fund balance in the General Fund (20.5% of the fiscal year 2011/2012 General Fund budgeted expenditures) falls above the fund balance policy guidelines set by the Council for budgetary and planning purposes, which is at least 10% of the budgeted General Fund expenditures. The fiscal year 2011/2012 General Fund budget as approved is a balanced budget that recommends no use of the unassigned fund balance as a source of revenue. Revenue forecasts for the

To the Council and Citizens of the  
City of North Charleston

next several years suggests that new residential and commercial construction will slow down but continued economic growth from various sectors throughout the City and region will keep pace with the operational needs of the various departments.

The City issued \$22.5 million in general obligation bonds in November 2010 for the purpose of developing various properties within different areas of the City. One such project involves the demolition of an area in the southern end of the City known as Shipwatch Square. The demolition is part of the first steps in the City's master plan to develop infrastructure suited for future construction of retail and commercial establishments. Other projects include the completion of fire stations and the development of property in the Dorchester County corridor for recreational parks.

The City plans to continue the development of the Riverfront Park and other properties it owns in the old Navy Base area. Further plans are being discussed to create municipal improvement districts for both the Navy Base TIF area and the area known as the Magnolia Development for purposes of assisting with infrastructure improvements. Other capital improvement programs, such as future growth expectations in the Palmetto Commerce Park, include assisting Charleston County and Dorchester County with transportation and recreational needs that will significantly benefit the City of North Charleston.

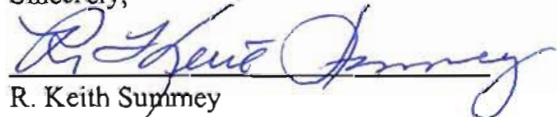
**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Charleston for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. A CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of North Charleston has received a Certificate of Achievement for the last twenty-three fiscal years ended, from June 30, 1988 through 2010. We believe our current report continues to conform with the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

**Acknowledgments.** The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the staff of Greene Finney & Horton, Certified Public Accountants and Consultants.

Sincerely,



R. Keith Summey  
Mayor



E. Warren Newton  
Director of Administration and Finance



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Charleston  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**LIST OF PRINCIPAL OFFICIALS**  
**JUNE 30, 2011**

Mayor and Chief Executive Officer.....R. Keith Summey

Council Member.....Ed Astle

Council Member.....Rhonda Jerome

Council Member.....Robert Jameson

Council Member.....Phoebe Miller

Council Member.....Steve Ayer

Council Member.....Dorothy K. Williams

Council Member.....Samuel L. Hart

Council Member.....Robert N. King

Council Member.....W. Kurt Taylor

Council Member.....Michael Brown

Special Assistant to Mayor.....Raymond H. Anderson, Jr.

Special Assistant to Mayor.....Julie Elmore

Director of Administration & Finance.....E. Warren Newton

Staff Attorney.....Rich Lingenfelter

Municipal Clerk of Council.....Ellen Clark

Fire Chief.....Greg Bulanow

Facilities Management Director.....Danny McJunkin

Public Works Director.....Jim Hutto

Human Resources Director.....Chris Ruth

Code Enforcement Director .....Angela McJunkin

Director of Information Systems.....David Dixon

Director of Recreation.....Joseph E. Barfield

Purchasing Director.....Denise Badillo

Building Official.....Darbis Briggman

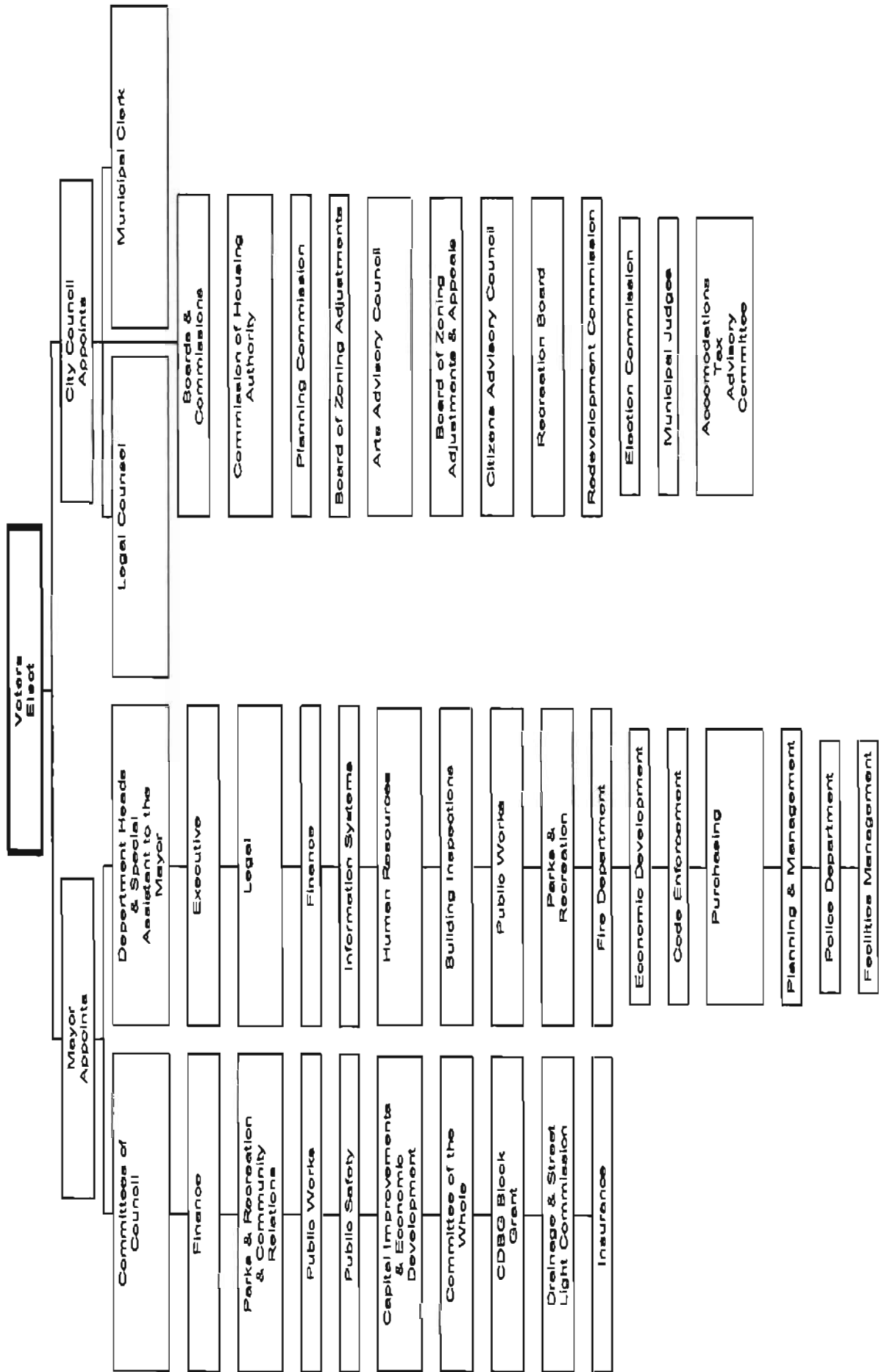
Director of Zoning and Planning.....William B. Gore

Cultural Arts Director.....Marty Besancon

Police Chief.....Jon Zumalt

Chief Administrative Judge.....Samuel Coleman

# City of North Charleston



## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of City Council  
City of North Charleston  
North Charleston, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Charleston, South Carolina (the "City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the City's financial statements for the year ended June 30, 2010, and in our report dated November 3, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Charleston, South Carolina, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note IV. G., the City implemented the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison schedules, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the supplementary information, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Greene, Finney & Horton LLP*

Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
October 28, 2011

## Management's Discussion and Analysis

As management of the City of North Charleston, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City of North Charleston for the fiscal year ended June 30, 2011. 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 City's financial activity and identifying changes in the City'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 *i-xi* of this report, and the City's financial statements, which follow this section.

### *Financial Highlights*

- ❖ Total assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$181,310,699 (net assets). Net assets increased \$16,152,757, or 9.8%, for the fiscal year ending June 30, 2011.
  - Governmental activities net assets were \$174,109,308, an increase of \$15,734,166, or 9.9%. Of this amount, \$21,866,469 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
  - Business-type net assets amounted to \$7,201,391, an increase of \$418,591 or 6.2%. Unrestricted net assets increased \$473,615 to \$5,061,043 at June 30, 2011.
- ❖ At June 30, 2011, the total fund balance of the City's governmental funds was \$81,474,289, an increase of \$12,308,524, or 17.8%.
  - The fund balance of the General Fund increased \$3,962,049, or 21.6%, to \$22,308,974. \$18,039,621 of this fund balance was unassigned at year-end, an increase of \$3,877,631, or 27.4%, over the \$14,161,990 balance at June 30, 2010.
  - General Fund revenues exceeded expenses by \$4,353,865 before other financing sources or uses, a decrease of \$2,734,783 from the prior year and a \$2,857,760 favorable variance to the final budget.
- ❖ Total capital assets (net of accumulated depreciation) for the City amounted to \$248,613,129 at June 30, 2011, an increase of \$14,078,970, or 6.0%.
  - Governmental funds capital assets (net of accumulated depreciation) amounted to \$238,684,119, an increase of \$14,665,351, or 6.5%.
  - Business-type capital assets (net of accumulated depreciation) amounted to \$9,929,010, a decrease of \$586,381, or 5.6%.
- ❖ At June 30, 2011, the City's total debt, including capital lease obligations and compensated absences was \$157,859,909 (net of unamortized premiums, discounts and amounts on refunding), an increase of \$12,388,672 or 8.5%.
  - Governmental funds total debt amounted to \$149,989,186, an increase of \$12,910,026, or 9.4%.
  - Business-type funds total debt amounted to \$7,870,723, a decrease of \$521,354, or 6.2%.



- ❖ The City of North Charleston maintained its AA and Aa2 general obligation bond ratings from Standard & Poor's and Moody's Investor Services, respectively, and the AA- rating from Standard & Poor's on its municipal golf course mortgage revenue bonds.

## ***Overview of the Financial Statements***

This MD&A is intended to serve as an introduction to the City of North Charleston's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements (Statement of Net Assets and Statement of Activities) present government-wide financial statements using the economic resources measurement focus and the *full accrual* basis of accounting. The proprietary funds use the same measurement focus and basis of accounting. The traditional fund financial statements (governmental funds) are reported using the current financial resources measurement focus and the *modified accrual* basis of accounting. Both sets of statements are essential and provide complementary components that will allow the user to broaden his/her basis for comparison and enhance the City's accountability. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

### **Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term full accrual information about the City's financial condition as a whole, focusing on the government's operational accountability. The next statements (Exhibit 3 through 9) are **fund financial statements** with necessary reconciliation information. These statements focus on the activities of the major funds and provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements, reported on a modified accrual basis; and 2) the proprietary fund statements, reported on a full accrual basis. The next section of the basic financial statements is the **notes to the financial statements**. The notes explain in detail some of the data contained in those statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of North Charleston's finances, similar in format to a financial statement of a private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Net assets represent the equity of the City, presented on the full accrual basis of accounting. Net assets and other Statement of Net Assets information convey the financial position, primarily on a historical cost basis, of the City at a point in time.

The Statement of Activities presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of North Charleston 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). The governmental activities of the City include general government, public safety, street and drainage maintenance, sanitation, economic development, housing and community development, and culture and recreation. The business-type activities of the City include the golf course operations and the stormwater utility management program. The government-wide financial statements can be found on pages 13-14 of this report.

**Fund financial statements.** The fund financial statements provide a more detailed look at the City's most significant activities while focusing on fiscal accountability. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of North Charleston uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as those required by state law, bond covenants or City ordinances. All of the funds of the City of North Charleston can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds.* Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds, which focus on how cash and other financial assets can readily be converted into cash flow as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements and, therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of North Charleston maintains thirty-five individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Coliseum Operating Fund, Tax Infrastructure Fund, General Obligations Debt Service Fund and the Naval Base and Riverfront Park Capital Projects Fund, all of which are considered to be major funds. Data from the other thirty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual funds statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 15-18 of this report.

*Proprietary funds.* Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its golf course operations and the stormwater utility management program. The basic proprietary fund financial statements can be found on pages 19-21 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 the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-49 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in the form of budgetary comparison schedules relative to the City's General Fund and major special revenue funds. The required supplementary information is presented after the notes to the financial statements and can be found on pages 50-53 of this report. The combining and individual funds statements and schedules referred to earlier in connection with nonmajor governmental funds are presented after the notes to the financial statements and can be found on pages 54-94 of this report.

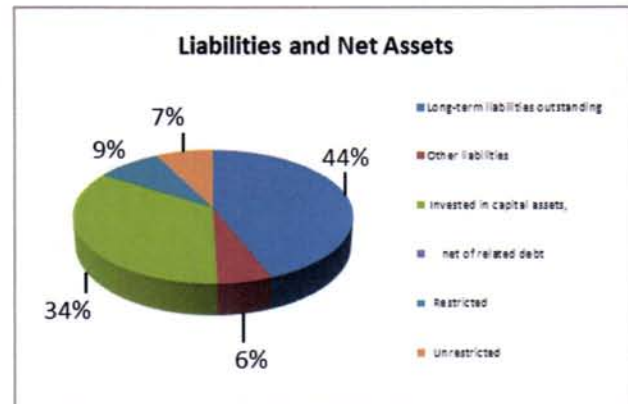
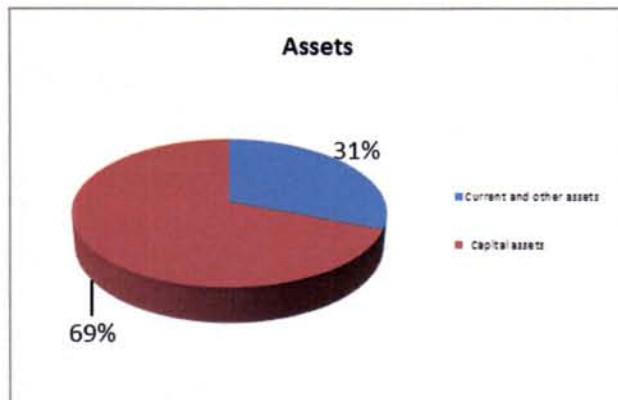
## ***Government-Wide Financial Analysis***

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of North Charleston, assets exceeded liabilities by \$174,109,308 at June 30, 2011. By far the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and equipment) less any related debt used to acquire those assets that is still outstanding. It should be noted, however, that the resources needed to repay the debt must be provided from sources other than capital assets, since the capital assets themselves cannot be used to liquidate these liabilities. The largest portion of the City's increase in its investment in capital assets during the fiscal year ending June 30, 2011 was a result of the completion of two new fire stations, infrastructure improvements and renovations to the Coliseum.

### **City of North Charleston's Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$104,293,754	\$88,865,674	\$ 6,305,602	\$ 5,953,304	\$110,599,356	\$94,818,978
Capital assets	<u>238,684,119</u>	<u>224,018,768</u>	<u>9,929,010</u>	<u>10,515,391</u>	<u>248,613,129</u>	<u>234,534,159</u>
Total assets	<u>342,977,873</u>	<u>312,884,442</u>	<u>16,234,612</u>	<u>16,468,695</u>	<u>359,212,485</u>	<u>329,353,137</u>
Long-term liabilities outstanding	149,989,186	137,079,160	7,870,723	8,392,077	157,859,909	145,471,237
Other liabilities	<u>18,879,379</u>	<u>17,430,140</u>	<u>1,162,498</u>	<u>1,293,818</u>	<u>20,041,877</u>	<u>18,723,958</u>
Total liabilities	<u>168,868,565</u>	<u>154,509,300</u>	<u>9,033,221</u>	<u>9,685,895</u>	<u>177,901,786</u>	<u>164,195,195</u>
Net assets:						
Invested in capital assets, net of related debt	121,497,861	98,526,284	2,140,348	2,195,372	123,638,209	100,721,656
Restricted	30,744,978	21,692,728	-	-	30,744,978	21,692,728
Unrestricted	<u>21,866,469</u>	<u>38,156,130</u>	<u>5,061,043</u>	<u>4,587,428</u>	<u>26,927,512</u>	<u>42,743,558</u>
Total net assets	<u>\$174,109,308</u>	<u>\$158,375,142</u>	<u>\$7,201,391</u>	<u>\$6,782,800</u>	<u>\$181,310,699</u>	<u>\$165,157,942</u>

Restricted net assets of the governmental activities are represented by \$613,380 of seized and forfeited drug funds, \$424,446 held for victims advocate purposes, \$1,128,424 in grant funds, \$18,330,701 held for redevelopment activities, \$3,203,918 in tax increment financing property tax revenues held for future debt service payments and \$7,044,109 held for debt service requirements.



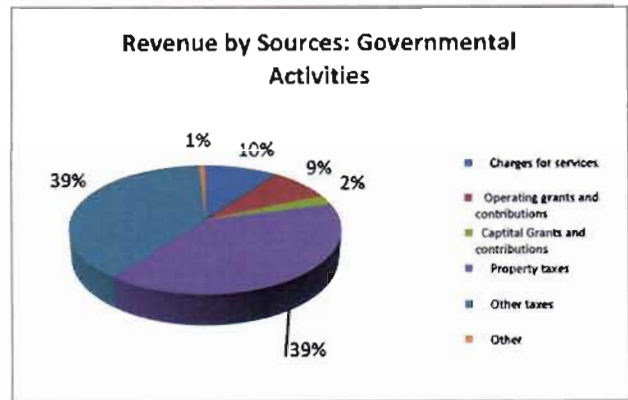
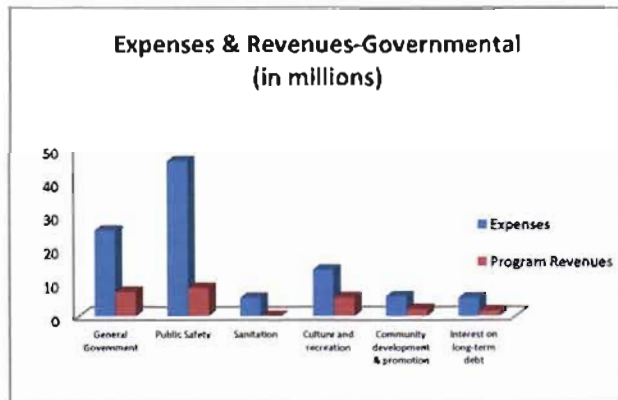
Unrestricted net assets of the governmental activities decreased \$16,289,661, or 42.7%, largely due to the conversion of bond proceeds into investment in capital assets. The unrestricted net assets balance of \$21,866,469 may be used to meet the government's ongoing obligations to citizens and creditors. Business-type net assets increased \$418,591 primarily due to operating income of the Stormwater Utility Fund.

As of June 30, 2011, the City of North Charleston is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. Net assets for the City as a whole increased 9.8%. Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net assets. Despite the reduction in state and federal funding this year, the City's taxes from other governmental sources generated sufficient revenues to cover basic service delivery without significant service reductions. Property taxes, business licenses, franchise fees, accommodations taxes, sales taxes and building permits experienced increases from prior year totals.

### City of North Charleston's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$11,971,288	\$13,175,738	\$4,224,635	\$4,476,367	\$16,195,923	\$17,652,105
Operating grants and contributions	10,109,870	12,120,428	-	-	10,109,870	12,120,428
Capital grants and contributions	2,869,607	-	-	-	2,869,607	-
General revenues:						
Property taxes	47,021,601	44,462,806	-	-	47,021,601	44,462,806
Other taxes	46,396,385	43,745,399	-	-	46,396,385	43,745,399
Other	983,107	1,242,558	37,319	38,545	1,020,426	1,281,103
Total revenues	<u>119,351,858</u>	<u>114,746,929</u>	<u>4,261,954</u>	<u>4,514,912</u>	<u>123,613,812</u>	<u>119,261,841</u>
<b>Expenses:</b>						
General government	25,371,323	19,217,901	-	-	25,371,323	19,217,901
Public safety	46,170,085	45,713,483	-	-	46,170,085	45,713,483
Sanitation	5,455,504	5,419,033	-	-	5,455,504	5,419,033
Culture and recreation	13,738,220	14,674,112	-	-	13,738,220	14,674,112
Community development	5,860,846	4,753,317	-	-	5,860,846	4,753,317
Interest on long-term debt	5,460,165	5,315,770	-	-	5,460,165	5,315,770
Golf course expenses	-	-	2,582,577	2,577,247	2,582,577	2,577,247
Stormwater utility expenses	-	-	2,822,335	2,605,965	2,822,335	2,605,965
Total expenses	<u>102,056,143</u>	<u>95,093,616</u>	<u>5,404,912</u>	<u>5,183,212</u>	<u>107,461,055</u>	<u>100,276,828</u>
Increase in net assets before transfers	17,295,715	19,653,313	(1,142,958)	(668,300)	16,152,757	18,985,013
Transfers in (out)	<u>(1,561,549)</u>	<u>(1,511,309)</u>	<u>1,561,549</u>	<u>1,511,309</u>	-	-
Increase in net assets	15,734,166	18,142,004	418,591	843,009	16,152,757	18,985,013
Net assets at beginning of year	<u>158,375,142</u>	<u>140,233,138</u>	<u>6,782,800</u>	<u>5,939,791</u>	<u>165,157,942</u>	<u>146,172,929</u>
Net assets at end of year	<u>\$174,109,308</u>	<u>\$158,375,142</u>	<u>\$7,201,391</u>	<u>\$6,782,800</u>	<u>\$181,310,699</u>	<u>\$165,157,942</u>





**Governmental activities.** Governmental activities increased the City of North Charleston's net assets by \$15,734,166. Increases in property tax and other tax revenues, and the increase in investment in fixed assets, were the major reasons for the increase in governmental net assets.

**Business-type activities.** Business-type activities realized a decrease in net assets in the amount of \$768,499. The Stormwater Utility Enterprise Fund realized an increase in net assets primarily as a result of operational income. The Golf Course Enterprise Fund realized a slight increase in net assets as a result of the increased transfer from the General Fund due to a decrease in revenues from lower rounds played.

### ***Financial Analysis of the City's Funds***

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

**Governmental funds.** The focus of the City of North Charleston's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2011, the governmental funds of the City of North Charleston reported a combined fund balance of \$81,474,289, an increase of \$12,308,524 in comparison with the prior year. Restricted, committed and assigned governmental fund balances increased \$8,430,893 reflecting an increase in unspent bond proceeds held for capital improvements. Unassigned governmental fund balance increased by \$3,877,631, or 27.4%.

The General Fund is the chief operating fund of the City of North Charleston. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$18,039,621 or 20.5% of the operating budget for the fiscal year ending June 30, 2012, while total fund balance is \$22,308,974.

Unassigned fund balance at June 30, 2011 increased by \$3,877,631, or 27.4% from prior year totals. 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 expenditures. Unassigned fund balance represents 20.6% of total General Fund expenditures (including transfers), while total fund balance represents 25.5% of that same amount.

Key governmental revenue and expenditure highlights are as follows:

- Property taxes increased by \$2,335,821 or 5.3% over fiscal year ending June 30, 2010. Incremental assessed property value growth resulted in an increase of \$60,994 in property tax revenues in the three TIF areas. The remaining \$2,274,827 increase in property tax revenues was due to the over \$13 million increase in assessed property value and the reduction in the property tax credit factor.
- Intergovernmental revenues increased by \$374,468 or 1.2% due largely to increases in hospitality and accommodation tax collections.
- Business licenses, franchise fees and permits increased by \$1,240,114 due to a rebound in the local economy and commercial and industrial growth. Franchise fees represented \$609,809 of the increase in licenses and permit revenues from fiscal year ending June 30, 2010 to fiscal year ending June 30, 2011.
- Revenues from use of monies and property declined \$1,949,503 or 23.0% largely due to the decreased operating revenues from fewer events held at the Coliseum/Convention Center/Performing Arts Center.
- General government and capital outlay expenses decreased by \$6,703,852 primarily due to the reduction in amounts spent on the new city hall construction that was completed in the fiscal year ending June 30, 2010.
- Public safety expenses increased by \$4,225,647 as a result of new hires through grants and the return of significant purchases of fleet equipment in the fiscal year ending June 30, 2011 that did not occur in fiscal year ending June 30, 2010.
- Sanitation, culture and recreation, and community development expenses increased by \$449,715 largely due to an increase in grant related expenses and an increase in fleet related capital purchases.
- Debt service expenditures decreased by \$1,293,305 primarily due to the decrease in principal reduction in capital lease payments in the General Fund.

The General Obligation Debt Service Fund has a total fund balance of \$5,122,528. The net decrease in fund balance during the fiscal year ended June 30, 2011 was \$13,488. Interest expenditures increased during the current period by \$383,081 due to new bonds issued while principal reduction decreased by \$25,000. The Naval Base and Riverfront Park Capital Projects Fund has a total fund balance of \$10,419,748. The net decrease in fund balance during the fiscal year ended June 30, 2011 was \$4,200,306 and resulted primarily from a transfer of \$2,625,000 to the Convention Center Capital Projects Fund.

**Proprietary Funds.** As discussed in the business-type activities section earlier, the City has two enterprise funds, the Golf Course Fund and the Stormwater Utility Fund. The City of North Charleston's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of the enterprise funds have already been addressed in the discussion of the City's business-type activities.

## ***General Fund Budgetary Highlights***

The General Fund budget for fiscal year ending June 30, 2011 was originally adopted at \$85,060,558, inclusive of transfers out to other funds, and represents an increase of 2.5% over the final fiscal year ending June 30, 2010 budget. During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the

estimates that are used to prepare the original budget ordinance once adequate information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. The final amended General Fund budget for June 30, 2011 totals \$88,646,933.

Differences between the original budget and the final amended budget are represented by an increase in appropriations of \$3,586,375. The public safety's budget received an additional allocation of over \$1,280,597 largely due to an increase in fleet related purchases as a result of taking advantage of favorable prices in police patrol package vehicles. The general government budget received an additional allocation of \$1,207,754 as a result of purchases of real property and increased utility and fuel costs.

Activities, which contributed to significant differences between the General Fund final amended budget and final actual amounts, were as follows:

- Property taxes were \$288,254 over budget due to the increase in commercial and industrial assessment growth.
- Business license and permit collections were \$1,000,909 above budget primarily due to the increase in franchise fee collections.
- Intergovernmental revenues were \$189,067 above budget primarily due to the increase in hospitality and accommodation tax collections, although the City did experience a decline in state shared revenue distributions and sales tax collections.
- General government expenditures were under budget by \$490,432 primarily due to certain economic development projects and related grants that did not materialize during the year as expected and a reduction in estimated retiree health care benefits.

## ***Capital Asset and Debt Administration***

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011 was \$248,613,129 (net of accumulated depreciation). These assets include land, land improvements, buildings and improvements, park facilities, machinery and equipment, and vehicles. The total increase in the City's investment in capital assets for the current fiscal year was \$14,078,970 or 6.0%.

### **City of North Charleston's Capital Assets (net of depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Construction in progress	\$ 18,613,636	\$ 21,714,597	\$ -	\$ -	\$ 18,613,636	\$ 21,714,597
Land	34,519,632	32,255,657	1,397,188	1,397,188	35,916,820	33,652,845
Buildings	113,649,636	112,669,441	2,269,946	2,330,145	115,919,582	114,999,586
Infrastructure	30,936,070	21,139,858	-	-	30,936,070	21,139,858
Improvements	23,041,645	18,773,720	5,557,545	5,801,578	28,599,190	24,575,298
Machinery and equipment	<u>17,923,500</u>	<u>17,465,495</u>	<u>704,331</u>	<u>986,480</u>	<u>18,627,831</u>	<u>18,451,975</u>
Total Capital Assets	<u>\$238,684,119</u>	<u>\$224,018,768</u>	<u>\$ 9,929,010</u>	<u>\$10,515,391</u>	<u>\$248,613,129</u>	<u>\$234,534,159</u>

Major capital asset events during the fiscal year ending June 30, 2011 included the following:

- The City invested an additional \$8,523,373 during the fiscal year ending June 30, 2011 towards renovations to the Coliseum.
- The City expended \$3,003,291 towards infrastructure improvements relative to road construction in the northern area of the City.
- The City completed construction of two new fire stations.

Additional information on the City of North Charleston's capital assets can be found in note III.C on page 34 of this report.

**Long-term debt.** As of June 30, 2011, the City of North Charleston had total bonded debt outstanding of \$146,318,335, which is net of \$596,665 in deferred amounts consisting of unamortized premiums, discounts and amounts on refunding. Of this amount, \$32,395,000 is backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources.

### City of North Charleston's Outstanding Debt General Obligation, COPS, Tax Increment Bonds and Revenue Bonds

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General Obligation Bonds	\$32,395,000	\$14,020,000	\$ -	\$ -	\$ 32,395,000	\$ 14,020,000
Certificates of Participation	61,950,000	65,970,000	-	-	61,950,000	65,970,000
Tax Increment Bonds	43,835,000	46,610,000	-	-	43,835,000	46,610,000
Revenue Bonds	-	-	<u>8,735,000</u>	<u>9,245,000</u>	<u>8,735,000</u>	<u>9,245,000</u>
Subtotal	138,180,000	126,600,000	8,735,000	9,245,000	146,915,000	135,845,000
Less: Unamortized discounts, premiums and amounts on refunding	<u>590,425</u>	<u>774,938</u>	<u>(1,187,090)</u>	<u>(1,286,015)</u>	<u>(596,665)</u>	<u>(511,077)</u>
Total	<u>\$138,770,425</u>	<u>\$127,374,938</u>	<u>\$7,547,910</u>	<u>\$7,958,985</u>	<u>\$146,318,335</u>	<u>\$135,333,923</u>

The City of North Charleston's long-term debt increased by \$10,984,412 during the fiscal year. The key factor in this overall increase was the issuance of \$22,500,000 in general obligation bonds.

The City of North Charleston maintained its AA bond rating from Standard and Poor's and its Aa2 bond rating from Moody's Investors Services for its general obligation debt. The golf course revenue bonds have been rated AA- from Standard and Poor's. South Carolina statutes limit the amount of general obligation debt a government may issue to 8 percent of its total assessed valuation (in the absence of a referendum). The legal debt margin for the City is \$6,170,479.

Additional information on the City of North Charleston's long-term debt can be found in note III.F on pages 35-43 of this report.



## ***Economic Factors and Next Year's Budget and Rates***

- The unemployment rate for Charleston County or the Charleston-North Charleston MSA (separate data for the City of North Charleston is not available) at June 30, 2011 was 9.4%, the same rate a year ago, below South Carolina's state average unemployment rate of 11.1% but above the national average rate of 9.3%.
- Retail sales in the City decreased slightly from \$5.66 billion in calendar year 2009 to \$5.65 billion in calendar year 2010.
- Tourism remains a vital segment of the local economy. Overall occupancy rates increased from 57.4% in calendar year 2009 to 67.21% in calendar year 2010.
- Spending in construction dollars increased 5.6% from the same time period last year and revenue from permits issued increased 0.6% in fiscal year ending June 30, 2011 compared to fiscal year ending June 30, 2010.

The City's adopted budget for the General Fund for the fiscal year ending June 30, 2012 increased 4.0% to \$88.2 million. The City's property tax rate remains at 92.8 mills, however new commercial and industrial construction growth in assessment value will help to bring in an additional estimated \$2.0 million in property taxes. Business license fees, franchise fees, permits, sales taxes and other taxes are projected to remain relatively flat or increase ever so slightly. Salaries are expected to remain stable with only a modest increase in certain areas. The City expects to continue to see higher employee benefits related costs but hopes to minimize the effect of those increases by making changes to overall benefits. The City plans to fund new fleet equipment through a \$2.0 million lease purchase contract.

## ***Requests for Information***

This financial report is designed to provide a general overview of the City of North Charleston's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City of North Charleston Finance Department, Office of the Finance Director, P.O. Box 190016, North Charleston, S.C., 29419.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 65,262,319	\$ 3,835,017	\$ 69,097,336
Receivables (net of allowance for uncollectibles)	1,258,742	1,394,700	2,653,442
Due from other governments	6,604,054	-	6,604,054
Assets held for resale	6,214,309	-	6,214,309
Inventories, at cost	67,821	-	67,821
Other assets and prepaid items	1,635,179	71	1,635,250
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	20,198,623	-	20,198,623
Deferred charges	1,081,482	89,357	1,170,839
Deferred outflow of resources	1,971,225	986,457	2,957,682
Capital assets (not being depreciated):			
Construction in progress	18,613,636	-	18,613,636
Land	34,519,632	1,397,188	35,916,820
Capital assets (net of accumulated depreciation):			
Buildings	113,649,636	2,269,946	115,919,582
Infrastructure	30,936,070	-	30,936,070
Improvements	23,041,645	5,557,545	28,599,190
Equipment	17,923,500	704,331	18,627,831
<b>Total assets</b>	<b>342,977,873</b>	<b>16,234,612</b>	<b>359,212,485</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	6,492,893	147,620	6,640,513
Other accrued liabilities	8,198,640	28,421	8,227,061
Escrow for seized funds	158,262	-	158,262
Unearned revenue	2,058,359	-	2,058,359
Derivative instrument	1,971,225	986,457	2,957,682
Long-term obligations:			
Due within one year:			
General obligation bonds	3,180,000	-	3,180,000
Certificates of participation	4,335,000	-	4,335,000
Tax increment financing bonds	5,380,000	-	5,380,000
Revenue bonds	-	525,000	525,000
Capital lease obligations	2,081,199	107,850	2,189,049
Compensated absences	2,930,871	73,307	3,004,178
Due in more than one year (noncurrent):			
General obligation bonds	29,215,000	-	29,215,000
Certificates of participation	56,495,154	-	56,495,154
Tax increment financing bonds	40,165,271	-	40,165,271
Revenue bonds	-	7,022,910	7,022,910
Capital lease obligations	6,142,795	132,902	6,275,697
Compensated absences	63,896	8,754	72,650
<b>Total liabilities</b>	<b>168,868,565</b>	<b>9,033,221</b>	<b>177,901,786</b>
<b><u>NET ASSETS</u></b>			
Investment in capital assets, net of related debt	121,497,861	2,140,348	123,638,209
Restricted for:			
Redevelopment projects	18,330,701	-	18,330,701
Public safety and service	2,166,250	-	2,166,250
Debt service	10,248,027	-	10,248,027
Unrestricted	21,866,469	5,061,043	26,927,512
<b>Total net assets</b>	<b>\$ 174,109,308</b>	<b>\$ 7,201,391</b>	<b>\$ 181,310,699</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
<b>Governmental activities:</b>						
General government	\$ 25,371,323	\$ 2,163,813	\$ 3,376,396	\$ 1,700,679	\$ (18,130,435)	\$ -
Public safety	46,170,085	4,141,790	3,697,005	501,931	(37,829,359)	-
Sanitation	5,455,504	70,103	17,879	-	(5,367,522)	-
Culture and recreation	13,738,220	5,595,582	16,244	-	(8,126,394)	-
Community development & promotion	5,860,846	-	1,411,955	666,997	(3,781,894)	-
Interest on long-term debt	5,460,165	-	1,590,391	-	(3,869,774)	-
<b>Total governmental activities</b>	<b>102,056,143</b>	<b>11,971,288</b>	<b>10,109,870</b>	<b>2,869,607</b>	<b>(77,105,378)</b>	<b>-</b>
<b>Business-type activities:</b>						
Golf course enterprise fund	2,582,577	1,033,552	-	-	(1,549,025)	(1,549,025)
Stormwater utility enterprise fund	2,822,335	3,191,083	-	-	368,748	368,748
<b>Total business-type activities</b>	<b>5,404,912</b>	<b>4,224,635</b>	<b>-</b>	<b>-</b>	<b>(1,180,277)</b>	<b>(1,180,277)</b>
<b>Totals</b>	<b>\$ 107,461,055</b>	<b>\$ 16,195,923</b>	<b>\$ 10,109,870</b>	<b>\$ 2,869,607</b>	<b>(77,105,378)</b>	<b>(78,285,655)</b>
<b>General revenues:</b>						
Property taxes					47,021,601	-
Business license taxes					17,861,972	-
Sales taxes					8,238,669	-
Franchise taxes					8,119,607	-
Alcoholic beverage taxes					179,705	-
Hospitality taxes					4,942,144	-
Accommodations taxes					4,108,465	-
State shared revenues, unrestricted					2,945,823	-
Investment earnings					457,231	14,271
Miscellaneous					525,876	23,048
Total general revenues before transfers					94,401,093	37,319
Transfers					(1,561,549)	1,561,549
Total general revenues and transfers					92,839,544	1,598,868
<b>Change in net assets</b>					<b>15,734,166</b>	<b>418,591</b>
Net assets at beginning of year					158,375,142	6,782,800
<b>Net assets at end of year</b>					<b>\$ 174,109,308</b>	<b>\$ 7,201,391</b>
						<b>\$ 181,310,699</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**

June 30, 2011

(With Comparative Totals at June 30, 2010)

	General	Coliseum Operating	Tax Infrastructure	General Obligation Debt Service	Naval Base & Riverfront Park Capital Projects	Other Governmental	Total Governmental Funds 2011	Total Governmental Funds (restated) 2010
<b>Assets</b>								
Cash and cash equivalents	\$ 27,129,689	\$ 2,540,810	\$ -	\$ 5,837,162	\$ 4,456,448	\$ 25,298,210	\$ 65,262,319	\$ 51,638,083
Receivables, net of allowances:								
Property taxes	1,079,617	-	-	-	-	-	1,079,617	1,343,532
Accounts receivable	16,284	120,604	42,237	-	-	-	179,125	81,741
Due from other funds	870,418	-	-	-	-	4,851	875,269	1,552,693
Due from other governments	3,932,387	-	-	-	-	2,671,667	6,604,054	3,748,434
Assets held for resale	-	-	6,214,309	-	-	-	6,214,309	6,796,981
Inventories, at cost	67,821	-	-	-	-	-	67,821	55,378
Prepaid items	-	22,698	-	-	-	-	22,698	63,780
Restricted assets:								
Cash and cash equivalents	-	-	10,137,235	-	6,144,838	3,916,550	20,198,623	19,890,227
Notes receivable	-	-	-	-	-	1,842,848	1,842,848	1,741,776
<b>Total assets</b>	<b>\$ 33,096,216</b>	<b>\$ 2,684,112</b>	<b>\$ 16,393,781</b>	<b>\$ 5,837,162</b>	<b>\$ 10,601,286</b>	<b>\$ 33,734,126</b>	<b>\$ 102,346,683</b>	<b>\$ 86,912,625</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 1,337,628	\$ 473,555	\$ 98,910	\$ 714,634	\$ 181,538	\$ 3,686,628	\$ 6,492,893	\$ 3,822,638
Other accrued liabilities	7,455,503	-	-	-	-	-	7,455,503	10,339,372
Eserow for seized funds	-	-	-	-	-	158,262	158,262	109,980
Due to other funds	4,851	-	-	-	-	870,418	875,269	1,552,693
Deferred revenue	1,989,260	1,878,359	180,000	-	-	1,842,848	5,890,467	1,922,177
<b>Total liabilities</b>	<b>\$ 10,787,242</b>	<b>\$ 2,351,914</b>	<b>\$ 278,910</b>	<b>\$ 714,634</b>	<b>\$ 181,538</b>	<b>\$ 6,558,156</b>	<b>\$ 20,872,394</b>	<b>\$ 17,746,860</b>
<b>Fund balances:</b>								
Nonspendable:								
Prepaids	-	22,698	-	-	-	-	22,698	63,780
Inventory	67,821	-	-	-	-	-	67,821	55,378
Assets held for resale	-	-	6,214,309	-	-	-	6,214,309	6,796,981
Restricted for:								
Public safety and public service	-	-	-	-	-	2,166,250	2,166,250	2,293,914
Facility and infrastructure improvements	-	-	-	-	-	22,988,483	22,988,483	11,319,045
Debt service	-	-	3,203,918	5,122,528	-	1,921,581	10,248,027	14,152,597
Navy base improvements	-	-	-	-	10,419,748	-	10,419,748	14,620,054
Other capital projects	-	-	6,696,644	-	-	-	6,696,644	1,294,620
Committed for:								
Disaster funds	409,827	-	-	-	-	-	409,827	410,269
Assigned for:								
Community promotions	-	-	-	-	-	99,656	99,656	9,431
Facility operations	-	309,500	-	-	-	-	309,500	269,448
Education, boat landing, loans and other	3,791,705	-	-	-	-	-	3,791,705	3,718,258
Unassigned	18,039,621	-	-	-	-	-	18,039,621	14,161,990
<b>Total fund balances</b>	<b>\$ 22,308,974</b>	<b>\$ 332,198</b>	<b>\$ 16,114,871</b>	<b>\$ 5,122,528</b>	<b>\$ 10,419,748</b>	<b>\$ 27,175,970</b>	<b>\$ 81,474,289</b>	<b>\$ 69,165,765</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,096,216</b>	<b>\$ 2,684,112</b>	<b>\$ 16,393,781</b>	<b>\$ 5,837,162</b>	<b>\$ 10,601,286</b>	<b>\$ 33,734,126</b>	<b>\$ 102,346,683</b>	<b>\$ 86,912,625</b>

The notes to the financial statements are an integral part of this statement  
See accompanying independent auditors' report.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF FUND BALANCES TO NET ASSETS**  
**June 30, 2011**

Total fund balances of total Governmental Funds	\$ 81,474,289
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in fund balances:	
Cost of capital assets	\$ 328,041,411
Accumulated depreciation	<u>(89,357,292)</u>
Net carrying value of capital assets included in net assets, not included in fund balances	238,684,119
Long-term liabilities are not due and payable in the current period and accordingly, are not reported as fund liabilities:	
General obligation bonds	(32,395,000)
Certificates of participation, including unamortized premiums and/or discounts of \$911,959 and net of unamortized amount on refunding of \$2,031,805	<u>(60,830,154)</u>
Tax increment financing bonds, including unamortized premiums and/or discounts of \$1,710,271	(45,545,271)
Capital lease obligations	(8,223,994)
Compensated absences	<u>(2,994,767)</u>
Total liabilities included in Statement of Net Assets, not included in fund liabilities	(149,989,186)
Accrued interest on long-term debt	(743,137)
Other assets are not available to pay for current period expenditures and therefore are deferred in the fund balances:	
Hospitality taxes, accommodations taxes and state shared revenues due from other governments	1,766,286
Property taxes	222,974
OPEB net (obligation) asset	1,612,481
Unamortized bonds costs, net of amortization	<u>1,081,482</u>
Total long-term assets included in net assets, not included in fund balances	4,683,223
<b>Total net assets of total Governmental Activities</b>	<b>\$ 174,109,308</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2011**  
**(With Comparative Totals for the Year Ended June 30, 2010)**

	General	Coliseum Operating	Tax Infrastructure	General Obligation Debt Service	Naval Base & Riverfront Park Capital Projects	Other Governmental Funds	Total Governmental Funds
							2011
							2010
<b>Revenues:</b>							
Property taxes	\$ 38,288,254	\$ -	\$ 7,060,373	\$ 1,450,000	\$ -	\$ -	\$ 46,798,627
Licenses and permits	27,599,742	-	-	-	-	-	27,599,742
Intergovernmental	14,358,968	-	-	378,000	-	16,029,086	30,766,054
Fines and forfeitures	1,947,991	-	-	-	-	385,507	2,333,498
Charges for services	1,695,599	-	-	-	-	-	1,695,599
Revenues from use of monies and property	1,432,211	3,951,353	41,088	207,673	53,137	838,325	6,523,787
Other revenues	513,826	-	-	-	-	-	513,826
Total revenues	85,836,591	3,951,353	7,101,461	2,035,673	53,137	17,252,918	116,231,133
<b>Expenditures:</b>							
Current:							
General government	21,463,825	-	-	-	-	-	21,463,825
Public safety	44,495,872	-	-	-	-	3,467,797	47,963,669
Sanitation	5,143,935	-	-	-	-	-	5,143,935
Culture and recreation	5,752,881	5,089,237	-	-	-	527,341	11,369,459
Community development and promotion	2,184,108	-	-	-	-	3,020,483	5,204,591
Capital outlay	-	-	313,338	-	1,628,443	18,313,135	20,254,916
Debt service:							
Principal	2,147,373	-	4,875,000	4,125,000	-	4,020,000	15,167,373
Interest and fiscal charges	294,732	-	1,590,994	985,925	-	2,631,411	5,503,062
Total expenditures	81,482,726	5,089,237	6,779,332	5,110,925	1,628,443	31,980,167	132,070,830
<b>Excess (deficiency) of revenues over expenditures</b>	<b>4,353,865</b>	<b>(1,137,884)</b>	<b>322,129</b>	<b>(3,075,252)</b>	<b>(1,575,306)</b>	<b>(14,727,249)</b>	<b>(20,926,622)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	1,137,884	2,000,000	3,260,471	-	11,925,278	18,323,633
Transfers (out)	(5,945,445)	-	(3,050,000)	(198,707)	(2,625,000)	(8,066,030)	(19,885,182)
Proceeds from sale of property	1,979,629	-	-	-	-	-	1,979,629
Gain (loss) from sale of assets held for resale	-	-	(443,859)	-	-	-	(443,859)
Bonds issued	-	-	2,100,000	-	-	22,500,000	24,600,000
Capital lease obligations	3,574,000	-	-	-	-	-	3,574,000
Total other financing sources (uses)	(391,816)	1,137,884	606,141	3,061,764	(2,625,000)	26,359,248	28,148,221
<b>Net changes in fund balances</b>	<b>3,962,049</b>	<b>-</b>	<b>928,270</b>	<b>(13,488)</b>	<b>(4,200,306)</b>	<b>11,631,999</b>	<b>12,308,524</b>
<b>Fund balances at beginning of year (as restated, see Note IV.G)</b>	<b>18,346,925</b>	<b>332,198</b>	<b>15,186,601</b>	<b>5,136,016</b>	<b>14,620,054</b>	<b>15,543,971</b>	<b>69,165,765</b>
<b>Fund balances at end of year</b>	<b>\$ 22,308,974</b>	<b>\$ 332,198</b>	<b>\$ 16,114,871</b>	<b>\$ 5,122,528</b>	<b>\$ 10,419,748</b>	<b>\$ 27,175,970</b>	<b>\$ 81,474,289</b>
							<b>\$ 69,165,765</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2011**

Net change in fund balances of total Governmental Funds activities:		\$	12,308,524
Amounts reported for Governmental Activities in the Statement of Activities are different because:			
Capital outlays are reported as expenditures, whereas depreciation is not a change in fund balance. In the Statement of Activities the cost of capital outlays is capitalized and depreciation is expensed. Also capital assets contributed to the City and financed acquisitions are capitalized and recognized in the Statement of Net Assets:			
Total capital asset additions	25,645,147		
Depreciation expense	(7,889,948)		
Net effect of capital asset acquisitions and depreciation expense			17,755,199
Proceeds from sale of capital assets are reported as a change in fund balance, whereas the gain (loss) on the sale or disposal of capital assets is reported in the Statement of Activities:			
Proceeds from sale of capital assets	(1,979,629)		
Gain (loss) on sale or disposal	(1,110,219)		
Net effect of capital assets sales and disposals			(3,089,848)
Long-term liability payments are recorded as expenditures and bond proceeds are recorded as other financing sources as changes in fund balances, whereas there is no effect on the Statement of Activities. Amortization of related premiums, discounts, bond issuance costs and deferred interest on refundings are expensed within the Statement of Activities, whereas these costs and receipts are expenditures and resources of fund balances when incurred:			
Payments of long-term debt - general obligation bonds, certificates of participation and tax increment financing bonds	13,020,000		
Amortization of premiums, discounts, costs and refunding deferrals	39,804		
Capital lease payments	2,147,373		
Bonds issued	(24,600,000)		
Proceeds from capital leasing activities	(3,574,000)		
Net effect of long-term debt related activities			(12,966,823)
Revenues and expenses in the Statement of Activities, which do not represent or require the use of current financial resources and are reported in fund balances:			
Accommodations taxes	711,015		
Property taxes	222,974		
State shared revenues	486,057		
Accrued interest on borrowings	3,093		
Increase in net OPEB asset	391,887		
Compensated absences	(87,912)		
Net effect of revenue and expense activities			1,727,114
Change in net assets		\$	15,734,166

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditors' report.



CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 June 30, 2011  
 (With Comparative Actual Amounts at June 30, 2010)

	Business-type Activities - Enterprise Funds			
	2011			2010
	Golf Course	Stormwater Utility	Total	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 103,292	\$ 3,731,725	\$ 3,835,017	\$ 3,748,399
Accounts receivable, net	16,255	1,378,445	1,394,700	948,422
Prepaid items	71	-	71	585
<b>Total current assets</b>	<b>119,618</b>	<b>5,110,170</b>	<b>5,229,788</b>	<b>4,697,406</b>
<b>Noncurrent Assets:</b>				
Unamortized bond issue costs	89,357	-	89,357	96,804
Deferred outflow of resources	986,457	-	986,457	1,159,094
<b>Capital assets:</b>				
Land	1,397,188	-	1,397,188	1,397,188
Buildings and improvements	11,290,559	-	11,290,559	11,258,531
Machinery and equipment	1,157,698	2,161,848	3,319,546	3,300,733
Less accumulated depreciation	(4,436,722)	(1,641,561)	(6,078,283)	(5,441,061)
Total capital assets (net of accumulated depreciation)	9,408,723	520,287	9,929,010	10,515,391
<b>Total noncurrent assets</b>	<b>10,484,537</b>	<b>520,287</b>	<b>11,004,824</b>	<b>11,771,289</b>
<b>Total assets</b>	<b>10,604,155</b>	<b>5,630,457</b>	<b>16,234,612</b>	<b>16,468,695</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	141,627	5,993	147,620	104,443
Accrued interest payable	27,881	540	28,421	30,281
Revenue bonds payable	525,000	-	525,000	510,000
Capital leases payable	58,765	49,085	107,850	120,281
Compensated absences	-	73,307	73,307	64,371
<b>Total current liabilities</b>	<b>753,273</b>	<b>128,925</b>	<b>882,198</b>	<b>829,376</b>
<b>Noncurrent liabilities:</b>				
Derivative instrument	986,457	-	986,457	1,159,094
Revenue bonds payable (net of unamortized discount)	7,022,910	-	7,022,910	7,448,985
Capital leases payable	15,022	117,880	132,902	240,753
Compensated absences	-	8,754	8,754	7,687
<b>Total noncurrent liabilities</b>	<b>8,024,389</b>	<b>126,634</b>	<b>8,151,023</b>	<b>8,856,519</b>
<b>Total liabilities</b>	<b>8,777,662</b>	<b>255,559</b>	<b>9,033,221</b>	<b>9,685,895</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	1,787,026	353,322	2,140,348	2,195,372
Unrestricted	39,467	5,021,576	5,061,043	4,587,428
<b>Total net assets</b>	<b>\$ 1,826,493</b>	<b>\$ 5,374,898</b>	<b>\$ 7,201,391</b>	<b>\$ 6,782,800</b>

The notes to the financial statements are an integral part of this statement.  
 See accompanying independent auditors' report.

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>2011</b>			<b>2010</b>
	<b>Golf Course</b>	<b>Stormwater Utility</b>	<b>Total</b>	<b>Total</b>
<b>Operating revenues:</b>				
Golf course fees	\$ 994,357	\$ -	\$ 994,357	\$ 1,063,083
Stormwater utility fees	-	3,191,083	3,191,083	3,380,163
Merchandise sales commissions	39,195	-	39,195	33,121
Miscellaneous revenues	23,048	-	23,048	23,240
<b>Total operating revenues</b>	<b>1,056,600</b>	<b>3,191,083</b>	<b>4,247,683</b>	<b>4,499,607</b>
<b>Operating expenses:</b>				
Contractual management services	1,576,658	-	1,576,658	1,616,213
Salaries and benefits	-	2,276,611	2,276,611	2,182,055
Repairs and maintenance	-	266,541	266,541	204,076
Supplies and materials	-	30,302	30,302	33,579
Administrative	-	44,741	44,741	61,530
Amortization expense	106,372	-	106,372	106,372
Depreciation expense	440,915	196,307	637,222	575,240
<b>Total operating expenses</b>	<b>2,123,945</b>	<b>2,814,502</b>	<b>4,938,447</b>	<b>4,779,065</b>
<b>Operating income (loss)</b>	<b>(1,067,345)</b>	<b>376,581</b>	<b>(690,764)</b>	<b>(279,458)</b>
<b>Nonoperating revenues (expenses):</b>				
Investment income	45	14,226	14,271	15,305
Interest expense:				
Revenue bonds	(448,313)	-	(448,313)	(379,740)
Equipment leases	(4,128)	(7,833)	(11,961)	(17,216)
Fiscal agent fees	(6,191)	-	(6,191)	(7,191)
<b>Total nonoperating revenues (expenses)</b>	<b>(458,587)</b>	<b>6,393</b>	<b>(452,194)</b>	<b>(388,842)</b>
<b>Change in net assets, before transfers</b>	<b>(1,525,932)</b>	<b>382,974</b>	<b>(1,142,958)</b>	<b>(668,300)</b>
Transfers from General Fund	1,561,549	-	1,561,549	1,511,309
<b>Change in net assets</b>	<b>35,617</b>	<b>382,974</b>	<b>418,591</b>	<b>843,009</b>
<b>Total net assets at beginning of year</b>	<b>1,790,876</b>	<b>4,991,924</b>	<b>6,782,800</b>	<b>5,939,791</b>
<b>Total net assets at end of year</b>	<b>\$ 1,826,493</b>	<b>\$ 5,374,898</b>	<b>\$ 7,201,391</b>	<b>\$ 6,782,800</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>2011</b>			<b>2010</b>
	<b>Golf Course</b>	<b>Stormwater Utility</b>	<b>Total</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 1,070,637	\$ 2,730,768	\$ 3,801,405	\$ 3,956,727
Payments to employees	-	(2,276,611)	(2,276,611)	(2,182,055)
Payments to suppliers and contractors	(1,538,812)	(327,596)	(1,866,408)	(1,884,559)
Net cash provided by (used for) operating activities	(468,175)	126,561	(341,614)	(109,887)
<b>Cash flows from noncapital financing activities:</b>				
Transfers from General Fund	1,561,549	-	1,561,549	1,511,309
Net cash provided by (used for) noncapital financing activities	1,561,549	-	1,561,549	1,511,309
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(50,841)	-	(50,841)	(50,810)
Principal paid on capital debt	(566,708)	(63,574)	(630,282)	(654,328)
Interest and fiscal charges paid on capital debt	(458,632)	(7,833)	(466,465)	(404,147)
Net cash provided by (used for) capital and related financing activities	(1,076,181)	(71,407)	(1,147,588)	(1,109,285)
<b>Cash flows from investing activities:</b>				
Interest received	45	14,226	14,271	15,305
Net cash provided (used) by investing activities	45	14,226	14,271	15,305
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>17,238</b>	<b>69,380</b>	<b>86,618</b>	<b>307,442</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>86,054</b>	<b>3,662,345</b>	<b>3,748,399</b>	<b>3,440,957</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 103,292</b>	<b>\$ 3,731,725</b>	<b>\$ 3,835,017</b>	<b>\$ 3,748,399</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (1,067,345)	\$ 376,581	\$ (690,764)	\$ (279,458)
Adjustments:				
Increase (decrease) in operating payables	37,332	13,988	51,320	28,443
(Increase) decrease in accounts receivable	14,037	(460,315)	(446,278)	(542,880)
(Increase) decrease in prepaid items	514	-	514	2,396
Amortization expense	106,372	-	106,372	106,372
Depreciation expense	440,915	196,307	637,222	575,240
Net cash provided (used) by operating activities	\$ (468,175)	\$ 126,561	\$ (341,614)	\$ (109,887)

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

# CITY OF NORTH CHARLESTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

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**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

The City of North Charleston (the City) was organized under a charter granted by the State of South Carolina on June 12, 1972. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. Accordingly, the City adopted the Mayor-Council form of government. The City Council is composed of a mayor and ten council members.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City conform to accounting principles generally accepted in the United States of America. These standards, also known as generally accepted accounting principles (GAAP), are designed to provide all primary users of the City's Comprehensive Annual Financial Report (CAFR) with the basic information needed to assess the City's finances.

**A. REPORTING ENTITY**

The City's financial statements include all funds, agencies, boards and commissions that are controlled by or dependent on the City's Council or Mayor. The government is a municipal corporation governed by an elected mayor and ten-member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with the data of the City.

**Blended component units.** North Charleston Public Facilities Corporation is a single purpose corporate entity which is prohibited from engaging in any business other than to construct, own and lease facilities to be used for essential City functions in connection with the issuance of tax exempt Certificates of Participation to finance such facilities. The corporation is governed by a board of directors appointed by City Council and solely exists for the benefit of the City. The reported funds are the Certificates of Participation Debt Service Fund and the North Charleston Convention Center Complex Project Fund.

The North Charleston Redevelopment Commission was established by City Council in 1985. This separate corporation is composed of members of City Council and exists to review property to determine if redevelopment is necessary and to plan and conduct redevelopment. State law requires that various criteria exist for the Commission to undertake redevelopment. The Commission may acquire and sell land, contract with developers, issue bonds and borrow from private sources. Through June 30, 2011, the Commission had begun one redevelopment plan, but had no financial authority or obligation.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is to be reported separately from certain legally separate component units for which the primary government is financially accountable. The City of North Charleston reports no legally separate component units, only the above mentioned blended component units.



## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and proprietary funds. The focus of the governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns on the fund financial statements. Non-major funds are summarized into a single column.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

**Government-wide Financial Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and liabilities (whether current or non-current) associated with these activities are included in the government-wide financial statements, resulting in net assets.

**Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available, or when susceptible to accrual. Revenues are considered measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes and sales taxes to be available if they are collected within 60 days after year-end. Grant revenues are considered available if received within one year after year-end. All other revenue items are recognized when cash is received, unless they are subject to deferral to a future period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Only current assets and current liabilities are generally included on the Balance Sheets of the governmental funds. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, the reported fund balance presents a summary of sources and uses of "available spendable resources" during a period. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental column in the government-wide statements, a reconciliation is presented following each statement, which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental column of the government-wide presentation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (continued)**

As permitted by accounting principles generally accepted in the United States of America, the City has elected to apply only applicable FASB Statements and Interpretations issued before December 1, 1989 in its accounting and reporting practices in the government-wide financial statements as well as for its proprietary operations to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**Major Funds** - The new standards set forth minimum quantitative criteria for the determination of major funds, and permit governments to select additional funds as major if officials believe such presentation is important to financial statement users. The City reports the following major governmental funds:

**General Fund** – The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed or assigned to other funds are accounted for in the General Fund.

**Naval Base and Riverfront Park Capital Projects Fund** – The Naval Base and Riverfront Park Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to the costs of capital projects associated with the redevelopment of the former Navy Base property and the development of the Riverfront Park.

**Coliseum Operating Special Revenue Fund** – The Coliseum Operating Fund is used to account for and report the financial resources that are restricted, committed or assigned to the operations of the North Charleston Coliseum, Convention Center and Performing Arts Complex.

**Tax Infrastructure Special Revenue Fund** – The Tax Infrastructure Fund is used to account for and report the financial resources that are restricted, committed or assigned through proceeds from the sale of tax increment financing bonds and collection of incremental property tax revenues to fund expenditures associated with the purchase of and improvements made to redevelopment areas within the City and to pay for the related debt service.

**General Obligation Debt Service Fund** – The General Obligation Debt Service Fund is used to account for and report the accumulation of resources that are restricted, committed or assigned for the payment of long-term debt principal, interest and related costs on general obligation debt of the governmental funds.

The City reports the following major proprietary funds:

**Golf Course Enterprise Fund** – The Golf Course Enterprise Fund is used to account for the construction, funding, operation and maintenance of the City's municipal golf course known as the Golf Club at Wescott Plantation, consisting of twenty-seven holes, a driving range, full service clubhouse, maintenance facilities, carts, parking and certain roads.

**Stormwater Utility Enterprise Fund** – The Stormwater Utility Enterprise Fund is used to account for managing the planning, designing, constructing and maintaining of the City's stormwater utility program as authorized by the Stormwater Management and Sediment Reduction Act adopted by the South Carolina General Assembly. The major source of revenue is the imposition of stormwater management utility fees as approved by the City Council in action taken during June of 2003.

**Nonmajor Funds** - The City also reports the following nonmajor governmental funds:

**Special Revenue Funds** – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purposes other than debt

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (continued)**

service or capital projects. The City of North Charleston has the following nonmajor special revenue funds: Accommodations Tax, City Accommodations Tax, CDBG, HOME, Fireman's Insurance & Inspection, Anti-Drug, Justice Assistance Grant, Weed & Seed Grant, Lowcountry Regional Analyst Grant, Victims Advocate, State Ports Authority Mitigation Grant, High Crash & Pedestrian Safety Grant, Energy Efficiency Conservation Block Grant, BJA Edward Byrne Memorial Competitive Grant, COPS Hiring Grant, FEMA Firefighter Assistance Grant, Court System Efficiency Grant, Secure Our Schools Grant, School Resource Officer Grant, Port Security Grant, Hispanic Victim Advocate Grant, EPA Brownsfield Grant, JAG Recovery Act and Parking.

**Capital Project Funds** – Capital project funds are used to account for and report financial resources that are restricted, committed or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities and other capital assets (other than those financed by proprietary funds). The City's nonmajor capital project funds include the North Charleston Convention Center Complex Fund, the Citywide Capital Improvements Fund, the Wescott Sports Complex Fund and the Street Light and Drainage Fund.

**Certificates of Participation Debt Service Fund** – The Certificates of Participation Debt Service Fund is used to account for and report the accumulation of financial resources that are restricted, committed or assigned for the payment of all long-term debt principal, interest and related costs on certificates of participation debt of the governmental funds.

### **D. ASSETS, LIABILITIES, NET ASSETS OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES**

#### **1. Cash and Cash Equivalents, Deposits and Investments**

The City's cash and cash equivalents include currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts and liquid investments with an original maturity of three months or less from the date of acquisition.

State statutes authorize the City to invest in certificates of deposit, United States Treasury obligations, United States Agencies, repurchase agreements and the State Treasurer's Local Government Investment Pool. Investments for the City are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the position in the State Treasurer's Local Government Investment Pool is the same as the value of the pool shares.

#### **2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Property taxes are recognized in the fiscal year for which taxes are levied. All receivables are shown net of any allowance for uncollectibles. The property taxes receivable amount for the General Fund is reduced by an allowance for uncollectibles of \$1,268,272.

#### **3. Assets Held for Resale**

Real estate owned by the City that is held for resale is recorded at the lower of cost, or the net realizable value. At June 30, 2011, the City maintained approximately 57 acres in the Century Oaks TIF district.



## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **D. ASSETS, LIABILITIES, NET ASSETS OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)**

#### **4. Inventories and Prepaid Items**

Inventories are valued at cost using the first-in, first-out method. Inventories consist primarily of Fire Museum gift shop items for sale and materials and supplies held for consumption. The consumption method of accounting is used to record inventories under which the cost of inventory is recorded as an expenditure when consumed rather than when purchased. Certain payments made to vendors reflect costs for services applicable to future accounting periods and are recorded as prepaid expenditures in both the government-wide and fund financial statements.

#### **5. Restricted Assets**

Certain proceeds of the City's revenue bonds, general obligation bonds and certificates of participation, as well as resources set aside for their repayment, are classified as restricted assets on the Balance Sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants, outside parties or legal agreements. Certain bond indentures of trust agreements require the establishment of (i) maximum annual principal and interest payments, unless a surety bond was provided, and (ii) the next succeeding principal and interest payment.

#### **6. Capital Assets and Depreciation Expense**

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges, sidewalks, stormwater improvements, drainage improvements and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated and contributed capital assets are recorded at estimated fair value at the date of receipt. Major outlays for capital assets and improvements are capitalized as projects are constructed and completed. Historically, for business-type capital assets, interest incurred (net of interest earned for tax exempt debt) is capitalized during the construction phase for qualifying assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements that produce permanent benefits, such as fill and grading costs that ready land for structures and landscaping, are capitalized but not depreciated. Improvements that are considered part of a structure or that deteriorate with use or the passage of time, such as parking lots, fencing, modern greens and certain other golf course improvements, are depreciated. Impaired capital assets are written down or off, based on the nature and extent of damage, deterioration or other impairment.

Depreciation expense of capital assets that can be specifically identified with a function or program is included in such captions in the Statement of Activities. Depreciation expense related to shared capital assets, such as City Hall, is reported as part of the "general government" function in the Statement of Activities. Depreciation expense for infrastructure assets is reported as a direct expense of the "general government" function, where maintenance is located. Property, plant and equipment of the City is depreciated using the straight line method over the following estimated useful lives: buildings, 50 years; improvements, 20-50 years; infrastructure, 20-50 years; equipment, 5-20 years; and vehicles, 5-10 years.

#### **7. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused sick leave and vacation benefits. There is no liability reported for the unlimited, unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation leave is accrued when incurred in government-wide and proprietary fund financial statements. Compensated absences that are

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **D. ASSETS, LIABILITIES, NET ASSETS OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)**

#### **7. Compensated Absences (continued)**

expected to be liquidated with expendable financial resources as a result of employee resignations and retirements as of the end of the fiscal year are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts related to the Stormwater Utility Enterprise Fund will be liquidated from that fund with the balance being liquidated from the General Fund.

#### **8. Short-Term and Long-Term Obligations and Interest Expense**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, short-term debt, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

In the proprietary funds (and for the governmental funds, in the government-wide statements) the difference between the re-acquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred amount is offset against the new liability.

All interest expense is unallocated, and thus is not included in the functions and programs of the Statement of Activities. Contributions received from other governments as direct coverage of the certificates of participation debt, which funded the Convention and Performing Arts Center and the parking lot, are reported as program revenues related to interest expense.

#### **9. Deferred Revenue**

In the government-wide financial statements, and in the governmental fund types and the proprietary fund types in the fund financial statements, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability for deferred revenue, commonly referred to as unearned revenue. Unearned revenue in the government-wide statements and in the fund financial statements, governmental funds, is represented by various deposits on contracts. In the fund financial statements, governmental funds report certain assets that are not yet available to finance expenditures for the current fiscal period and are classified as deferred revenue commonly known as unavailable revenue. Unavailable revenue in the governmental funds is primarily represented by loans receivable in the HOME Grant Fund.

#### **10. Fund Equity and Balance**

The City of North Charleston implemented GASB #54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" (GASB #54) in the fiscal year ended June 30, 2011. The objective of GASB #54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **D. ASSETS, LIABILITIES, NET ASSETS OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)**

#### **10. Fund Equity and Balance (continued)**

be more consistently applied and clarify the existing governmental fund type definitions. GASB #54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The City of North Charleston classifies governmental fund balances as follows:

**Nonspendable** - This represents amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

**Restricted** - This represents amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

**Committed** - This represents amounts that are constrained for specific purposes that are internally imposed by the City of North Charleston through formal action made by the City Council before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

**Assigned** - This represents amounts that are intended to be used for specific purposes that are neither considered restricted or committed and such assignments are made before the report issuance date.

**Unassigned** - This represents amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes with the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City of North Charleston generally requires restricted amounts to be spent first when both restricted and unrestricted (committed, assigned and unassigned) fund balance is available unless there are legal documents, contracts or agreements that prohibit doing such. Additionally, the City of North Charleston would generally first use committed and assigned amounts of unrestricted fund balance before using unassigned amounts.

The City of North Charleston has formally adopted a minimum fund balance policy that requires 10% of the next year's General Fund appropriations be available as unassigned fund balance. The original General Fund budget for the fiscal year ending June 30, 2012 is \$88,156,356, thus \$8,815,636 would need to be the minimum amount set aside as the unassigned General Fund balance.

#### **11. Net Assets**

The government-wide and business-type fund financial statements utilize a net asset presentation. Net assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

**Investment in Capital Assets (Net of Related Debt)** is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt (i.e., bonds, leases, notes).



## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **D. ASSETS, LIABILITIES, NET ASSETS OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)**

#### **11. Net Assets (continued)**

Debt for this purpose is reduced by any unspent debt proceeds. Net related debt includes debt applicable to capital assets, net of unamortized discounts, premiums and refunding amounts.

**Restricted Net Assets** are liquid assets (typically generated from certain revenues and bond proceeds) which have third-party (statutory, bond covenant or granting agency) limitations on their use. Restrictions may also be imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Assets** represent net assets that do not meet the definitions of “restricted” or “invested in capital assets net of related debt”. Unrestricted net assets may be designated for management’s specific internal purposes.

#### **12. Accounting Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **13. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. The principal operating revenues for the City’s proprietary funds are charges to customers in the form of fees for sales and services. Operating expenses for the proprietary funds include contractual management services, salaries and benefits, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

#### **14. Lease Accounting**

Revenue from land and building rentals or other leased sites is accounted for under the operating lease method. Leases are normally for periods of one to ten years with options to renew, however, certain leases associated with economic development initiatives, where long-term bonded debt was issued, cover periods for the repayment of such indebtedness. Lease costs, if material, are deferred and amortized to expenses over the life of the lease. There were no material lease costs for the year ended June 30, 2011.

#### **15. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without the requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Interfund loans may occur between two funds. Short-term interfund loans outstanding at year-end are recorded as interfund receivables/payables and are expected to be paid within one year. Advances to/from other funds represent long-term interfund loans receivable and payable. Reimbursements result when one fund makes an expenditure on behalf of another. Reimbursement transactions reduce expenditures in the reimbursed fund and increase those in the reimbursing fund.

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **D. ASSETS, LIABILITIES, NET ASSETS OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)**

#### **16. Revenues and Contributions, Exchange and Non-Exchange Transactions**

**Non-exchange Transactions.** These are transactions in which the City receives value without directly giving equal value in return. Such items may include property taxes, grants, entitlements, donations and other contributions. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**Property Tax Revenues.** Real property and business personal property taxes, excluding automobile property taxes, become enforceable liens and are based on the assessed values as of January 1. Real property taxes are levied in October, due when billed and payable without penalty before January 16. Automobile property taxes are levied throughout the year depending on vehicle tag expiration dates. Business personal property taxes are levied in September, payable upon receipt and become delinquent after January 15. Property taxes are assessed and collected by Charleston and Dorchester Counties under joint billing and collection agreements.

**Intergovernmental Revenues.** These revenues include grants, entitlements, and shared revenues from Federal and State grants and are recognized when the related expenditures are recorded and contractual requirements are met. State sales taxes and other shared revenues are entitlements and are recorded when collected by the State.

#### **17. Reconciliation from Fund Balances to Net Assets**

The Reconciliation of Fund Balances to Net Assets (Exhibit 4) is an extension of the Balance Sheet (Exhibit 3), and the Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities (Exhibit 6) is an extension of the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 5). These reconciliations provide explanations of differences between the modified accrual basis of accounting in the funds statements and the full accrual basis of accounting used to determine net assets and related activities. All significant differences are explained within the reconciliations, and by reference to various other notes to the financial statements.

#### **18. Comparative Data/Reclassifications**

Comparative total data for the prior year have been presented in the fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except certain special revenue funds indicated as follows: the Anti-Drug Fund and the Fireman's Insurance and Inspection Fees Fund, and the capital project funds, which adopt project-length budgets. Encumbered amounts do not lapse but are brought forward to the new year and added to the budget adopted by the City Council for that year.

Prior to June 30, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are then conducted at City Hall to obtain taxpayer comments, and the budget is legally enacted through passage of an ordinance. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Mayor, as chief executive officer, is

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

### A. Budgetary Information (continued)

authorized to administer the budget and may transfer appropriated funds within departments. Transfers of appropriations between departments require the approval of the Council. Additional funds may be appropriated as necessary with Council's approval to achieve the goals of the budget. Expenditures may not exceed budgeted appropriations at the departmental level without Council's approval. The City's policy is to adopt balanced revenue and expenditure budgets. Prior year fund balances may be appropriated as resources. However, these appropriated fund balances are not reported as revenues in budgetary data within their financial statements. City Council made several supplemental budgetary appropriations throughout the year; none of which were material.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as an assignment of the fund balance since they do not constitute expenditures or liabilities and are appropriated in the ensuing year's budget, which is formally adopted by City Council for that year.

### B. Fund deficits and excess expenditures over appropriations

For the fiscal year ended June 30, 2011, the City had no expenditures that exceeded appropriations at the legal level of budgetary control and no fund deficits in its individual funds.

## III. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

As of June 30, 2011, the City had the following cash and investment balances:

Cash on hand	\$	40,142
Carrying amount of deposits		9,824,788
Carrying amount of investments		79,431,029
Total	\$	<u>89,295,959</u>
Statement of Net Asset balances:		
Cash and cash equivalents	\$	69,097,336
Cash and cash equivalents – restricted		20,198,623
Total	\$	<u>89,295,959</u>

Investments are categorized as follows:

	Fair Value	Weighted Average Maturity (Years)
Governmental money market funds	\$ 1,251,749	.25
State Treasurer's Local Government Investment Pool	78,179,280	.25
Total	<u>\$ 79,431,029</u>	
Portfolio weighted average maturity		.25

**Interest rate risk.** In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than six months.

**Credit risk.** State law limits investments to certificates of deposit, U.S. government securities, U.S. agency securities, repurchase agreements secured by U.S. government securities and/or U.S. agency securities and the State Treasurer's Local Government Investment Pool. It is the City's policy to limit its investments in these government types to the top rating issued by nationally recognized statistical rating organizations (NRSROs).

**Concentration of credit risk.** The City does not have a policy for the concentration of credit risk. The City has restricted its investments to the state law requirements and has generally had the bulk of its investments in



### III. DETAILED NOTES ON ALL FUNDS (continued)

#### A. **Deposits and Investments** (continued)

the State Treasurer's Local Government Investment Pool, which limits its investments to the same state law requirements. No rating for the investment pool is available as it is unrated.

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy is to have its deposits covered by depository insurance or to have them collateralized with securities held by the pledging financial institution's trust department in the City's name. As of June 30, 2011, the City was not exposed to any custodial credit risk. The City had \$9,486,201 in collateralized securities for deposits not covered by depository insurance.

**Custodial credit risk – investments.** This type of risk defines whether the City will be able to recover the value of an investment or collateral security that is in the possession of an outside party in the event of the failure of the counterparty to the transaction. As of June 30, 2011, the City was not exposed to any custodial credit risk for its investments. Investments in the amount of \$1,251,749 were held by a financial institution's trust department in the City's name and not by the counterparty or its trust department.

#### B. **Receivables**

During the fiscal years from 1996 through 2011, the City applied for and received funds from HOME grants totaling \$4,543,930 for the purpose of repairs and maintenance on low income housing. These loans are secured by mortgages with the recipients in individual amounts ranging from \$10,000 to \$75,000. These mortgage notes have been recorded in the fund financial statements with a corresponding liability for deferred revenue due to the extenuating circumstances of the loan structure. The outstanding balance of these notes at June 30, 2011 was \$1,842,848. These notes are fully reserved in the allowance for uncollectible accounts in the government-wide financial statements.

Property taxes receivables of \$1,079,617 represent total receivables of \$2,347,889 less an estimated allowance for uncollectibles of \$1,268,272.

User fees receivables of \$1,394,700 represents delinquent stormwater utility fees billed of \$2,790,365 and golf course user fees of \$16,255 less an estimated allowance for uncollectibles of \$1,411,920.

Governmental and business-type activities receivables as of year end in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Notes receivable --restricted	\$ 1,842,848	\$ -	\$ 1,842,848
Taxes	2,347,889	-	2,347,889
Rents	120,604	-	120,604
User fees	-	2,806,620	2,806,620
Other	58,521	-	58,521
Gross receivables	4,369,862	2,806,620	7,176,482
Less: allowance for uncollectibles	(3,111,120)	(1,411,920)	(4,523,040)
Net total receivables	<u>\$ 1,258,742</u>	<u>\$ 1,394,700</u>	<u>\$ 2,653,442</u>

### III. DETAILED NOTES ON ALL FUNDS (continued)

#### C. Capital Assets, Depreciation Expense

Capital asset activity for the year ending June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$32,255,657	\$ 5,353,823	\$ 3,089,848	\$34,519,632
Construction in progress	21,714,597	13,120,391	16,221,352	18,613,636
Total assets not being depreciated	53,970,254	18,474,214	19,311,200	53,133,268
Capital assets being depreciated:				
Buildings	143,286,307	3,053,111	-	146,339,418
Infrastructure	27,237,918	10,597,160	-	37,835,078
Improvements other than buildings	30,412,401	5,456,892	-	35,869,293
Machinery and equipment	51,905,258	4,285,122	1,326,026	54,864,354
Total capital assets being depreciated	252,841,884	23,392,285	1,326,026	274,908,143
Less accumulated depreciation for:				
Buildings	30,616,866	2,072,916	-	32,689,782
Infrastructure	6,098,060	800,948	-	6,899,008
Improvements other than buildings	11,638,681	1,188,967	-	12,827,648
Machinery and equipment	34,439,763	3,827,117	1,326,026	36,940,854
Total accumulated depreciation	82,793,370	7,889,948	1,326,026	89,357,292
Total capital assets being depreciated, net	170,048,514	15,502,337	-	185,550,851
Governmental activities capital assets, net	\$224,018,768	\$33,976,551	\$19,311,200	\$238,684,119
<b><u>Business-Type Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$1,397,188	\$ -	\$ -	\$1,397,188
Total assets not being depreciated	1,397,188	-	-	1,397,188
Capital assets being depreciated:				
Buildings & improvements	11,258,531	32,028	-	11,290,559
Machinery and equipment	3,300,733	18,813	-	3,319,546
Total capital assets being depreciated	14,559,264	50,841	-	14,610,105
Less accumulated depreciation for:				
Buildings & improvements	3,126,808	336,260	-	3,463,068
Machinery and equipment	2,314,253	300,962	-	2,615,215
Total accumulated depreciation	5,441,061	637,222	-	6,078,283
Total capital assets being depreciated, net	9,118,203	(586,381)	-	8,531,822
Business-type activities capital assets, net	\$10,515,391	\$ (586,381)	\$ -	\$ 9,929,010

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

Functions/Programs	Governmental Activities	Business-type Activities
General government	\$ 1,355,419	\$ -
Public safety	2,650,026	-
Sanitation	828,258	-
Culture and recreation	2,399,990	-
Community development	656,255	-
Stormwater utility	-	196,307
Golf course	-	440,915
Total Depreciation Expense	\$ 7,889,948	\$ 637,222



### III. DETAILED NOTES ON ALL FUNDS (continued)

#### D. Interfund Receivables, Payables, and Transfers

The following is a schedule of interfund balances at June 30, 2011:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special revenue funds:	
	Community Development Block Grant	\$ 192,737
	Energy Conservation Grant	4,016
	HOME	9,466
	Weed & Seed Grant	11,630
	BJA Byrne Memorial Grant	118,809
	Port Security Grant	81,837
	COPS Hiring Grant	225,596
	FEMA Firefighter Assistance Grant	419
	Hispanic Victim Advocate Grant	10,833
	Court System Efficiency Grant	85,951
	EPA Brownsfield Grant	12,813
	CDBG Recovery Act Grant	28,261
	Lowcountry Regional Analyst Grant	29,819
	JAG Recovery Act Grant	35,829
	Justice Assistance Grant	<u>22,402</u>
Total due to General Fund from all funds		870,418
Anti-Drug Fund (special revenue)	General Fund	<u>4,851</u>
Total due from all funds		<u>\$ 875,269</u>

Interfund activity refers to funding from the City's governmental funds related to the City's policies for cash flow and operating cash levels of all governmental funds, which are expected to be collected within one year.

The following is a schedule of interfund transfers for the fiscal year ending June 30, 2011:

<u>Transfer In:</u>	<u>Transfer Out</u>					<u>Total</u>
	<u>General Fund</u>	<u>G.O. Debt Service Fund</u>	<u>Naval Base Capital Funds</u>	<u>Tax Infrastructure Fund</u>	<u>Nonmajor Governmental Funds</u>	
G. O. Debt Service	\$3,260,471	\$ -	\$ -	\$ -	\$ -	\$3,260,471
Coliseum Operating	939,177	198,707	-	-	-	1,137,884
Proprietary	1,561,549	-	-	-	-	1,561,549
Tax Infrastructure	-	-	-	-	2,000,000	2,000,000
Nonmajor governmental	<u>184,248</u>	<u>-</u>	<u>2,625,000</u>	<u>3,050,000</u>	<u>6,066,030</u>	<u>11,925,278</u>
Total Transfers Out	<u>\$5,945,445</u>	<u>\$198,707</u>	<u>\$2,625,000</u>	<u>\$3,050,000</u>	<u>\$8,066,030</u>	<u>\$19,885,182</u>

Transfers are used to move receipts restricted to debt service from the funds collecting the receipts as debt service payments become due and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

#### E. Short-term Obligations

The City of North Charleston did not issue any short-term debt during the fiscal year ending June 30, 2011 and, therefore, there was no short-term debt outstanding as of June 30, 2011.

### III. DETAILED NOTES ON ALL FUNDS (continued)

#### F. Long-term Obligations

Long-term debt of the City of North Charleston consists of general obligation bonds, certificates of participation, tax increment financing bonds, revenue bonds, and capital lease obligations.

**General Obligation Bonds** - The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities which are collateralized by the full faith, credit and taxing power of the City. General obligation bonds have been issued for governmental activities and are as follows:

\$4,625,000 serial bonds issued in August 1999, due in annual installments of \$225,000 to \$425,000 through August 2014, with semi-annual interest at 4.5% to 6.5%	\$ 1,575,000
\$3,000,000 serial bonds issued in November 2004 due in annual installments of \$250,000 to \$355,000 through December 2014, with semi-annual interest at 3.08%	1,340,000
\$3,000,000 serial bonds issued in December 2004 due in annual installments of \$250,000 to \$355,000 through December 2014, with semi-annual interest at 3.20%	1,345,000
\$1,700,000 serial bonds issued in May 2005 due in annual installments of \$140,000 to \$200,000 through June 2015, with semi-annual interest at 3.39%	760,000
\$3,000,000 serial bonds issued in May 2006 due in annual installments of \$250,000 to \$355,000 through June 2016, with semi-annual interest at 4.43%	1,645,000
\$5,000,000 serial bonds issued in May 2007 due in annual installments of \$415,000 to \$595,000 through June 2017, with semi-annual interest at 4.00%	3,230,000
\$22,500,000 serial bonds issued in December 2010 due in annual installments of \$1,210,000 to \$1,830,000 through December 2025, with semi-annual interest at 4.94%	<u>22,500,000</u>
Total General Obligation Bonds	<u>\$ 32,395,000</u>

In December 2010, the City of North Charleston issued \$22,500,000 in general obligation bonds to defray the costs of designing, acquiring, constructing and expanding various capital improvements. \$16,460,000 of this Series 2010 issue represents taxable Build America Bonds that yield a 35% interest payment subsidy from the United States Federal Government. \$6,040,000 of this Series 2010 issue represents taxable Recovery Zone Economic Development Bonds that yield a 45% interest payment subsidy from the United States Federal Government. In the fiscal year ended June 30, 2011, the City of North Charleston received \$194,306 in interest payment subsidies to help offset the \$515,613 in annual interest payments due on the Series 2010 general obligation bonds.

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending	Governmental Activities		
	Principal	Interest	Total
June 30			
2012	\$ 3,180,000	\$ 1,446,910	\$ 4,626,910
2013	3,295,000	1,309,594	4,604,594
2014	3,415,000	1,167,977	4,582,977
2015	3,545,000	1,021,018	4,566,018
2016	2,285,000	890,271	3,175,271
2017-2021	8,045,000	3,097,815	11,142,815
2022-2026	<u>8,630,000</u>	<u>1,090,999</u>	<u>9,720,999</u>
Total	<u>\$32,395,000</u>	<u>\$10,024,584</u>	<u>\$42,419,584</u>

### III. DETAILED NOTES ON ALL FUNDS (continued)

#### F. Long-term Obligations (continued)

**Certificates of Participation**—Certificates of participation relate to debt issued by North Charleston Public Facilities Corporation (“Corporation”), a nonprofit corporation whose principle purpose is to facilitate the financing of public capital projects. The Corporation issued in 1997 \$67,285,000 in certificates of participation (“Certificates”) with the proceeds being used to construct, acquire or renovate certain buildings and facilities on City owned property for use by the City and to acquire and install certain equipment. The City leases the assets acquired with the proceeds from the Certificates under a Master Lease Purchase Agreement (“Agreement”). For financial reporting purposes the City accounts for the Certificates as its own debt.

In January 2005, the Corporation issued \$27,055,000 in Series 2005 certificates of participation for an advance refunding of \$24,370,000 of the Series 1997 certificates. Proceeds of \$26,458,273 were used to purchase government securities that were placed in an irrevocable trust for the purpose of repaying the refunded portion of the Series 1997 certificates. As a result, the refunded bonds are considered defeased and the liability has been removed from the Statement of Net Assets. The reacquisition price exceeded the carrying amount by \$2,088,273, which is netted against the new debt and is being amortized over the life of the refunded debt. The refunding was undertaken to take advantage of the interest rate market at the time and to reduce future debt service payments. The transaction resulted in an economic gain of \$1,318,190 and a reduction of \$1,744,936 in future debt service payments.

In September 2008, the North Charleston Public Facilities Corporation issued \$43,850,000 in Series 2008 certificates of participation (i) for an advance refunding of the remaining \$16,500,000 of the Series 1997 certificates; (ii) for an advance refunding of the \$14,750,000 in City Center Tax Increment Financing debt; (iii) to acquire, construct and install tourism-related improvements within the City; and (iv) to pay certain costs of issuance of the Series 2008 certificates. Proceeds of \$32,533,968 were used to purchase government securities that were placed in an irrevocable trust for the purpose of repaying the refunded portion of the Series 1997 certificates and the City Center Tax Increment Financing debt. As a result, the refunded bonds are considered defeased and the liability has been removed from the Statement of Net Assets. The reacquisition price exceeded the carrying amount by \$1,283,969, which will be netted against the new debt and will be amortized over the life of the refunded debt. The refunding was undertaken as a result of the downgrading of the bond insurer. The transaction resulted in an economic loss of \$296,251 and an increase of \$2,358,036 in future debt service payments.

As mentioned above, the defeased debt liability as the result of advance refundings has been removed from the Statement of Net Assets. The outstanding amount of defeased Series 1997 certificates of participation at June 30, 2011 totaled \$10,882,000.

Certificates of participation that have been issued are as follows:

\$27,055,000 in certificates issued in January 2005, due in annual installments of \$600,000 to \$3,555,000 through September 2019, with monthly variable interest (.08% at June 30, 2011) fixed at 3.27% by an interest rate swap	\$25,410,000
\$43,850,000 in certificates issued in September 2008, due in annual installments of \$1,910,000 to \$6,710,000 through September 2021, with semi-annual interest ranging from 4.0% to 5.0%	<u>36,540,000</u>
Total Certificates of Participation	\$61,950,000
Add: Unamortized premiums	976,316
Less: Unamortized discounts	(64,357)
Unamortized difference between carrying amount of defeased debt and reacquisition price	<u>(2,031,805)</u>
Net Certificates of Participation	<u>\$60,830,154</u>



### III. DETAILED NOTES ON ALL FUNDS (continued)

#### F. Long-term Obligations (continued)

Annual debt service requirements to maturity for the certificates of participation are as follows:

Year Ending June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,335,000	\$ 2,327,784	\$ 6,662,784
2013	4,680,000	2,163,209	6,843,209
2014	5,015,000	2,000,027	7,015,027
2015	5,385,000	1,806,625	7,191,625
2016	5,795,000	1,579,457	7,374,457
2017-2021	34,420,000	3,943,844	38,363,844
2022-2026	<u>2,320,000</u>	<u>49,300</u>	<u>2,369,300</u>
Total	<u>\$61,950,000</u>	<u>\$13,870,246</u>	<u>\$75,820,246</u>

**Tax Increment Financing Bonds**—During 1996, City Council approved the Tax Increment Finance (TIF) District for the Center City Plan. From December 2001 through June 2006, the City issued \$18,065,000 in City Center TIF Bonds. Proceeds and expenditures are reported in the Tax Infrastructure Special Revenue Fund. The proceeds are to be used to fund certain infrastructure or other enhancements in a Redevelopment Project Area, which is comprised of approximately 1,223 acres in the central section of the City. In September 2008, proceeds from the issuance of the Series 2008 certificates of participation were used for the purpose of repaying the outstanding \$14,750,000 in City Center TIF Bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the Statement of Net Assets.

In March 2009, the City issued \$36,175,000 in a Series 2009 City Center TIF Bond and, later in November 2010, the City issued \$2,100,000 in a Series 2010 City Center TIF Bond for the purposes of creating enhancements in the Redevelopment Project Area. Principal is payable in annual installments through 2016 with interest from 2% to 5% payable on each June 1 and December 1. The bonds are repayable from, and secured by, the incremental property taxes on Redevelopment Project Area properties, applicable to property value increases subsequent to 1996. The outstanding balance at June 30, 2011 was \$30,040,000, plus \$1,744,432 in unamortized premiums.

On July 26, 2001, City Council approved the Tax Increment Finance District for the Noisette Community Redevelopment Project area. In December 2003, the City issued \$9,975,000 in Tax Increment Financing Bonds for the purpose of financing the cost of acquiring certain land and constructing certain publicly owned improvements within the redevelopment project area. Proceeds and expenditures are reported in the Tax Infrastructure Special Revenue Fund. Principal is payable in annual installments beginning December 1, 2006 through 2018 with variable interest (.09% at June 30, 2011) as determined by the remarketing agent but amortized at the ten year rolling average coupon rate of 3.06%, payable each month beginning January 1, 2004. The bonds are repayable from, and secured by, the incremental property taxes on Redevelopment Project Area properties, applicable to property value increases subsequent to 2001. The outstanding balance at June 30, 2011 was \$7,160,000 less \$34,161 in unamortized discount.

During 2002, City Council approved the Tax Increment Finance District for the Navy Base Redevelopment Project area. In September 2007, the City issued \$7,020,000 of Tax Increment Financing Bonds for the purpose of reimbursing the City for a portion of the costs associated with the construction of the riverfront park located in the Navy Base TIF area. Proceeds and expenditures are reported in the Tax Infrastructure Special Revenue Fund. Principal is payable in annual installments beginning in March 2008 through 2037 with variable interest (.09% at June 30, 2011), as determined by the remarketing agent but amortized at an average coupon rate of 4.00%, payable each month beginning October 2007. The bonds are repayable from, and secured by, the incremental property taxes on the Redevelopment Project area properties, applicable to property value increases subsequent to 2004. The outstanding balance at June 30, 2011 was \$6,635,000.

### III. DETAILED NOTES ON ALL FUNDS (continued)

#### F. Long-term Obligations (continued)

Incremental property taxes include all property taxes otherwise available to the County, School Districts or other tax districts. Any incremental taxes collected in excess of amounts required to pay redevelopment project costs and debt service shall be distributed to the various taxing authorities in accordance with State law.

Annual debt service requirements to maturity for the tax increment financing bonds are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2012	\$ 5,380,000	\$ 1,783,064	\$ 7,163,064
2013	5,590,000	1,554,070	7,144,070
2014	5,865,000	1,294,945	7,159,945
2015	6,135,000	1,022,960	7,157,960
2016	6,425,000	738,820	7,163,820
2017-2021	9,450,000	1,345,392	10,795,392
2022-2026	1,125,000	867,476	1,992,476
2027-2031	1,380,000	612,167	1,992,167
2032-2036	1,700,000	299,324	1,999,324
2037-2041	<u>785,000</u>	<u>16,000</u>	<u>801,000</u>
Total	<u>\$43,835,000</u>	<u>\$ 9,534,218</u>	<u>\$53,369,218</u>

**Proprietary Enterprise Fund Mortgage Revenue Bonds**-The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds currently outstanding as of June 30, 2011 are as follows:

\$11,700,000 Municipal Golf Course Mortgage Revenue Bonds Series 2003 due in annual principal installments of \$180,000 to \$835,000 during 2005 to 2024 with monthly variable interest (.25% at June 30, 2011) fixed at 3.58% by an interest rate swap on the full amount of the note

	\$ 8,735,000
Unamortized difference between carrying amount of defeased debt and reacquisition price	(1,141,980)
Unamortized discounts	<u>( 45,110)</u>
Total long-term debt portion, net of discounts	<u>\$ 7,547,910</u>

During July 2003, the City issued \$11,700,000 of Series 2003 municipal golf course mortgage revenue refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the refunded debt through the redemption date of May 2009. The total escrow deposit was \$12,667,412, consisting of \$11,624,810 of net bond proceeds after a discount, and \$1,042,602 received from formerly held debt service funds and debt service reserve funds. As a result, the bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,903,302, which is being amortized over the remaining life of the old debt. This advance refunding was undertaken to reduce total debt service payments by \$1,586,091 and resulted in an economic gain of \$837,950.

As mentioned above, the defeased debt liability as the result of the advance refunding has been removed from the Statement of Net Assets. There is no outstanding amount of defeased Series 1998 golf course mortgage revenue bonds at June 30, 2011 as the refunded debt has been paid off prior to maturity when the call feature was exercised.

### III. DETAILED NOTES ON ALL FUNDS (continued)

#### F. Long-term Obligations (continued)

Annual debt service requirements to maturity for the golf course mortgage revenue bonds are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2012	\$ 525,000	\$ 312,713	\$ 837,713
2013	550,000	293,918	843,918
2014	575,000	274,228	849,228
2015	595,000	253,643	848,643
2016	620,000	232,342	852,342
2017-2021	3,455,000	812,660	4,267,660
2022-2026	<u>2,415,000</u>	<u>175,062</u>	<u>2,590,062</u>
Total	<u>\$8,735,000</u>	<u>\$2,354,566</u>	<u>\$11,089,566</u>

The City is required to comply with various covenants and restrictions of the revenue bond including the establishment of adequate rates and charges to 1) pay all current operating and maintenance expenses, 2) cover 110% of annual principal and interest requirements and 3) meet any other obligations on the pledged and related revenues.

**Lease purchase and other financing agreements**-The City has entered into lease-purchase and other financing agreements for certain equipment, land and infrastructure. Interest and principal are payable quarterly through 2018. Principal and interest requirements will be provided by an appropriation in the year in which they become due. Lease obligations outstanding as of June 30, 2011 are as follows:

\$2,300,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated August 2001, in three amortization schedules of \$1,269,880 (5 yrs), \$723,120 (7 yrs) and \$307,000 (10 yrs), payable in quarterly installments of \$9,648 for 40 quarters, \$30,074 for 28 quarters and \$70,534 for 20 quarters, including interest ranging from 4.09% to 4.67%	\$ 9,536
\$2,393,607 ten-year lease agreement with SunTrust Leasing Corporation, dated November 2001 due in 40 quarterly installments ranging from \$113,785 to \$12,942, including interest at 3.414%	25,557
\$785,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated September 2002, in two separate amortization schedules of \$519,700 (7 yrs) and \$265,300 (10 yrs), payable in quarterly installments of \$21,106 for 28 quarters and \$8,347 for 40 quarters, including interest ranging from 3.76% to 4.35%	40,408
\$2,250,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated September 2003, in two separate amortization schedules of \$1,225,300 (10 yrs) and \$1,024,700 (7 yrs), payable in quarterly installments of \$41,083 for 28 quarters and \$36,886 for 40 quarters, including interest ranging from 3.34% to 3.82%	316,665
\$1,000,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated August 2004, in two separate amortization schedules of \$550,000 (10 yrs) and \$450,000 (7 yrs), payable in quarterly installments of \$18,083 for 28 quarters and \$16,595 for 40 quarters, including interest ranging from 3.30% to 3.78%	220,050
\$2,000,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated August 2005, in three separate amortization schedules of \$685,000 (10 yrs), \$599,000 (7 yrs) and \$716,000 (5 yrs) payable in quarterly installments of \$82,992 for 20 quarters, \$44,148 for 28 quarters and \$20,188 for 40 quarters, including interest ranging from 3.30% to 3.78%	435,939

### III. DETAILED NOTES ON ALL FUNDS (continued)

#### F. Long-term Obligations (continued)

\$2,000,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated August 2006, in four separate amortization schedules of \$846,000 (10 yrs), \$459,000 (7 yrs), \$725,000 (5 yrs) and \$835,000 (3 yrs) payable in quarterly installments of \$73,822 for 12 quarters, \$39,970 for 20 quarters, \$18,800 for 28 quarters and \$25,728 for 40 quarters, including interest ranging from 3.88% to 4.02%	685,650
\$2,815,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated August 2007, in three separate amortization schedules of \$1,121,000 (10 yrs), \$691,000 (7 yrs), and \$1,003,000 (5 yrs) payable in quarterly installments of \$118,078 for 20 quarters, \$62,643 for 28 quarters and \$34,259 for 40 quarters, including interest ranging from 3.95% to 4.10%	1,365,597
\$3,625,000 ten-year lease agreement with SunTrust Leasing Corporation, dated September 2008, in five separate amortization schedules of \$1,450,000 (10 yrs), \$368,000 (7 yrs), \$1,182,000 (5 yrs), \$225,000 (4 yrs) and \$400,000 (3 yrs) payable in quarterly installments of \$175,550 for 12 quarters, \$140,340 for 16 quarters, \$125,184 for 20 quarters, \$60,099 for 28 quarters and \$44,390 for 40 quarters, including interest ranging from 3.4% to 4.4%	2,015,436
\$107,213 five-year lease agreement with Municipal Asset Management, Inc., dated November 2009, due in monthly installments of \$2,111, including interest at 6.76%	75,409
\$2,662,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated September 2010, in three separate amortization schedules of \$725,000 (10 yrs), \$598,000 (7 yrs) and \$1,339,000 (5 yrs) payable in quarterly installments of \$70,470 for 20 quarters, \$23,233 for 28 quarters and \$20,910 for 40 quarters, including interest ranging from 1.97% to 2.87%	2,362,499
\$912,000 five-year lease agreement with Bank of America Leasing & Capital, LLC, dated May 2011 due in quarterly installments of \$48,243, including interest at 2.23%	<u>912,000</u>
Total Lease Obligations	<u>\$8,464,746</u>

Annual debt service requirements to maturity for the lease obligations are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2012	\$ 2,081,199	\$ 246,218	\$107,850	\$ 7,829	\$ 2,443,096
2013	1,754,012	179,683	66,107	4,105	2,003,907
2014	1,357,870	125,644	53,168	1,888	1,538,570
2015	1,166,306	85,883	13,627	137	1,265,953
2016	842,138	52,903	-	-	895,041
2017-2021	<u>1,022,469</u>	<u>53,746</u>	<u>-</u>	<u>-</u>	<u>1,076,215</u>
Total	<u>\$ 8,223,994</u>	<u>\$ 744,077</u>	<u>\$240,752</u>	<u>\$13,959</u>	<u>\$9,222,782</u>



### III. DETAILED NOTES ON ALL FUNDS (continued)

#### F. Long-term Obligations (continued)

Changes in long-term obligations—Activity for the fiscal year ended June 30, 2011 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligations bonds	\$ 14,020,000	\$22,500,000	\$ 4,125,000	\$ 32,395,000	\$ 3,180,000
Certificates of participation	65,970,000	-	4,020,000	61,950,000	4,335,000
Tax increment bonds	<u>46,610,000</u>	<u>2,100,000</u>	<u>4,875,000</u>	<u>43,835,000</u>	<u>5,380,000</u>
Total bonds payable	\$126,600,000	\$24,600,000	\$13,020,000	\$138,180,000	12,895,000
Capital lease obligations	6,797,367	3,574,000	2,147,373	8,223,994	2,081,199
Compensated absences	<u>2,906,855</u>	<u>2,932,747</u>	<u>2,844,835</u>	<u>2,994,767</u>	<u>2,930,871</u>
Total governmental activities	<u>\$136,304,222</u>	<u>\$31,106,747</u>	<u>\$18,012,208</u>	<u>\$149,398,761</u>	<u>\$17,907,070</u>

#### Business-type Activities:

Bonds payable	\$ 9,245,000	\$ -	\$ 510,000	\$ 8,735,000	\$ 525,000
Capital lease obligations	361,034	-	120,282	240,752	107,850
Compensated absences	<u>72,058</u>	<u>74,374</u>	<u>64,371</u>	<u>82,061</u>	<u>73,307</u>
Total business-type activities	<u>\$ 9,678,092</u>	<u>\$ 74,374</u>	<u>\$ 694,653</u>	<u>\$ 9,057,813</u>	<u>\$ 706,157</u>

**Derivative Disclosure – Interest Rate Swaps.** The City has entered into two interest rate swap agreements for two recent bond issuances for the purpose of realizing certain cost savings associated with the debt refundings. The first swap agreement involved the issuance of \$11,700,000 in Series 2003 municipal golf course mortgage revenue bonds to refund \$11,080,000 in Series 1998 Bonds. This swap was for the notional amount of \$11,700,000 and terminates on the bond maturity date of May 1, 2024. Under this swap agreement, the City pays the counterparty a fixed rate of 3.58% and receives a variable payment based on 67% of the London Interbank Offered Rate (LIBOR). The other swap agreement was entered into in January 2005 and involved the issuance of \$27,055,000 in Series 2005 certificates of participation to refund \$24,370,000 in Series 1997 certificates. This swap was for the notional amount of \$27,055,000 and terminates on the bond maturity date of September 1, 2019. Under this swap agreement, the City pays the counterparty a fixed rate of 3.27% and receives a variable payment based on 59% of the LIBOR plus 35 basis points.

<u>Reported in:</u>	<u>Changes in Fair Values</u>		<u>Fair Values at June 30, 2011</u>		<u>Notional Amount</u>
	<u>Reported as</u>	<u>Amount</u>	<u>Reported as</u>	<u>Amount</u>	
Governmental Activities					
Cash Flow Hedges	Deferred outflow	\$260,294	Derivative Instrument	\$(1,971,225)	\$27,055,000
Interest Rate Swaps	of resources		Liability		
Business-type Activities					
Cash Flow Hedges	Deferred outflow	\$172,637	Derivative Instrument	\$(986,457)	\$11,700,000
Interest Rate Swaps	of resources		Liability		

**Derivative Disclosure – Credit or counterparty risk.** Credit or counterparty risk is the risk that a counterparty will not fulfill its obligation. As of June 30, 2011, the City was exposed to credit risk in the amount of the swap's fair value. Bank of America, N.A., the counterparty for the Series 2003 revenue bond and Series 2005 COPS swap agreements, is rated Aa3/A+ by Moody's Investor Services and Standard & Poors, respectively.

**Derivative Disclosure – Interest rate risk.** This is the risk that the rate of interest paid by the City may increase on the direct variable rate bonds or on the floating payer exchange contract. This risk is reduced by the swap agreements on the amount of interest ultimately due by the City.



### III. DETAILED NOTES ON ALL FUNDS (continued)

#### F. Long-term Obligations (continued)

**Derivative Disclosure – Basis risk.** Basis risk arises when different indexes are used in connection with a derivative. The major contributing factor to this risk is the change in the floating index based payment the City receives versus the payment the City makes on the related variable rate debt. If the rates on the counterparty payments are lower than the variable monthly payments on the debt paid by the City, then the City will be liable for the difference.

**Derivative Disclosure – Termination risk.** Termination risk is the risk that an unscheduled termination of a swap agreement could have an adverse effect on the City's ability to replace the bonds or could lead to unscheduled payments. The termination of a swap agreement could increase the City's debt service if at the time of the termination the swap has a negative fair value.

**Derivative Disclosure – Rollover risk.** Rollover risk arises when a derivative associated with the City's variable rate debt does not extend all the way to the maturity date of the associated debt, thereby creating a gap in the protection otherwise afforded by the derivative. The swap agreements' termination dates are the final maturity dates of the debt thus reducing the rollover risk. The remoteness of termination exists due to the wide termination rating trigger spread.

**Derivative Disclosure – Market and market-access risk.** This is the risk that changes in market prices will reduce the fair value of an asset, increase the fair value of a liability, adversely affect the cash flows of an expected transaction or the risk that the City will not be able to enter credit markets or that credit will become more costly in the future.

Generally accepted accounting principles recommend that for variable rate programs, future debt service forecasts be based on the actual end of the year rate. In low interest rate market circumstances such as what the City has experienced over the past few years, this standard would significantly reduce the forecasted interest cost. Therefore, the annual debt service requirement tables listed previously utilize the swap fixed rate. Using variable rates as of June 30, 2011, debt service requirements of the variable-rate bonds and swap payments, assuming current interest rates remain the same for their term, were as follows:

Year Ending	<u>Variable-Rate Bonds</u>			Interest Rate	Net Debt
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Swap, Net</u>	<u>Service</u>
2012	\$ 1,680,000	\$1,607,971	\$3,287,971	\$ (541,628)	\$ 2,746,343
2013	4,275,000	1,508,555	5,783,555	(510,665)	5,272,890
2014	4,435,000	1,365,682	5,800,682	(470,607)	5,330,075
2015	4,595,000	1,217,180	5,812,180	(428,791)	5,383,389
2016	<u>4,770,000</u>	<u>1,064,063</u>	<u>5,834,063</u>	<u>(386,246)</u>	<u>5,447,817</u>
Total	<u>\$19,755,000</u>	<u>\$6,763,451</u>	<u>\$26,518,451</u>	<u>\$(2,337,937)</u>	<u>\$24,180,514</u>

**Annual Leave and Sick Leave-**The City's policy permits employees to accumulate up to seven weeks of earned but unused annual leave, which would be paid to employees upon separation from the City. Accumulated annual leave at June 30, 2011 amounted to \$3,076,828, \$2,994,767 of which relates to governmental activities and \$82,061 of which relates to business-type activities. City employees had accumulated sick leave benefits of \$8,325,339 at June 30, 2011, based on compensation rates in effect at that date. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual has been made for sick leave.

### III. DETAILED NOTES ON ALL FUNDS (continued)

#### G. Net Assets Classifications

Investment in capital assets, net of related debt, was comprised of the following as of June 30, 2011:

Capital assets, net of accumulated depreciation	\$ 238,684,119
Less capital related debt, net of unamortized discounts, amount on refunding, plus premiums	(146,994,419)
Add capital debt unspent proceeds:	
Bonds and capital leases	<u>29,808,161</u>
Investment in capital assets, net of related debt	<u>\$ 121,497,861</u>

Other restricted net assets include amounts restricted for public safety by grants and related external restrictions, and for debt service by tax increment debt restrictions.

### IV. OTHER INFORMATION

#### A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City protects itself from potential loss through a combination of risk-sharing participation, purchase of commercial insurance for primary and/or self-funded risk retention. Self-funded risks are primarily for health insurance costs, workers compensation costs and underground storage tank liabilities. The City currently reports all of its risk management activities in the General Fund.

The City is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The City pays an annual premium to the State Insurance Reserve Fund for its general property and casualty insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$10,000,000 for each insured event. Settlements have not exceeded coverage for any of the last three years.

The City has been self-insured for health insurance since its incorporation in June 1972 but only became self-insured for workers compensation coverage effective January 1, 2005. The City has contracted with plan administrators that directly handle the settlement of all claims. The City is insured through third parties for health insurance individual stop losses over \$175,000 and aggregate stop-losses over \$14,510,906, while for workers compensation, the individual stop losses must exceed \$600,000 and the aggregate stop-losses must exceed \$5,000,000. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported as of June 30, 2011. At June 30, 2011, the amount of this liability is the City's best estimate, based on the available information. Changes in the reported liability since July 1, 2006 resulted from the following:

Year Ended <u>June 30</u>	Liability at Beginning of <u>Year</u>	Current Year Claims and Changes in Estimates	Claim Payments	Liability at <u>Year End</u>
2007	\$ 5,246,901	\$ 11,840,239	\$ (9,712,045)	\$ 7,375,095
2008	7,375,095	11,590,475	(10,406,417)	8,559,153
2009	8,559,153	13,649,587	(11,667,750)	10,540,990
2010	10,540,990	12,356,380	(15,435,722)	7,461,648
2011	7,461,648	11,208,004	(12,712,303)	5,957,349

#### IV. OTHER INFORMATION (continued)

##### B. Deferred Compensation Plans, Pension Plans and Employee Retirement Systems

The City offers its employees two options under the South Carolina Public Employees Deferred Compensation Plan. All amounts of compensation deferred under the 401(k) Plan (all income, property or rights attributable to such amounts) remain the sole property of the participating employee. Current year payroll covered under the 401(k) Plan was \$5,061,812 of \$40,368,760 total payroll for all City employees.

Employees may also defer a minimum of 2% of gross salary per month, up to a maximum of 20% of gross income or \$16,500, whichever is lower. Deferred compensation is not available to employees until termination of employment, retirement, death or unforeseeable emergency, with the exceptions of education and purchase or improvement of a primary residence. There are no eligibility or vesting requirements. The City has no obligation to make contributions to the 401(k) Plan and has made no contributions during the year. Employee contributions were \$269,938. There were no changes in plan provisions during the year and, as of June 30, 2011, the State Deferred Compensation 401(k) Plans held no assets of the City or its related parties and had no outstanding loans to the City or related parties.

Under the 457 plan, employees can defer the lesser of 100% of eligible compensation or \$16,500 per year. During the fiscal year ended June 30, 1998, the City implemented GASB 32 (*Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*). A fiduciary relationship between the City and the 457 deferred compensation plan does not exist, therefore under GASB 32, the City does not report the balances and activities of the 457 plan in the financial statements. Employee contributions were \$92,156 during fiscal year ending June 30, 2011.

Policemen and firemen are members of the South Carolina Police Officers Retirement System (PORS). All other full-time employees are members of the South Carolina Retirement System (SCRS). Both are defined benefit retirement systems and cost-sharing multiple employer plans. Each plan's provision is established under Title 9 of the S.C. Code of Laws. Both plans provide pension benefits and death and disability benefits. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for both SCRS and PORS is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

The SCRS was established by the South Carolina legislature on July 1, 1945 for the benefit of teachers and employees of the State and its political subdivisions. Full-time policemen and firemen are required to participate in and contribute to PORS. All other full-time employees are required to participate in SCRS. Employees covered under both plans are required to contribute 6.5% of salary. The City is required to contribute 11.53% of gross earnings under PORS and 9.39% under SCRS. Current year's payrolls covered under both were \$19,036,945 and \$22,550,904 for the SCRS and PORS, respectively. The City is also required to make contributions on behalf of employees who have already retired from the State retirement system. These contributions for the fiscal year ended June 30, 2011 amounted to \$129,103. Actual retirement contributions made during the year were as follows:

	<u>PORS</u>	<u>% of Covered Payroll</u>	<u>SCRS</u>	<u>% of Covered Payroll</u>
Fiscal Year Ended June 30, 2011:				
Employees	\$ 1,465,808	6.50%	\$ 1,237,404	6.50%
City	2,600,119	11.53%	1,787,571	9.39%
Fiscal Year Ended June 30, 2010:				
Employees	\$ 1,386,167	6.50%	\$ 1,197,241	6.50%
City	2,355,306	11.05%	1,737,933	9.39%
Fiscal Year Ended June 30, 2009:				
Employees	\$ 1,351,269	6.50%	\$ 1,152,701	6.50%
City	2,297,157	11.05%	1,680,725	9.39%



#### IV. OTHER INFORMATION (continued)

##### C. Other Post-employment Benefits (OPEB)

**Plan Description.** The City of North Charleston administers a single-employer defined benefit healthcare plan ("the OPEB Health Plan"). This plan provides healthcare insurance for eligible retirees and their spouses, under the Medicare eligible age, through the City's group health insurance plan which covers both active and retired members. Employees become eligible when the employee qualifies for the SCRS or PORS and has at least 20 years of service with the City of North Charleston. The OPEB Health Plan is approved by the Mayor and City Council of the City of North Charleston. Section 2-198 of the Code of Ordinances of the City of North Charleston established the authority for post-employment healthcare. As of July 1, 2010, the measurement date, there were 1,057 covered participants; 67 members are retirees and 990 are active participants. The OPEB Health Plan does not issue a publicly available financial report.

**Funding Policy.** Benefits and contribution requirements are established and amended by the Mayor and City Council and are neither guaranteed nor mandatory. Retirees with less than 20 years of service pay 100% of the cost of current-year premiums for eligible retirees, while retirees with 20-24 years of service pay 50%; with 25-29 years 33 1/3% and with 30 or more years 25%. Retirees pay 100% of the cost of current-year premiums for dependent coverage. COBRA employees also pay 100% of cost of current-year premiums. In the fiscal year ending June 30, 2011, the City of North Charleston contributed \$649,834 to the plan while total member contributions were \$152,042.

The City of North Charleston's annual other postemployment benefits cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC is based on a level percent of payroll increasing at 3%.

**Actuarial Methods and Assumptions.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Health Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Health Plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.5 percent initially, reduced by decrements to an ultimate rate of 5 percent after eight years. Both rates included a 3 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis over a 30 year period.

#### IV. OTHER INFORMATION (continued)

##### C. Other Post-employment Benefits (OPEB) (continued)

**Annual OPEB Cost, Net OPEB Obligation (Asset), Funded Status and Funding Progress.** The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Net OPEB Obligation (Asset)—Beginning of Plan Year	<u>\$( 1,220,594)</u>
Interest on Net OPEB Obligation (Asset)	61,030
Annual Required Contribution	1,536,137
Adjustment to Annual Required Contribution	<u>(63,367)</u>
Annual OPEB Cost	1,533,800
Contributions made for the plan year	<u>(1,925,687)</u>
Increase (Decrease) in Net OPEB Obligation	<u>(391,887)</u>
Net OPEB Obligation (Asset)—End of Plan Year	<u>\$( 1,612,481)</u>

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Health Plan, and the net OPEB obligation (asset) for June 30, 2011 were as follows:

<u>Schedule of Employer Contributions</u>					
<u>Actuarial</u> <u>Valuation Date</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Annual OPEB</u> <u>Contributed</u>	<u>% of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u> <u>(Asset)</u>	<u>Applicable to</u> <u>Fiscal Year</u> <u>Ending</u>
January 1, 2008	\$ 2,204,079	\$ 361,349	16.4%	\$ 1,842,730	June 30, 2009
January 1, 2008	\$ 2,271,646	\$ 5,334,970	234.7%	\$ (1,220,594)	June 30, 2010
January 1, 2010	\$ 1,533,800	\$ 1,925,687	125.6%	\$ (1,612,481)	June 30, 2011

Contributions include \$1,123,811 paid by the City of North Charleston to the OPEB Plan Trust to fund the June 30, 2011 net OPEB obligation and \$801,876 made by the City of North Charleston through payment of covered participants' benefits and member contributions.

This schedule will provide trend information about whether the actuarial values of OPEB Health Plan assets are increasing or decreasing over time relative to the actuarial liabilities for benefits. The schedule of funding progress for the OPEB Health Plan as of the latest actuarial valuation date of January 1, 2010 is as follows:

<u>Schedule of Funding Progress</u>						
<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL</u> <u>Percentage of</u> <u>Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
January 1, 2008	\$ 0	\$ 19,594,641	\$ 19,594,641	0%	\$38,687,849	50.7%
January 1, 2010	\$ 0	\$ 15,515,279	\$ 15,515,279	0%	\$36,467,522	42.5%

After the City's contributions for fiscal year ending June 30, 2011, assets in the City's OPEB Plan Trust at June 30, 2011 were \$5,821,102.

##### D. Contingent Liabilities and Litigation

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

#### **IV. OTHER INFORMATION (continued)**

##### **D. Contingent Liabilities and Litigation (continued)**

The City is party to a number of civil lawsuits and other legal proceedings. These suits are currently in discovery or preliminary stages. Additionally, other controversies from public safety services and other general government activities are expected to result in claims or lawsuits. The City maintains various insurances, subject to limitations, to minimize its exposure to such claims and judgments. Management and legal counsel believe the ultimate outcome of existing and potential legal actions is not likely to result in a material loss to the City.

##### **E. Significant Long-Term Management Contracts**

**Golf Course.** The City has contracted with Classic Golf Management to manage, maintain and operate the Golf Course at Wescott Plantation through September 2016 under two agreements. The golf shop and clubhouse agreement states that Classic Golf Management provide personnel to operate these facilities and furnish certain clubhouse furniture and equipment with a value of \$120,000. Classic Golf retains pro shop and clubhouse revenues, excluding greens fees, cart rentals and certain other revenues and is responsible for various operating costs of these facilities. During the year, Classic Golf Management paid a monthly rent of \$750 plus 5% of pro shop and food and beverage related gross sales.

Under the facilities management agreement, Classic Golf is responsible for providing the personnel and expertise to operate and maintain the golf course, other than the golf shop and clubhouse. The City is required to reimburse the contractor for expenses, approved capital expenses and reserves and pays a monthly fixed management fee. The fixed monthly fee was \$7,000 for calendar year 2000 and increases by \$1,000 each subsequent year through 2003, remaining at \$10,000 monthly for 2003 through 2016. Contingent fees may be earned at the rate of 25% of the excess of gross revenues in excess of 110% of the approved operating budget with the total contingent fee limited to 20% of the fixed management fee.

**Coliseum, Convention and Performing Arts Center.** During 1992 the City entered into a management agreement with Ogden Entertainment, Inc. to manage, market, promote, operate and maintain the North Charleston Coliseum, Convention Center and Performing Arts Center (hereafter "complex") through May 2021. The City pays monthly management fees plus certain contingent fees on the excess of net operating income over approved targets. During fiscal year 2011, total monthly fees paid were \$314,677. Ogden was acquired by ARAMARK during June 2000 and has assigned management rights of the facilities to SMG. The City consented to the transfer of ARAMARK's rights in an agreement signed February 2002.

##### **F. Commitments and Contingencies**

The City has entered into an intergovernmental agreement with Charleston County regarding the Northside Drive extension road project. The City has agreed to manage the project and the County will fund \$43 million in project related expenses. The City will manage the contracts with the vendors, remit monthly statements from the vendors to Charleston County and be reimbursed directly from Charleston County for any expenses.

The City has construction contract commitments on capital projects at June 30, 2011 as follows:

Governmental funds:

Special revenue and capital projects funds	<u>\$ 13,823,497</u>
Total governmental funds	<u>\$ 13,823,497</u>

##### **G. Prior Year Restatement/Reclassification of Balances**

During the fiscal year ended June 30, 2011, the City implemented GASB #54 which establishes new fund balance classifications and clarifies the definitions of governmental fund types. The implementation of this statement had no impact on the total governmental fund balances of the City but it did require that the fund balances for certain funds be reclassified/restated. The following funds were reclassified/restated:



#### **IV. OTHER INFORMATION (continued)**

##### **G. Prior Year Restatement/Reclassification of Balances (continued)**

- The beginning fund balance for the Federal Disaster Fund (formerly a nonmajor special revenue fund) in the amount of \$410,269 was reclassified/restated and included in the General Fund as the Federal Disaster Fund no longer qualifies as a special revenue fund under GASB #54.
- The beginning fund balance for the Street Light and Drainage Fund (formerly a nonmajor special revenue fund) in the amount of \$2,639,224 was reclassified/restated and included in the nonmajor capital projects funds as the Street Light and Drainage Fund no longer qualifies as a special revenue fund under GASB #54.
- As a result of the above reclassifications/restatements, the June 30, 2010 fund balance for the General Fund increased from \$17,936,656 to \$18,346,925 and the June 30, 2010 fund balances for the Other Governmental Funds, as shown in the Statement of Revenues, Expenses and Changes in Fund Balances, decreased from \$15,954,240 to \$15,543,971.

In accordance with GASB #54, the City applied the new classifications of fund balance to restate prior year fund balance amounts presented. As previously mentioned, the reclassifications of prior year fund balances had no impact on the total fund balance of the governmental fund types.

##### **H. Subsequent Events**

In September 2011, the City entered into a lease agreement with Banc of America Public Capital Corporation for the purchase of \$2,016,000 in vehicles and equipment. The lease is a ten year lease with separate amortizations over four, five, seven and ten year periods, in quarterly installments of \$68,117 for the first 16 quarters, followed by \$61,032 over the next 4 quarters, followed by \$52,187 over the next 8 quarters, followed by \$39,360 for the last 12 quarters, which includes interest ranging from 1.43% to 2.35%.

## **REQUIRED SUPPLEMENTARY INFORMATION**



CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011				
	Budgeted Amounts		Actual	Variance with Final Budget - Positive	(restated) 2010
	Original	Final	Amounts	(Negative)	Actual
<b>Revenues:</b>					
Property taxes	\$ 38,000,000	\$ 38,000,000	\$ 38,288,254	\$ 288,254	\$ 36,113.427
Licenses and permits	25,027,000	26,598,833	27,599,742	1,000.909	26,359.628
Intergovernmental	14,125,058	14,169.901	14,358,968	189,067	14,851.951
Fines and forfeitures	1,750,000	1,750,000	1,947,991	197,991	1,912,268
Charges for services	1,860,000	1,860,000	1,695,599	(164,401)	1,814,955
Revenues from use of monies and property	1,277,500	1,286,165	1,432,211	146,046	967,299
Other revenues	249,000	505,445	513,826	8,381	416,426
<b>Total revenues</b>	<b>82,288,558</b>	<b>84,170,344</b>	<b>85,836,591</b>	<b>1,666,247</b>	<b>82,435,954</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Executive	1,352,122	1,374,596	1,358,089	16,507	1,333,553
Facilities	3,647,350	4,044,685	4,036,750	7,935	3,528,110
City Council	421,807	432,026	431,667	359	407,966
Finance	749,157	749,157	748,284	873	729,822
Purchasing	329,996	330,417	308,375	22,042	286,733
Information systems	1,232,518	1,235,331	1,216,517	18,814	1,116,122
Municipal court	1,160,824	1,160,824	1,158,651	2,173	1,125,649
Human resources	2,251,558	2,137,382	1,747,768	389,614	1,163,001
Legal	988,684	1,139,997	1,135,554	4,443	830,445
Maintenance	8,612,487	9,349,842	9,322,170	27,672	8,142,282
<b>Total general government</b>	<b>20,746,503</b>	<b>21,954,257</b>	<b>21,463,825</b>	<b>490,432</b>	<b>18,663,683</b>
<b>Public safety:</b>					
Police	27,446,002	28,689,212	28,460,374	228,838	25,927,196
Fire	15,047,986	15,085,080	14,836,170	248,910	13,532,207
Building inspections	1,200,908	1,201,201	1,199,328	1,873	1,147,221
<b>Total public safety</b>	<b>43,694,896</b>	<b>44,975,493</b>	<b>44,495,872</b>	<b>479,621</b>	<b>40,606,624</b>
<b>Sanitation</b>	<b>5,167,100</b>	<b>5,168,216</b>	<b>5,143,935</b>	<b>24,281</b>	<b>4,599,528</b>

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)  
(continued)

	2011				
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	(restated) 2010 Actual
	Original	Final	Amounts		
Community promotion:					
Community promotion	285,000	335,000	335,000	-	260,000
Total community promotion	285,000	335,000	335,000	-	260,000
Culture and recreation:					
Fire museum	496,787	507,840	504,531	3,309	498,656
Recreation and parks	4,400,849	4,430,394	4,425,628	4,766	4,299,863
Cultural arts	828,099	828,099	822,722	5,377	812,030
Total culture and recreation	5,725,735	5,766,333	5,752,881	13,452	5,610,549
Community development:					
Planning & zoning	799,902	799,918	774,791	25,127	820,955
Code enforcement	1,011,372	1,075,022	1,074,317	705	899,456
Total community development	1,811,274	1,874,940	1,849,108	25,832	1,720,411
Debt Service:					
Principal	2,285,000	2,285,000	2,147,373	137,627	3,535,938
Interest and fiscal charges	315,000	315,000	294,732	20,268	324,185
Total debt service	2,600,000	2,600,000	2,442,105	157,895	3,860,123
Total expenditures	80,030,508	82,674,239	81,482,726	1,191,513	75,320,918
Excess (deficiency) of revenues over expenditures	2,258,050	1,496,105	4,353,865	2,857,760	7,115,036
Other financing sources (uses):					
Transfers (out)	(5,030,050)	(5,972,694)	(5,945,445)	27,249	(5,655,197)
Proceeds from sale of property	100,000	100,000	1,979,629	1,879,629	41,347
Capital lease obligations	2,672,000	3,584,000	3,574,000	(10,000)	107,213
Total other financing sources (uses)	(2,258,050)	(2,288,694)	(391,816)	1,869,629	(5,506,637)
Net change in fund balance	-	(792,589)	3,962,049	4,727,389	1,608,399
Fund balance at beginning of year (as restated, see Note IV.G)	18,346,925	18,346,925	18,346,925	-	16,738,526
Fund balance at end of year	\$ 18,346,925	\$ 17,554,336	\$ 22,308,974	\$ 4,727,389	\$ 18,346,925

Notes: The basis for budgeting is the same as GAAP.

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
 COLISEUM OPERATING FUND  
 BUDGETARY COMPARISON SCHEDULE  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			Variance with Final Budget- Positive (Negative)	2010 Actual
	Budgeted Amounts		Actual Amounts		
	Original	Final			
<b>Revenues:</b>					
Revenues from use of monies and property	\$ 5,070,719	\$ 5,070,719	\$ 3,951,353	\$ (1,119,366)	\$ 5,277,346
<b>Total revenues</b>	<u>5,070,719</u>	<u>5,070,719</u>	<u>3,951,353</u>	<u>(1,119,366)</u>	<u>5,277,346</u>
<b>Expenditures:</b>					
<b>Culture and recreation:</b>					
Insurance	100,000	100,000	100,045	(45)	100,414
<b>Contractual services:</b>					
Operating	5,405,924	5,405,924	4,248,104	1,157,820	5,286,865
Management and administration	660,836	660,836	542,381	118,455	754,299
Capital outlay	187,325	208,315	198,707	9,608	342,610
<b>Total expenditures</b>	<u>6,354,085</u>	<u>6,375,075</u>	<u>5,089,237</u>	<u>1,285,838</u>	<u>6,484,188</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,283,366)</u>	<u>(1,304,356)</u>	<u>(1,137,884)</u>	<u>166,472</u>	<u>(1,206,842)</u>
<b>Other financing sources (uses):</b>					
Transfers in	1,283,366	1,283,366	1,137,884	(145,482)	1,256,201
<b>Total other financing sources (uses)</b>	<u>1,283,366</u>	<u>1,283,366</u>	<u>1,137,884</u>	<u>(145,482)</u>	<u>1,256,201</u>
<b>Net change in fund balance</b>	-	(20,990)	-	20,990	49,359
<b>Fund balance at beginning of year</b>	<u>332,198</u>	<u>332,198</u>	<u>332,198</u>	<u>-</u>	<u>282,839</u>
<b>Fund balance at end of year</b>	<u>\$ 332,198</u>	<u>\$ 311,208</u>	<u>\$ 332,198</u>	<u>\$ 20,990</u>	<u>\$ 332,198</u>

Notes: The basis for budgeting is the same as GAAP.

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
TAX INFRASTRUCTURE FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			Variance with Final Budget- Positive (Negative)	2010 Actual
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
Property taxes	\$ 6,500,000	\$ 6,500,000	\$ 7,060,373	\$ 560,373	\$ 6,999,379
Revenues from use of monies and property	-	-	41,088	41,088	148,502
Total revenues	6,500,000	6,500,000	7,101,461	601,461	7,147,881
Expenditures:					
Capital outlay:					
Land and improvements, infrastructure, and professional services	-	470,800	313,338	157,462	18,304,428
Debt service:					
Bond principal	4,875,000	4,875,000	4,875,000	-	5,110,000
Bond interest	2,230,000	2,230,000	1,590,994	639,006	1,803,695
Total expenditures	7,105,000	7,575,800	6,779,332	796,468	25,218,123
Excess (deficiency) of revenues over expenditures	(605,000)	(1,075,800)	322,129	1,397,929	(18,070,242)
Other financing sources (uses):					
Transfers in	-	2,000,000	2,000,000	-	-
Transfers out	-	(3,050,000)	(3,050,000)	-	-
Gain (loss) from sale of assets held for resale	605,000	605,000	(443,859)	(1,048,859)	262,557
Bonds issued	-	2,100,000	2,100,000	-	-
Total other financing sources (uses)	605,000	1,655,000	606,141	(1,048,859)	262,557
Net change in fund balance	-	579,200	928,270	349,070	(17,807,685)
Fund balance at beginning of year	15,186,601	15,186,601	15,186,601	-	32,994,286
Fund balance at end of year	\$ 15,186,601	\$ 15,765,801	\$ 16,114,871	\$ 349,070	\$ 15,186,601

Notes: The basis for budgeting is the same as GAAP.

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## **SUPPLEMENTARY INFORMATION**



## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

These funds are used to account for the proceeds of special sources (other than expendable trust or major capital projects) that are restricted (legally or by the Mayor or Council) to finance particular functions or activities.

**Accommodations Tax** accounts for the City's share of the two percent statewide tax on lodging and allocated from the State of South Carolina, for promotion of the Visitors Bureau and other tourism-related activities, including debt service related to the North Charleston Coliseum and Convention Center Complex.

**City Accommodations Tax** accounts for the one percent local tax collected from hotels and motels in the City.

**Community Development Block Grant** accounts for the Federal grants expended by the City that are funded by Community Development Block grants. These funds are budgeted for use by the City in areas such as residential rehabilitation, street and sidewalk improvements, drainage improvements, affordable housing and other revitalization programs that benefit the City's incorporated areas.

**HOME** accounts for Federal grants expended by the City that are funded by the Department of Housing and Urban Development. The purpose of the program is to assist in the preservation and restoration of owner occupied housing.

**Energy Efficiency Conservation Block Grant Fund** accounts for Federal funds received from the Department of Energy for the purpose of developing strategies to upgrade and improve energy management and efficiency measures.

**CDBG Recovery Act Grant Fund** accounts for Federal funds received from the Department of Housing and Urban Development for the installation of sidewalks in eligible areas throughout the City.

**School Resource Officer Grant** accounts for funds received from the Charleston County School district under a memorandum of understanding that funds one School Resource Officer at a middle school for the entire school year.

**Anti-Drug** accounts for the seizures and forfeitures of cash confiscated during drug arrests. When forfeited by the courts, these funds are restricted for use in drug enforcement and education efforts.

**Secure Our Schools Grant** accounts for Federal funds received from the Department of Justice for the purpose of enhancing safety and security at seven elementary schools throughout the City..

**Justice Assistance Grant** accounts for Federal funds received for the purpose of providing equipment to our public safety departments in an effort to promote community policing projects.

**Weed & Seed Grant** accounts for Federal grants expended by the City that are funded by the U.S. Department of Justice. These funds are used to eliminate crime and to provide a safe environment for citizens in targeted neighborhoods.

**Victims Advocate** accounts for court fines received from certain violators to be expended for various assistance to victims as prescribed by State of S.C. laws.

**State Ports Authority Mitigation Grant** accounts for SPA funds received for the purpose of identifying and mitigating the potential adverse environmental impact from the port expansion on the affected adjacent neighborhoods in the City.

**Port Security Grant** accounts for Federal funds received from the Department of Homeland Security to enhance the safety of the Charleston Harbor.

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

(continued)

**BJA Recovery Act Edward Byrne Memorial Competitive Grant Fund** accounts for Federal funds received for the purpose of hiring eight community service officers and to purchase equipment and vehicles.

**COPS Hiring Recovery Act Grant Fund** accounts for Federal funds received through the American Recovery and Reinvestment Act of 2009 for the purpose of hiring fifteen police officers.

**FEMA Firefighter Grant** accounts for Federal funds received for the purpose of assisting the City's Fire Department in developing and implementing a fitness/wellness program along with the purchase of various pieces of equipment.

**SCDPS Hispanic Victim Advocate Grant Fund** accounts for State funds received for the purpose of hiring a Spanish speaking victim advocate to provide assistance to Hispanic victims as prescribed by State of S.C. laws.

**SCDPS Court System Efficiency Grant Fund** accounts for State funds received for the purpose of hiring two court clerks to improve the efficiency of court operations.

**EPA Brownsfield Grant Fund** accounts for Federal funds received from the U.S. Department of Environmental Protection Agency to conduct assessments at Brownsfield sites potentially contaminated with hazardous substances.

**JAG Recovery Act Grant Fund** accounts for Federal funds received for the purpose of providing criminal justice assistance to the Public Defender's and Solicitor's offices and to purchase crime fighting equipment.

**Pedestrian Safety Grant** accounts for State funds received for the purpose of assisting the City in the creation of a traffic safety program for traffic enforcement and presentation of public awareness classes to civic and school groups.

**Lowcountry Regional Analyst Grant** accounts for State funds received for the purpose of hiring an intelligence analyst to collect and disseminate vital intelligence information as it relates to port security.

**Firemen's Insurance and Inspection** accounts for the Fire Department's share of the State's Insurance and Inspection Fees. Funds are used for the betterment of the Fire Department as approved by its Board of Trustees.

**Parking** accounts for the revenues and expenditures of the North Charleston Coliseum, Convention Center and Performing Arts Center Complex parking operations.

## DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payments of long-term bond principal and interest from government resources.

**Certificates of Participation** account for funding the accumulation of resources for, and the retirement of, the certificates of participation.

## CAPITAL PROJECT FUNDS

These Funds are used to account for financial resources involving the acquisition or construction of major capital facilities (other than those financed by the Proprietary Enterprise Fund). The primary sources of revenue in these funds are proceeds of general obligation bonds and certificates of participation, grants, contributions, property taxes and settlements from private sources. The City has the following Capital Project Funds:

**North Charleston Convention Center Complex Project Fund** accounts for funding sources and construction costs of capital improvements to the North Charleston Convention Center Complex.

**Citywide Capital Improvements Fund** accounts for the funding sources and construction costs of capital improvements to citywide facilities and to support new community center construction.

**Wescott Sports Complex Fund** accounts for the funding sources and construction costs of land and capital improvements to property owned in the northern area of North Charleston in an effort to produce recreational parks and facilities for various recreational programs.

**Street Light and Drainage Fund** accounts for the capital improvements to the City's drainage and street lighting systems.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2011**  
**(With Comparative Totals at June 30, 2010)**

	Certificates of				Total Nonmajor Governmental Funds	
	Participation		Capital		2011	(restated) 2010
	Special Revenue Funds	Debt Service Fund	Project Funds			
<b>Assets</b>						
Cash and cash equivalents	\$ 88,635	\$ -	\$ 25,209,575	\$	25,298,210	\$ 11,759,723
Accounts receivable	-	-	-	-	-	6,937
Due from other funds	4,851	-	-	-	4,851	131,708
Due from other governments	1,417,506	342,434	911,727		2,671,667	1,560,853
Restricted assets:						
Cash and cash equivalents	2,337,403	1,579,147	-	-	3,916,550	3,885,716
Notes receivable	1,842,848	-	-	-	1,842,848	1,741,776
<b>Total assets</b>	<b>\$ 5,691,243</b>	<b>\$ 1,921,581</b>	<b>\$ 26,121,302</b>	<b>\$</b>	<b>\$ 33,734,126</b>	<b>\$ 19,086,713</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 553,809	\$ -	\$ 3,132,819	\$	3,686,628	\$ 615,289
Escrow for seized funds	158,262	-	-	-	158,262	109,980
Due to other funds	870,418	-	-	-	870,418	1,075,697
Deferred revenue	1,842,848	-	-	-	1,842,848	1,741,776
<b>Total liabilities</b>	<b>3,425,337</b>	<b>-</b>	<b>3,132,819</b>		<b>6,558,156</b>	<b>3,542,742</b>
<b>Fund balances:</b>						
Restricted for:						
Public safety and public service	2,166,250	-	-	-	2,166,250	2,293,914
Facility and infrastructure improvements	-	-	22,988,483	-	22,988,483	11,319,045
Debt service	-	1,921,581	-	-	1,921,581	1,921,581
Assigned for:						
Community promotions	99,656	-	-	-	99,656	9,431
<b>Total fund balances</b>	<b>2,265,906</b>	<b>1,921,581</b>	<b>22,988,483</b>		<b>27,175,970</b>	<b>15,543,971</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,691,243</b>	<b>\$ 1,921,581</b>	<b>\$ 26,121,302</b>	<b>\$</b>	<b>\$ 33,734,126</b>	<b>\$ 19,086,713</b>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2011**  
**(With Comparative Totals for the Year Ended June 30, 2010)**

	Certificates of				Total Nonmajor Governmental Funds	
	Special Revenue Funds	Participation Debt Service Fund	Capital Project Funds		2011	2010 (restated)
<b>Revenues:</b>						
Intergovernmental	\$ 8,954,627	\$ 4,071,168	\$ 3,003,291	\$	16,029,086	\$ 15,161,635
Fines and forfeitures	385,507	-	-	-	385,507	635,044
Revenues from the use of monies and property	501,625	267,675	69,025	-	838,325	1,884,654
<b>Total revenues</b>	<u>9,841,759</u>	<u>4,338,843</u>	<u>3,072,316</u>	<u>-</u>	<u>17,252,918</u>	<u>17,681,333</u>
<b>Expenditures:</b>						
<b>Public safety:</b>						
Police department	2,982,806	-	-	-	2,982,806	2,799,597
Fire department	484,991	-	-	-	484,991	331,801
<b>Community promotion:</b>						
Community promotion	941,531	-	-	-	941,531	653,188
<b>Culture and recreation:</b>						
Special projects	527,341	-	-	-	527,341	486,617
<b>Community development:</b>						
Community development	1,597,539	-	-	-	1,597,539	1,052,834
HOME program	481,413	-	-	-	481,413	400,955
<b>Capital outlay:</b>						
Parking, walkways and infrastructure	735,257	-	17,577,878	-	18,313,135	8,183,552
<b>Debt service:</b>						
Bond principal	-	4,020,000	-	-	4,020,000	3,725,000
Bond interest	-	2,631,411	-	-	2,631,411	2,712,078
<b>Total expenditures</b>	<u>7,750,878</u>	<u>6,651,411</u>	<u>17,577,878</u>	<u>-</u>	<u>31,980,167</u>	<u>20,345,622</u>
	2,090,881	(2,312,568)	(14,505,562)	-	(14,727,249)	(2,664,289)
<b>Excess (deficiency) of revenues over expenditures</b>						
<b>Other financing sources (uses):</b>						
Transfers in	114,710	2,312,568	9,498,000	-	11,925,278	9,778,869
Transfers (out)	(2,243,030)	-	(5,823,000)	-	(8,066,030)	(9,706,285)
Bonds issued	-	-	22,500,000	-	22,500,000	-
<b>Total other financing sources (uses)</b>	<u>(2,128,320)</u>	<u>2,312,568</u>	<u>26,175,000</u>	<u>-</u>	<u>26,359,248</u>	<u>72,584</u>
<b>Net change in fund balances</b>	(37,439)	-	11,669,438	-	11,631,999	(2,591,705)
<b>Fund balances at beginning of year</b>	2,303,345	1,921,581	11,319,045	-	15,543,971	18,135,676
<b>(as restated, see Note IV.G)</b>						
<b>Fund balances at end of year</b>	<u>2,265,906</u>	<u>1,921,581</u>	<u>22,988,483</u>	<u>\$</u>	<u>27,175,970</u>	<u>\$ 15,543,971</u>



**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2011**  
**(With Comparative Totals at June 30, 2010)**

	Tax Fund Types		Public Safety and Service Fund Types				
	City		Community Development		School Resource Officer Grant		
	Accommodations Tax	Accommodations Tax	CDBG	HOME	Energy Conservation Grant	CDBG Recovery Act Grant	
<b>Assets</b>							
Cash and cash equivalents	\$ 48,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from other governments	51,042	-	229,373	12,103	5,516	28,261	-
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Notes receivable	-	-	-	1,842,848	-	-	-
<b>Total assets</b>	<b>\$ 99,656</b>	<b>\$ -</b>	<b>\$ 229,373</b>	<b>\$ 1,854,951</b>	<b>\$ 5,516</b>	<b>\$ 28,261</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ 36,636	\$ 2,637	\$ 1,500	\$ -	\$ -
Escrow for seized funds	-	-	-	-	-	-	-
Due to other funds	-	-	192,737	9,466	4,016	28,261	-
Deferred revenue	-	-	-	1,842,848	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>\$ 229,373</b>	<b>\$ 1,854,951</b>	<b>\$ 5,516</b>	<b>\$ 28,261</b>	<b>\$ -</b>
<b>Fund balances:</b>							
Restricted for:							
Public safety and public service	-	-	-	-	-	-	-
Assigned for:							
Community promotions	99,656	-	-	-	-	-	-
<b>Total fund balances</b>	<b>99,656</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 99,656</b>	<b>\$ -</b>	<b>\$ 229,373</b>	<b>\$ 1,854,951</b>	<b>\$ 5,516</b>	<b>\$ 28,261</b>	<b>\$ -</b>

(continued)

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2011**  
**(With Comparative Totals at June 30, 2010)**

	Public Safety and Service Fund Types						
	Secure Our Schools Grant	Justice Assistance Grant	Weed and Seed Grant	Victims Advocate	SPA Mitigation Grant	Port Security Grant	
<b>Assets</b>	<b>Anti-Drug</b>						
Cash and cash equivalents	\$ - \$	- \$	- \$	- \$	- \$	- \$	-
Due from other funds	4,851	-	-	-	-	-	-
Due from other governments	-	78,421	12,502	-	-	-	81,837
Restricted assets:							
Cash and cash equivalents	772,742	-	-	424,716	833,620	-	-
Notes receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 777,593 \$</b>	<b>78,421 \$</b>	<b>12,502 \$</b>	<b>424,716 \$</b>	<b>833,620 \$</b>	<b>81,837</b>	
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 5,951 \$	56,019 \$	872 \$	270 \$	10,178 \$	-	-
Escrow for seized funds	158,262	-	-	-	-	-	-
Due to other funds	-	22,402	11,630	-	-	-	81,837
Deferred revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>164,213</b>	<b>78,421</b>	<b>12,502</b>	<b>270</b>	<b>10,178</b>	<b>81,837</b>	
<b>Fund balances:</b>							
Restricted for:							
Public safety and public service	613,380	-	-	424,446	823,442	-	-
Assigned for:							
Community promotions	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>613,380</b>	<b>-</b>	<b>-</b>	<b>424,446</b>	<b>823,442</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 777,593 \$</b>	<b>78,421 \$</b>	<b>12,502 \$</b>	<b>424,716 \$</b>	<b>833,620 \$</b>	<b>81,837</b>	

(continued)

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2011**  
**(With Comparative Totals at June 30, 2010)**

	Public Safety and Service Fund Types						
	BJA Byrne Memorial Grant	COPS Hiring Grant	FEMA Firefighter Grant	Hispanic Victim Advocate Grant	Court System Efficiency Grant	EPA Brownfield Grant	JAG Recovery Act Grant
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from other governments	120,309	225,596	26,044	10,883	85,951	16,273	58,421
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 120,309</b>	<b>\$ 225,596</b>	<b>\$ 26,044</b>	<b>\$ 10,883</b>	<b>\$ 85,951</b>	<b>\$ 16,273</b>	<b>\$ 58,421</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 1,500	\$ -	\$ 25,625	\$ 50	\$ -	\$ 3,460	\$ 22,592
Escrow for seized funds	-	-	-	-	-	-	-
Due to other funds	118,809	225,596	419	10,833	85,951	12,813	35,829
Deferred revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 120,309</b>	<b>\$ 225,596</b>	<b>\$ 26,044</b>	<b>\$ 10,883</b>	<b>\$ 85,951</b>	<b>\$ 16,273</b>	<b>\$ 58,421</b>
<b>Fund balances:</b>							
Restricted for:							
Public safety and public service	-	-	-	-	-	-	-
Assigned for:							
Community promotions	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total liabilities and fund balances</b>	<b>\$ 120,309</b>	<b>\$ 225,596</b>	<b>\$ 26,044</b>	<b>\$ 10,883</b>	<b>\$ 85,951</b>	<b>\$ 16,273</b>	<b>\$ 58,421</b>

(continued)

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
June 30, 2011  
(With Comparative Totals at June 30, 2010)  
(continued)

	Public Safety and Service Types				Total Nonmajor	
	Lowcountry		Firemen's		Special Revenue Funds	
	Pedestrian Safety Grant	Regional Analyst Grant	Insurance & Inspection	Parking	2011	2010 (restated)
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 40,021	\$ 88,635	\$ 37,131
Due from other funds	-	-	-	-	4,851	131,708
Due from other governments	-	29,819	-	-	1,417,506	1,242,468
Restricted assets:						
Cash and cash equivalents	-	-	306,325	-	2,337,403	2,289,457
Notes receivable	-	-	-	-	1,842,848	1,741,776
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 29,819</b>	<b>\$ 306,325</b>	<b>\$ 40,021</b>	<b>\$ 5,691,243</b>	<b>\$ 5,442,540</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ 1,343	\$ 40,021	\$ 553,809	\$ 211,742
Escrow for seized funds	-	-	-	-	158,262	109,980
Due to other funds	-	29,819	-	-	870,418	1,075,697
Deferred revenue	-	-	-	-	1,842,848	1,741,776
<b>Total liabilities</b>	<b>-</b>	<b>\$ 29,819</b>	<b>\$ 1,343</b>	<b>\$ 40,021</b>	<b>\$ 3,425,337</b>	<b>\$ 3,139,195</b>
<b>Fund balances:</b>						
Restricted for:						
Public safety and public service	-	-	304,982	-	2,166,250	2,293,914
Assigned for:						
Community promotions	-	-	-	-	99,656	9,431
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>\$ 304,982</b>	<b>-</b>	<b>\$ 2,265,906</b>	<b>\$ 2,303,345</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 29,819</b>	<b>\$ 306,325</b>	<b>\$ 40,021</b>	<b>\$ 5,691,243</b>	<b>\$ 5,442,540</b>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	Tax Fund Types			Public Safety and Service Fund Types			
	Accommodations Tax	City Accommodations Tax	Community Development	Energy Conservation Grant	CDBG Recovery Act Grant	SRO Grant	
<b>Revenues:</b>							
Intergovernmental	\$ 1,564,936	\$ 1,233,340	\$ 1,597,539	\$ 419,552	\$ 152,421	\$ 31,113	
Fines and forfeitures	-	-	-	-	-	-	
Revenues from the use of monies and property	319	-	-	-	-	-	
<b>Total revenues</b>	<b>1,565,255</b>	<b>1,233,340</b>	<b>1,597,539</b>	<b>419,552</b>	<b>152,421</b>	<b>31,113</b>	
<b>Expenditures:</b>							
<b>Public safety:</b>							
Police department	-	-	-	-	-	31,113	
Fire department	-	-	-	-	-	-	
<b>Community promotion:</b>							
Community promotion	476,061	-	-	-	-	-	
<b>Culture and recreation:</b>							
Special projects	-	-	-	-	-	-	
<b>Community development:</b>							
Community development	-	-	1,597,539	-	-	-	
HOME program	-	-	481,413	-	-	-	
<b>Capital outlay:</b>							
Special projects - infrastructure	-	-	-	-	-	-	
<b>Total expenditures</b>	<b>476,061</b>	<b>-</b>	<b>1,597,539</b>	<b>419,552</b>	<b>152,421</b>	<b>31,113</b>	
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,089,194</b>	<b>1,233,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	
Transfers (out)	(998,969)	(1,233,340)	-	-	-	-	
<b>Total other financing sources (uses)</b>	<b>(998,969)</b>	<b>(1,233,340)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>90,225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Fund balances at beginning of year</b>	<b>9,431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>(as restated, see Note IV.G)</b>							
<b>Fund balances at end of year</b>	<b>\$ 99,656</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

(continued)



**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2011

(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Public Safety and Service Fund Types					
	Secure Our Schools Grant	Justice Assistance Grant	Weed and Seed Grant	Victims Advocate	SPA Mitigation Grant	Port Security Grant
	Anti-Drug					
Revenues:						
Intergovernmental	\$ -	\$ 345,155	\$ 276,039	\$ -	\$ 300,000	\$ 81,837
Fines and forfeitures	113,575	-	-	271,932	-	-
Revenues from the use of monies and property	5,053	-	6	3,938	19,963	-
Total revenues	118,628	345,155	276,045	275,870	319,963	81,837
Expenditures:						
Public safety:						
Police department	178,579	345,155	276,045	172,639	-	81,837
Fire department	-	-	-	-	-	-
Community promotion:						
Community promotion	-	-	-	-	465,470	-
Culture and recreation:						
Special projects	-	-	-	-	-	-
Community development:						
Community development	-	-	-	-	-	-
HOME program	-	-	-	-	-	-
Capital outlay:						
Special projects - infrastructure	-	-	-	-	-	-
Total expenditures	178,579	345,155	276,045	172,639	465,470	81,837
Excess (deficiency) of revenues over expenditures	(59,951)	-	-	103,231	(145,507)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(10,721)	-	-
Total other financing sources (uses)	-	-	-	(10,721)	-	-
Net change in fund balances	(59,951)	-	-	92,510	(145,507)	-
Fund balances at beginning of year	673,331	-	-	331,936	968,949	-
(as restated, see Note IV.G)						
Fund balances at end of year	\$ 613,380	\$ -	\$ -	\$ 424,446	\$ 823,442	\$ -

(continued)

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2011

(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Public Safety and Service Fund Types						
	BJA Byrne Memorial Grant	COPS Hiring Grant	FEMA Firefighter Grant	Hispanic Victim Advocate Grant	Court System Efficiency Grant	EPA Brownsfield Grant	JAG Recovery Act Grant
<b>Revenues:</b>							
Intergovernmental	\$ 419,508	\$ 805,330	\$ 138,233	\$ 58,113	\$ 199,528	\$ 163,284	\$ 141,223
Fines and forfeitures	-	-	-	-	-	-	-
Revenues from the use of monies and property	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>419,508</u>	<u>805,330</u>	<u>138,233</u>	<u>58,113</u>	<u>199,528</u>	<u>163,284</u>	<u>141,223</u>
<b>Expenditures:</b>							
<b>Public safety:</b>							
Police department	419,508	805,330	-	68,834	212,720	-	141,223
Fire department	-	-	172,791	-	-	-	-
<b>Community promotion:</b>							
Community promotion	-	-	-	-	-	-	-
<b>Culture and recreation:</b>							
Special projects	-	-	-	-	-	-	-
<b>Community development:</b>							
Community development	-	-	-	-	-	-	-
HOME program	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
Special projects - infrastructure	-	-	-	-	-	163,284	-
<b>Total expenditures</b>	<u>419,508</u>	<u>805,330</u>	<u>172,791</u>	<u>68,834</u>	<u>212,720</u>	<u>163,284</u>	<u>141,223</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(34,558)</u>	<u>(10,721)</u>	<u>(13,192)</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	34,558	10,721	13,192	-	-
Transfers (out)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>34,558</u>	<u>10,721</u>	<u>13,192</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances at beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(as restated, see Note IV.G)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)  
 (continued)

	Public Safety and Service Fund Types				Total Nonmajor	
	Pedestrian Safety Grant	Lowcountry Regional Analyst Grant	Firemen's Insurance & Inspection	Parking	Special Revenue Funds 2011	(restated) 2010
<b>Revenues:</b>						
Intergovernmental	\$ 27,992	\$ 90,415	\$ 296,240	\$ -	\$ 8,954,627	\$ 7,572,332
Fines and forfeitures	-	-	-	-	385,507	635,044
Revenues from the use of monies and property	-	-	1,244	471,102	501,625	494,596
<b>Total revenues</b>	<b>27,992</b>	<b>90,415</b>	<b>297,484</b>	<b>471,102</b>	<b>9,841,759</b>	<b>8,701,972</b>
<b>Expenditures:</b>						
<b>Public safety:</b>						
Police department	27,992	90,415	-	-	2,982,806	2,799,597
Fire department	-	-	312,200	-	484,991	331,801
<b>Community promotion:</b>						
Community promotion	-	-	-	-	941,531	653,188
<b>Culture and recreation:</b>						
Special projects	-	-	-	527,341	527,341	486,617
<b>Community development:</b>						
Community development	-	-	-	-	1,597,539	1,052,834
HOME program	-	-	-	-	481,413	400,955
<b>Capital outlay:</b>						
Special projects - infrastructure	-	-	-	-	735,257	573,198
<b>Total expenditures</b>	<b>27,992</b>	<b>90,415</b>	<b>312,200</b>	<b>527,341</b>	<b>7,750,878</b>	<b>6,298,190</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>(14,716)</b>	<b>(56,239)</b>	<b>2,090,881</b>	<b>2,403,782</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	56,239	114,710	79,370
Transfers (out)	-	-	-	-	(2,243,030)	(1,987,144)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,239</b>	<b>(2,128,320)</b>	<b>(1,907,774)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(14,716)</b>	<b>-</b>	<b>(37,439)</b>	<b>496,008</b>
<b>Fund balances at beginning of year</b>	<b>-</b>	<b>-</b>	<b>319,698</b>	<b>-</b>	<b>2,303,345</b>	<b>1,807,337</b>
<b>(as restated, see Note IV.G)</b>						
<b>Fund balances at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 304,982</b>	<b>\$ -</b>	<b>\$ 2,265,906</b>	<b>\$ 2,303,345</b>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 June 30, 2011  
 (With Comparative Totals at June 30, 2010)

	Convention Center Complex	Citywide Capital Improvements	Wescott Sports Complex	Street Light & Drainage	Total Nonmajor Capital Project Funds	
					2011	(restated) 2010
<b>Assets</b>						
Cash and cash equivalents	\$ 9,252,313	\$ 6,148,039	\$ 7,713,666	\$ 2,095,557	\$ 25,209,575	\$ 11,722,592
Due from other governments	-	911,727	-	-	911,727	-
<b>Total assets</b>	<b>\$ 9,252,313</b>	<b>\$ 7,059,766</b>	<b>\$ 7,713,666</b>	<b>\$ 2,095,557</b>	<b>\$ 26,121,302</b>	<b>\$ 11,722,592</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 1,672,044	\$ 1,290,543	\$ -	\$ 170,232	\$ 3,132,819	\$ 403,547
<b>Total liabilities</b>	<b>\$ 1,672,044</b>	<b>\$ 1,290,543</b>	<b>\$ -</b>	<b>\$ 170,232</b>	<b>\$ 3,132,819</b>	<b>\$ 403,547</b>
<b>Fund balances:</b>						
Restricted for:						
Facility and infrastructure improvements	7,580,269	5,769,223	7,713,666	1,925,325	22,988,483	11,319,045
<b>Total fund balances</b>	<b>7,580,269</b>	<b>5,769,223</b>	<b>7,713,666</b>	<b>1,925,325</b>	<b>22,988,483</b>	<b>11,319,045</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,252,313</b>	<b>\$ 7,059,766</b>	<b>\$ 7,713,666</b>	<b>\$ 2,095,557</b>	<b>\$ 26,121,302</b>	<b>\$ 11,722,592</b>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**

**NONMAJOR CAPITAL PROJECT FUNDS**

For the Year Ended June 30, 2011

(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Convention Center Complex	Citywide Capital Improvements	Wescott Sports Complex	Street Light & Drainage	Total Nonmajor Capital Project Funds	
					2011	(restated) 2010
<b>Revenues:</b>						
Intergovernmental revenues-Local	\$ -	\$ 3,003,291	\$ -	\$ -	\$ 3,003,291	\$ 3,511,431
Revenues from use of monies and property	24,198	35,370	-	9,457	69,025	1,077,707
<b>Total revenues</b>	<u>24,198</u>	<u>3,038,661</u>	<u>-</u>	<u>9,457</u>	<u>3,072,316</u>	<u>4,589,138</u>
<b>Expenditures:</b>						
Capital outlay:						
Engineering, infrastructure and other	9,430,409	7,237,779	186,334	723,356	17,577,878	7,610,354
<b>Total expenditures</b>	<u>9,430,409</u>	<u>7,237,779</u>	<u>186,334</u>	<u>723,356</u>	<u>17,577,878</u>	<u>7,610,354</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(9,406,211)</u>	<u>(4,199,118)</u>	<u>(186,334)</u>	<u>(713,899)</u>	<u>(14,505,562)</u>	<u>(3,021,216)</u>
<b>Other financing sources (uses):</b>						
Transfers in	9,498,000	-	-	-	9,498,000	7,719,141
Transfers (out)	-	(5,823,000)	-	-	(5,823,000)	-
Bonds issued	-	14,600,000	7,900,000	-	22,500,000	-
<b>Total other financing sources (uses)</b>	<u>9,498,000</u>	<u>8,777,000</u>	<u>7,900,000</u>	<u>-</u>	<u>26,175,000</u>	<u>7,719,141</u>
<b>Net change in fund balance</b>	91,789	4,577,882	7,713,666	(713,899)	11,669,438	4,697,925
<b>Fund balance at beginning of year (as restated, see Note IV.G)</b>	7,488,480	1,191,341	-	2,639,224	11,319,045	6,621,120
<b>Fund balance at end of year</b>	<u>\$ 7,580,269</u>	<u>\$ 5,769,223</u>	<u>\$ 7,713,666</u>	<u>\$ 1,925,325</u>	<u>\$ 22,988,483</u>	<u>\$ 11,319,045</u>



CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS  
ACCOMMODATIONS TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 1,353,750	\$ 1,460,032	\$ 106,282	\$ 1,328,549
Intergovernmental - Local	36,000	104,904	68,904	62,884
Revenues from use of monies and property	1,000	319	(681)	230
<b>Total revenues</b>	<u>1,390,750</u>	<u>1,565,255</u>	<u>174,505</u>	<u>1,391,663</u>
<b>Expenditures:</b>				
<b>Community promotion:</b>				
Community promotion	464,500	476,061	11,561	503,512
<b>Total expenditures</b>	<u>464,500</u>	<u>476,061</u>	<u>11,561</u>	<u>503,512</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>926,250</u>	<u>1,089,194</u>	<u>162,944</u>	<u>888,151</u>
<b>Other financing sources (uses):</b>				
Transfers to Debt Service Fund	(926,250)	(998,969)	72,719	(909,007)
<b>Total other financing sources (uses)</b>	<u>(926,250)</u>	<u>(998,969)</u>	<u>72,719</u>	<u>(909,007)</u>
<b>Net change in fund balance</b>	-	90,225	90,225	(20,856)
<b>Fund balance at beginning of year</b>	<u>9,431</u>	<u>9,431</u>	-	<u>30,287</u>
<b>Fund balance at end of year</b>	<u>\$ 9,431</u>	<u>\$ 99,656</u>	<u>\$ 90,225</u>	<u>\$ 9,431</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS  
CITY ACCOMMODATIONS TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 1,088,750	\$ 1,233,340	\$ 144,590	\$ 1,071,351
<b>Total revenues</b>	<u>1,088,750</u>	<u>1,233,340</u>	<u>144,590</u>	<u>1,071,351</u>
<b>Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,088,750</u>	<u>1,233,340</u>	<u>144,590</u>	<u>1,071,351</u>
<b>Other financing sources (uses):</b>				
Transfers to Debt Service Fund	(1,088,750)	(1,233,340)	144,590	(1,071,351)
<b>Total other financing sources (uses)</b>	<u>(1,088,750)</u>	<u>(1,233,340)</u>	<u>144,590</u>	<u>(1,071,351)</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			
	Final Budget	Actual	Variance Over (Under)	2010 Actual
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 2,469,262	\$ 1,597,539	\$ (871,723)	\$ 1,052,834
<b>Total revenues</b>	<u>2,469,262</u>	<u>1,597,539</u>	<u>(871,723)</u>	<u>1,052,834</u>
<b>Expenditures:</b>				
<b>Community development:</b>				
Housing and infrastructure	2,163,624	1,431,922	(731,702)	896,376
Planning and administration	305,638	165,617	(140,021)	156,458
<b>Total expenditures</b>	<u>2,469,262</u>	<u>1,597,539</u>	<u>(871,723)</u>	<u>1,052,834</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS  
HOME FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 1,406,460	\$ 481,413	\$ (925,047)	\$ 400,955
<b>Total revenues</b>	<u>1,406,460</u>	<u>481,413</u>	<u>(925,047)</u>	<u>400,955</u>
<b>Expenditures:</b>				
<b>Community development:</b>				
Housing and infrastructure	1,339,411	437,112	(902,299)	346,572
Planning and administrative	67,049	44,301	(22,748)	54,383
<b>Total expenditures</b>	<u>1,406,460</u>	<u>481,413</u>	<u>(925,047)</u>	<u>400,955</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS  
JUSTICE ASSISTANCE GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 456,585	\$ 276,039	\$ (180,546)	\$ 275,667
Revenues from use of monies and property	-	6	6	11
<b>Total revenues</b>	<u>456,585</u>	<u>276,045</u>	<u>(180,540)</u>	<u>275,678</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Police department	456,585	276,045	(180,540)	275,678
<b>Total expenditures</b>	<u>456,585</u>	<u>276,045</u>	<u>(180,540)</u>	<u>275,678</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**VICTIMS ADVOCATE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011			
	Final Budget	Actual	Variance Over (Under)	2010 Actual
<b>Revenues:</b>				
Fines and forfeitures	\$ 266,094	\$ 271,932	\$ 5,838	\$ 284,799
Revenues from use of monies and property	-	3,938	3,938	1,051
<b>Total revenues</b>	<u>266,094</u>	<u>275,870</u>	<u>9,776</u>	<u>285,850</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Police department	251,557	172,639	(78,918)	183,813
<b>Total expenditures</b>	<u>251,557</u>	<u>172,639</u>	<u>(78,918)</u>	<u>183,813</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>14,537</u>	<u>103,231</u>	<u>88,694</u>	<u>102,037</u>
<b>Other financing sources (uses):</b>				
Transfer to SCDPS Hispanic Victim Advocate Grant	(14,537)	(10,721)	3,816	(6,786)
<b>Total other financing sources (uses)</b>	<u>(14,537)</u>	<u>(10,721)</u>	<u>3,816</u>	<u>(6,786)</u>
<b>Net change in fund balance</b>	-	92,510	92,510	95,251
<b>Fund balance at beginning of year</b>	<u>331,936</u>	<u>331,936</u>	-	<u>236,685</u>
<b>Fund balance at end of year</b>	<u>\$ 331,936</u>	<u>\$ 424,446</u>	<u>\$ 92,510</u>	<u>\$ 331,936</u>



CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS  
PEDESTRIAN SAFETY GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 33,560	\$ 27,992	\$ (5,568)	\$ 112,920
<b>Total revenues</b>	<u>33,560</u>	<u>27,992</u>	<u>(5,568)</u>	<u>112,920</u>
<b>Expenditures:</b>				
Public safety:				
Police department	33,560	27,992	(5,568)	121,987
<b>Total expenditures</b>	<u>33,560</u>	<u>27,992</u>	<u>(5,568)</u>	<u>121,987</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,067)</u>
<b>Other financing sources (uses):</b>				
Transfer from General Fund	-	-	-	9,067
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,067</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS  
SECURE OUR SCHOOLS GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 345,155	\$ 345,155	\$ -	\$ -
<b>Total revenues</b>	<u>345,155</u>	<u>345,155</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Police department	345,155	345,155	-	-
<b>Total expenditures</b>	<u>345,155</u>	<u>345,155</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**WEED AND SEED GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 195,690	\$ 131,416	\$ (64,274)	\$ 147,324
<b>Total revenues</b>	<u>195,690</u>	<u>131,416</u>	<u>(64,274)</u>	<u>147,324</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Police department	195,690	131,416	(64,274)	147,324
<b>Total expenditures</b>	<u>195,690</u>	<u>131,416</u>	<u>(64,274)</u>	<u>147,324</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS  
PARKING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Revenues from use of monies and property	\$ 474,869	\$ 471,102	\$ (3,767)	\$ 485,593
Total revenues	<u>474,869</u>	<u>471,102</u>	<u>(3,767)</u>	<u>485,593</u>
<b>Expenditures:</b>				
Culture and recreation:				
Special projects	<u>531,369</u>	<u>527,341</u>	<u>(4,028)</u>	<u>486,617</u>
Total expenditures	<u>531,369</u>	<u>527,341</u>	<u>(4,028)</u>	<u>486,617</u>
Excess (deficiency) of revenues over expenditures	<u>(56,500)</u>	<u>(56,239)</u>	<u>261</u>	<u>(1,024)</u>
<b>Other financing sources (uses):</b>				
Transfers from General Fund	<u>56,500</u>	<u>56,239</u>	<u>(261)</u>	<u>1,024</u>
Total other financing sources (uses)	<u>56,500</u>	<u>56,239</u>	<u>(261)</u>	<u>1,024</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**STATE PORTS AUTHORITY MITIGATION GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011		Variance	2010
	Final Budget	Actual	Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 972,666	\$ 300,000	\$ (672,666)	\$ 300,000
Revenues from use of monies and property	-	19,963	19,963	2,893
<b>Total revenues</b>	<u>972,666</u>	<u>319,963</u>	<u>(652,703)</u>	<u>302,893</u>
<b>Expenditures:</b>				
<b>Community promotion:</b>				
Community promotion	972,666	465,470	(507,196)	149,676
<b>Total expenditures</b>	<u>972,666</u>	<u>465,470</u>	<u>(507,196)</u>	<u>149,676</u>
<b>Net change in fund balance</b>	-	(145,507)	(145,507)	153,217
<b>Fund balance at beginning of year</b>	<u>968,949</u>	<u>968,949</u>	-	<u>815,732</u>
<b>Fund balance at end of year</b>	<u>\$ 968,949</u>	<u>\$ 823,442</u>	<u>\$ (145,507)</u>	<u>\$ 968,949</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
 SPECIAL REVENUE FUNDS  
 BJA RECOVERY ACT EDWARD BYRNE MEMORIAL COMPETITIVE GRANT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		
	Final Budget	Actual	Variance Over (Under)
			2010 Actual
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 574,320	\$ 419,508	\$ (154,812)
<b>Total revenues</b>	<u>574,320</u>	<u>419,508</u>	<u>(154,812)</u>
<b>Expenditures:</b>			
<b>Public safety:</b>			
Police department	574,320	419,508	(154,812)
<b>Total expenditures</b>	<u>574,320</u>	<u>419,508</u>	<u>(154,812)</u>
<b>Net change in fund balance</b>	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**COMMUNITY ORIENTED POLICING SERVICES HIRING GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011			
	Final Budget	Actual	Variance Over (Under)	2010 Actual
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 1,045,905	\$ 805,330	\$ (240,575)	\$ 562,750
<b>Total revenues</b>	<u>1,045,905</u>	<u>805,330</u>	<u>(240,575)</u>	<u>562,750</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Police department	1,045,905	805,330	(240,575)	562,750
<b>Total expenditures</b>	<u>1,045,905</u>	<u>805,330</u>	<u>(240,575)</u>	<u>562,750</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS  
SCDPS HISPANIC VICTIM ADVOCATE GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 76,005	\$ 58,113	\$ (17,892)	\$ 24,873
<b>Total revenues</b>	<u>76,005</u>	<u>58,113</u>	<u>(17,892)</u>	<u>24,873</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Police department	90,362	68,834	(21,528)	31,659
<b>Total expenditures</b>	<u>90,362</u>	<u>68,834</u>	<u>(21,528)</u>	<u>31,659</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(14,357)</u>	<u>(10,721)</u>	<u>(3,636)</u>	<u>(6,786)</u>
<b>Other financing sources (uses):</b>				
Transfers from Victim Advocate Fund	14,357	10,721	(3,636)	6,786
<b>Total other financing sources (uses)</b>	<u>14,357</u>	<u>10,721</u>	<u>(3,636)</u>	<u>6,786</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
 SPECIAL REVENUE FUNDS  
 SCDPS COURT SYSTEM EFFICIENCY GRANT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			
	Final Budget	Actual	Variance Over (Under)	2010 Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 212,580	\$ 199,528	\$ (13,052)	\$ 69,335
<b>Total revenues</b>	<u>212,580</u>	<u>199,528</u>	<u>(13,052)</u>	<u>69,335</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Police department	223,768	212,720	(11,048)	69,335
<b>Total expenditures</b>	<u>223,768</u>	<u>212,720</u>	<u>(11,048)</u>	<u>69,335</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(11,188)</u>	<u>(13,192)</u>	<u>2,004</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Transfers from General Fund	11,188	13,192	2,004	-
<b>Total other financing sources (uses)</b>	<u>11,188</u>	<u>13,192</u>	<u>2,004</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**EPA BROWNSFIELD GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011		
	Final Budget	Actual	Variance Over (Under)
			2010 Actual
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 369,429	\$ 163,284	\$ (206,145)
Total revenues	<u>369,429</u>	<u>163,284</u>	<u>(206,145)</u>
<b>Expenditures:</b>			
Capital outlay:			
Special projects - infrastructure	369,429	163,284	(206,145)
Total expenditures	<u>369,429</u>	<u>163,284</u>	<u>(206,145)</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**JUSTICE ASSISTANCE RECOVERY ACT GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011			
	Final Budget	Actual	Variance Over (Under)	2010 Actual
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 316,661	\$ 141,223	\$ (175,438)	\$ 771,303
<b>Total revenues</b>	<u>316,661</u>	<u>141,223</u>	<u>(175,438)</u>	<u>771,303</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Police department	316,661	141,223	(175,438)	771,303
<b>Total expenditures</b>	<u>316,661</u>	<u>141,223</u>	<u>(175,438)</u>	<u>771,303</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**FEMA FIREFIGHTER ASSISTANCE GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 248,989	\$ 138,233	\$ (110,756)	\$ 183,612
<b>Total revenues</b>	<u>248,989</u>	<u>138,233</u>	<u>(110,756)</u>	<u>183,612</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Fire department	309,037	172,791	(136,246)	229,515
<b>Total expenditures</b>	<u>309,037</u>	<u>172,791</u>	<u>(136,246)</u>	<u>229,515</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(60,048)</u>	<u>(34,558)</u>	<u>(25,490)</u>	<u>(45,903)</u>
<b>Other financing sources (uses):</b>				
Transfers from General Fund	60,048	34,558	(25,490)	45,903
<b>Total other financing sources (uses)</b>	<u>60,048</u>	<u>34,558</u>	<u>(25,490)</u>	<u>45,903</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**ENERGY EFFICIENCY CONSERVATION BLOCK GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	<b>2011</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
			<b>2010 Actual</b>
<b>Revenues:</b>			
Intergovernmental - Federal	\$ 486,076	\$ 419,552	\$ (66,524)
<b>Total revenues</b>	<u>486,076</u>	<u>419,552</u>	<u>(66,524)</u>
<b>Expenditures:</b>			
<b>Capital outlay:</b>			
Special projects - infrastructure	486,076	419,552	(66,524)
<b>Total expenditures</b>	<u>486,076</u>	<u>419,552</u>	<u>(66,524)</u>
<b>Net change in fund balance</b>	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**CDBG RECOVERY ACT GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011			
	Final Budget	Actual	Variance Over (Under)	2010 Actual
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 235,324	\$ 152,421	\$ (82,903)	\$ 47,367
<b>Total revenues</b>	<u>235,324</u>	<u>152,421</u>	<u>(82,903)</u>	<u>47,367</u>
<b>Expenditures:</b>				
<b>Capital outlay:</b>				
Special projects - infrastructure	235,324	152,421	(82,903)	47,367
<b>Total expenditures</b>	<u>235,324</u>	<u>152,421</u>	<u>(82,903)</u>	<u>47,367</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS  
SLED LOWCOUNTRY REGIONAL ANALYST GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 100,000	\$ 90,415	\$ (9,585)	\$ -
<b>Total revenues</b>	<u>100,000</u>	<u>90,415</u>	<u>(9,585)</u>	<u>-</u>
<b>Expenditures:</b>				
Public safety:				
Police department	100,000	90,415	(9,585)	-
<b>Total expenditures</b>	<u>100,000</u>	<u>90,415</u>	<u>(9,585)</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**SCHOOL RESOURCE OFFICER GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2011**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - Local	\$ 60,000	\$ 31,113	\$ (28,887)	\$ -
<b>Total revenues</b>	<u>60,000</u>	<u>31,113</u>	<u>(28,887)</u>	<u>-</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Police department	60,000	31,113	(28,887)	-
<b>Total expenditures</b>	<u>60,000</u>	<u>31,113</u>	<u>(28,887)</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
 SPECIAL REVENUE FUNDS  
 SLED PORT SECURITY GRANT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance Over (Under)	Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 355,500	\$ 81,837	\$ (273,663)	\$ -
<b>Total revenues</b>	<u>355,500</u>	<u>81,837</u>	<u>(273,663)</u>	<u>-</u>
<b>Expenditures:</b>				
Public safety:				
Police department	355,500	81,837	(273,663)	-
<b>Total expenditures</b>	<u>355,500</u>	<u>81,837</u>	<u>(273,663)</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**DEBT SERVICE FUNDS**  
**GENERAL OBLIGATION BONDS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**

**For the Year Ended June 30, 2011**

**(With Comparative Actual Amounts for the Year Ended June 30, 2010)**

	<b>2011</b>		<b>Variance</b>	<b>2010</b>
	<b>Final</b>	<b>Actual</b>	<b>Over</b>	<b>Actual</b>
	<b>Budget</b>		<b>(Under)</b>	
<b>Revenues:</b>				
Property taxes	\$ 1,450,000	\$ 1,450,000	\$ -	\$ 1,350,000
Intergovernmental - Local	378,000	378,000	-	378,000
Revenues from use of monies and property	25,000	207,673	182,673	16,741
<b>Total revenues</b>	<u>1,853,000</u>	<u>2,035,673</u>	<u>182,673</u>	<u>1,744,741</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	4,125,000	4,125,000	-	4,150,000
Interest and fiscal charges	987,000	985,925	(1,075)	602,844
<b>Total expenditures</b>	<u>5,112,000</u>	<u>5,110,925</u>	<u>(1,075)</u>	<u>4,752,844</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(3,259,000)	(3,075,252)	183,748	(3,008,103)
<b>Other financing sources (uses):</b>				
Transfers in	3,259,000	3,260,471	1,471	3,008,103
Transfers (out)	(187,325)	(198,707)	(11,382)	(193,000)
<b>Total other financing sources (uses)</b>	<u>3,071,675</u>	<u>3,061,764</u>	<u>(9,911)</u>	<u>2,815,103</u>
<b>Net change in fund balance</b>	(187,325)	(13,488)	173,837	(193,000)
<b>Fund balance at beginning of year</b>	5,136,016	5,136,016	-	5,329,016
<b>Fund balance at end of year</b>	<u>\$ 4,948,691</u>	<u>\$ 5,122,528</u>	<u>\$ 173,837</u>	<u>\$ 5,136,016</u>

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**DEBT SERVICE FUNDS**  
**CERTIFICATES OF PARTICIPATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**

For the Year Ended June 30, 2011

(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			
	Final Budget	Actual	Variance Over (Under)	2010 Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 2,425,000	\$ 2,650,776	\$ 225,776	\$ 2,659,225
Intergovernmental - Local	1,420,400	1,420,392	(8)	1,418,647
Revenues from use of monies and property	290,000	267,675	(22,325)	312,351
<b>Total revenues</b>	<u>4,135,400</u>	<u>4,338,843</u>	<u>203,443</u>	<u>4,390,223</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	4,020,000	4,020,000	-	3,725,000
Interest and fiscal charges	2,580,000	2,631,411	51,411	2,712,078
<b>Total expenditures</b>	<u>6,600,000</u>	<u>6,651,411</u>	<u>51,411</u>	<u>6,437,078</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(2,464,600)	(2,312,568)	152,032	(2,046,855)
<b>Other financing sources (uses):</b>				
Transfers in	2,015,000	2,312,568	297,568	1,980,358
Transfers (out)	-	-	-	(7,719,141)
<b>Total other financing sources (uses)</b>	<u>2,015,000</u>	<u>2,312,568</u>	<u>297,568</u>	<u>(5,738,783)</u>
<b>Net changes in fund balance</b>	(449,600)	-	449,600	(7,785,638)
<b>Fund balance at beginning of year</b>	1,921,581	1,921,581	-	9,707,219
<b>Fund balance at end of year</b>	<u>\$ 1,471,981</u>	<u>\$ 1,921,581</u>	<u>\$ 449,600</u>	<u>\$ 1,921,581</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULE BY SOURCE  
 June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b><u>Governmental funds capital assets:</u></b>		
Land	\$ 34,519,632	\$ 32,255,657
Construction in progress	18,613,636	21,714,597
Buildings	146,339,418	143,286,307
Infrastructure	37,835,078	27,237,918
Furniture, fixtures and improvements	35,869,293	30,412,401
Equipment	54,864,354	51,905,258
<b>Total governmental funds capital assets</b>	<b>\$ <u>328,041,411</u></b>	<b>\$ <u>306,812,138</u></b>
 <b><u>Investment in governmental funds capital assets by source:</u></b>		
Capital project funds	\$ 184,160,264	\$ 169,605,060
Governmental funds revenues	107,404,041	103,599,579
Federal and State grants	31,035,770	29,481,380
Donations and other	5,441,336	4,126,119
<b>Total governmental funds capital assets</b>	<b>\$ <u>328,041,411</u></b>	<b>\$ <u>306,812,138</u></b>



# STATISTICAL SECTION

This part of the City of North Charleston's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	95
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, principally the property tax.	100
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	106
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	110
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	112

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
 (accrual basis of accounting)

	Fiscal Year June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 51,401,058	\$ 46,393,348	\$ 49,261,213	\$ 52,304,420	\$ 59,064,510	\$ 73,188,579	\$ 62,157,903	\$ 98,526,284	\$ 121,497,861	
Restricted	1,062,534	2,141,538	2,034,788	13,298,052	15,895,175	20,244,692	26,831,693	21,692,728	30,744,978	
Unrestricted	12,455,137	24,388,936	31,291,175	43,034,286	47,748,629	42,506,554	51,243,542	38,156,130	21,866,469	
<b>Total governmental activities net assets</b>	<u>64,918,729</u>	<u>72,923,822</u>	<u>82,587,176</u>	<u>108,656,758</u>	<u>122,708,314</u>	<u>135,939,825</u>	<u>140,233,138</u>	<u>158,375,142</u>	<u>174,109,308</u>	
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 1,081,216	\$ 2,071,764	\$ 1,882,280	\$ 1,933,805	\$ 1,965,234	\$ 2,110,244	\$ 2,164,399	\$ 2,195,372	\$ 2,140,348	
Unrestricted	970,845	2,019,119	2,164,737	3,504,149	3,868,427	4,033,176	3,775,392	4,587,428	5,061,043	
<b>Total business-type activities net assets</b>	<u>2,052,061</u>	<u>4,090,883</u>	<u>4,047,017</u>	<u>5,437,954</u>	<u>5,833,661</u>	<u>6,143,420</u>	<u>5,939,791</u>	<u>6,782,800</u>	<u>7,201,391</u>	
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 52,482,274	\$ 48,465,112	\$ 51,143,493	\$ 54,238,225	\$ 61,029,744	\$ 75,298,823	\$ 64,322,302	\$ 100,721,656	\$ 123,638,209	
Restricted	1,062,534	2,141,538	2,034,788	13,298,052	15,895,175	20,244,692	26,831,693	21,692,728	30,744,978	
Unrestricted	13,425,982	26,408,055	33,455,912	46,558,435	51,617,056	46,539,730	55,018,934	42,743,558	26,977,512	
<b>Total primary government net assets</b>	<u>\$ 66,970,790</u>	<u>\$ 77,014,705</u>	<u>\$ 86,634,193</u>	<u>\$ 114,094,712</u>	<u>\$ 128,541,975</u>	<u>\$ 142,083,245</u>	<u>\$ 146,172,929</u>	<u>\$ 165,157,942</u>	<u>\$ 181,310,699</u>	

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities:</b>									
Expenses									
General government	\$ 14,157,534	\$ 12,489,016	\$ 12,125,453	\$ 13,921,471	\$ 19,619,735	\$ 17,280,897	\$ 27,747,576	\$ 19,217,901	\$ 23,670,644
Public safety	29,373,681	31,512,517	34,408,156	36,150,641	34,234,347	41,928,776	45,302,069	45,713,483	46,170,085
Sanitation	3,181,152	3,533,735	3,942,950	4,561,126	4,827,892	5,377,391	5,179,985	5,419,033	5,455,504
Culture and recreation	10,436,689	11,188,377	11,264,835	12,602,633	15,525,025	16,903,156	15,910,929	14,674,112	13,738,220
Community development and promotion	3,878,202	3,028,871	3,861,953	4,462,496	3,907,841	4,469,444	4,436,051	4,753,317	5,860,846
Interest on long-term debt	4,256,479	4,757,704	3,889,073	4,380,925	4,646,387	4,818,241	5,862,444	5,315,770	5,460,165
Total governmental activities expenses	65,283,737	66,510,220	69,492,420	76,079,292	82,761,227	90,777,905	104,439,054	95,093,616	100,355,464
Program revenues									
Charges for services:									
General government	1,512,876	2,428,869	2,692,707	3,227,091	2,804,739	2,536,166	1,503,072	1,928,740	2,163,813
Public safety	3,716,064	3,479,336	3,866,153	3,729,075	3,898,299	4,326,639	4,471,230	4,427,829	4,141,790
Sanitation	577,219	-	105,200	147,906	111,800	120,330	392,147	110,411	70,103
Culture and recreation	5,733,888	5,480,992	4,638,884	5,938,066	6,656,613	7,068,086	7,047,609	6,708,758	5,595,582
Operating grants and contributions	4,341,455	4,732,020	4,642,612	5,858,236	4,672,882	5,385,682	7,401,261	12,120,428	11,278,798
Capital grants and contributions	280,595	-	-	-	-	-	-	-	-
Total governmental activities program revenues	16,162,097	16,121,217	15,945,556	18,900,374	18,144,333	19,436,903	20,815,319	25,296,166	23,250,086
Total Governmental Activities Net Program Expense	49,121,640	50,389,003	53,546,864	57,178,918	64,616,894	71,341,002	83,623,735	69,797,450	77,105,378

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities (continued):</b>									
General Revenues and Other Changes in Net Assets									
Taxes									
Property taxes	23,339,111	25,769,280	27,772,011	32,140,471	34,365,252	38,365,055	42,837,216	44,462,806	47,021,601
Business license taxes	10,926,681	11,283,006	12,609,315	15,707,383	16,350,118	18,226,400	17,654,794	17,243,307	17,861,972
Sales taxes	6,645,139	7,206,883	8,849,187	9,091,500	9,248,001	8,940,402	8,708,984	8,228,989	8,238,669
Franchise taxes	4,688,620	5,212,846	5,207,145	5,801,736	6,157,921	6,139,932	6,958,772	7,509,798	8,119,607
Hospitality taxes	3,072,956	3,461,976	3,682,402	3,983,488	4,090,908	4,807,458	4,719,666	4,723,496	4,942,144
Accommodations taxes	2,239,928	2,332,946	2,431,165	2,720,342	3,518,552	3,457,861	3,405,819	3,141,873	4,108,465
Other taxes	217,370	414,356	268,521	325,652	339,718	209,589	155,780	297,477	179,705
State shared revenues	2,483,418	2,476,133	2,513,557	2,555,437	2,699,219	2,964,905	2,964,905	2,600,459	2,945,823
Investment earnings	228,444	271,769	416,713	3,021,489	3,164,823	2,999,765	1,198,488	447,328	457,231
Miscellaneous	101,230	14,520	472,023	87,352	553,318	1,222,513	1,581,390	795,230	525,876
Donation & Contributions	-	-	-	-	509,509	-	-	-	-
Special item-contributed capital assets, net	9,350,326	(551,751)	-	11,017,850	-	-	-	-	-
Special item-debt forgiveness	-	1,828,504	-	-	-	-	-	-	-
Transfers	(1,253,106)	(1,326,372)	(1,011,821)	(3,204,200)	(2,328,889)	(2,761,367)	(2,268,766)	(1,511,309)	(1,561,549)
Total general revenues and other changes in net assets	62,040,117	58,394,096	63,210,218	83,248,500	78,668,450	84,572,513	87,917,048	87,939,454	92,839,544

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Business-type Activities:</b>									
Expenses									
Golf course enterprise fund	\$ 2,420,736	\$ 2,396,557	\$ 2,564,239	\$ 2,558,384	\$ 2,712,274	\$ 2,619,642	\$ 2,511,544	\$ 2,577,247	\$ 2,582,577
Stormwater utility enterprise fund	-	933,110	1,798,652	1,992,002	2,030,648	2,375,913	2,636,311	2,605,965	2,822,335
Total business-type activities expenses	2,420,736	3,329,667	4,362,891	4,550,386	4,742,922	4,995,555	5,147,855	5,183,212	5,404,912
Program revenues									
Charges for services:									
Golf course enterprise fund	963,446	991,437	1,023,216	1,160,566	1,244,837	1,272,233	1,126,830	1,096,204	1,033,552
Stormwater utility enterprise fund	-	1,630,488	1,184,291	1,502,372	1,437,995	1,151,300	1,490,860	3,380,163	3,191,083
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total business-type activities revenues	963,446	2,621,925	2,207,507	2,662,938	2,682,832	2,423,533	2,617,690	4,476,367	4,224,635
Total Business-type Activities Net Program Expense	1,457,290	707,742	2,155,384	1,887,448	2,060,090	2,572,022	2,530,165	706,845	1,180,277
Other Changes in Net Assets									
Miscellaneous	15,193	(24,709)	49,697	74,185	126,908	120,414	57,770	38,545	37,319
Special item-contributed capital assets, net	-	551,751	-	-	-	-	-	-	-
Transfers	1,253,106	2,219,522	2,061,821	3,204,200	2,328,889	2,761,367	2,268,766	1,511,309	1,561,549
Total Business-type Activities Change in Net Assets	\$ (188,991)	\$ 2,038,822	\$ (43,866)	\$ 1,390,937	\$ 395,707	\$ 309,759	\$ (203,629)	\$ 843,009	\$ 418,591

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Table 3

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
GOVERNMENTAL FUNDS  
FUND BALANCES  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	Fiscal Year June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Fund</b>										
Pre-GASB #54 (Note 1)										
Reserved	\$ 521,204	\$ 788,600	\$ 2,671,536	\$ 3,833,143	\$ 3,991,403	\$ 4,316,879	\$ 5,830,209	\$ 5,108,379	\$ 3,774,666	\$ -
Unreserved	3,328,644	5,467,263	6,592,809	9,672,411	15,602,039	21,070,232	13,087,799	11,246,266	14,161,990	-
Post-GASB #54 (Note 1)										
Nonspendable	-	-	-	-	-	-	-	-	-	67,821
Committed	-	-	-	-	-	-	-	-	-	409,827
Assigned	-	-	-	-	-	-	-	-	-	3,791,705
Unassigned	-	-	-	-	-	-	-	-	-	18,039,621
<b>Total General Fund</b>	<u>\$ 3,849,848</u>	<u>\$ 6,255,863</u>	<u>\$ 9,264,345</u>	<u>\$ 13,505,554</u>	<u>\$ 19,593,442</u>	<u>\$ 25,387,111</u>	<u>\$ 18,918,008</u>	<u>\$ 16,354,645</u>	<u>\$ 17,936,656</u>	<u>\$ 22,308,974</u>
<b>All Other Governmental Funds</b>										
Pre-GASB #54 (Note 1)										
Reserved	\$ 842,281	\$ 5,141,945	\$ 14,132,796	\$ 33,800,778	\$ 46,326,920	\$ 43,761,917	\$ 44,508,226	\$ 56,576,262	\$ 39,928,511	\$ -
Unreserved, reported in:										
Special revenue funds	5,639,737	3,036,528	2,918,083	2,990,437	3,703,092	4,511,211	3,939,803	3,225,437	4,243,001	-
Capital projects funds	1,212,045	556,491	1,942,165	-	-	-	-	-	-	-
Debt service funds	4,500,257	4,500,848	5,454,284	5,750,703	6,307,140	7,630,706	7,979,785	15,036,235	7,057,597	-
Post-GASB #54 (Note 1)										
Nonspendable	-	-	-	-	-	-	-	-	-	6,237,007
Restricted	-	-	-	-	-	-	-	-	-	52,519,152
Assigned	-	-	-	-	-	-	-	-	-	409,156
<b>Total All other Governmental Funds</b>	<u>\$ 12,194,320</u>	<u>\$ 13,235,812</u>	<u>\$ 24,447,328</u>	<u>\$ 42,541,918</u>	<u>\$ 56,337,152</u>	<u>\$ 55,903,834</u>	<u>\$ 56,427,814</u>	<u>\$ 74,837,934</u>	<u>\$ 51,229,109</u>	<u>\$ 59,165,315</u>

## Note 1:

The City of North Charleston implemented GASB #54 "Fund Balance Reporting and Governmental Fund Type Definitions" in 2011. GASB #54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The City has elected to apply GASB #54 prospectively and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

Table 4

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**GOVERNMENTAL FUNDS**  
**CHANGES IN FUND BALANCES**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	Fiscal Year June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Property taxes	\$ 21,619,808	\$ 23,358,992	\$ 25,766,514	\$ 27,772,011	\$ 32,625,357	\$ 34,365,252	\$ 38,365,055	\$ 42,837,216	\$ 44,462,806	\$ 46,798,627
Licenses and permits	15,798,972	16,695,801	18,289,632	20,988,854	23,942,005	24,519,500	26,202,367	25,946,508	26,359,628	27,599,742
Intergovernmental	17,421,815	19,142,138	20,271,253	22,276,970	23,647,163	24,145,269	25,909,333	27,663,823	30,391,586	30,766,054
Fines and forfeitures	1,619,799	1,638,186	1,725,508	1,921,129	1,784,120	1,999,587	2,410,539	2,531,235	2,547,312	2,333,498
Charges for services	2,886,689	2,783,184	2,338,160	2,690,849	2,702,769	2,772,286	2,142,213	2,513,102	1,814,955	1,695,599
Investment/property earnings	4,908,266	6,347,397	5,904,442	5,304,554	8,493,364	11,132,952	10,342,477	8,136,365	8,473,290	6,523,787
Other revenues	464,329	382,538	385,759	307,450	336,425	802,159	1,037,952	585,783	416,426	513,826
Total revenues	64,719,678	70,348,236	74,681,268	81,261,817	93,531,203	99,737,005	106,409,936	110,214,032	114,466,003	116,231,133
<b>Expenditures</b>										
General government	12,809,513	13,477,663	12,043,840	12,243,322	13,711,552	16,612,336	25,593,128	21,750,683	18,663,683	21,463,825
Public safety	28,044,110	28,312,983	32,018,267	34,050,399	36,941,444	38,294,882	42,433,943	47,529,207	43,738,022	47,963,669
Sanitation	4,323,156	3,241,163	3,788,718	4,222,547	4,628,508	4,839,990	5,436,012	5,253,786	4,599,528	5,143,935
Culture and recreation	7,886,419	8,710,970	8,826,002	8,830,450	9,472,245	10,374,305	12,879,310	12,846,603	12,581,354	11,369,459
Community development and promotion	3,087,651	3,477,617	3,885,334	3,890,572	4,476,588	3,949,620	4,572,783	4,559,812	4,087,388	5,204,591
Capital outlay	1,873,732	5,561,175	4,750,941	4,129,000	13,678,870	12,930,984	12,125,999	33,160,626	29,758,910	20,254,916
Debt service										
Principal	4,676,291	5,182,463	11,732,814	6,462,948	11,104,612	8,840,161	11,761,633	11,894,719	16,520,938	15,167,373
Interest	4,678,258	4,488,508	4,021,285	3,976,161	4,013,650	4,391,083	4,522,076	5,687,731	5,442,802	5,503,062
Bond issuance costs	-	-	125,180	454,350	-	-	148,462	899,978	-	-
Total expenditures	67,379,130	72,452,542	81,192,381	78,259,749	98,027,469	100,233,361	119,473,346	143,583,145	135,392,625	132,070,830
Excess (deficiency) of revenues over expenditures	(2,659,452)	(2,104,306)	(6,511,113)	3,002,068	(4,496,266)	(496,356)	(13,063,410)	(33,369,113)	(20,926,622)	(15,839,697)
<b>Other financing sources (uses)</b>										
Transfers in	3,500,123	3,111,773	2,612,399	5,678,264	6,117,305	6,697,154	14,418,747	13,640,843	14,043,173	18,323,633
Transfers out	(4,866,028)	(4,364,880)	(3,938,771)	(7,740,085)	(9,321,507)	(9,026,043)	(17,180,114)	(15,909,609)	(15,554,482)	(19,885,182)
Proceeds from sale of property	-	-	1,372,892	275,751	3,000,740	320,596	379,654	962,321	303,904	1,535,770
Bonds issued	3,500,000	6,019,920	18,920,500	7,700,000	11,565,000	5,000,000	7,020,000	48,175,000	-	24,600,000
Premiums/Discounts on bonds	-	-	(73,209)	(128,715)	-	-	-	4,060,299	-	-
Refunding bonds issued	-	13,822,476	-	27,055,000	-	-	-	31,850,000	-	-
Payments to escrow agent	-	(13,822,476)	-	(26,458,272)	-	-	-	(32,533,969)	-	-
Capital lease obligations	2,300,000	785,000	1,837,300	1,000,000	2,000,000	2,865,000	2,480,000	3,400,000	107,213	3,574,000
Total other financing sources (uses)	4,434,095	5,551,813	20,731,111	7,381,943	13,361,538	5,856,707	7,118,287	53,644,885	(1,100,192)	28,148,221
<b>Special item</b>										
Donation of capital assets	-	-	-	-	11,017,850	-	-	-	-	-
Net change in fund balances	\$ 1,774,643	\$ 3,447,507	\$ 14,219,998	\$ 10,384,011	\$ 19,883,122	\$ 5,360,351	\$ (5,945,123)	\$ 20,275,772	\$ (22,026,814)	\$ 12,308,524
Debt service as a percentage of noncapital expenditures	15.37%	18.03%	22.13%	15.63%	18.72%	16.38%	17.22%	16.94%	20.94%	19.42%



Table 5

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
GOVERNMENTAL FUNDS  
TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property</u>	<u>Business License</u>	<u>Sales</u>	<u>Franchise</u>	<u>Hospitality</u>	<u>Accommodations</u>	<u>Other</u>	<u>Total</u>
2002	21,619,808	10,276,160	6,326,276	4,643,289	2,138,566	2,134,740	276,963	47,415,802
2003	23,339,111	10,910,671	6,645,139	4,688,620	3,072,956	2,239,928	217,370	51,113,795
2004	25,769,280	12,152,290	7,206,883	5,212,846	3,461,976	2,332,946	414,356	56,550,577
2005	27,772,011	13,644,284	8,849,187	5,207,145	3,682,402	2,431,165	268,521	61,854,715
2006	32,625,357	15,707,383	9,091,500	5,801,736	3,637,584	2,486,569	325,652	69,675,781
2007	34,365,252	16,325,098	9,248,001	6,157,922	4,436,813	3,129,172	339,718	74,001,976
2008	38,365,055	18,226,400	8,940,402	6,139,932	4,735,423	3,405,335	209,589	80,022,136
2009	42,837,216	17,654,794	8,708,984	6,958,772	4,719,666	3,405,819	155,780	84,441,031
2010	44,462,806	17,243,307	8,228,989	7,509,798	4,723,496	3,141,873	297,477	85,607,746
2011	46,798,627	17,861,972	8,238,669	8,119,607	4,942,143	3,459,322	179,705	89,600,045

Table 6

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Vehicles</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Estimated Actual Taxable Value</u>
2002	147,764,387	96,663,718	29,782,306	274,210,411	92.8	3,659,260,730	7.49%
2003	157,029,150	96,273,200	32,150,688	285,453,038	92.8	3,809,559,058	7.49%
2004	164,353,037	91,981,507	35,594,672	291,929,216	98.9	3,904,322,646	7.48%
2005	176,859,029	88,569,311	35,471,446	300,899,786	102.8	4,038,329,916	7.45%
2006	237,957,174	83,553,970	34,171,072	355,682,216	93.8	5,344,806,422	6.65%
2007	263,815,797	87,528,824	34,644,663	385,989,284	92.8	5,615,271,708	6.87%
2008	285,025,283	87,170,162	37,177,382	409,372,827	92.8	6,238,071,852	6.56%
2009	326,537,515	86,829,932	39,719,456	453,086,903	92.8	6,622,831,544	6.84%
2010	345,511,155	86,407,499	40,472,085	472,390,739	92.8	6,843,167,058	6.90%
2011	350,421,658	91,374,451	40,272,376	482,068,485	92.8	7,022,212,220	6.86%

Source: Charleston County and Dorchester County Assessor's Offices

**Notes:** Property in both counties are reassessed once every five years on average. Effective with tax year 1987, merchant's inventory is no longer taxed, with the State of South Carolina reimbursing local governments for the loss of taxes computed on tax year 1987 assessed values and millage. Personal property values above include inventory of \$7,051,360, which was based on the fiscal year 1988 assessed value.

Table 7

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
(rate per \$1,000 of assessed value)

Fiscal Year	(2) City of North Charleston					(2)(3) County of Charleston					Charleston County School District (3)					Total Charleston County				
	Direct	Operating	Service	Debt	Total	Direct	Operating	Service	Debt	Total	Direct	Operating	Service	Debt	Total	School District	Millage	Millage	Millage	Rates
2002	89.8	89.8	3.0	92.8	92.8	63.0	56.9	13.6	70.5	76.6	91.0	103.4	103.4	103.4	103.4	103.4	103.4	103.4	103.4	272.8
2003	89.8	89.8	3.0	92.8	92.8	56.9	56.9	13.6	70.5	70.5	97.3	109.7	109.7	109.7	109.7	109.7	109.7	109.7	109.7	273.0
2004	95.8	95.8	3.0	98.8	98.8	56.9	56.9	13.6	70.5	70.5	104.8	117.2	117.2	117.2	117.2	117.2	117.2	117.2	117.2	286.5
2005	99.8	99.8	3.0	102.8	102.8	56.9	56.9	13.6	70.5	70.5	109.0	121.4	121.4	121.4	121.4	121.4	121.4	121.4	121.4	294.7
2006	90.8	90.8	3.0	93.8	93.8	45.9	45.9	8.5	54.4	54.4	91.1	106.9	106.9	106.9	106.9	106.9	106.9	106.9	106.9	255.1
2007	89.8	89.8	3.0	92.8	92.8	45.9	45.9	8.5	54.4	54.4	92.8	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	253.6
2008	89.8	89.8	3.0	92.8	92.8	45.9	45.9	8.5	54.4	54.4	95.4	113.6	113.6	113.6	113.6	113.6	113.6	113.6	113.6	260.8
2009	89.8	89.8	3.0	92.8	92.8	45.9	45.9	8.5	54.4	54.4	98.7	122.6	122.6	122.6	122.6	122.6	122.6	122.6	122.6	269.8
2010	89.8	89.8	3.0	92.8	92.8	45.9	45.9	8.5	54.4	54.4	98.7	126.6	126.6	126.6	126.6	126.6	126.6	126.6	126.6	273.8
2011	89.8	89.8	3.0	92.8	92.8	45.9	45.9	8.5	54.4	54.4	98.7	126.6	126.6	126.6	126.6	126.6	126.6	126.6	126.6	273.8

Fiscal Year	City of North Charleston					County of Dorchester					Dorchester County School District (3)					Total Dorchester County				
	Direct	Operating	Service	Debt	Total	Direct	Operating	Service	Debt	Total	Direct	Operating	Service	Debt	Total	School District	Millage	Millage	Millage	Rates
2002	89.8	89.8	3.0	92.8	92.8	72.2	69.2	4.0	76.2	76.2	103.8	133.6	133.6	133.6	133.6	133.6	133.6	133.6	133.6	302.6
2003	89.8	89.8	3.0	92.8	92.8	69.2	69.2	5.0	74.2	74.2	103.8	133.6	133.6	133.6	133.6	133.6	133.6	133.6	133.6	300.6
2004	95.8	95.8	3.0	98.8	98.8	69.8	69.8	5.0	74.8	74.8	103.8	133.6	133.6	133.6	133.6	133.6	133.6	133.6	133.6	307.2
2005	99.8	99.8	3.0	102.8	102.8	70.2	70.2	5.0	75.2	75.2	103.8	133.6	133.6	133.6	133.6	133.6	133.6	133.6	133.6	311.6
2006	90.8	90.8	3.0	93.8	93.8	61.3	61.3	4.6	65.9	65.9	91.5	121.3	121.3	121.3	121.3	121.3	121.3	121.3	121.3	281.0
2007	89.8	89.8	3.0	92.8	92.8	61.5	61.5	5.8	67.3	67.3	91.5	121.3	121.3	121.3	121.3	121.3	121.3	121.3	121.3	281.4
2008	89.8	89.8	3.0	92.8	92.8	67.5	67.5	6.3	73.8	73.8	156.8	186.6	186.6	186.6	186.6	186.6	186.6	186.6	186.6	353.2
2009	89.8	89.8	3.0	92.8	92.8	71.9	71.9	4.5	76.4	76.4	161.5	191.3	191.3	191.3	191.3	191.3	191.3	191.3	191.3	360.5
2010	89.8	89.8	3.0	92.8	92.8	68.5	68.5	4.3	72.8	72.8	165.0	195.9	195.9	195.9	195.9	195.9	195.9	195.9	195.9	361.5
2011	89.8	89.8	3.0	92.8	92.8	68.6	68.6	4.3	72.9	72.9	168.6	204.6	204.6	204.6	204.6	204.6	204.6	204.6	204.6	370.3

Source: Charleston County and Dorchester County Assessor's Offices

Notes: The City's property tax rate may only be increased by a majority vote of the Council members.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of North Charleston.

(2) Effective with the fiscal year 1991, Charleston County voters approved a local option sales tax, a portion of which is given as credit against taxes levied. This section does not reflect the effective tax rate for different classes of property after the tax credit.

(3) Effective with property tax year 1996, the State of South Carolina approved property tax relief for 100% of school operating taxes up to \$100,000 of appraised values on legal residences. This section does not reflect this credit.

Table 8

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	2011			2002		
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	
Kapstone	\$ 14,728,415	3.06%		\$ 24,124,680	8.80%	
South Carolina Electric & Gas	10,850,500	2.25%		8,185,990	2.99%	
Boeing	8,300,003	1.72%		-		
North Charleston Joint Venture	6,048,217	1.25%		3,023,880	1.10%	
Trident Regional. LLC	5,274,920	1.09%		2,067,350	0.75%	
Cummins	5,056,840	1.05%		3,112,690	1.14%	
Leeds Park Associates	4,305,010	0.89%		-		
Bell South Telecommunications	2,985,320	0.62%		4,165,190	1.52%	
MeadWestvaco	2,845,148	0.59%		-		
Daimler Chrysler	2,613,141	0.54%		-		
<b>Total</b>	<b>\$ 63,007,514</b>	<b>13.07%</b>		<b>\$ 44,679,780</b>	<b>16.29%</b>	

Source: Charleston County and Dorchester County Assessor's offices.

Table 9

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Property Tax Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	21,611,693	20,849,622	96.47%	740,238	21,589,860	99.90%
2003	23,785,543	22,516,329	94.66%	1,133,083	23,649,412	99.43%
2004	24,759,920	23,453,097	94.72%	838,909	24,292,006	98.11%
2005	26,967,054	25,720,046	95.38%	1,090,359	26,810,405	99.42%
2006	30,262,992	28,955,115	95.68%	1,149,110	30,104,225	99.48%
2007	30,919,806	29,408,038	95.11%	1,193,348	30,601,386	98.97%
2008	33,889,798	31,907,537	94.15%	1,830,463	33,738,000	99.55%
2009	36,274,362	34,478,823	95.05%	1,645,242	36,124,065	99.59%
2010	37,945,200	35,818,185	94.39%	1,729,896	37,548,081	98.95%
2011	40,364,122	37,862,638	93.80%	-	37,862,638	93.80%

Source: Charleston County and Dorchester County Assessor's offices.

**Note:** Beginning with fiscal year ending June 30, 2003, the Tax Infrastructure Fund began to account for the proceeds from the sale of tax increment financing bonds and the collection of incremental property tax revenues. Total property tax collections reported above do not include the incremental property tax revenues reflected in the Tax Infrastructure Fund.

Table 10

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt		Percentage of Actual Taxable Value of Property (1)	Per Capita (2)	Other Governmental Activities Debt		
	General Obligation Bonds				Tax Increment Bonds	Certificates of Participation	Capital Leases
2002	21,615,000		0.59%	267.81	3,500,000	60,250,000	4,573,624
2003	22,348,504		0.59%	275.42	3,340,000	57,860,000	4,461,161
2004	18,560,000		0.48%	223.56	19,145,000	55,355,000	5,200,647
2005	24,210,000		0.60%	291.15	18,610,000	55,420,000	4,942,699
2006	24,365,000		0.46%	286.65	26,615,000	52,065,000	5,543,587
2007	26,075,000		0.46%	298.03	25,730,000	48,980,000	10,571,142
2008	22,200,000		0.36%	242.83	31,135,000	45,740,000	10,455,811
2009	18,170,000		0.27%	192.46	51,720,000	69,695,000	10,226,091
2010	14,020,000		0.20%	146.65	46,610,000	65,970,000	6,797,367
2011	32,395,000		0.46%	332.36	43,835,000	61,950,000	8,223,994

**Business-type Activities Debt**

Fiscal Year	Golf Course Revenue Bonds		Capital Leases	Total Primary Government (3)	Percentage of Personal Income (2)	Per Capita (2)
2002	10,990,000		601,186	101,529,810	0.67%	1,257.96
2003	10,960,000		441,022	99,410,687	0.63%	1,225.14
2004	11,700,000		797,020	110,757,667	0.65%	1,334.08
2005	11,520,000		530,838	115,233,537	0.62%	1,385.82
2006	11,100,000		389,144	120,077,731	0.60%	1,412.68
2007	10,665,000		241,318	122,262,460	0.57%	1,397.41
2008	10,210,000		445,871	120,186,682	0.51%	1,314.65
2009	9,735,000		525,362	160,071,453	0.69%	1,695.55
2010	9,245,000		361,034	143,003,401	0.59%	1,495.84
2011	8,735,000		240,752	155,379,746	N/A	1,594.11

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

(1) See Schedule Table 6 for taxable property value data.

(2) Population and personal income data can be found in Table 14.

(3) Includes general bonded debt, other governmental activities debt, and business-type activities debt.

Table 11

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2011**

<u>Governmental Unit</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Overlapping Debt:</b>			
Charleston County	\$ 380,935,000	21.41%	\$ 81,548,669
Charleston County Parks & Recreation Commission	25,600,000	21.41%	5,480,321
Charleston County School District	231,017,000	21.41%	49,454,970
Charleston County Aviation Authority	-	21.41%	-
North Charleston Sewer District	-	21.41%	-
Dorchester County	21,586,000	16.48%	3,556,699
Dorchester County School District	27,645,000	16.48%	4,555,033
<b>Subtotal Overlapping Debt</b>			<b>\$ 144,595,691</b>
<b>City Direct Debt</b>			<b>32,395,000</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 176,990,691</b>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Charleston County and Dorchester County Assessor's offices. Debt outstanding data provided by each governmental unit.

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of North Charleston. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.



CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed Property Value	\$ 274,210,411	\$ 285,453,038	\$ 291,929,216	\$ 300,899,786	\$ 355,682,216	\$ 385,989,284	\$ 409,372,827	\$ 453,086,903	\$ 472,390,739	\$ 482,068,485
Debt Limit (8% of assessed value)	21,936,833	22,836,243	23,354,337	24,071,983	28,454,577	30,879,143	32,749,826	36,246,952	37,791,259	38,565,479
Net debt applicable to limit:										
General obligation bonds (1)	6,055,000	7,238,504	7,680,500	14,970,500	13,965,000	17,590,000	15,745,000	13,805,000	11,790,000	32,395,000
Legal debt margin	\$ 15,881,833	\$ 15,597,739	\$ 15,673,837	\$ 9,101,483	\$ 14,489,577	\$ 13,289,143	\$ 17,004,826	\$ 22,441,952	\$ 26,001,259	\$ 6,170,479

Total net debt applicable to the limit  
as a percentage of debt limit

27.60%

31.70%

32.89%

62.19%

49.08%

56.96%

48.08%

38.09%

31.20%

Note: Under State law, the City's outstanding general obligation debt should not exceed 8% of the total assessed property value.

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS

Fiscal Year	Property Tax Increment	Tax Increment Bonds (1)				Golf Course Mortgage Revenue Bonds							
		Coverage	Property Tax		Coverage	Operating Revenue	Transfers	Less:		Available Revenues	Debt Service		Coverage
			Increment	Interest				Operating Expenses	Principal		Interest		
2002	20,440	0.28	-	73,788	851,649	1,363,905	1,363,300	854,254	90,000	638,083	1.17		
2003	920,137	3.00	160,000	147,201	963,446	1,253,106	1,286,250	930,302	30,000	594,500	1.49		
2004	1,180,334	2.06	170,000	404,175	991,437	1,326,372	1,424,193	893,616	-	291,153	3.07		
2005	1,213,056	1.06	535,000	607,344	1,062,988	1,011,821	1,466,900	607,909	180,000	446,418	0.97		
2006	2,579,883	2.02	560,000	715,595	1,188,763	1,451,903	1,518,417	1,122,249	420,000	469,069	1.26		
2007	3,808,104	1.92	885,000	1,097,773	1,259,169	1,439,070	1,697,495	1,000,744	435,000	453,108	1.13		
2008	5,264,170	1.89	1,615,000	1,170,056	1,294,342	1,557,527	1,661,874	1,189,995	455,000	447,593	1.32		
2009	6,452,508	2.61	840,000	1,634,536	1,155,150	1,333,086	1,521,494	966,742	475,000	424,197	1.08		
2010	6,999,379	1.01	5,110,000	1,803,695	1,119,444	1,511,309	1,673,214	957,539	490,000	379,740	1.10		
2011	7,060,373	1.09	4,875,000	1,590,994	1,056,645	1,561,549	1,576,658	1,041,536	510,000	448,313	1.09		

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

(1) The tax increment bonds are backed by the property tax incremental revenue created by the property value increases subsequent to 1996 for the City Center redevelopment area, 2001 for the Century Oaks redevelopment area and 2003 for the Navy Base redevelopment area.

Table 14

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	(In thousands of dollars)		Per Capita		School Enrollment	Unemployment Rate
	Population	Personal Income	Personal Income	Income		
2002	80,710	15,141,000	26,893	19,866	4.5%	
2003	81,142	15,854,000	27,719	19,957	4.9%	
2004	83,022	17,016,000	29,223	19,948	5.2%	
2005	83,152	18,671,000	31,026	19,984	5.3%	
2006	85,000	19,901,000	31,797	20,124	5.8%	
2007	87,492	21,507,000	33,589	21,290	4.6%	
2008	91,421	23,352,000	34,973	21,520	5.4%	
2009	94,407	23,297,000	35,447	22,125	10.2%	
2010	95,601	24,193,000	35,342	22,289	9.4%	
2011	97,471	**	**	22,538	9.4%	

**Sources:** Population, personal income, and unemployment rate provided by the State of South Carolina Department of Revenue, Federal Bureau of Economic Analysis, U.S. Department of Commerce, and the State of South Carolina Division of Research and Statistical Service. School enrollment data is provided by the Charleston County and Dorchester County school districts.

\*\* No data yet available.

Table 15

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

	2011		2002	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
<u>Employer</u>				
U.S. Navy	11,000	3.14%	15,000	5.66%
Charleston Air Force Base	7,000	2.00%	6,500	2.45%
Boeing	3,000	0.86%	-	-
Trident Regional, LLC	2,500	0.71%	2,000	0.75%
U.S. Postal Service	1,200	0.34%	1,200	0.45%
City of North Charleston	1,052	0.30%	855	0.32%
Verizon Wireless Call Center	1,050	0.30%	-	-
South Carolina Electric & Gas	1,000	0.29%	850	0.32%
Kapstone	850	0.24%	1,600	0.60%
Cummins	700	0.20%	-	-
<b>Total</b>	<b>29,352</b>	<b>8.39%</b>	<b>28,005</b>	<b>10.57%</b>

Source: Charleston County Chamber of Commerce and the State of South Carolina Division of Research and Statistical Service.

Table 16

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
FULL-TIME EQUIVALENT CITY OF NORTH CHARLESTON EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Executive	12	12	12	11	11	14	17	19	20	20
Facilities Management	7	7	7	7	7	6	6	6	6	6
City Council	12	12	12	12	12	12	12	12	12	12
Finance	8	8	11	11	11	12	11	10	10	10
Purchasing	3	3	3	4	4	4	4	4	4	4
Information Systems	6	6	6	6	6	7	7	9	9	10
Municipal Court	12	13	13	13	14	15	16	18	22	22
Human Resources	6	6	6	6	6	6	7	7	7	7
Legal	3	3	3	3	3	3	3	4	4	4
Public Safety										
Police	343	343	351	361	371	382	399	424	448	426
Fire	201	201	201	209	209	217	218	220	220	229
Building Inspections	12	12	12	13	14	16	17	17	17	17
Culture & Recreation										
Parks and Recreation	28	28	28	28	28	30	35	37	37	35
Cultural Arts	4	4	5	5	5	6	6	7	7	7
Community Development										
Planning	18	18	18	17	17	18	20	20	18	18
Code Enforcement	12	12	12	13	14	14	14	14	14	14
Public Works										
Administration	11	11	12	8	10	10	10	10	10	10
Maintenance	94	94	94	65	65	70	73	77	77	78
Sanitation	63	58	64	72	74	75	78	78	78	77
Stormwater Maintenance	.	.	.	37	40	42	45	45	45	46
Total	855	851	870	901	921	959	998	1,038	1,065	1,052

Source: City of North Charleston Human Resources Office.

Notes: A full-time employee is scheduled to work 2080 hours per year (including vacation and sick leave).

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Building permits issued	1,504	1,697	2,158	2,429	2,628	2,584	2,402	2,059	1,836	1,912
Business licenses issued	6,037	6,267	6,211	6,341	7,158	7,342	7,516	7,451	7,286	7,357
Police										
Physical arrests	5,599	6,106	7,625	8,337	8,838	8,942	9,972	10,455	10,946	11,000
Traffic violations	24,753	24,925	30,584	29,138	32,315	34,102	37,951	38,466	40,122	42,500
Fire										
Fire responses	4,967	4,244	4,622	4,704	4,060	4,943	5,262	5,950	7,389	7,500
Inspections	3,812	4,072	4,258	4,454	5,444	5,701	6,027	5,777	4,690	5,000
Refuse collection										
Garbage collection (annual tons)	24,266	24,616	26,161	29,307	30,311	29,778	31,177	29,234	29,282	29,057
Trash collection (annual tons)	20,357	20,707	21,509	21,443	23,086	23,010	23,579	23,047	20,456	20,523
Golf course										
Rounds played	30,363	34,457	31,842	35,492	41,657	42,808	40,692	35,514	35,375	34,855
Stormwater utility										
Accounts billed	-	-	22,040	22,960	22,540	22,646	22,362	22,645	22,625	23,976

Source: Various City departments.

Notes: The golf course opened in September 2000 and the stormwater utility program issued the first bills in fiscal year 2004.

Table 18

CITY OF NORTH CHARLESTON, SOUTH CAROLINA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police stations	5	5	5	5	5	5	6	6	7	7
Fire stations	11	11	11	11	11	11	11	11	12	12
Public Works										
Collection trucks	29	30	31	32	33	34	35	35	35	33
Streetlights	6,798	6,843	6,884	6,952	7,003	7,081	7,122	7,152	7,239	7,300
Traffic signals	90	92	93	95	96	98	102	105	108	110
Parks and Recreation										
Playgrounds	18	18	18	18	20	23	26	28	30	30
Baseball/softball diamonds	28	28	28	28	28	28	28	28	28	28
Football/soccer fields	6	6	6	6	8	8	10	11	11	11
Community centers	20	20	20	20	20	20	20	20	19	19

Source: Various City departments.

