



**CITY OF NORTH CHARLESTON
SOUTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

FISCAL YEAR ENDED JUNE 30, 2013

Prepared By:

FINANCE DEPARTMENT

**R. Keith Summey
Mayor**

**E. Warren Newton
Finance Director**

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
Year Ended June 30, 2013

INTRODUCTORY SECTION

	<u>Page(s)</u>
Letter of Transmittal	i-ix
Certificate of Achievement for Excellence in Financial Reporting	x
List of Principal Officials	xi
Organizational Chart	xii

FINANCIAL SECTION

Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Position	1	14
Statement of Activities	2	15
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	3	16
Reconciliation of Fund Balances to Net Position	4	17
Statement of Revenues, Expenditures and Changes in Fund Balances	5	18
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities	6	19
Proprietary Funds:		
Statement of Net Position	7	20
Statement of Revenues, Expenses and Changes in Fund Net Position	8	21
Statement of Cash Flows	9	22
Notes to Financial Statements		23-52
Required Supplementary Information:		
Budgetary Comparison Schedule – General Fund	10	53-54
Budgetary Comparison Schedule – Coliseum Operating Fund	11	55
Budgetary Comparison Schedule – Tax Infrastructure Fund	12	56
Supplementary Information:		
Combining Fund Statements and Schedules:	<u>Statement/ Schedule</u>	
Nonmajor Governmental Funds:		
Fund Descriptions		57-59
Combining Balance Sheet	A-1	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	A-2	61
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	B-1	62-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	66-69
Nonmajor Capital Project Funds:		
Combining Balance Sheet	C-1	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	71
Individual Fund Schedules:		
Nonmajor Special Revenue Funds Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:		
Accommodations Tax Fund	D-1	72
City Accommodations Tax Fund	D-2	73
Community Development Block Grant Fund	D-3	74

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
Year Ended June 30, 2013**

FINANCIAL SECTION (continued)

Individual Fund Schedules (continued):

HOME Fund	D-4	75
Justice Assistance Grant Fund	D-5	76
Victims Advocate Fund	D-6	77
Maritime Fire Response Vessel Grant Fund	D-7	78
Domestic Violence Homicide Prevention Grant Fund	D-8	79
Parking Fund	D-9	80
State Ports Authority Mitigation Grant Fund	D-10	81
Community Oriented Policing Services Hiring Grant Fund	D-11	82
SCDPS Hispanic Victim Advocate Grant Fund	D-12	83
EPA Brownsfield Grant Fund	D-13	84
Justice Assistance Recovery Act Grant Fund	D-14	85
FEMA Firefighter Assistance Grant Fund	D-15	86
CDBG Recovery Act Grant Fund	D-16	87
SLED Lowcountry Regional Analyst Grant Fund	D-17	88
School Resource Officer Grant Fund	D-18	89
SLED Port Security Grant Fund	D-19	90

Debt Service Funds Schedules of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual

General Obligation Bonds	E-1	91
Certificates of Participation	E-2	92
Installment Purchase Revenue Bonds	E-3	93

Capital Assets Used in Operations of Governmental Funds:

Comparative Schedule by Source	F-1	94
--------------------------------------	-----	----

STATISTICAL SECTION

Table

Net Position by Component	1	95
Changes in Net Position	2	96-98
Governmental Funds – Fund Balances – Last Ten Fiscal Years	3	99
Governmental Funds – Changes in Fund Balances – Last Ten Fiscal Years	4	100
Governmental Funds – Tax Revenues by Source – Last Ten Fiscal Years	5	101
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	6	102
Direct and Overlapping Governments Property Tax Rates (Per \$1000 of Assessed Value) – Last Ten Fiscal Years	7	103
Principal Property Taxpayers – Current Year and Nine Years Ago	8	104
Property Tax Levies and Collections – Last Ten Fiscal Years	9	105
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	10	106
Direct and Overlapping Governmental Activities Debt – As of June 30, 2013	11	107
Legal Debt Margin Information – Last Ten Fiscal Years	12	108
Pledged Revenue Coverage – Last Ten Fiscal Years	13	109
Demographic and Economic Statistics – Last Ten Fiscal Years	14	110
Principal Employers – Current Year and Nine Years Ago	15	111
Full-Time Equivalent City of North Charleston Employees by Function/Program ...	16	112
Operating Indicators by Function/Program	17	113
Capital Asset Statistics by Function/Program	18	114

INTRODUCTORY SECTION

This page intentionally left blank

November 5, 2013

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, 2013 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, 2013 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, 2013 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, 2013, and respective changes in financial position and cash flows, where applicable, for the year then ended.

To the Council and Citizens of the
City of North Charleston

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 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 auditor.

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 80 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. Census statistics as of June 30, 2013, reflect an estimated North Charleston population of almost 102,000.

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, 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.

To the Council and Citizens of the
City of North Charleston

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 \$63 billion in 2012. International trade through the South Carolina ports facilitates over 260,000 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 697,000 and a gross taxable sales estimate exceeding \$21 billion. North Charleston remains the State's municipal leader in retail sales for the past twenty-one years. In calendar year 2012, gross retail sales exceeded \$6.24 billion and surpassed any other city in South Carolina by over \$1 billion. 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. Spending in building permit construction dollar values increased by over 81% in fiscal year ending June 30, 2013 compared to fiscal year ending June 30, 2012. The region has an estimated civilian labor workforce exceeding 340,000, which has grown by over 20% for the last ten years. The local unemployment rate of 7.3% as of June 30, 2013 is below the State and National averages for the same time period.

Tourism remains a vital segment of the local MSA economy. Overall hotel/motel occupancy rates increased slightly from calendar year 2011 to 2012. Hotel/motel room inventory exceeds 7,000 rooms in the City of North Charleston as of the calendar year ending 2012. 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 the last five years, hotel expansion in North Charleston has added over 1,200 rooms.

In September 2012, the Charleston Aviation Authority, which manages the Charleston International Airport located in North Charleston, announced it had secured incentive deals to lure JetBlue Airways to the airport. JetBlue began servicing the airport in February 2013 with nonstop service to New York and Boston. This follows a similar deal reached with Southwest Airlines in 2011 which began providing

To the Council and Citizens of the
City of North Charleston

nonstop service to Nashville, Baltimore, Chicago and Houston. Southwest currently enjoys over 20% of the air traffic market. In March 2012, the Charleston Aviation Authority announced that the 27 year old terminal will get a makeover under a \$150 million renovation and expansion plan which includes the addition of six more gates allowing the airport to handle more airplane and passenger traffic. These announcements and new airport services will only lead to an increase in tourism in the area along with likely business development projects.

Coliseum, Convention and Performing Arts Center. The City of North Charleston is the proud owner of the North Charleston Coliseum, Convention Center and Performing Arts Center complex. 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 food and beverage services. The Coliseum, with capacity to seat over 10,000, 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 Kelly Cup Champion) for the past twenty years.

In October 2009, the Mayor and City Council approved a comprehensive renovation project to facilitate improvements to the North Charleston Coliseum at an estimated cost of over \$20,000,000. 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. Renovations to the corporate suites were completed in early 2012. Improvements to the northern end of the concession area, estimated at a cost of over \$8.5 million, is projected to be complete by early 2015.

The City also expanded event space to the Coliseum during 2011. The project known as the Montague Terrace added over 7,400 square feet and is used as an entertainment venue for small concerts, theater performances and comedy shows. It is also 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 hosts over 300 events annually (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 2,800 additional hotel rooms have been added due to construction near the Complex which assists 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 and Visitors Bureau, estimates are that the total economic impact to the Charleston area by events held at

To the Council and Citizens of the
City of North Charleston

the Charleston Area Convention Center Complex exceeds \$75 million annually. Direct tax revenue for the Complex is estimated at over \$6 million annually.

Municipal Golf Course. The City of North Charleston constructed a twenty-seven hole municipal golf course facility on land located in Dorchester County in 2001. 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 experienced over a \$7.5 million increase in annual property tax collections from Dorchester County over the past twelve years primarily attributable to the residential growth surrounding the golf course. Plans have been discussed 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 fire station, 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.

The City Center TIF area also hosts an outlet mall known as the Tanger Outlet Center. This 365,000 square foot outlet center has attracted over 90 retail stores along with a food court and other shopping and dining opportunities and is over 96% occupied. The Center generates over \$1,200,000 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. This area is already home to a Sam's 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.

Another tax increment finance district known as the Noisette Community Redevelopment Project Area has experienced significant growth. 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 infrastructure improvements have been completed for phases I and II of the three phase plan. Subsequently, the City has received deposits on over 150 parcels and closed on the sale of over 125 parcels to developers. The entire project includes plans for over 375 homes and 17 parks.

The Cottage Living magazine recognized the 3,000 acre area surrounding the old Navy Base that includes Oak Terrace Preserve, Horizon Village, Garco Park, Clemson's Restoration Institute and the Mixson Neighborhood development as one of the top ten cottage communities in the nation for its adaptive reuse of existing buildings and in-fill development. The Men's Journal named this same historical Park Circle neighborhood as one of the nation's top 30 "Coolest Neighborhoods". Other awards and honors include

To the Council and Citizens of the
City of North Charleston

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. The Park Circle neighborhood in North Charleston was named among the best old house neighborhoods in the country by the editors of *This Old House*. Reasons to buy in Park Circle, according to *This Old House*, include its affordable housing and plenty of restaurants and shops on Montague Avenue, its main commercial thoroughfare, its popularity among first-time homebuyers and new public schools that draw families with school age children. *This Old House* scoured the United States to find neighborhoods that fit its criteria; architectural diversity, craftsmanship of the homes and the preservation of the area as well as neighborhood amenities including walkability, safety and community.

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 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 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 business construction and improvements, including Roper Saint Francis Healthcare, Charleston County government facilities, Morgan Olson, LLC, Cummins Turbo Technologies, Venture Aerobearings, Daimler Vans Manufacturing, Immedion LLC, TWL Precision Limited, TIGHitco, a division of the InterTech Group, JAS Forwarding USA, Streit USA Armstrong and the addition of Boeing's Interiors Fabrication Facility.

Redevelopment of the Former Charleston Navy Base. For years, 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 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.

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. However, the viability of the Noisette redevelopment project came into question due to the financial support of the project and the ongoing debate surrounding how best to serve

To the Council and Citizens of the
City of North Charleston

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, through its division known as the S.C. Division of Public Railways, gained control of some of the property previously owned by Noisette during foreclosure proceedings. The Department of Commerce immediately unveiled a plan to develop a rail yard site designed to provide rail line access through the northern end of the base. In October 2013, the S.C. Division of Public Railways offered \$10 million to purchase all remaining property previously owned by Noisette.

In December 2012, the City of North Charleston and the S.C. Division of Public Railways settled a port rail dispute challenging the previous agreement with the SPA which prohibited rail access through the northern end of the base. In this settlement agreement, the S.C. Division of Public Railways agreed to pay the City \$8 million over a four year period and assume the outstanding debt service payments associated with the Noisette Community Redevelopment Project Area tax increment finance district.

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 the late fall of 2013.

In July 2012, the Zucker family foundation announced plans, in collaboration with Clemson University, to build the Zucker Family Graduate Education Center. The education center will offer advanced degrees in energy systems engineering and will be financed in part by a \$5 million gift from the Zucker family. The education center will be next to the Clemson University Restoration Institute at the former Navy Base and is expected to cost roughly \$20 million. Construction is expected to be complete by the end of 2014.

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. 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.

With perhaps the largest economic impact announcement in South Carolina history, in late October 2009 Boeing announced it planned to expand its facilities in North Charleston to accommodate a new final assembly facility for its new 787 Dreamliner. Boeing completed construction of its 584,000 square foot manufacturing facility in 2011 and announced in September 2012 plans to improve production efficiencies by expanding its paint facility and its aft-body facility with over 100,000 square feet of capacity. In April 2012, the first manufactured 787 Dreamliner rolled out of Boeing's North Charleston final assembly facility. Boeing plans for the North Charleston final assembly facility to produce at least three planes a month. 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

To the Council and Citizens of the
City of North Charleston

- Boeing locating to the Lowcountry, which is supported by various announcements previously discussed in Palmetto Commerce Park, the North Charleston area hopes to benefit from the enormous economic impact this announcement has fueled. In March 2013, the Charleston Aviation Authority announced plans to sell over 300 acres of property to Boeing for future expansion. Boeing has plans to invest another \$1 billion and add at least 2,000 jobs at its North Charleston Dreamliner 787 campus by 2020.

Long-Term Financial Planning. Unassigned fund balance in the General Fund (20.5% of the fiscal year 2013/2014 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 2013/2014 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 next several years suggests that new residential and commercial construction will remain relatively flat 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 in that area.

In June 2012, the City of North Charleston issued \$52 million in installment purchase revenue bonds to facilitate the financing of numerous public capital projects. The largest project will be a new Public Works facility housing all of its maintenance, sanitation, garage and administrative office needs projected at a cost of \$42 million. Other projects include the completion of recreational parks, new community centers, senior citizens facilities and new fire stations.

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 a municipal improvement district for the area known as the Ingleside Plantation 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, 2012. 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.

To the Council and Citizens of the
City of North Charleston

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-five fiscal years ended, from June 30, 1988 through 2012. 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



Government Finance Officers Association

**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, 2012

Executive Director/CEO

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2013**

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

Council Member.....Ed Astle

Council Member.....Rhonda Jerome

Council Member.....Robert Jameson

Council Member.....Ron Brinson

Council Member.....Todd Olds

Council Member.....Dorothy K. Williams

Council Member.....Samuel L. Hart

Council Member.....Robert N. King

Council Member.....Dwight Stigler

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.....Frances Austin

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 DirectorAngela McJunkin

Director of Information Systems.....David Dixon

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

Purchasing Director.....Denise Badillo

Building Official.....Darbis Briggman

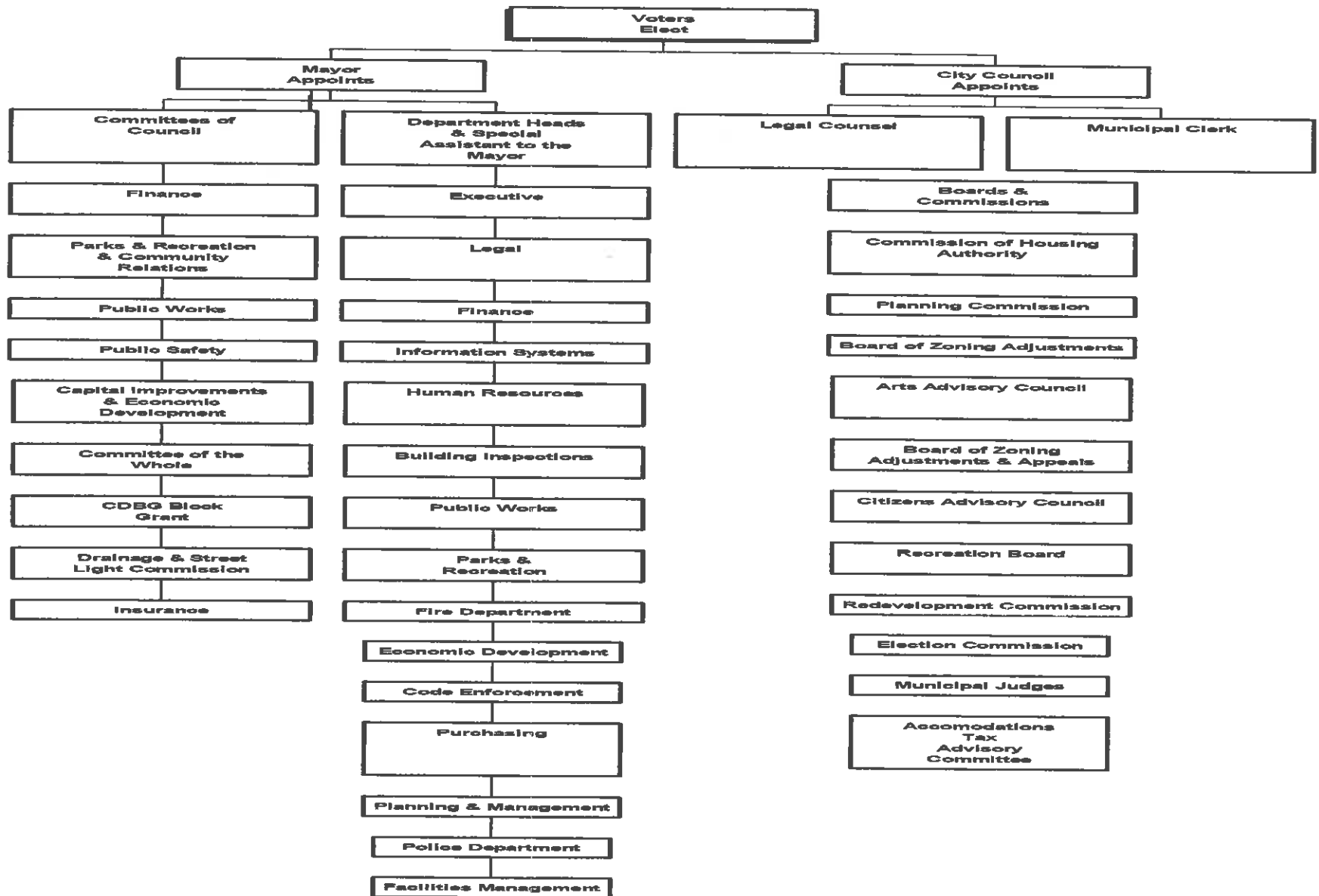
Director of Zoning and Planning.....Gwen Moultrie

Cultural Arts Director.....Marty Besancon

Police Chief.....Ely E. Driggers

Chief Administrative Judge.....Samuel Coleman

City of North Charleston



FINANCIAL SECTION

This page intentionally left blank



Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the City's financial statements for the year ended June 30, 2012, and in our report dated October 31, 2012, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules for the General Fund, Coliseum Operating Fund and Tax Infrastructure Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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, supplementary information, and 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013 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* in considering the City's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
October 31, 2013

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, 2013. 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-ix* of this report, and the City's financial statements, which follow this section.

Financial Highlights

- ❖ Total assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$233,394,824 (net position). Net position increased \$29,190,343, or 14.3%, for the fiscal year ending June 30, 2013.
 - Governmental activities net position was \$225,048,967, an increase of \$29,180,378, or 14.9%. Of this amount, \$42,013,899 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
 - Business-type net position amounted to \$8,345,857, an increase of \$9,965 or .1%. Unrestricted net position decreased \$236,588 to \$5,745,453 at June 30, 2013.
- ❖ At June 30, 2013, the total fund balance of the City's governmental funds was \$102,850,442, a decrease of \$24,469,187, or 19.2%.
 - The fund balance of the General Fund increased \$1,088,398, or 4.4%, to \$25,625,239. \$20,485,406 of this fund balance was unassigned at year-end, an increase of \$475,761, or 2.4%, over the \$20,009,645 balance at June 30, 2012.
 - General Fund revenues exceeded expenditures by \$894,569 before other financing sources or uses, a decrease of \$3,998,422 from the prior year, yet it was a \$2,689,055 favorable variance to the final budget.
- ❖ Total capital assets (net of accumulated depreciation) for the City amounted to \$291,776,380 at June 30, 2013, an increase of \$24,880,364, or 9.3%.
 - Governmental activities capital assets (net of accumulated depreciation) amounted to \$282,375,789, an increase of \$25,178,189, or 9.8%.
 - Business-type capital assets (net of accumulated depreciation) amounted to \$9,400,591, a decrease of \$297,825, or 3.1%.
- ❖ At June 30, 2013, the City's total debt, including capital lease obligations and compensated absences was \$186,025,586 (net of unamortized premiums, discounts and amounts on refunding), a decrease of \$14,547,198 or 7.3%.
 - Governmental funds total debt amounted to \$179,134,483, a decrease of \$14,009,878, or 7.3%.
 - Business-type funds total debt amounted to \$6,891,103, a decrease of \$537,320, or 7.2%.

- The City of North Charleston implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position”* in the fiscal year ending June 30, 2013. This Statement establishes financial reporting requirements and related disclosures for certain elements of a statement of financial position that were discussed in the GASB’s 2007 Concepts Statement No. 4, *“Elements of Financial Statements”*. In Concepts Statement No. 4, the GASB defines a *deferred outflow of resources* as a consumption of net assets by a government that is applicable to a future reporting period; a *deferred inflow of resources* as an acquisition of net assets by a government that is applicable to a future reporting period; and *net position* as the residual of all other elements presented in a statement of financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB No. 63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of financial position in a separate section following total assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following total liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as net assets in a statement of financial position. As of the fiscal year ended June 30, 2013, the City is reporting \$2,619,339 in deferred outflows of resources representing the accumulated decrease in fair value of hedging derivatives.
- ❖ 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 financial statements. The City’s financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements (Statement of Net Position 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 financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of the City.

Financial Statements

The first two statements (Exhibits 1 and 2) in the 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 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 Position presents information on all of the City's assets, deferred outflows of resources and liabilities, with the difference being reported as net position. Net position represents the equity of the City, presented on the full accrual basis of accounting. Net position and other Statement of Net Position 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 position has changed during the most recent year. All changes in net position 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 14-15 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-three 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 Capital Projects Fund, General Obligations Debt Service Fund, Installment Purchase Revenue Bonds Capital Projects Fund and the Naval Base & Riverfront Park Capital Projects Fund, all considered to be major funds. Data from the other twenty-seven 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 governmental fund financial statements can be found on pages 16-19 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 proprietary fund financial statements can be found on pages 20-22 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 23-52 of this report.

Other information. In addition to the 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, Coliseum Operating Fund and the Tax Infrastructure Capital Projects Fund. The required supplementary information is presented after the notes to the financial statements and can be found on pages 53-56 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 57-94 of this report.

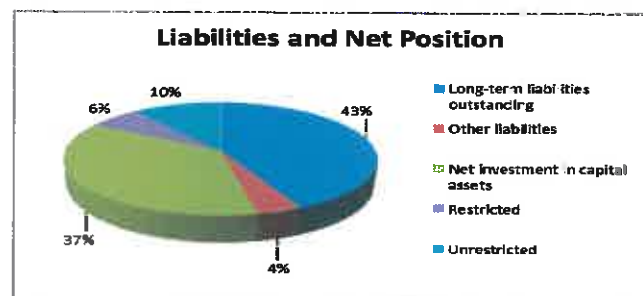
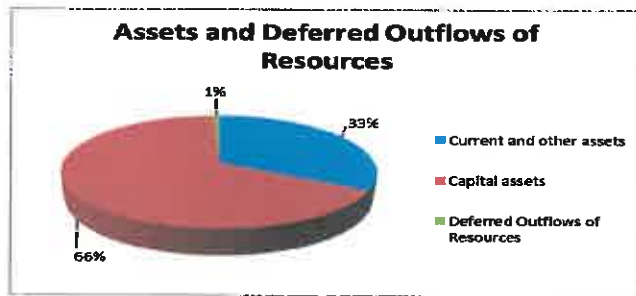
Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of North Charleston, assets and deferred outflows of resources exceeded liabilities by \$233,394,824 at June 30, 2013. By far the largest portion of the City's net position reflects its net 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, 2013 was a result of the completion of various parks and recreation facilities and infrastructure improvements.

City of North Charleston's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$137,008,581	\$146,307,333	\$ 6,127,555	\$ 6,282,711	\$143,136,136	\$152,590,044
Capital assets	<u>282,375,789</u>	<u>257,197,600</u>	<u>9,400,591</u>	<u>9,698,416</u>	<u>291,776,380</u>	<u>266,896,016</u>
Total assets	<u>419,384,370</u>	<u>403,504,933</u>	<u>15,528,146</u>	<u>15,981,127</u>	<u>434,912,516</u>	<u>419,486,060</u>
Total deferred outflows of resources	<u>1,621,529</u>	<u>2,324,234</u>	<u>997,810</u>	<u>1,410,757</u>	<u>2,619,339</u>	<u>3,734,991</u>
Long-term liabilities outstanding	179,134,483	193,144,361	6,891,103	7,428,423	186,025,586	200,572,784
Other liabilities	<u>16,822,449</u>	<u>16,816,217</u>	<u>1,288,996</u>	<u>1,627,569</u>	<u>18,111,445</u>	<u>18,443,786</u>
Total liabilities	<u>195,956,932</u>	<u>209,960,578</u>	<u>8,180,099</u>	<u>9,055,992</u>	<u>204,137,031</u>	<u>219,016,570</u>
Net position:						
Net investment in capital assets	155,168,837	138,891,514	2,600,404	2,353,851	157,769,241	141,245,365
Restricted	27,866,231	30,423,666	-	-	27,866,231	30,423,666
Unrestricted	<u>42,013,899</u>	<u>26,553,409</u>	<u>5,745,453</u>	<u>5,982,041</u>	<u>47,759,352</u>	<u>32,535,450</u>
Total net position	<u>\$225,048,967</u>	<u>\$195,868,589</u>	<u>\$8,345,857</u>	<u>\$8,335,892</u>	<u>\$233,394,824</u>	<u>\$204,204,481</u>

Restricted net position of the governmental activities are represented by \$468,824 of seized and forfeited drug funds, \$388,299 held for victims advocate purposes, \$1,705,923 in grant funds, \$15,761,873 held for redevelopment activities, \$2,887,446 in tax increment financing property tax revenues held for future debt service payments and \$6,653,866 held for debt service requirements.



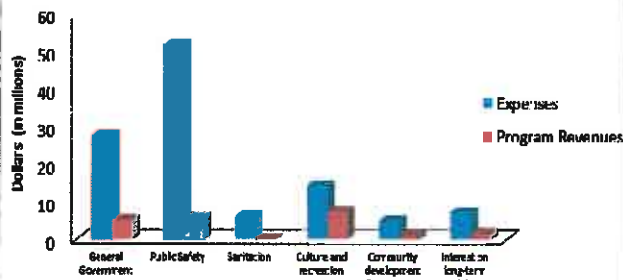
Unrestricted net position of the governmental activities increased \$15,460,490, or 58.2%, largely due to the \$14,360,000 settlement agreement with the S.C. Public Railways (see notes to financial statements, section III, B). The unrestricted net position balance of \$42,013,899 may be used to meet the government's ongoing obligations to citizens and creditors. Business-type net position decreased \$236,588 primarily due to a decrease in operating income of the proprietary funds.

As of June 30, 2013, the City of North Charleston is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. Net position for the City as a whole increased 14.3%. Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net position. 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.

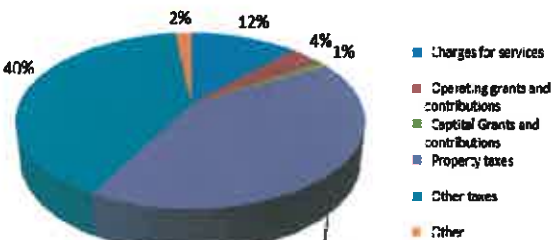
City of North Charleston's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
<u>Revenues:</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Program revenues:						
Charges for services	\$15,109,402	\$12,898,769	\$4,841,168	\$5,166,143	\$19,950,570	\$18,064,912
Operating grants and contributions	4,831,230	5,419,156	-	-	4,831,230	5,419,156
Capital grants and contributions	1,244,990	9,870,180	-	-	1,244,990	9,870,180
General revenues:						
Property taxes	52,270,893	48,057,360	-	-	52,270,893	48,057,360
Other taxes	51,156,483	47,880,056	-	-	51,156,483	47,880,056
Other	<u>2,211,069</u>	<u>1,474,095</u>	<u>64,910</u>	<u>45,670</u>	<u>2,275,979</u>	<u>1,519,765</u>
Total revenues	<u>126,824,067</u>	<u>125,599,616</u>	<u>4,906,078</u>	<u>5,211,813</u>	<u>131,730,145</u>	<u>130,811,429</u>
<u>Expenses:</u>						
General government	27,445,090	23,230,770	-	-	27,445,090	23,230,770
Public safety	51,619,681	48,393,769	-	-	51,619,681	48,393,769
Sanitation	6,011,879	5,595,353	-	-	6,011,879	5,595,353
Culture and recreation	14,148,047	14,883,727	-	-	14,148,047	14,883,727
Community development	4,906,786	4,754,853	-	-	4,906,786	4,754,853
Interest on long-term debt	7,098,192	5,518,173	-	-	7,098,192	5,518,173
Golf course expenses	-	-	2,408,010	2,594,030	2,408,010	2,594,030
Stormwater utility expenses	-	-	<u>3,262,117</u>	<u>2,946,972</u>	<u>3,262,117</u>	<u>2,946,972</u>
Total expenses	<u>111,229,675</u>	<u>102,376,645</u>	<u>5,670,127</u>	<u>5,541,002</u>	<u>116,899,802</u>	<u>107,917,647</u>
Increase in net position before transfers	15,594,392	23,222,971	(764,049)	(329,189)	14,830,343	22,893,782
Transfers in (out)	<u>(774,014)</u>	<u>(1,463,690)</u>	<u>774,014</u>	<u>1,463,690</u>	-	-
Inc. in net position before special item	14,820,378	21,759,281	9,965	1,134,501	14,830,343	22,893,782
Special item – settlement agreement	<u>14,360,000</u>	-	-	-	<u>14,360,000</u>	-
Increase in net position	29,180,378	21,759,281	9,965	1,134,501	29,190,343	22,893,782
Net position at beginning of year	<u>195,868,589</u>	<u>174,109,308</u>	<u>8,335,892</u>	<u>7,201,391</u>	<u>204,204,481</u>	<u>181,310,699</u>
Net position at end of year	<u>\$225,048,967</u>	<u>\$195,868,589</u>	<u>\$8,345,857</u>	<u>\$8,335,892</u>	<u>\$233,394,824</u>	<u>\$204,204,481</u>

Expenses & Revenues: Governmental Activities



Revenue by Sources: Governmental Activities



Governmental activities. Governmental activities increased the City of North Charleston's net position by \$29,180,378. Increases in property tax, other tax revenues, and the settlement agreement with the S.C. Public Railways, were the major reasons for the increase in governmental net position.

Business-type activities. Business-type activities realized an increase in net position in the amount of \$9,965. The Stormwater Utility Enterprise Fund realized a decrease in net position primarily as a result of a transfer to the Installment Purchase Revenue Bond Debt Service Fund to cover the debt service for the construction of the new public works facility. The Golf Course Enterprise Fund realized an increase in net position as a result of the increased number of rounds played, a decrease in overall expenses and a transfer from the General Fund in the amount of \$1,274,014.

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, 2013, the governmental funds of the City of North Charleston reported a combined fund balance of \$102,850,442, a decrease of \$24,469,187 in comparison with the prior year. Nonspendable, restricted, committed and assigned governmental fund balances decreased \$22,944,948 reflecting a decrease in unspent bond proceeds held for capital improvements.

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 \$20,485,406 or 20.5% of the operating budget for the fiscal year ending June 30, 2014, while total fund balance is \$25,625,239. Unassigned fund balance at June 30, 2013 increased by \$475,761, or 2.4% 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 21.1% of total General Fund expenditures including transfers to other funds, while total fund balance represents 26.4% of that same amount.

Key governmental revenue and expenditure highlights are as follows:

- Property taxes increased by \$3,257,147 or 6.7% over fiscal year ending June 30, 2012. Incremental assessed property value growth resulted in an increase of \$340,256 in property tax revenues in the three TIF areas. General Fund property tax revenues increased by \$891,891, which was the result of continued growth in the assessed property value and the reduction in the property tax credit factor. An increase in the property tax rate by 4 mills resulted in an increase of \$2,000,000 in property tax revenues designated for the payment of debt service in the Installment Purchase Revenue Bond Debt Service Fund.
- Intergovernmental revenues decreased by \$2,324,297 or 7.8% due largely to the \$2,778,385 decrease in grant related revenues. Sales tax, hospitality and accommodation tax collections increased by \$924,439.
- Business licenses, franchise fees and permits increased by \$1,750,551 due to the continued strength in the local economy and commercial and industrial growth. Business license and permit collections increased by \$1,485,737 as franchise fees increased by \$264,814.
- Revenues from use of monies and property increased \$1,762,929 or 22.2% largely due to the facility rental revenues from the lease of the old city hall and investment income from bond proceeds.
- General government expenditures increased by \$1,423,174 primarily due to unforeseen facilities maintenance related costs, higher health insurance expenses, additions of personnel positions and higher fuel costs.
- Capital outlay expenditures increased by \$12,361,519 primarily due to amounts spent on parks and recreation facilities that were completed in the fiscal year ending June 30, 2013 and the construction in progress related to the new public works facility expected to be completed by the fiscal year ended June 30, 2015.

- Public safety expenditures increased by \$4,391,133 as a result of the addition of over twenty personnel positions and the related equipment and supplies to support the new positions and the result of maintaining a consistent year to year plan for purchases of fleet equipment during the fiscal year ending June 30, 2013.
- Sanitation, culture and recreation, and community development expenditures increased by \$1,167,567 largely due to an increase in operational costs of various new parks and recreation facilities along with an increase in operational costs of events held at the Coliseum/Convention Center/Performing Arts Center.
- Debt service expenditures increased by \$3,081,989 primarily due to the debt service associated with the Series 2012 installment purchase revenue bonds.

The General Obligation Debt Service Fund has a total fund balance of \$4,146,947. The net decrease in fund balance during the fiscal year ended June 30, 2013 was \$820,049 and was a result of transfers out to the Convention Center Complex Capital Projects Fund for major repairs and renovations. The Naval Base and Riverfront Park Capital Projects Fund has a total fund balance of \$8,625,136. The net decrease in fund balance during the fiscal year ended June 30, 2013 was \$1,096,476 and resulted primarily from infrastructure improvements on the Navy Base. The Tax Infrastructure Capital Projects Fund has a total fund balance of \$10,024,183. The net decrease in fund balance during the fiscal year ending June 30, 2013 was \$510,789 and resulted from an increase in infrastructure improvements in the various redevelopment project areas.

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 funds provide 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, 2013 was originally adopted at \$95,026,819, inclusive of transfers out to other funds, and represents an increase of 7.8% over the final fiscal year ending June 30, 2012 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, 2013 totals \$100,221,316.

Differences between the original budget and the final amended budget are represented by an increase in appropriations of \$5,644,497. The sanitation budget received an additional allocation of \$224,488 largely due to an increase in emergency fleet related purchases as a result of vehicle failures. The general government budget received an additional allocation of \$2,444,567 as a result of purchases of real property and increased health insurance costs. The public safety budget received an additional allocation of \$2,589,784 for the purpose of hiring additional personnel and to cover the cost of supplying vehicles and equipment to those personnel.

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

- Property taxes were \$1,306,970 under budget primarily due to a lower property tax collection rate and failure to realize as much property value and construction growth as originally forecasted.
- Business license and permit collections were \$1,215,738 above budget primarily due to the economic growth reported by the commercial and industrial sectors.
- Intergovernmental revenues were \$387,593 above budget primarily due to the increase in sales, hospitality and accommodation tax collections.

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, 2013 was \$291,776,380 (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 \$24,880,364 or 9.3%.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Construction in progress	\$ 31,579,748	\$ 16,679,590	\$ -	\$ -	\$ 31,579,748	\$ 16,679,590
Land	44,908,602	41,285,068	1,397,188	1,397,188	46,305,790	42,682,256
Buildings	114,161,208	111,532,641	2,149,747	2,181,095	116,310,955	113,713,736
Infrastructure	30,746,102	31,270,382	-	-	30,746,102	31,270,382
Improvements	40,138,124	36,839,442	5,069,478	5,313,511	45,207,602	42,152,953
Machinery and equipment	20,842,005	19,590,477	784,178	806,622	21,626,183	20,397,099
Total Capital Assets	<u>\$282,375,789</u>	<u>\$257,197,600</u>	<u>\$ 9,400,591</u>	<u>\$ 9,698,416</u>	<u>\$291,776,380</u>	<u>\$266,896,016</u>

Major capital asset events during the fiscal year ending June 30, 2013 included the following:

- The City invested an additional \$605,792 during the fiscal year ending June 30, 2013 towards renovations to the Coliseum.
- The City expended over \$15,500,000 on parks and recreation facilities throughout the City during the fiscal year ending June 30, 2013.
- The City spent over \$3,000,000 on property where the City plans to build its new public works facility.
- The City spent over \$3,000,000 towards the renovation of its old city hall building that is being leased to a tenant through a long-term lease (see notes to the financial statements, section III, G).

Additional information on the City of North Charleston's capital assets can be found in note III.C on page 36 of this report.

Long-term debt. As of June 30, 2013, the City of North Charleston had total bonded debt outstanding of \$173,634,159, which is net of \$3,074,159 in deferred amounts consisting of unamortized premiums, discounts and amounts on refunding. Of this amount, \$25,920,000 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General Obligation Bonds	\$25,920,000	\$29,215,000	\$ -	\$ -	\$ 25,920,000	\$ 29,215,000
Certificates of Participation	52,935,000	57,615,000	-	-	52,935,000	57,615,000
Installment Purchase Rev. Bonds	51,180,000	52,520,000	-	-	51,180,000	52,520,000
Tax Increment Bonds	32,865,000	38,455,000	-	-	32,865,000	38,455,000
Revenue Bonds	-	-	7,660,000	8,210,000	7,660,000	8,210,000
Subtotal	162,900,000	177,805,000	7,660,000	8,210,000	170,560,000	186,015,000
Add (Less): Unamortized discounts, premiums and amounts on refunding	4,063,399	4,407,995	(989,240)	(1,088,165)	3,074,159	3,319,830
Total	<u>\$166,963,399</u>	<u>\$182,212,995</u>	<u>\$6,670,760</u>	<u>\$7,121,835</u>	<u>\$173,634,159</u>	<u>\$189,334,830</u>

The City of North Charleston's long-term debt decreased by \$15,700,671 during the fiscal year ended June 30, 2013. The key factor in this overall decrease was the principal reduction of \$15,455,000 in both governmental and business-type activity bonds during the fiscal year ending June 30, 2013.

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 City's legal debt limit is \$45,673,287 and its legal debt margin or the amount available to issue under the legal debt limit is \$19,753,287.

Additional information on the City of North Charleston's long-term debt can be found in note III.F on pages 37-46 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the Charleston-North Charleston MSA (separate data for the City of North Charleston is not available) at June 30, 2013 was 7.3%. The unemployment rate for the State of South Carolina was 8.7% and the National unemployment rate was 7.6% as of the same time period.
- Retail sales in the City increased from \$5.87 billion in calendar year 2011 to \$6.24 billion in calendar year 2012.
- Tourism remains a vital segment of the local economy. Overall occupancy rates increased from 70% in calendar year 2011 to 71% in calendar year 2012.
- Spending in building permit construction dollar values increased by over 81% in fiscal year ending June 30, 2013 compared to fiscal year ending June 30, 2012. Permit collections increased from \$1,860,647 in fiscal year ending June 30, 2012 to \$1,917,635 in fiscal year ending June 30, 2013.

The City's adopted budget for the General Fund for the fiscal year ending June 30, 2014 increased 5.2% to \$99.9 million. The City's property tax rate increased to 95.0 mills primarily to assist with debt service on capital projects, however new commercial and industrial construction growth in assessment value will help to bring in an additional estimated \$1.5 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 \$4.4 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.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 48,105,910	\$ 5,886,276	\$ 53,992,186
Receivables (net of allowance for uncollectibles)	2,907,657	164,938	3,072,595
Due from other governments	18,721,203	-	18,721,203
Assets held for resale	6,095,265	-	6,095,265
Inventories, at cost	111,498	-	111,498
Other assets and prepaid items	2,292,370	1,878	2,294,248
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	57,432,185	-	57,432,185
Deferred charges	1,342,493	74,463	1,416,956
Capital assets (not being depreciated):			
Construction in progress	31,579,748	-	31,579,748
Land	44,908,602	1,397,188	46,305,790
Capital assets (net of accumulated depreciation):			
Buildings	114,161,208	2,149,747	116,310,955
Infrastructure	30,746,102	-	30,746,102
Improvements	40,138,124	5,069,478	45,207,602
Equipment	20,842,005	784,178	21,626,183
Total assets	419,384,370	15,528,146	434,912,516
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Accumulated decrease in fair value of hedging derivatives	1,621,529	997,810	2,619,339
Total deferred outflows of resources	1,621,529	997,810	2,619,339
<u>LIABILITIES</u>			
Accounts payable	5,213,788	268,064	5,481,852
Other accrued liabilities	7,596,418	23,122	7,619,540
Escrow for seized funds	231,139	-	231,139
Unearned revenue	2,159,575	-	2,159,575
Derivative instrument	1,621,529	997,810	2,619,339
Long-term obligations:			
Due within one year:			
General obligation bonds	3,415,000	-	3,415,000
Certificates of participation	5,015,000	-	5,015,000
Tax increment financing bonds	5,865,000	-	5,865,000
Installment purchase revenue bonds	1,245,000	-	1,245,000
Revenue bonds	-	575,000	575,000
Capital lease obligations	2,060,100	80,756	2,140,856
Compensated absences	3,066,568	81,217	3,147,785
Due in more than one year (noncurrent):			
General obligation bonds	22,505,000	-	22,505,000
Certificates of participation	47,119,138	-	47,119,138
Tax increment financing bonds	28,022,261	-	28,022,261
Installment purchase revenue bonds	53,777,000	-	53,777,000
Revenue bonds	-	6,095,760	6,095,760
Capital lease obligations	6,883,018	48,671	6,931,689
Compensated absences	161,398	9,699	171,097
Total liabilities	195,956,932	8,180,099	204,137,031
<u>NET POSITION</u>			
Net investment in capital assets	155,168,837	2,600,404	157,769,241
Restricted for:			
Redevelopment projects	15,761,873	-	15,761,873
Public safety and service	2,563,046	-	2,563,046
Debt service	9,541,312	-	9,541,312
Unrestricted	42,013,899	5,745,453	47,759,352
Total net position	\$ 225,048,967	\$ 8,345,857	\$ 233,394,824

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

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 27,445,090	\$ 3,952,793	\$ 202,552	\$ 976,040	\$ (22,313,705)	\$ -	\$ (22,313,705)
Public safety	51,619,681	3,872,664	1,845,089	62,096	(45,839,832)	-	(45,839,832)
Sanitation	6,011,879	67,556	-	-	(5,944,323)	-	(5,944,323)
Culture and recreation	14,148,047	7,216,389	215,206	-	(6,716,452)	-	(6,716,452)
Community development & promotion	4,906,786	-	975,866	206,854	(3,724,066)	-	(3,724,066)
Interest on long-term debt	7,098,192	-	1,592,517	-	(5,505,675)	-	(5,505,675)
Total governmental activities	111,229,675	15,109,402	4,831,230	1,244,990	(90,044,053)	-	(90,044,053)
Business-type activities:							
Golf course enterprise fund	2,408,010	1,284,175	-	-	-	(1,123,835)	(1,123,835)
Stormwater utility enterprise fund	3,262,117	3,556,993	-	-	-	294,876	294,876
Total business-type activities	5,670,127	4,841,168	-	-	-	(828,959)	(828,959)
Totals	\$ 116,899,802	\$ 19,950,570	\$ 4,831,230	\$ 1,244,990	(90,044,053)	(828,959)	(90,873,012)
General revenues:							
Property taxes					52,270,893	-	52,270,893
Business license taxes					21,421,988	-	21,421,988
Sales taxes					8,940,463	-	8,940,463
Franchise taxes					8,051,475	-	8,051,475
Alcoholic beverage taxes					178,530	-	178,530
Hospitality taxes					5,679,436	-	5,679,436
Accommodations taxes					4,372,821	-	4,372,821
State shared revenues, unrestricted					2,511,770	-	2,511,770
Investment earnings					859,341	11,740	871,081
Gain on sale of capital assets					61,884	-	61,884
Miscellaneous					1,289,844	53,170	1,343,014
Total general revenues before transfers					105,638,445	64,910	105,703,355
Transfers, net					(774,014)	774,014	-
Total general revenues and transfers					104,864,431	838,924	105,703,355
Special item - settlement agreement					14,360,000	-	14,360,000
Total general revenues, transfers and special item					119,224,431	838,924	120,063,355
Change in net position					29,180,378	9,965	29,190,343
Net position at beginning of year					195,868,589	8,335,892	204,204,481
Net position at end of year					\$ 225,048,967	\$ 8,345,857	\$ 233,394,824

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

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2013
(With Comparative Totals at June 30, 2012)

	General	Coliseum Operating	Tax Infrastructure	General Obligation Debt Service	Naval Base & Riverfront Park Capital Projects	Installment Purchase Revenue Bonds Capital Projects	Other Governmental	Total Governmental Funds	
								2013	2012
Assets									
Cash and cash equivalents	\$ 29,257,414	\$ 2,715,191	\$ -	\$ 4,146,947	\$ 3,572,259	\$ -	\$ 8,414,099	\$ 48,105,910	\$ 56,374,583
Receivables, net of allowances:									
Property taxes	1,651,576	-	-	-	-	-	-	1,651,576	2,475,797
Accounts receivable	30,248	179,024	-	-	-	1,027,943	18,866	1,256,081	486,271
Due from other funds	330,158	-	-	-	-	-	15,861	346,019	2,091,735
Due from other governments	11,549,603	-	6,360,000	-	-	-	811,600	18,721,203	8,210,757
Assets held for resale	-	-	6,095,265	-	-	-	-	6,095,265	5,405,219
Inventories, at cost	111,498	-	-	-	-	-	-	111,498	65,580
Prepaid items	163,486	52,936	-	-	-	-	-	216,422	67,524
Restricted assets:									
Cash and cash equivalents	-	-	4,099,553	-	5,115,376	43,262,291	4,954,965	57,432,185	69,844,406
Notes receivable	-	-	-	-	-	-	1,423,370	1,423,370	1,562,965
Total assets	\$ 43,093,983	\$ 2,947,151	\$ 16,554,818	\$ 4,146,947	\$ 8,687,635	\$ 44,290,234	\$ 15,638,761	\$ 135,359,529	\$ 146,584,837
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 1,705,630	\$ 487,878	\$ 138,135	\$ -	\$ 62,499	\$ 969,214	\$ 1,850,432	\$ 5,213,788	\$ 5,116,498
Other accrued liabilities	6,808,014	-	-	-	-	-	-	6,808,014	6,549,649
Escrow for seized funds	-	-	-	-	-	-	231,139	231,139	219,701
Due to other funds	15,861	-	-	-	-	-	330,158	346,019	2,091,735
Deferred revenue	8,939,239	2,127,075	6,392,500	-	-	1,027,943	1,423,370	19,910,127	5,287,625
Total liabilities	17,468,744	2,614,953	6,530,635	-	62,499	1,997,157	3,835,099	32,509,087	19,265,208
Fund balances:									
Nonspendable:									
Prepays	163,486	52,936	-	-	-	-	-	216,422	67,524
Inventories	111,498	-	-	-	-	-	-	111,498	65,580
Assets held for resale	-	-	6,095,265	-	-	-	-	6,095,265	5,405,219
Restricted for:									
Public safety and public service	-	-	-	-	-	-	2,563,046	2,563,046	2,464,421
Facility and infrastructure improvements	-	-	-	-	-	42,293,077	6,628,279	48,921,356	72,533,606
Debt service	-	-	2,887,446	4,146,947	-	-	2,506,919	9,541,312	10,983,683
Navy base improvements	-	-	-	-	8,625,136	-	-	8,625,136	9,721,612
Other capital projects	-	-	1,041,472	-	-	-	-	1,041,472	1,243,065
Committed for:									
Disaster funds	412,023	-	-	-	-	-	-	412,023	411,021
Assigned for:									
Community promotions	-	-	-	-	-	-	105,418	105,418	98,984
Facility operations	-	279,262	-	-	-	-	-	279,262	270,293
Education, boat landing, loans and other	4,452,826	-	-	-	-	-	-	4,452,826	4,044,976
Unassigned	20,485,406	-	-	-	-	-	-	20,485,406	20,009,645
Total fund balances	25,625,239	332,198	10,024,183	4,146,947	8,625,136	42,293,077	11,803,662	102,850,442	127,319,629
Total liabilities and fund balances	\$ 43,093,983	\$ 2,947,151	\$ 16,554,818	\$ 4,146,947	\$ 8,687,635	\$ 44,290,234	\$ 15,638,761	\$ 135,359,529	\$ 146,584,837

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

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
GOVERNMENTAL FUNDS
RECONCILIATION OF FUND BALANCES TO NET POSITION
June 30, 2013

Total fund balances of total Governmental Funds \$ 102,850,442

Amounts reported for Governmental Activities in the Statement of Net Position 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	\$ 386,161,405	
Accumulated depreciation	<u>(103,785,616)</u>	
Net carrying value of capital assets included in net position, not included in fund balances		282,375,789

Long-term liabilities are not due and payable in the current period and accordingly, are not reported as fund liabilities:

General obligation bonds	(25,920,000)	
Certificates of participation, including unamortized premiums and/or discounts of \$735,085 and net of unamortized amount on refunding of \$1,535,947	(52,134,138)	
Installment purchase revenue bonds, including unamortized premiums of \$3,842,000	(55,022,000)	
Tax increment financing bonds, including unamortized premiums and/or discounts of \$1,022,261	(33,887,261)	
Capital lease obligations	(8,943,118)	
Compensated absences	<u>(3,227,966)</u>	
Total liabilities included in Statement of Net Position, not included in fund liabilities		(179,134,483)
Accrued interest on long-term debt		(788,404)

Other assets are not available to pay for current period expenditures and therefore are deferred or not reported in the fund balances:

Special item - settlement agreement	12,360,000	
Accounts receivable for facility improvements and renovations	1,027,943	
Hospitality taxes, accommodations taxes, state shared and other revenues due from other governments	2,164,053	
Property taxes	775,186	
OPEB net (obligation) asset	2,075,948	
Unamortized bonds costs, net of amortization	<u>1,342,493</u>	
Total long-term assets included in net position, not included in fund balances		<u>19,745,623</u>

Total net position of total Governmental Activities \$ 225,048,967

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

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	General	Coliseum Operating	Tax Infrastructure	General Obligation Debt Service	Naval Base & Riverfront Park Capital Projects	Installment Purchase Revenue Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds	
								2013	2012
Revenues:									
Property taxes	\$ 39,943,030	\$ -	\$ 8,073,564	\$ 1,500,000	\$ -	\$ -	\$ 2,000,000	\$ 51,516,594	\$ 48,259,447
Licenses and permits	31,420,738	-	-	-	-	-	-	31,420,738	29,670,187
Intergovernmental	15,724,040	-	-	378,000	-	-	11,550,463	27,652,503	29,976,800
Fines and forfeitures	1,316,717	-	-	-	-	-	509,806	1,826,523	1,867,687
Charges for services	1,918,865	-	-	-	-	-	-	1,918,865	1,601,380
Revenues from use of monies and property	1,926,363	5,125,276	297,772	379,116	22,458	1,033,952	923,086	9,708,023	7,945,094
Other revenues	442,195	-	-	-	-	-	-	442,195	757,106
Total revenues	92,691,948	5,125,276	8,371,336	2,257,116	22,458	1,033,952	14,983,355	124,485,441	120,077,701
Expenditures:									
Current:									
General government	23,929,383	-	-	-	-	-	-	23,929,383	22,506,209
Public safety	50,660,512	-	-	-	-	-	2,158,840	52,819,352	48,428,219
Sanitation	5,756,066	-	-	-	-	-	-	5,756,066	5,321,461
Culture and recreation	6,506,983	5,989,055	-	-	-	-	639,894	13,135,932	12,565,625
Community development and promotion	2,403,348	-	-	-	-	-	1,847,162	4,250,510	4,087,855
Capital outlay	-	-	2,082,635	-	1,118,934	13,387,932	12,876,228	29,465,729	17,104,210
Debt service:									
Principal	2,302,010	-	5,590,000	3,295,000	-	-	6,020,000	17,207,010	15,189,314
Interest and fiscal charges	239,077	-	1,209,490	1,312,740	-	-	4,417,448	7,178,755	5,550,169
Bond issuance costs	-	-	-	-	-	-	34,000	34,000	598,293
Total expenditures	91,797,379	5,989,055	8,882,125	4,607,740	1,118,934	13,387,932	27,993,572	153,776,737	131,351,355
Excess (deficiency) of revenues over expenditures	894,569	(863,779)	(510,789)	(2,350,624)	(1,096,476)	(12,353,980)	(13,010,217)	(29,291,296)	(11,273,654)
Other financing sources (uses):									
Transfers in	-	863,779	-	2,351,120	-	-	4,911,597	8,126,496	10,783,936
Transfers (out)	(5,402,294)	-	-	(820,545)	-	-	(2,677,671)	(8,900,510)	(12,247,626)
Proceeds from sale of property	186,676	-	-	-	-	-	-	186,676	154,601
Bonds issued	-	-	-	-	-	-	-	-	52,520,000
Premiums on bonds issued	-	-	-	-	-	-	-	-	4,002,083
Capital lease obligations	3,409,447	-	-	-	-	-	-	3,409,447	1,906,000
Total other financing sources (uses)	(1,806,171)	863,779	-	1,530,575	-	-	2,233,926	2,822,109	57,118,994
Special item - settlement agreement	2,000,000	-	-	-	-	-	-	2,000,000	-
Net changes in fund balances	1,088,398	-	(510,789)	(820,049)	(1,096,476)	(12,353,980)	(10,776,291)	(24,469,187)	45,845,340
Fund balances at beginning of year	24,536,841	332,198	10,534,972	4,966,996	9,721,612	54,647,057	22,579,953	127,319,629	81,474,289
Fund balances at end of year	\$ 25,625,239	\$ 332,198	\$ 10,024,183	\$ 4,146,947	\$ 8,625,136	\$ 42,293,077	\$ 11,803,662	\$ 102,850,442	\$ 127,319,629

The notes to the financial statements are an integral part of this statement

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, 2013

Net change in fund balances of total Governmental Funds activities: \$ (24,469,187)

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 Position:

Total capital asset additions	33,711,748	
Depreciation expense	(8,408,767)	
Net effect of capital asset acquisitions and depreciation expense		25,302,981

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	(186,676)	
Gain (loss) on sale or disposal	61,884	
Net effect of capital assets sales and disposals		(124,792)

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	14,905,000	
Amortization of premiums, discounts, costs and refunding deferrals	175,955	
Capital lease payments	2,302,010	
Proceeds from capital leasing activities	(3,409,447)	
Net effect of long-term debt related activities		13,973,518

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:

Special item - settlement agreement	12,360,000	
Accounts receivable for facility improvements and renovations	1,027,943	
Hospitality & accommodations taxes	139,924	
Property taxes	754,299	
State shared and other revenues due from other governments	199,479	
Accrued interest on borrowings	(61,392)	
Increase in net OPEB asset	209,886	
Compensated absences	(132,281)	
Net effect of revenue and expense activities		14,497,858

Change in net position		\$ 29,180,378
------------------------	--	---------------

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

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2013
(With Comparative Totals at June 30, 2012)

	Business-type Activities - Enterprise Funds			
	2013			2012
	Golf Course	Stormwater Utility	Total	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 107,843	\$ 5,778,433	\$ 5,886,276	\$ 5,148,529
Accounts receivable, net	24,167	140,771	164,938	1,050,742
Prepaid items	1,878	-	1,878	1,530
Total current assets	133,888	5,919,204	6,053,092	6,200,801
Noncurrent Assets:				
Unamortized bond issue costs	74,463	-	74,463	81,910
Capital assets:				
Land	1,397,188	-	1,397,188	1,397,188
Buildings	3,308,651	-	3,308,651	3,247,184
Improvements	8,043,375	-	8,043,375	8,043,375
Machinery and equipment	1,339,027	2,477,688	3,816,715	3,640,113
Less accumulated depreciation	(5,284,817)	(1,880,521)	(7,165,338)	(6,629,444)
Total capital assets (net of accumulated depreciation)	8,803,424	597,167	9,400,591	9,698,416
Total noncurrent assets	8,877,887	597,167	9,475,054	9,780,326
Total assets	9,011,775	6,516,371	15,528,146	15,981,127
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	997,810	-	997,810	1,410,757
Total deferred outflows of resources	997,810	-	997,810	1,410,757
LIABILITIES				
Current liabilities:				
Accounts payable	180,474	87,590	268,064	191,692
Accrued interest payable	22,905	217	23,122	25,120
Revenue bonds payable	575,000	-	575,000	550,000
Capital leases payable	27,588	53,168	80,756	93,303
Compensated absences	-	81,217	81,217	74,912
Total current liabilities	805,967	222,192	1,028,159	935,027
Noncurrent liabilities:				
Derivative instrument	997,810	-	997,810	1,410,757
Revenue bonds payable, net	6,095,760	-	6,095,760	6,571,835
Capital leases payable	35,044	13,627	48,671	129,427
Compensated absences	-	9,699	9,699	8,946
Total noncurrent liabilities	7,128,614	23,326	7,151,940	8,120,965
Total liabilities	7,934,581	245,518	8,180,099	9,055,992
NET POSITION				
Net investment in capital assets	2,070,032	530,372	2,600,404	2,353,851
Unrestricted	4,972	5,740,481	5,745,453	5,982,041
Total net position	\$ 2,075,004	\$ 6,270,853	\$ 8,345,857	\$ 8,335,892

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

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Business-type Activities - Enterprise Funds			
	2013			2012 Total
	Golf Course	Stormwater Utility	Total	
Operating revenues:				
Golf course fees	\$ 1,240,380	\$ -	\$ 1,240,380	\$ 1,105,858
Stormwater utility fees	-	3,556,993	3,556,993	4,013,656
Merchandise sales commissions	43,795	-	43,795	46,629
Miscellaneous revenues	53,170	-	53,170	22,918
Total operating revenues	<u>1,337,345</u>	<u>3,556,993</u>	<u>4,894,338</u>	<u>5,189,061</u>
Operating expenses:				
Contractual management services	1,525,771	-	1,525,771	1,595,767
Salaries and benefits	-	2,526,622	2,526,622	2,442,152
Repairs and maintenance	-	432,323	432,323	255,017
Supplies and materials	-	115,050	115,050	111,215
Administrative	18,000	53,833	71,833	42,300
Amortization expense	106,372	-	106,372	106,372
Depreciation expense	405,410	130,484	535,894	551,161
Total operating expenses	<u>2,055,553</u>	<u>3,258,312</u>	<u>5,313,865</u>	<u>5,103,984</u>
Operating income (loss)	(718,208)	298,681	(419,527)	85,077
Nonoperating revenues (expenses):				
Investment income	53	11,687	11,740	22,752
Interest expense:				
Revenue bonds	(345,574)	-	(345,574)	(417,326)
Equipment leases	(1,205)	(3,805)	(5,010)	(8,751)
Fiscal agent fees	(5,678)	-	(5,678)	(10,941)
Total nonoperating revenues (expenses)	<u>(352,404)</u>	<u>7,882</u>	<u>(344,522)</u>	<u>(414,266)</u>
Change in net position, before transfers	(1,070,612)	306,563	(764,049)	(329,189)
Transfers to IPRB Fund	-	(500,000)	(500,000)	-
Transfers from General Fund	1,274,014	-	1,274,014	1,463,690
Change in net position	203,402	(193,437)	9,965	1,134,501
Total net position at beginning of year	<u>1,871,602</u>	<u>6,464,290</u>	<u>8,335,892</u>	<u>7,201,391</u>
Total net position at end of year	<u>\$ 2,075,004</u>	<u>\$ 6,270,853</u>	<u>\$ 8,345,857</u>	<u>\$ 8,335,892</u>

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

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Business-type Activities - Enterprise Funds			
	2013			2012
	Golf Course	Stormwater Utility	Total	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,328,989	\$ 4,451,153	\$ 5,780,142	\$ 5,533,019
Payments to employees	-	(2,526,622)	(2,526,622)	(2,442,152)
Payments to suppliers and contractors	(1,554,230)	(509,663)	(2,063,893)	(1,963,190)
Net cash provided by (used for) operating activities	(225,241)	1,414,868	1,189,627	1,127,677
Cash flows from noncapital financing activities:				
Transfers to IPRB Fund	-	(500,000)	(500,000)	-
Transfers from General Fund	1,274,014	-	1,274,014	1,463,690
Net cash provided by (used for) noncapital financing activities	1,274,014	(500,000)	774,014	1,463,690
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(136,157)	(101,912)	(238,069)	(320,568)
Principal paid on capital debt	(592,218)	(51,085)	(643,303)	(653,021)
Proceeds from lease purchase financing	-	-	-	110,000
Interest and fiscal charges paid on capital debt	(352,457)	(3,805)	(356,262)	(437,018)
Net cash provided by (used for) capital and related financing activities	(1,080,832)	(156,802)	(1,237,634)	(1,300,607)
Cash flows from investing activities:				
Interest received	53	11,687	11,740	22,752
Net cash provided (used) by investing activities	53	11,687	11,740	22,752
Net increase (decrease) in cash and cash equivalents	(32,006)	769,753	737,747	1,313,512
Cash and cash equivalents at beginning of year	139,849	5,008,680	5,148,529	3,835,017
Cash and cash equivalents at end of year	\$ 107,843	\$ 5,778,433	\$ 5,886,276	\$ 5,148,529
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (718,208)	\$ 298,681	\$ (419,527)	\$ 85,077
Adjustments:				
Increase (decrease) in operating payables	(10,111)	91,543	81,432	42,568
(Increase) decrease in accounts receivable	(8,356)	894,160	885,804	343,958
(Increase) decrease in prepaid items	(348)	-	(348)	(1,459)
Amortization expense	106,372	-	106,372	106,372
Depreciation expense	405,410	130,484	535,894	551,161
Net cash provided (used) by operating activities	\$ (225,241)	\$ 1,414,868	\$ 1,189,627	\$ 1,127,677

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

CITY OF NORTH CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

INDEX

	<u>Beginning Page</u>
I. Summary of Significant Accounting Policies	
A. Reporting Entity.....	24
B. Government-wide and Fund Financial Statements	24
C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.....	25
D. Assets, Liabilities, Net Position or Equity, Revenues and Expenditures/Expenses	
1. Cash and Cash Equivalents, Deposits and Investments	28
2. Receivables and Payables	28
3. Assets Held for Resale	28
4. Inventories and Prepaid Items	28
5. Restricted Assets	28
6. Capital Assets and Depreciation Expense	28
7. Compensated Absences.....	29
8. Deferred Outflows and Inflows of Resources	29
9. Short-term and Long-term Obligations and Interest Expense.....	29
10. Deferred Revenue	30
11. Fund Equity and Balance	30
12. Net Position.....	31
13. Accounting Estimates	31
14. Operating Revenues and Expenses	32
15. Extraordinary and Special Items	32
16. Lease Accounting.....	32
17. Interfund Activity.....	32
18. Revenues and Contributions, Exchange and Non-Exchange Transactions.....	32
19. Reconciliation from Fund Balances to Net Position	33
20. Comparative Data/Reclassifications	33
II. Stewardship, Compliance and Accountability	
A. Budgetary Information.....	33
B. Fund Deficits and Excess Expenditures over Appropriations	34
III. Detailed Notes on All Funds	
A. Deposits and Investments	34
B. Receivables and Deferred/Unearned Revenue.....	35
C. Capital Assets, Depreciation Expense	36
D. Interfund Receivables, Payables and Transfers	37
E. Short-term Obligations	37
F. Long-term Obligations.....	37
G. Facility Rental Revenue.....	46
H. Net Position Classifications	46
IV. Other Information	
A. Risk Management	47
B. Deferred Compensation Plans, Pension Plans and Employee Retirement Systems	47
C. Other Post-employment Benefits.....	49
D. Contingent Liabilities and Litigation.....	50
E. Significant Long-term Management Contracts.....	51
F. Commitments and Contingencies	51
G. Pending Implementation of GASB Statement on Pensions	52
H. Subsequent Events	52

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 and installment purchase revenue bonds 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, the Installment Purchase Revenue Bonds Debt Service Fund, the Installment Purchase Revenue Bonds Capital Projects 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, 2013, the Commission had begun one redevelopment plan, but had no financial authority or obligation.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The 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 Position 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 position.

The City implemented Governmental Accounting Standards Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" ("GASB #63") in the fiscal year ended June 30, 2013. GASB #63 establishes financial reporting requirements and related disclosures for certain elements of a statement of financial position that were discussed in the GASB's 2007 Concepts Statement No. 4, "*Elements of Financial Statements*". In Concepts Statement No. 4, the GASB defines a *deferred outflow of resources* as a consumption of net assets by a government that is applicable to a future reporting period; a *deferred inflow of resources* as an acquisition of net assets by a government that is applicable to a future reporting period; and *net position* as the residual of all other elements presented in a statement of financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB #63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of financial position in a separate section following assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as net assets in a statement of financial position. The City of North Charleston reports as deferred outflow of resources amounts related to the fair value of its interest rate swaps associated with the certificates of participation debt and golf course enterprise debt.

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 associated with the current year 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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) have not been restricted, committed or assigned to other funds are accounted for in the General Fund.

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 Capital Projects 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.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Installment Purchase Revenue Bonds Capital Projects Fund – The Installment Purchase Revenue Bonds Capital Projects Fund is used to account for and report the financial resources that are restricted, committed or assigned through proceeds from the sale of installment purchase revenue bonds to fund expenditures associated with the purchase of and improvements made to City owned facilities.

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 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, Domestic Violence Grant, Lowcountry Regional Analyst Grant, Victims Advocate, State Ports Authority Mitigation Grant, COPS Hiring Grant, FEMA Firefighter Assistance Grant, School Resource Officer Grant, Port Security Grant, Hispanic Victim Advocate Grant, EPA Brownsfield Grant, JAG Recovery Act Grant, CDBG Recovery Act Grant, Maritime Fire Response Vessel Grant 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.

Installment Purchase Revenue Bonds Debt Service Fund – The Installment Purchase Revenue Bonds 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 installment purchase revenue bond debt of the governmental funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOW OF RESOURCES, LIABILITIES, DEFERRED INFLOW OF RESOURCES, NET POSITION 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 six 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 \$762,629.

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, 2013, the City maintained approximately 57 acres in the Century Oaks TIF district.

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/supplies held for consumption. The consumption method of accounting is used to record inventories 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, certificates of participation and installment purchase revenue bonds, 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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOW OF RESOURCES, LIABILITIES, DEFERRED INFLOW OF RESOURCES, NET POSITION OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

assets are recorded at estimated fair value at the date of receipt. Major outlays for capital assets and improvements are capitalized as projects when 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 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. Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are the consumption of net assets by the government that are applicable to a future reporting period and an acquisition of net assets by the government that are applicable to a future reporting period, respectively. The City of North Charleston's deferred outflows of resources consist of the fair value position of its interest rate swaps associated with the certificates of participation debt and the golf course enterprise debt.

9. 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 Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Bonds payable are reported net of applicable unamortized bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOW OF RESOURCES, LIABILITIES, DEFERRED INFLOW OF RESOURCES, NET POSITION OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

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.

10. 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. Deferred revenue in the governmental funds is primarily represented by loans receivable in the HOME Grant Fund, taxes receivable and amounts due from other governments.

11. 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 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOW OF RESOURCES, LIABILITIES, DEFERRED INFLOW OF RESOURCES, NET POSITION OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

Committed - This represents amounts that can be used only for the specific purposes determined by a formal action of the City Council. The Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned - This represents amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Only the City Council has the authority to assign fund balance and does so by assigning fund balance through appropriations made during the budgetary process or during the fiscal year through budget amendment actions.

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, 2014 is \$99,933,664, thus \$9,993,366 would need to be the minimum amount set aside as the unassigned General Fund balance. As of June 30, 2013, the City's unassigned fund balance for the General Fund was \$20,485,406.

12. Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt (i.e., bonds, leases, notes). 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 Position is represented by 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 Position represents net position that does not meet the definitions of restricted or net investment in capital assets. Unrestricted net position may be designated for management's specific purposes.

13. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOW OF RESOURCES, LIABILITIES, DEFERRED INFLOW OF RESOURCES, NET POSITION OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

14. 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.

15. Extraordinary and Special Items

Extraordinary items are both unusual in nature and infrequent in occurrence. Special items are significant items subject to management control that meet one but not both of the extraordinary items criteria.

16. 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 are deferred and amortized to expenses over the life of the lease.

17. 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 expenditures/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.

18. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOW OF RESOURCES, LIABILITIES, DEFERRED INFLOW OF RESOURCES, NET POSITION OR EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

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.

19. Reconciliation from Fund Balances to Net Position

The Reconciliation of Fund Balances to Net Position (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 position and related activities. All significant differences are explained within the reconciliations, and by reference to various other notes to the financial statements.

20. 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 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.

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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. Fund Deficits and Excess Expenditures over Appropriations

For the fiscal year ended June 30, 2013, 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, 2013, the City had the following cash and investment balances:

Cash on hand	\$ 59,800
Carrying amount of deposits	20,318,344
Carrying amount of investments	91,046,227
Total	<u>\$ 111,424,371</u>
Statement of Net Position balances:	
Cash and cash equivalents	\$ 53,992,186
Cash and cash equivalents – restricted	57,432,185
Total	<u>\$ 111,424,371</u>

Investments are categorized as follows:

	Fair Value	Weighted Average Maturity (Years)
Governmental money market funds	\$ 33,541,662	.25
State Treasurer's Local Government Investment Pool	57,504,565	.25
Total	<u>\$ 91,046,227</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 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 for 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, 2013, the City was not exposed to any custodial credit risk. The City had \$28,649,708 in collateralized securities for deposits not covered by depository insurance.

Custodial Credit Risk for 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, 2013, the City was not exposed to any custodial credit risk for its investments. Investments in the amount of \$33,541,662 were held by a financial institution's trust department in the City's name and not by the counterparty or its trust department.

III. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables and Deferred/Unearned Revenue

During the fiscal years from 1996 through 2013, the City applied for and received funds from HOME grants totaling \$5,030,589 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, 2013 was \$1,423,370. These notes are fully reserved in the allowance for uncollectible accounts in the government-wide financial statements.

Property taxes receivables of \$1,651,576 represent total receivables of \$2,414,205 less an estimated allowance for uncollectibles of \$762,629. Receivables of \$164,938 represents delinquent stormwater utility fees billed of \$2,029,789 and golf course user fees of \$24,167 less an estimated allowance for uncollectibles of \$1,889,018. Governmental and business-type activities receivables and amounts due from other governments as of June 30, 2013 in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Description	Governmental Activities	Business-Type Activities	Total
Notes receivable –restricted	\$ 1,423,370	\$ -	\$ 1,423,370
Property taxes	2,414,205	-	2,414,205
Sales, accommodation & hospitality taxes	4,069,566	-	4,069,566
State aid to subdivision	451,505	-	451,505
Business licenses	531,223	-	531,223
Grant income	879,065	-	879,065
Settlement agreement	12,360,000	-	12,360,000
Rents & other receivables	1,685,925	-	1,685,925
User fees	-	2,053,956	2,053,956
Gross receivables	23,814,859	2,053,956	25,868,815
Less: allowance for uncollectibles	(2,185,999)	(1,889,018)	(4,075,017)
Net total receivables	<u>\$ 21,628,860</u>	<u>\$ 164,938</u>	<u>\$ 21,793,798</u>

As of June 30, 2013, the City reported the following for the governmental activities in the Statement of Net Position:

Receivables, net	\$ 2,907,657
Due from other governments	18,721,203
Total	<u>\$21,628,860</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). At June 30, 2013, the various components of deferred/unearned revenue were as follows:

Governmental Funds:	Fund	Deferred	Unearned	Total
Property taxes receivable	General	\$ 775,186	\$ -	\$ 775,186
Due from other governments:				
Other taxes	General	2,164,053	-	2,164,053
Settlement agreement	General	6,000,000	-	6,000,000
Settlement agreement	Tax Infrastructure	6,360,000	-	6,360,000
Deposits	Tax Infrastructure	-	32,500	32,500
Ticket sales and deposits	Coliseum	-	2,127,075	2,127,075
Facility improvements receivable	IPRB Cap. Projects.	1,027,943	-	1,027,943
Notes receivable	HOME	1,423,370	-	1,423,370
Total Deferred/Unearned Revenue		<u>\$17,750,552</u>	<u>\$2,159,575</u>	<u>\$19,910,127</u>

Special item – settlement agreement - In February 2013, the City of North Charleston and the S.C. Department of Commerce, through its division known as the S.C. Public Railways, entered into a settlement agreement and release concerning a dispute relative to the development of and including rail access to an inter-

III. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables and Deferred/Unearned Revenue (continued)

modal container transfer facility located in the City of North Charleston. This settlement agreement also results in the transfer of title to property between both parties. Terms of the agreement state that S.C. Public Railways will pay \$8 million to the City of North Charleston over a four year period with the first \$2 million having been paid in fiscal year ending June 30, 2013. S.C. Public Railways will also assume responsibility for debt service payments relative to the Navy Base Tax Increment Finance District debt outstanding at the time of the agreement, which was \$6,360,000.

C. Capital Assets, Depreciation Expense

Capital asset activity for the year ending June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$41,285,068	\$ 3,708,534	\$ 85,000	\$44,908,602
Construction in progress	16,679,590	23,307,090	8,406,932	31,579,748
Total assets not being depreciated	<u>57,964,658</u>	<u>27,015,624</u>	<u>8,491,932</u>	<u>76,488,350</u>
Capital assets being depreciated:				
Buildings	146,340,742	4,770,219	-	151,110,961
Infrastructure	39,181,042	495,383	-	39,676,425
Improvements other than buildings	50,875,823	4,807,485	-	55,683,308
Machinery and equipment	59,348,761	5,029,969	1,176,369	63,202,361
Total capital assets being depreciated	<u>295,746,368</u>	<u>15,103,056</u>	<u>1,176,369</u>	<u>309,673,055</u>
Less accumulated depreciation for:				
Buildings	34,808,101	2,141,652	-	36,949,753
Infrastructure	7,910,660	1,019,663	-	8,930,323
Improvements other than buildings	14,036,381	1,508,803	-	15,545,184
Machinery and equipment	39,758,284	3,738,649	1,136,577	42,360,356
Total accumulated depreciation	<u>96,513,426</u>	<u>8,408,767</u>	<u>1,136,577</u>	<u>103,785,616</u>
Total capital assets being depreciated, net	<u>199,232,942</u>	<u>6,694,289</u>	<u>39,792</u>	<u>205,887,439</u>
Governmental activities capital assets, net	<u>\$257,197,600</u>	<u>\$33,709,913</u>	<u>\$ 8,531,724</u>	<u>\$282,375,789</u>
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$1,397,188	\$ -	\$ -	\$1,397,188
Total assets not being depreciated	<u>1,397,188</u>	<u>-</u>	<u>-</u>	<u>1,397,188</u>
Capital assets being depreciated:				
Buildings	3,247,184	61,467	-	3,308,651
Improvements	8,043,375	-	-	8,043,375
Machinery and equipment	3,640,113	176,602	-	3,816,715
Total capital assets being depreciated	<u>14,930,672</u>	<u>238,069</u>	<u>-</u>	<u>15,168,741</u>
Less accumulated depreciation for:				
Buildings	1,066,089	92,815	-	1,158,904
Improvements	2,729,864	244,033	-	2,973,897
Machinery and equipment	2,833,491	199,046	-	3,032,537
Total accumulated depreciation	<u>6,629,444</u>	<u>535,894</u>	<u>-</u>	<u>7,165,338</u>
Total capital assets being depreciated, net	<u>8,301,228</u>	<u>(297,825)</u>	<u>-</u>	<u>8,003,403</u>
Business-type activities capital assets, net	<u>\$ 9,698,416</u>	<u>\$ (297,825)</u>	<u>\$ -</u>	<u>\$ 9,400,591</u>

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

Functions/Programs	Governmental Activities	Business-type Activities
General government	\$ 1,787,910	\$ -
Public safety	2,918,967	-
Sanitation	696,662	-
Culture and recreation	2,348,952	-
Community development	656,276	-
Stormwater utility	-	130,484
Golf course	-	405,410
Total Depreciation Expense	<u>\$ 8,408,767</u>	<u>\$ 535,894</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

D. Interfund Receivables, Payables and Transfers

The following is a schedule of interfund balances at June 30, 2013:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Block Grant	\$ 78,152
	Domestic Violence Grant	1,592
	HOME	25,452
	School Resource Officer Grant	34,500
	Anti-Drug	71,149
	Port Security Grant	9,232
	FEMA Firefighter Assistance Grant	22,112
	Hispanic Victim Advocate Grant	11,684
	Lowcountry Regional Analyst Grant	20,444
	Justice Assistance Grant	<u>55,841</u>
Total due General Fund		330,158
Capital Projects Fund	General Fund	<u>15,861</u>
Total due from all funds		<u>\$ 346,019</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, 2013:

<u>Transfer In:</u>	<u>Transfer Out</u>				<u>Total</u>
	<u>General Fund</u>	<u>G.O. Debt Service Fund</u>	<u>Proprietary Funds</u>	<u>Nonmajor Governmental Funds</u>	
G.O. Debt Service Fund	\$2,351,120	\$ -	\$ -	\$ -	\$2,351,120
Coliseum Operating Fund	697,164	166,615	-	-	863,779
Proprietary Funds	1,274,014	-	-	-	1,274,014
Nonmajor Governmental Funds	<u>1,079,996</u>	<u>653,930</u>	<u>500,000</u>	<u>2,677,671</u>	<u>4,911,597</u>
Total Transfers Out	<u>\$5,402,294</u>	<u>\$820,545</u>	<u>\$ 500,000</u>	<u>\$2,677,671</u>	<u>\$ 9,400,510</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, 2013 and, therefore, there was no short-term debt outstanding as of June 30, 2013.

F. Long-term Obligations

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

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

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%	\$ 825,000
\$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%	695,000
\$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%	695,000
\$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%	395,000
\$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%	1,025,000
\$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%	2,240,000
\$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>20,045,000</u>
Total General Obligation Bonds	<u>\$ 25,920,000</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, 2013, the City of North Charleston received \$370,805 in interest payment subsidies to help offset the \$1,020,975 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			
2014	\$ 3,415,000	\$ 1,167,976	\$ 4,582,976
2015	3,545,000	1,021,018	4,566,018
2016	2,285,000	890,271	3,175,271
2017	1,995,000	783,572	2,778,572
2018	1,445,000	689,500	2,134,500
2019-2023	7,905,000	2,315,502	10,220,502
2024-2028	<u>5,330,000</u>	<u>400,140</u>	<u>5,730,140</u>
Total	<u>\$25,920,000</u>	<u>\$ 7,267,979</u>	<u>\$33,187,979</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 principal 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 Position. 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 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 Position. The reacquisition price exceeded the carrying amount by \$1,283,969, which is netted against the new debt and is being 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 Position. The outstanding amount of defeased Series 1997 certificates of participation at June 30, 2013 totaled \$10,990,000.

Certificates of participation outstanding as of June 30, 2013:

\$27,055,000 in certificates issued in January 2005, with principal due in annual installments of \$195,000 to \$3,555,000 through September 2019, and monthly variable interest (.06% at June 30, 2013) fixed at 3.27% by an interest rate swap	\$22,410,000
\$43,850,000 in certificates issued in September 2008, with principal due in annual installments of \$1,910,000 to \$6,710,000 through September 2021, and semi-annual interest ranging from 4.0% to 5.0%	<u>30,525,000</u>
Total Certificates of Participation	52,935,000
Add: Unamortized premiums	781,054
Less: Unamortized discounts	(45,969)
Unamortized difference between carrying amount of defeased debt and reacquisition price	<u>(1,535,947)</u>
Net Certificates of Participation	<u>\$52,134,138</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>
2014	\$ 5,015,000	\$ 2,000,027	\$ 7,015,027
2015	5,385,000	1,806,624	7,191,624
2016	5,795,000	1,579,457	7,374,457
2017	6,225,000	1,333,236	7,558,236
2018	6,685,000	1,066,754	7,751,754
2019-2023	<u>23,830,000</u>	<u>1,593,154</u>	<u>25,423,154</u>
Total	<u>\$52,935,000</u>	<u>\$ 9,379,252</u>	<u>\$62,314,252</u>

Installment Purchase Revenue Bonds - Installment purchase revenue bonds relate to debt issued by the North Charleston Public Facilities Corporation ("Corporation"). The Corporation issued in June 2012 \$52,520,000 in installment purchase revenue bonds 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 installment purchase revenue bonds under a Base Lease Agreement and Municipal Facilities Purchase and Occupancy Agreement. For financial reporting purposes, the City accounts for the installment purchase revenue bonds as its own debt.

Installment purchase revenue bonds outstanding as of June 30, 2013:

\$52,520,000 in revenue bonds issued in June 2012, due in annual installments of \$1,245,000 to \$3,365,000 through June 2037, with semi-annual interest ranging from 2.0% to 5.0%	\$51,180,000
Add: Unamortized premiums	<u>3,842,000</u>
Net Installment Purchase Revenue Bonds	<u>\$55,022,000</u>

Year Ending June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,245,000	\$ 2,250,663	\$ 3,495,663
2015	1,285,000	2,213,312	3,498,312
2016	1,350,000	2,149,063	3,499,063
2017	1,415,000	2,081,562	3,496,562
2018	1,485,000	2,010,812	3,495,812
2019-2023	<u>8,490,000</u>	<u>8,997,513</u>	<u>17,487,513</u>
2024-2028	<u>10,525,000</u>	<u>6,956,587</u>	<u>17,481,587</u>
2029-2033	<u>12,770,000</u>	<u>4,722,750</u>	<u>17,492,750</u>
2034-2038	<u>12,615,000</u>	<u>1,381,350</u>	<u>13,996,350</u>
Total	<u>\$51,180,000</u>	<u>\$ 32,763,612</u>	<u>\$83,943,612</u>

Tax Increment Financing Bonds - During 1996, City Council approved the Tax Increment Finance (TIF) District for the city center 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 Capital Projects 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 Position.

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

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, 2013 was \$20,950,000, plus \$1,046,660 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 Capital Projects Fund. Principal is payable in annual installments beginning December 1, 2006 through 2018 with variable interest (.06% at June 30, 2013) 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, 2013 was \$5,555,000 less \$24,399 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 Capital Projects Fund. Principal is payable in annual installments beginning in March 2008 through 2037 with variable interest (.06% at June 30, 2013), 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, 2013 was \$6,360,000. As discussed in Note III.B, S.C. Public Railways has assumed responsibility for the debt service payments on these bonds.

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	Governmental Activities		
June 30	Principal	Interest	Total
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	6,725,000	439,264	7,164,264
2018	1,150,000	268,064	1,418,064
2019-2023	1,995,000	1,012,263	3,007,263
2024-2028	1,225,000	771,843	1,996,843
2029-2033	1,495,000	494,838	1,989,838
2034-2038	<u>1,850,000</u>	<u>154,086</u>	<u>2,004,086</u>
Total	<u>\$32,865,000</u>	<u>\$ 6,197,083</u>	<u>\$39,062,083</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

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, 2013 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 (.08% at June 30, 2013) fixed at 3.58% by an interest rate swap on the full amount of the note	\$ 7,660,000
Unamortized difference between carrying amount of defeased debt and reacquisition price	(951,650)
Unamortized discounts	<u>(37,590)</u>
Total long-term debt portion, net of discounts and deferred charges	<u>\$ 6,670,760</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 Position. 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 Position. There is no outstanding amount of defeased Series 1998 golf course mortgage revenue bonds at June 30, 2013 as the refunded debt has been paid off prior to maturity when the call feature was exercised. Annual debt service requirements to maturity for the golf course mortgage revenue bonds are as follows:

Year Ending	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30			
2014	\$ 575,000	\$ 274,228	\$ 849,228
2015	595,000	253,643	848,643
2016	620,000	232,342	852,342
2017	640,000	210,146	850,146
2018	665,000	187,234	852,234
2019-2023	3,730,000	560,449	4,290,449
2024-2028	<u>835,000</u>	<u>29,893</u>	<u>864,893</u>
Total	<u>\$7,660,000</u>	<u>\$1,747,935</u>	<u>\$9,407,935</u>

The City is required to comply with various covenants and restrictions of the revenue bonds 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 2023. 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, 2013 are as follows:

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

\$2,250,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated September 2003, in 2 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%	\$ 36,537
\$1,000,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated August 2004, in 2 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%	80,674
\$2,000,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated August 2005, in 3 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%	174,412
\$2,000,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated August 2006, in 4 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%	327,063
\$2,815,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated August 2007, in 3 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%	669,727
\$3,625,000 ten-year lease agreement with SunTrust Leasing Corporation, dated September 2008, in 5 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%	990,286
\$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%	33,898
\$2,662,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated September 2010, in 3 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%	1,539,408
\$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%	558,442
\$2,016,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated September 2011, in 4 separate amortization schedules of \$1,400,000 (10 yrs), \$336,000 (7 yrs), \$170,000 (5 yrs) and \$110,000 (4 yrs) payable in quarterly installments of \$68,117 for 16 quarters, \$61,032 for 20 quarters, \$52,187 for 28 quarters and \$39,360 for 40 quarters, including interest ranging from 1.43% to 2.35%	1,587,017

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

\$2,865,000 ten-year lease agreement with JP Morgan Chase Equipment Finance, dated September 2012, in 3 separate amortization schedules of \$1,165,000 (10 yrs), \$545,000 (7 yrs) and \$1,155,000 (5 yrs) payable in quarterly installments of \$59,585 for 20 quarters, \$20,502 for 28 quarters and \$31,777 for 40 quarters, including interest ranging from 1.24% to 1.76% 2,556,975

\$544,447 five-year lease agreement with Branch Banking & Trust Government Finance, dated March 2013, due in quarterly installments of \$28,219, including interest at 1.38% 518,106

Total Lease Obligations \$9,072,545

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

Year Ending	Governmental Activities		Business-Type Activities		
June 30	Principal	Interest	Principal	Interest	Total
2014	\$ 2,060,100	\$ 199,327	\$ 80,756	\$ 2,636	\$ 2,342,819
2015	1,882,441	148,561	41,612	488	2,073,102
2016	1,583,681	104,242	7,059	25	1,695,007
2017	1,224,795	69,053	-	-	1,293,848
2018	841,291	41,666	-	-	882,957
2019-2023	1,350,810	49,450	-	-	1,400,260
Total	<u>\$ 8,943,118</u>	<u>\$ 612,299</u>	<u>\$129,427</u>	<u>\$ 3,149</u>	<u>\$9,687,993</u>

Changes in long-term obligations - Activity for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable:					
General obligations bonds	\$ 29,215,000	\$ -	\$ 3,295,000	\$ 25,920,000	\$ 3,415,000
Certificates of participation	57,615,000	-	4,680,000	52,935,000	5,015,000
Inst. purchase revenue bonds	52,520,000	-	1,340,000	51,180,000	1,245,000
Tax increment bonds	38,455,000	-	5,590,000	32,865,000	5,865,000
Total bonds payable	177,805,000	-	14,905,000	162,900,000	15,540,000
Capital lease obligations	7,835,681	3,409,447	2,302,010	8,943,118	2,060,100
Compensated absences	3,095,685	3,233,955	3,101,674	3,227,966	3,066,568
Total governmental activities	<u>\$188,736,366</u>	<u>\$ 6,643,402</u>	<u>\$20,308,684</u>	<u>\$175,071,084</u>	<u>\$20,666,668</u>
<u>Business-type Activities:</u>					
Bonds payable	\$ 8,210,000	\$ -	\$ 550,000	\$ 7,660,000	\$ 575,000
Capital lease obligations	222,730	-	93,303	129,427	80,756
Compensated absences	83,858	82,748	75,690	90,916	81,217
Total business-type activities	<u>\$ 8,516,588</u>	<u>\$ 82,748</u>	<u>\$ 718,993</u>	<u>\$ 7,880,343</u>	<u>\$ 736,973</u>

Derivative Disclosures:

Interest Rate Swaps - The City has entered into two interest rate swap agreements for two 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 had an initial 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

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

Series 2005 certificates of participation to refund \$24,370,000 in Series 1997 certificates. This swap had an initial 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. The fair values at June 30, 2013 for the interest rate swaps are as follows:

<u>Reported in:</u>	<u>Changes in Fair Values</u>		<u>Fair Values at June 30, 2013</u>		<u>Notional Amount at 6/30/2013</u>
	<u>Reported as</u>	<u>Amount</u>	<u>Reported as</u>	<u>Amount</u>	
Governmental Activities					
Cash Flow Hedges	Deferred outflow	\$(702,705)	Derivative Instrument	\$(1,621,529)	\$22,410,000
Interest Rate Swaps	of resources		Liability		
Business-type Activities					
Cash Flow Hedges	Deferred outflow	\$(412,947)	Derivative Instrument	\$(997,810)	\$ 7,660,000
Interest Rate Swaps	of resources		Liability		

Credit or Counterparty Risk - Credit or counterparty risk is the risk that a counterparty will not fulfill its obligation. As of June 30, 2013, 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 A3/A by Moody's Investor Services and Standard & Poors, respectively.

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.

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.

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. As of June 30, 2013, the City had a negative fair value of \$2,619,339 in the two interest rate swap agreements.

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.

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 expected interest rates in effect when the debt was issued. Using variable rates as of June 30, 2013, debt service requirements of the variable-rate bonds including the effects of the interest rate swap agreements, assuming current interest rates remain the same for their term, were as follows:

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

FYE June 30	Principal	Variable-Rate Bonds		Adjustment to Current Variable Rates	Net Debt Service
		Interest	Total		
2014	\$ 4,435,000	\$1,365,682	\$ 5,800,682	\$ (492,642)	\$ 5,308,040
2015	4,595,000	1,217,180	5,812,180	(448,867)	5,363,313
2016	4,770,000	1,064,063	5,834,063	(404,295)	5,429,768
2017	4,940,000	903,406	5,843,406	(356,325)	5,487,081
2018	5,125,000	737,990	5,862,990	(307,618)	5,555,372
2019-2023	12,715,000	1,803,247	14,518,247	(1,046,420)	13,471,827
2024-2028	2,060,000	801,736	2,861,736	(759,953)	2,101,783
2029-2033	1,495,000	494,838	1,989,838	(486,522)	1,503,316
2034-2038	<u>1,850,000</u>	<u>154,086</u>	<u>2,004,086</u>	<u>(150,666)</u>	<u>1,853,420</u>
Total	<u>\$41,985,000</u>	<u>\$8,542,228</u>	<u>\$50,527,228</u>	<u>\$ (4,453,308)</u>	<u>\$46,073,920</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, 2013 amounted to \$3,318,882, \$3,227,966 of which relates to governmental activities and \$90,916 of which relates to business-type activities. City employees had accumulated sick leave benefits of \$8,320,109 at June 30, 2013, 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.

G. Facility Rental Revenue

In April 2012, the City entered into an agreement with On-Demand Publishing, LLC (tenant) to lease the old City Hall building still owned by the City of North Charleston for use as a call center, office and data center. Terms of the lease state that the new tenant will pay rent, starting in September 2012, in the amount of \$793,252 for the first year of the lease with increases per year for years two through five. The City also expended \$4,120,000 to provide for improvements and renovations to the facility, of which \$1,233,532 is to be reimbursed back to the City over the first five years of the lease, including interest at 8%. The balance of the receivable at June 30, 2013 was \$1,027,943.

Estimated future annual lease income for the long-term lease in effect as of June 30, 2013 is as follows:

Year Ending June 30	Amount
2014	\$ 809,654
2015	829,833
2016	850,609
2017	871,981
2018	145,927

H. Net Position Classification

Net investment in capital assets for governmental activities as of June 30, 2013:

Capital assets, net of accumulated depreciation	\$ 282,375,789
Less capital related debt, net of unamortized discounts, amounts on refunding, plus premiums	(175,906,517)
Add capital debt unspent proceeds:	
Bonds and capital leases	<u>48,699,565</u>
Net investment in capital assets	<u>\$ 155,168,837</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

H. Net Position Classification (continued)

Restricted net position includes 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 \$14,470,621, 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, 2013. At June 30, 2013, the amount of this liability is the City's best estimate, based on the available information. Changes in the reported liability since July 1, 2008 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 <u>Payments</u>	Liability at <u>Year End</u>
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
2012	5,957,349	11,359,862	(12,164,132)	5,153,079
2013	5,153,079	13,839,208	(13,465,032)	5,527,255

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 \$6,724,758 of \$43,977,321 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 \$17,500, whichever is lower. Deferred compensation is not available to employees until termination of employment, retirement, death or unforeseeable emergency, with the exceptions of education

IV. OTHER INFORMATION (continued)

B. **Deferred Compensation Plans, Pension Plans and Employee Retirement Systems** (continued)

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 \$319,458. There were no changes in plan provisions during the year and, as of June 30, 2013, 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 \$17,500 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 \$173,974 during fiscal year ending June 30, 2013.

Full-time employees of the City are covered under two different retirement plans. City employees, except for fire and police department sworn service personnel, are required to participate in the South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan. City sworn police officers and firefighting personnel are required to participate in the South Carolina Police Officers' Retirement System ("SCPORS"), a cost-sharing multiple-employer defined benefit pension plan.

The SCRS was established by the South Carolina state legislature on July 1, 1945, for the benefit of teachers and employees of the State and its political subdivisions. The SCPORS was established by the South Carolina state legislature on July 1, 1962, for the benefit of police officers and firemen. Both the SCRS and the SCPORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The plans' provisions are established under Title 9 of the South Carolina Code of Laws and were originally administered by the South Carolina Budget and Control Board. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the SCRS and SCPORS to the newly created South Carolina Public Employee Benefit Authority ("PEBA"). The PEBA has the authority to establish and amend benefits and funding policy. A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS and SCPORS is issued and publicly available by writing the South Carolina Public Employee Benefit Authority, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Both employees and the City are required to contribute to the plans at rates established and as amended by the PEBA. The City's contributions are actuarially determined, but are communicated to and paid by the City as a percentage of the employees' annual earnings. Employees covered under both plans are required to contribute 7.0% of salary. The City is required to contribute 12.3% of gross earnings under SCPORS and 10.6% under SCRS. Current year's payrolls covered under both were \$19,874,740 and \$23,708,912 for the SCRS and SCPORS, 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, 2013 amounted to \$151,438. Actual retirement contributions made during the year were as follows:

	<u>SCPORS</u>	<u>% of Covered Payroll</u>	<u>SCRS</u>	<u>% of Covered Payroll</u>
Fiscal Year Ended June 30, 2013:				
Employees	\$ 1,655,208	7.00%	\$ 1,387,226	7.00%
City	2,916,196	12.30%	2,106,722	10.60%
Fiscal Year Ended June 30, 2012:				
Employees	\$ 1,460,141	6.50%	\$ 1,240,046	6.50%
City	2,642,406	11.763%	1,818,859	9.535%
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%

IV. OTHER INFORMATION (continued)

C. Other Post-employment Benefits (OPEB)

Plan Description - The City 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. The OPEB Health Plan is approved by the Mayor and City Council of the City. Section 2-198 of the Code of Ordinances of the City established the authority for post-employment healthcare. As of July 1, 2011, the measurement date, there were 1,150 covered participants; 72 members are retirees and 1,078 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, 2013, the City contributed \$554,394 to the plan while total member contributions were \$203,340.

The City'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 July 1, 2011 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>\$(1,866,062)</u>
Interest on Net OPEB Obligation (Asset)	(93,303)
Annual Required Contribution	1,783,377
Adjustment to Annual Required Contribution	<u>70,061</u>
Annual OPEB Cost	1,760,135
Contributions made for the plan year	<u>(1,970,021)</u>
Increase (Decrease) in Net OPEB Obligation	<u>(209,886)</u>
Net OPEB Obligation (Asset)—End of Plan Year	<u>\$ (2,075,948)</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) 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, 2010	\$ 1,533,800	\$ 1,925,687	125.6%	\$ (1,612,481)	June 30, 2011
July 1, 2011	\$ 1,772,814	\$ 2,026,395	114.3%	\$ (1,866,062)	June 30, 2012
July 1, 2011	\$ 1,760,135	\$ 1,970,021	111.9%	\$ (2,075,948)	June 30, 2013

Contributions include \$1,212,287 paid by the City of North Charleston to the OPEB Plan Trust to fund the June 30, 2013 net OPEB obligation and \$757,734 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 July 1, 2011 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%
July 1, 2011	\$ 5,956,748	\$ 20,046,867	\$ 14,090,119	30%	\$38,938,750	36.2%

After the City's contributions for fiscal year ending June 30, 2013, assets in the City's OPEB Plan Trust at June 30, 2013 were \$8,401,385.

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 increased 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 2013, total monthly fees paid were \$332,088. 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, 2013 as follows:

Governmental funds:

Special revenue and capital projects funds	<u>\$ 80,365,838</u>
Total governmental funds	<u>\$ 80,365,838</u>

IV. OTHER INFORMATION (continued)

G. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" ("Statement"), was issued by GASB in June 2013. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered.

In particular, the City will be required to report a net pension liability for its participation in the SCRS and SCPORS on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. In general, it should not have a significant impact on the City's governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the City's unrestricted net position. This Statement is required to be implemented by the City no later than the fiscal year ending June 30, 2015.

H. Subsequent Events

In September 2013, the City entered into a lease agreement with Banc of America Public Capital Corporation for the purchase of \$4,425,000 in vehicles and equipment. The lease is a ten year lease with separate amortizations over five, seven and ten year periods, in quarterly installments of \$185,916 for the first 20 quarters, followed by \$43,756 over the next 8 quarters, followed by \$31,461 for the last 12 quarters, which includes interest ranging from 1.24% to 2.22%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013				
	Budgeted Amounts		Actual	Variance with Final Budget - Positive	2012
	Original	Final	Amounts	(Negative)	Actual
Revenues:					
Property taxes	\$ 41,250,000	\$ 41,250,000	\$ 39,943,030	\$ (1,306,970)	\$ 39,051,139
Licenses and permits	28,995,000	30,205,000	31,420,738	1,215,738	29,670,187
Intergovernmental	15,311,447	15,336,447	15,724,040	387,593	15,019,952
Fines and forfeitures	1,925,000	1,925,000	1,316,717	(608,283)	1,429,950
Charges for services	1,785,000	1,823,568	1,918,865	95,297	1,601,380
Revenues from use of monies and property	1,819,000	1,819,000	1,926,363	107,363	1,274,101
Other revenues	526,372	526,372	442,195	(84,177)	757,106
Total revenues	91,611,819	92,885,387	92,691,948	(193,439)	88,803,815
Expenditures:					
General government:					
Executive	2,020,965	2,061,202	2,013,597	47,605	1,925,301
Facilities	4,355,361	4,514,061	4,502,117	11,944	4,004,136
City Council	461,858	463,858	462,226	1,632	442,133
Finance	851,291	876,291	872,791	3,500	814,699
Purchasing	339,328	419,547	397,758	21,789	297,014
Information systems	1,459,937	1,481,937	1,473,278	8,659	1,266,036
Municipal court	1,241,476	1,241,510	1,238,063	3,447	1,104,448
Human resources	2,555,795	2,022,986	1,869,145	153,841	1,802,371
Legal	1,344,072	1,344,132	1,343,506	626	1,604,124
Maintenance	9,196,812	11,845,938	9,756,902	2,089,036	9,245,947
Total general government	23,826,895	26,271,462	23,929,383	2,342,079	22,506,209
Public safety:					
Police	30,388,253	32,063,250	31,705,731	357,519	27,497,232
Fire	16,793,344	17,663,131	17,639,861	23,270	16,340,106
Building inspections	1,272,585	1,317,585	1,314,920	2,665	1,241,590
Total public safety	48,454,182	51,043,966	50,660,512	383,454	45,078,928
Sanitation					
	5,536,479	5,760,967	5,756,066	4,901	5,321,461

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)
(continued)

	2013			Variance with Final Budget - Positive (Negative)	2012 Actual
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Community promotion:					
Community promotion	440,000	465,000	404,500	60,500	561,718
Total community promotion	440,000	465,000	404,500	60,500	561,718
Culture and recreation:					
Fire museum	565,699	579,839	553,975	25,864	517,289
Recreation and parks	4,785,980	5,072,314	5,068,010	4,304	4,725,621
Cultural arts	882,927	892,427	884,998	7,429	840,999
Total culture and recreation	6,234,606	6,544,580	6,506,983	37,597	6,083,909
Community development:					
Planning & zoning	885,139	890,139	861,323	28,816	806,590
Code enforcement	1,140,941	1,156,068	1,137,525	18,543	1,000,380
Total community development	2,026,080	2,046,207	1,998,848	47,359	1,806,970
Debt Service:					
Principal	2,261,213	2,306,213	2,302,010	4,203	2,294,314
Interest and fiscal charges	286,478	241,478	239,077	2,401	257,315
Total debt service	2,547,691	2,547,691	2,541,087	6,604	2,551,629
Total expenditures	89,065,933	94,679,873	91,797,379	2,882,494	83,910,824
Excess (deficiency) of revenues over expenditures	2,545,886	(1,794,486)	894,569	2,689,055	4,892,991
Other financing sources (uses):					
Transfers (out)	(5,510,886)	(5,541,443)	(5,402,294)	139,149	(4,725,725)
Proceeds from sale of property	100,000	100,000	186,676	86,676	154,601
Capital lease obligations	2,865,000	3,410,000	3,409,447	(553)	1,906,000
Total other financing sources (uses)	(2,545,886)	(2,031,443)	(1,806,171)	225,272	(2,665,124)
Special item - settlement agreement	-	2,000,000	2,000,000	-	-
Net change in fund balance	-	(1,825,929)	1,088,398	2,914,327	2,227,867
Fund balance at beginning of year	24,536,841	24,536,841	24,536,841	-	22,308,974
Fund balance at end of year	\$ 24,536,841	\$ 22,710,912	\$ 25,625,239	\$ 2,914,327	\$ 24,536,841

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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			Variance with Final Budget- Positive (Negative)	2012 Actual
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
Revenues from use of monies and property	\$ 4,385,193	5,093,617	\$ 5,125,276	\$ 31,659	\$ 5,043,565
Total revenues	<u>4,385,193</u>	<u>5,093,617</u>	<u>5,125,276</u>	<u>31,659</u>	<u>5,043,565</u>
Expenditures:					
Culture and recreation:					
Insurance	100,000	110,000	108,754	1,246	98,992
Contractual services:					
Operating	4,720,347	5,360,347	5,051,722	308,625	5,024,760
Management and administration	615,325	665,325	661,964	3,361	627,138
Capital outlay	245,000	253,424	166,615	86,809	155,531
Total expenditures	<u>5,680,672</u>	<u>6,389,096</u>	<u>5,989,055</u>	<u>400,041</u>	<u>5,906,421</u>
Excess (deficiency) of revenues over expenditures	<u>(1,295,479)</u>	<u>(1,295,479)</u>	<u>(863,779)</u>	<u>431,700</u>	<u>(862,856)</u>
Other financing sources (uses):					
Transfers in	1,295,479	1,295,479	863,779	(431,700)	862,856
Total other financing sources (uses)	<u>1,295,479</u>	<u>1,295,479</u>	<u>863,779</u>	<u>(431,700)</u>	<u>862,856</u>
Net change in fund balance	-	-	-	-	-
Fund balance at beginning of year	<u>332,198</u>	<u>332,198</u>	<u>332,198</u>	<u>-</u>	<u>332,198</u>
Fund balance at end of year	<u>\$ 332,198</u>	<u>\$ 332,198</u>	<u>\$ 332,198</u>	<u>\$ -</u>	<u>\$ 332,198</u>

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

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
TAX INFRASTRUCTURE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013					
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	2012 Actual	
	Original	Final				
Revenues:						
Property taxes	\$ 6,950,000	\$ 6,950,000	\$ 8,073,564	\$ 1,123,564	\$ 7,733,308	
Intergovernmental-Local	-	-	-	-	250,000	
Revenues from use of monies and property	470,000	473,450	297,772	(175,678)	196,903	
Total revenues	7,420,000	7,423,450	8,371,336	947,886	8,180,211	
Expenditures:						
Capital outlay:						
Land and improvements, infrastructure, and professional services	-	2,825,269	2,082,635	742,634	1,957,759	
Debt service:						
Bond principal	5,590,000	5,590,000	5,590,000	-	5,380,000	
Bond interest	1,830,000	1,830,000	1,209,490	620,510	1,422,351	
Total expenditures	7,420,000	10,245,269	8,882,125	1,363,144	8,760,110	
Excess (deficiency) of revenues over expenditures	-	(2,821,819)	(510,789)	2,311,030	(579,899)	
Other financing sources (uses):						
Transfers out	-	-	-	-	(5,000,000)	
Total other financing sources (uses)	-	-	-	-	(5,000,000)	
Net change in fund balance	-	(2,821,819)	(510,789)	2,311,030	(5,579,899)	
Fund balance at beginning of year	10,534,972	10,534,972	10,534,972	-	16,114,871	
Fund balance at end of year	\$ 10,534,972	\$ 7,713,153	\$ 10,024,183	\$ 2,311,030	\$ 10,534,972	

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

This page intentionally left blank

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.

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.

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.

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.

Domestic Homicide Violence Prevention Grant accounts for Federal grants expended by the City that are funded by the U.S. Department of Justice. These funds are used to implement domestic violence homicide reduction and provide victims with protection and services.

Victims Advocate accounts for court fines received from certain violators to be expended for 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.

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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(continued)

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.

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.

Maritime Fire Response Vessel Grant Fund accounts for Federal funds received, passed through the State of South Carolina's Law Enforcement Division Office of Homeland Security, for the purpose of purchasing a fire response boat and equipment and training associated with the operation of the vessel.

Lowcountry Regional Analyst Grant Fund 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.

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.

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.

Installment Purchase Revenue Bonds account for funding the accumulation of resources for, and the retirement of, installment purchase revenue bonds.

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, 2013
(With Comparative Totals at June 30, 2012)

	Special Revenue Funds	Certificates of Participation Debt Service Fund	Installment Purchase Revenue Bonds Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds	
					2013	2012
Assets						
Cash and cash equivalents	\$ 161,216	\$ -	\$ -	\$ 8,252,883	\$ 8,414,099	\$ 19,139,410
Accounts receivable	-	18,866	-	-	18,866	30,639
Due from other funds	-	-	-	15,861	15,861	-
Due from other governments	375,082	410,063	-	26,455	811,600	1,854,834
Restricted assets:						
Cash and cash equivalents	2,876,975	2,077,990	-	-	4,954,965	4,538,899
Notes receivable	1,423,370	-	-	-	1,423,370	1,562,965
Total assets	\$ 4,836,643	\$ 2,506,919	\$ -	\$ 8,295,199	\$ 15,638,761	\$ 27,126,747
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 183,512	\$ -	\$ -	\$ 1,666,920	\$ 1,850,432	\$ 1,528,217
Escrow for seized funds	231,139	-	-	-	231,139	219,701
Due to other funds	330,158	-	-	-	330,158	1,235,911
Deferred revenue	1,423,370	-	-	-	1,423,370	1,562,965
Total liabilities	2,168,179	-	-	1,666,920	3,835,099	4,546,794
Fund balances:						
Restricted for:						
Public safety and public service	2,563,046	-	-	-	2,563,046	2,464,421
Facility and infrastructure improvements	-	-	-	6,628,279	6,628,279	17,886,549
Debt service	-	2,506,919	-	-	2,506,919	2,129,999
Assigned for:						
Community promotions	105,418	-	-	-	105,418	98,984
Total fund balances	2,668,464	2,506,919	-	6,628,279	11,803,662	22,579,953
Total liabilities and fund balances	\$ 4,836,643	\$ 2,506,919	\$ -	\$ 8,295,199	\$ 15,638,761	\$ 27,126,747

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, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Special Revenue Funds	Certificates of Participation Debt Service Fund	Installment Purchase Revenue Bonds Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds	
					2013	2012
Revenues:						
Property taxes	\$ -	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Intergovernmental	6,317,800	4,411,720	-	820,943	11,550,463	14,328,848
Fines and forfeitures	509,806	-	-	-	509,806	437,737
Revenues from the use of monies and property	614,307	270,401	-	38,378	923,086	982,075
Total revenues	7,441,913	4,682,121	2,000,000	859,321	14,983,355	15,748,660
Expenditures:						
Public safety:						
Police department	1,569,123	-	-	-	1,569,123	2,320,205
Fire department	589,717	-	-	-	589,717	1,029,086
Community promotion:						
Community promotion	664,442	-	-	-	664,442	572,466
Culture and recreation:						
Special projects	639,894	-	-	-	639,894	575,295
Community development:						
Community development	925,227	-	-	-	925,227	917,535
HOME program	257,493	-	-	-	257,493	229,166
Capital outlay:						
Parking, walkways and infrastructure	104,707	-	-	12,771,521	12,876,228	13,176,039
Debt service:						
Principal	-	4,680,000	1,340,000	-	6,020,000	4,335,000
Interest and fiscal charges	-	2,258,797	2,158,651	-	4,417,448	2,420,259
Bond issuance costs	-	-	34,000	-	34,000	326,771
Total expenditures	4,750,603	6,938,797	3,532,651	12,771,521	27,993,572	25,901,822
Excess (deficiency) of revenues over expenditures	2,691,310	(2,256,676)	(1,532,651)	(11,912,200)	(13,010,217)	(10,153,162)
Other financing sources (uses):						
Transfers in	91,420	2,667,325	1,498,922	653,930	4,911,597	7,563,015
Transfers (out)	(2,677,671)	-	-	-	(2,677,671)	(2,366,370)
Bonds issued	-	-	-	-	-	360,500
Total other financing sources (uses)	(2,586,251)	2,667,325	1,498,922	653,930	2,233,926	5,557,145
Net change in fund balances	105,059	410,649	(33,729)	(11,258,270)	(10,776,291)	(4,596,017)
Fund balances at beginning of year	2,563,405	2,096,270	33,729	17,886,549	22,579,953	27,175,970
Fund balances at end of year	\$ 2,668,464	\$ 2,506,919	\$ -	\$ 6,628,279	\$ 11,803,662	\$ 22,579,953

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013
(With Comparative Totals at June 30, 2012)

	<u>Tax Fund Types</u>		<u>City</u>		<u>Community Development</u>		<u>Firemen's Insurance & Inspection</u>	<u>Parking</u>
	<u>Accommodations Tax</u>	<u>Accommodations Tax</u>	<u>CDBG</u>	<u>HOME</u>				
<u>Assets</u>								
Cash and cash equivalents	\$ 109,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,961	
Accounts receivable	-	-	-	-	-	-	-	
Due from other governments	-	-	159,973	47,039	-	-	-	
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	264,662	-	
Notes receivable	-	-	-	1,423,370	-	-	-	
Total assets	\$ 109,255	\$ -	\$ 159,973	\$ 1,470,409	\$ 264,662	\$ 51,961		
<u>Liabilities and Fund Balances</u>								
<u>Liabilities:</u>								
Accounts payable	\$ 3,837	\$ -	\$ 81,821	\$ 21,587	\$ 348	\$ 51,961		
Escrow for seized funds	-	-	-	-	-	-		
Due to other funds	-	-	78,152	25,452	-	-		
Deferred revenue	-	-	-	1,423,370	-	-		
Total liabilities	3,837	-	159,973	1,470,409	348	51,961		
<u>Fund balances:</u>								
Restricted for:								
Public safety and public service	-	-	-	-	264,314	-		
Assigned for:								
Community promotions	105,418	-	-	-	-	-		
Total fund balances	105,418	-	-	-	264,314	-		
Total liabilities and fund balances	\$ 109,255	\$ -	\$ 159,973	\$ 1,470,409	\$ 264,662	\$ 51,961		

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013
(With Comparative Totals at June 30, 2012)

	Public Safety and Service Fund Types					
	Anti-Drug	Justice Assistance Grant	Domestic Violence Grant	Victims Advocate	SPA Mitigation Grant	Port Security Grant
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	65,125	3,597	-	-	9,232
Restricted assets:						
Cash and cash equivalents	780,139	-	-	390,240	1,441,934	-
Notes receivable	-	-	-	-	-	-
Total assets	\$ 780,139	\$ 65,125	\$ 3,597	\$ 390,240	\$ 1,441,934	\$ 9,232
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 9,027	\$ 9,284	\$ 2,005	\$ 1,941	\$ 325	\$ -
Escrow for seized funds	231,139	-	-	-	-	-
Due to other funds	71,149	55,841	1,592	-	-	9,232
Deferred revenue	-	-	-	-	-	-
Total liabilities	311,315	65,125	3,597	1,941	325	9,232
Fund balances:						
Restricted for:						
Public safety and public service	468,824	-	-	388,299	1,441,609	-
Assigned for:						
Community promotions	-	-	-	-	-	-
Total fund balances	468,824	-	-	388,299	1,441,609	-
Total liabilities and fund balances	\$ 780,139	\$ 65,125	\$ 3,597	\$ 390,240	\$ 1,441,934	\$ 9,232

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013
(With Comparative Totals at June 30, 2012)

	COPS Hiring Grant	FEMA Firefighter Grant	Hispanic Victim Advocate Grant	EPA Brownsfield Grant	JAG Recovery Act Grant
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	-	23,488	11,684	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Notes receivable	-	-	-	-	-
Total assets	\$ -	\$ 23,488	\$ 11,684	\$ -	\$ -
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts payable	\$ -	\$ 1,376	\$ -	\$ -	\$ -
Escrow for seized funds	-	-	-	-	-
Due to other funds	-	22,112	11,684	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	23,488	11,684	-	-
Fund balances:					
Restricted for:					
Public safety and public service	-	-	-	-	-
Assigned for:					
Community promotions	-	-	-	-	-
Total fund balances	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ 23,488	\$ 11,684	\$ -	\$ -

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013
(With Comparative Totals at June 30, 2012)

	Public Safety and Service Types				Total Nonmajor	
	Maritime	Lowcountry	CDBG	School	Special Revenue Funds	
	Fire Response Vessel Grant	Regional Analyst Grant	Recovery Act Grant	Resource Officer Grant	2013	2012
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 161,216	\$ 135,253
Accounts receivable	-	-	-	-	-	26,301
Due from other governments	-	20,444	-	34,500	375,082	1,456,737
Restricted assets:						
Cash and cash equivalents	-	-	-	-	2,876,975	2,749,803
Notes receivable	-	-	-	-	1,423,370	1,562,965
Total assets	\$ -	\$ 20,444	\$ -	\$ 34,500	\$ 4,836,643	\$ 5,931,059
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 183,512	\$ 349,077
Escrow for seized funds	-	-	-	-	231,139	219,701
Due to other funds	-	20,444	-	34,500	330,158	1,235,911
Deferred revenue	-	-	-	-	1,423,370	1,562,965
Total liabilities	-	20,444	-	34,500	2,168,179	3,367,654
Fund balances:						
Restricted for:						
Public safety and public service	-	-	-	-	2,563,046	2,464,421
Assigned for:						
Community promotions	-	-	-	-	105,418	98,984
Total fund balances	-	-	-	-	2,668,464	2,563,405
Total liabilities and fund balances	\$ -	\$ 20,444	\$ -	\$ 34,500	\$ 4,836,643	\$ 5,931,059

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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	Tax Fund Types					
	City		Community Development		Firemen's Insurance & Inspection	Parking
	Accommo- dations Tax	Accommo- dations Tax	CDBG	HOME		
Revenues:						
Intergovernmental	\$ 1,916,907	\$ 1,425,828	\$ 925,227	\$ 257,493	\$ 318,199	\$ -
Fines and forfeitures	-	-	-	-	-	-
Revenues from the use of monies and property	287	-	-	-	1,027	586,602
Total revenues	<u>1,917,194</u>	<u>1,425,828</u>	<u>925,227</u>	<u>257,493</u>	<u>319,226</u>	<u>586,602</u>
Expenditures:						
Public safety:						
Police department	-	-	-	-	-	-
Fire department	-	-	-	-	404,338	-
Community promotion:						
Community promotion	658,220	-	-	-	-	-
Culture and recreation:						
Special projects	-	-	-	-	-	639,894
Community development:						
Community development	-	-	925,227	-	-	-
HOME program	-	-	-	257,493	-	-
Capital outlay:						
Special projects - infrastructure	-	-	-	-	-	-
Total expenditures	<u>658,220</u>	<u>-</u>	<u>925,227</u>	<u>257,493</u>	<u>404,338</u>	<u>639,894</u>
Excess (deficiency) of revenues over expenditures	<u>1,258,974</u>	<u>1,425,828</u>	<u>-</u>	<u>-</u>	<u>(85,112)</u>	<u>(53,292)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	42,249
Transfers (out)	(1,241,497)	(1,425,828)	-	-	-	-
Total other financing sources (uses)	<u>(1,241,497)</u>	<u>(1,425,828)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,249</u>
Net change in fund balances	<u>17,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,112)</u>	<u>(11,043)</u>
Fund balances at beginning of year	<u>87,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,426</u>	<u>11,043</u>
Fund balances at end of year	<u>\$ 105,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,314</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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	Public Safety and Service Fund Types					
	Anti-Drug	Justice Assistance Grant	Domestic Violence Grant	Victims Advocate	SPA Mitigation Grant	Port Security Grant
Revenues:						
Intergovernmental	\$ -	\$ 172,362	\$ 3,597	\$ -	\$ 304,683	\$ 10,711
Fines and forfeitures	276,751	-	-	233,055	-	-
Revenues from the use of monies and property	2,588	-	-	959	22,844	-
Total revenues	<u>279,339</u>	<u>172,362</u>	<u>3,597</u>	<u>234,014</u>	<u>327,527</u>	<u>10,711</u>
Expenditures:						
Public safety:						
Police department	400,578	172,362	3,597	239,997	-	10,711
Fire department	-	-	-	-	-	-
Community promotion:						
Community promotion	-	-	-	-	6,222	-
Culture and recreation:						
Special projects	-	-	-	-	-	-
Community development:						
Community development	-	-	-	-	-	-
HOME program	-	-	-	-	-	-
Capital outlay:						
Special projects - infrastructure	-	-	-	-	-	-
Total expenditures	<u>400,578</u>	<u>172,362</u>	<u>3,597</u>	<u>239,997</u>	<u>6,222</u>	<u>10,711</u>
Excess (deficiency) of revenues over expenditures	<u>(121,239)</u>	<u>-</u>	<u>-</u>	<u>(5,983)</u>	<u>321,305</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(10,346)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,346)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(121,239)</u>	<u>-</u>	<u>-</u>	<u>(16,329)</u>	<u>321,305</u>	<u>-</u>
Fund balances at beginning of year	<u>590,063</u>	<u>-</u>	<u>-</u>	<u>404,628</u>	<u>1,120,304</u>	<u>-</u>
Fund balances at end of year	<u>\$ 468,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,299</u>	<u>\$ 1,441,609</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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	COPS Hiring Grant	FEMA Firefighter Grant	Hispanic Victim Advocate Grant	EPA Brownsfield Grant	JAG Recovery Act Grant
Revenues:					
Intergovernmental	\$ 543,728	\$ 62,321	\$ 40,111	\$ 34,119	\$ 37,392
Fines and forfeitures	-	-	-	-	-
Revenues from the use of monies and property	-	-	-	-	-
Total revenues	<u>543,728</u>	<u>62,321</u>	<u>40,111</u>	<u>34,119</u>	<u>37,392</u>
Expenditures:					
Public safety:					
Police department	543,728	-	50,457	-	37,392
Fire department	-	77,948	-	-	-
Community promotion:					
Community promotion	-	-	-	-	-
Culture and recreation:					
Special projects	-	-	-	-	-
Community development:					
Community development	-	-	-	-	-
HOME program	-	-	-	-	-
Capital outlay:					
Special projects - infrastructure	-	-	-	34,119	-
Total expenditures	<u>543,728</u>	<u>77,948</u>	<u>50,457</u>	<u>34,119</u>	<u>37,392</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(15,627)</u>	<u>(10,346)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	15,627	10,346	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>15,627</u>	<u>10,346</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	Public Safety and Service Fund Types				Total Nonmajor Special Revenue Funds	
	Maritime Fire Response Vessel Grant	Lowcountry Regional Analyst Grant	CDBG Recovery Act Grant	SRO Grant	2013	2012
Revenues:						
Intergovernmental	\$ 84,233	\$ 75,801	\$ 70,588	\$ 34,500	\$ 6,317,800	\$ 7,281,012
Fines and forfeitures	-	-	-	-	509,806	437,737
Revenues from the use of monies and property	-	-	-	-	614,307	622,481
Total revenues	<u>84,233</u>	<u>75,801</u>	<u>70,588</u>	<u>34,500</u>	<u>7,441,913</u>	<u>8,341,230</u>
Expenditures:						
Public safety:						
Police department	-	75,801	-	34,500	1,569,123	2,320,205
Fire department	107,431	-	-	-	589,717	1,029,086
Community promotion:						
Community promotion	-	-	-	-	664,442	572,466
Culture and recreation:						
Special projects	-	-	-	-	639,894	575,295
Community development:						
Community development	-	-	-	-	925,227	917,535
HOME program	-	-	-	-	257,493	229,166
Capital outlay:						
Special projects - infrastructure	-	-	70,588	-	104,707	239,975
Total expenditures	<u>107,431</u>	<u>75,801</u>	<u>70,588</u>	<u>34,500</u>	<u>4,750,603</u>	<u>5,883,728</u>
Excess (deficiency) of revenues over expenditures	<u>(23,198)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,691,310</u>	<u>2,457,502</u>
Other financing sources (uses):						
Transfers in	23,198	-	-	-	91,420	206,367
Transfers (out)	-	-	-	-	(2,677,671)	(2,366,370)
Total other financing sources (uses)	<u>23,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,586,251)</u>	<u>(2,160,003)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,059</u>	<u>297,499</u>
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,563,405</u>	<u>2,265,906</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,668,464</u>	<u>\$ 2,563,405</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2013
(With Comparative Totals at June 30, 2012)

	Convention Center Complex	Citywide Capital Improvements	Wescott Sports Complex	Street Light & Drainage	Total Nonmajor Capital Project Funds	
					2013	2012
Assets						
Cash and cash equivalents	\$ 6,399,811	\$ 1,208,081	\$ -	\$ 644,991	\$ 8,252,883	\$ 19,004,157
Due from other funds	-	15,861	-	-	15,861	-
Due from other governments	-	26,455	-	-	26,455	58,346
Total assets	\$ 6,399,811	\$ 1,250,397	\$ -	\$ 644,991	\$ 8,295,199	\$ 19,062,503
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 398,113	\$ 1,250,397	\$ -	\$ 18,410	\$ 1,666,920	\$ 1,175,954
Total liabilities	398,113	1,250,397	-	18,410	1,666,920	1,175,954
Fund balances:						
Restricted for:						
Facility and infrastructure improvements	6,001,698	-	-	626,581	6,628,279	17,886,549
Total fund balances	6,001,698	-	-	626,581	6,628,279	17,886,549
Total liabilities and fund balances	\$ 6,399,811	\$ 1,250,397	\$ -	\$ 644,991	\$ 8,295,199	\$ 19,062,503

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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	Convention Center Complex	Citywide Capital Improvements	Wescott Sports Complex	Street Light & Drainage	Total Nonmajor Capital Project Funds	
					2013	2012
Revenues:						
Intergovernmental revenues-Local	\$ -	\$ 670,943	\$ -	\$ 150,000	\$ 820,943	\$ 2,767,209
Revenues from use of monies and property	15,104	21,135	-	2,139	38,378	66,921
Total revenues	<u>15,104</u>	<u>692,078</u>	<u>-</u>	<u>152,139</u>	<u>859,321</u>	<u>2,834,130</u>
Expenditures:						
Capital outlay:						
Engineering, infrastructure and other	884,348	4,684,428	6,668,478	534,267	12,771,521	12,936,064
Total expenditures	<u>884,348</u>	<u>4,684,428</u>	<u>6,668,478</u>	<u>534,267</u>	<u>12,771,521</u>	<u>12,936,064</u>
Excess (deficiency) of revenues over expenditures	<u>(869,244)</u>	<u>(3,992,350)</u>	<u>(6,668,478)</u>	<u>(382,128)</u>	<u>(11,912,200)</u>	<u>(10,101,934)</u>
Other financing sources (uses):						
Transfers in	653,930	-	-	-	653,930	5,000,000
Total other financing sources (uses)	<u>653,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653,930</u>	<u>5,000,000</u>
Net change in fund balance	(215,314)	(3,992,350)	(6,668,478)	(382,128)	(11,258,270)	(5,101,934)
Fund balance at beginning of year	6,217,012	3,992,350	6,668,478	1,008,709	17,886,549	22,988,483
Fund balance at end of year	<u>\$ 6,001,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,581</u>	<u>\$ 6,628,279</u>	<u>\$ 17,886,549</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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012 Actual
	Final Budget	Actual	Variance Over (Under)	
Revenues:				
Intergovernmental - State	\$ 1,841,250	\$ 1,814,495	\$ (26,755)	\$ 1,592,480
Intergovernmental - Local	80,939	102,412	21,473	46,088
Revenues from use of monies and property	500	287	(213)	257
Total revenues	<u>1,922,689</u>	<u>1,917,194</u>	<u>(5,495)</u>	<u>1,638,825</u>
Expenditures:				
Community promotion:				
Community promotion	658,939	658,220	(719)	560,949
Total expenditures	<u>658,939</u>	<u>658,220</u>	<u>(719)</u>	<u>560,949</u>
Excess (deficiency) of revenues over expenditures	<u>1,263,750</u>	<u>1,258,974</u>	<u>(4,776)</u>	<u>1,077,876</u>
Other financing sources (uses):				
Transfers to Debt Service Fund	(1,263,750)	(1,241,497)	(22,253)	(1,089,591)
Total other financing sources (uses)	<u>(1,263,750)</u>	<u>(1,241,497)</u>	<u>(22,253)</u>	<u>(1,089,591)</u>
Net change in fund balance	-	17,477	17,477	(11,715)
Fund balance at beginning of year	<u>87,941</u>	<u>87,941</u>	-	<u>99,656</u>
Fund balance at end of year	<u>\$ 87,941</u>	<u>\$ 105,418</u>	<u>\$ 17,477</u>	<u>\$ 87,941</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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012 Actual
	Final Budget	Actual	Variance Over (Under)	
Revenues:				
Intergovernmental - State	\$ 1,430,000	\$ 1,425,828	\$ (4,172)	\$ 1,267,057
Total revenues	<u>1,430,000</u>	<u>1,425,828</u>	<u>(4,172)</u>	<u>1,267,057</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,430,000</u>	<u>1,425,828</u>	<u>(4,172)</u>	<u>1,267,057</u>
Other financing sources (uses):				
Transfers to Debt Service Fund	<u>(1,430,000)</u>	<u>(1,425,828)</u>	<u>(4,172)</u>	<u>(1,267,057)</u>
Total other financing sources (uses)	<u>(1,430,000)</u>	<u>(1,425,828)</u>	<u>(4,172)</u>	<u>(1,267,057)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012 Actual
	Final Budget	Actual	Variance Over (Under)	
Revenues:				
Intergovernmental - Federal	\$ 1,850,498	\$ 925,227	\$ (925,271)	\$ 917,535
Total revenues	<u>1,850,498</u>	<u>925,227</u>	<u>(925,271)</u>	<u>917,535</u>
Expenditures:				
Community development:				
Housing and infrastructure	1,476,537	718,859	(757,678)	742,902
Planning and administration	373,961	206,368	(167,593)	174,633
Total expenditures	<u>1,850,498</u>	<u>925,227</u>	<u>(925,271)</u>	<u>917,535</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
HOME FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			
	Final Budget	Actual	Variance Over (Under)	2012 Actual
Revenues:				
Intergovernmental - Federal	\$ 1,475,225	\$ 257,493	\$ (1,217,732)	\$ 229,166
Total revenues	<u>1,475,225</u>	<u>257,493</u>	<u>(1,217,732)</u>	<u>229,166</u>
Expenditures:				
Community development:				
Housing and infrastructure	1,424,091	239,360	(1,184,731)	175,575
Planning and administrative	51,134	18,133	(33,001)	53,591
Total expenditures	<u>1,475,225</u>	<u>257,493</u>	<u>(1,217,732)</u>	<u>229,166</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
JUSTICE ASSISTANCE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012 Actual
	Final Budget	Actual	Variance Over (Under)	
Revenues:				
Intergovernmental - Federal	\$ 253,567	\$ 172,362	\$ (81,205)	\$ 240,196
Total revenues	<u>253,567</u>	<u>172,362</u>	<u>(81,205)</u>	<u>240,196</u>
Expenditures:				
Public safety:				
Police department	253,567	172,362	(81,205)	240,196
Total expenditures	<u>253,567</u>	<u>172,362</u>	<u>(81,205)</u>	<u>240,196</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
VICTIMS ADVOCATE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012 Actual
	Final Budget	Actual	Variance Over (Under)	
Revenues:				
Fines and forfeitures	\$ 261,285	\$ 233,055	\$ (28,230)	\$ 242,303
Revenues from use of monies and property	-	959	959	1,164
Total revenues	<u>261,285</u>	<u>234,014</u>	<u>(27,271)</u>	<u>243,467</u>
Expenditures:				
Public safety:				
Police department	<u>249,285</u>	<u>239,997</u>	<u>(9,288)</u>	<u>253,563</u>
Total expenditures	<u>249,285</u>	<u>239,997</u>	<u>(9,288)</u>	<u>253,563</u>
Excess (deficiency) of revenues over expenditures	<u>12,000</u>	<u>(5,983)</u>	<u>(17,983)</u>	<u>(10,096)</u>
Other financing sources (uses):				
Transfer to SCDPS Hispanic Victim Advocate Grant	(12,000)	(10,346)	1,654	(9,722)
Total other financing sources (uses)	<u>(12,000)</u>	<u>(10,346)</u>	<u>1,654</u>	<u>(9,722)</u>
Net change in fund balance	-	(16,329)	(16,329)	(19,818)
Fund balance at beginning of year	<u>404,628</u>	<u>404,628</u>	-	<u>424,446</u>
Fund balance at end of year	<u>\$ 404,628</u>	<u>\$ 388,299</u>	<u>\$ (16,329)</u>	<u>\$ 404,628</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
MARITIME FIRE RESPONSE VESSEL GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012 Actual
	Final Budget	Actual	Variance Over (Under)	
Revenues:				
Intergovernmental - State	\$ 112,258	\$ 84,233	\$ (28,025)	\$ 524,852
Total revenues	<u>112,258</u>	<u>84,233</u>	<u>(28,025)</u>	<u>524,852</u>
Expenditures:				
Public safety:				
Fire department	142,815	107,431	(35,384)	699,803
Total expenditures	<u>142,815</u>	<u>107,431</u>	<u>(35,384)</u>	<u>699,803</u>
Excess (deficiency) of revenues over expenditures	<u>(30,557)</u>	<u>(23,198)</u>	<u>(7,359)</u>	<u>(174,951)</u>
Other financing sources (uses):				
Transfer from General Fund	30,557	23,198	(7,359)	174,951
Total other financing sources (uses)	<u>30,557</u>	<u>23,198</u>	<u>(7,359)</u>	<u>174,951</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
DOMESTIC VIOLENCE HOMICIDE PREVENTION GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012 Actual
	Final Budget	Actual	Variance Over (Under)	
Revenues:				
Intergovernmental - Federal	\$ 200,000	\$ 3,597	\$ (196,403)	\$ -
Total revenues	<u>200,000</u>	<u>3,597</u>	<u>(196,403)</u>	<u>-</u>
Expenditures:				
Public safety:				
Police department	200,000	3,597	(196,403)	-
Total expenditures	<u>200,000</u>	<u>3,597</u>	<u>(196,403)</u>	<u>-</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
PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			
	Final Budget	Actual	Variance Over (Under)	2012 Actual
Revenues:				
Revenues from use of monies and property	\$ 600,936	\$ 586,602	\$ (14,334)	\$ 586,338
Total revenues	<u>600,936</u>	<u>586,602</u>	<u>(14,334)</u>	<u>586,338</u>
Expenditures:				
Culture and recreation:				
Special projects	650,936	639,894	(11,042)	575,295
Total expenditures	<u>650,936</u>	<u>639,894</u>	<u>(11,042)</u>	<u>575,295</u>
Excess (deficiency) of revenues over expenditures	<u>(50,000)</u>	<u>(53,292)</u>	<u>(3,292)</u>	<u>11,043</u>
Other financing sources (uses):				
Transfers from General Fund	50,000	42,249	(7,751)	-
Total other financing sources (uses)	<u>50,000</u>	<u>42,249</u>	<u>(7,751)</u>	<u>-</u>
Net change in fund balance	-	(11,043)	(11,043)	11,043
Fund balance at beginning of year	<u>11,043</u>	<u>11,043</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,043</u>	<u>\$ -</u>	<u>\$ (11,043)</u>	<u>\$ 11,043</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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		
	Final Budget	Actual	Variance Over (Under)
			2012 Actual
Revenues:			
Intergovernmental - State	\$ 495,396	\$ 304,683	\$ (190,713)
Revenues from use of monies and property	-	22,844	22,844
Total revenues	<u>495,396</u>	<u>327,527</u>	<u>(167,869)</u>
Expenditures:			
Community promotion:			
Community promotion	495,396	6,222	(489,174)
Total expenditures	<u>495,396</u>	<u>6,222</u>	<u>(489,174)</u>
Net change in fund balance	-	321,305	321,305
Fund balance at beginning of year	<u>1,120,304</u>	<u>1,120,304</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,120,304</u>	<u>\$ 1,441,609</u>	<u>\$ 321,305</u>
			<u>\$ 1,120,304</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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			
	Final Budget	Actual	Variance Over (Under)	2012 Actual
Revenues:				
Intergovernmental - Federal	\$ 543,728	\$ 543,728	\$ -	\$ 864,079
Total revenues	<u>543,728</u>	<u>543,728</u>	<u>-</u>	<u>864,079</u>
Expenditures:				
Public safety:				
Police department	543,728	543,728	-	864,079
Total expenditures	<u>543,728</u>	<u>543,728</u>	<u>-</u>	<u>864,079</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
SCDPS HISPANIC VICTIM ADVOCATE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			
	Final Budget	Actual	Variance Over (Under)	2012 Actual
Revenues:				
Intergovernmental - State	\$ 48,595	\$ 40,111	\$ (8,484)	\$ 39,610
Total revenues	<u>48,595</u>	<u>40,111</u>	<u>(8,484)</u>	<u>39,610</u>
Expenditures:				
Public safety:				
Police department	60,744	50,457	(10,287)	49,332
Total expenditures	<u>60,744</u>	<u>50,457</u>	<u>(10,287)</u>	<u>49,332</u>
Excess (deficiency) of revenues over expenditures	<u>(12,149)</u>	<u>(10,346)</u>	<u>(1,803)</u>	<u>(9,722)</u>
Other financing sources (uses):				
Transfers from Victim Advocate Fund	12,149	10,346	(1,803)	9,722
Total other financing sources (uses)	<u>12,149</u>	<u>10,346</u>	<u>(1,803)</u>	<u>9,722</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
EPA BROWNSFIELD GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance Over (Under)	Actual
Revenues:				
Intergovernmental - Federal	\$ 42,266	\$ 34,119	\$ (8,147)	\$ 163,881
Total revenues	<u>42,266</u>	<u>34,119</u>	<u>(8,147)</u>	<u>163,881</u>
Expenditures:				
Capital outlay:				
Special projects - infrastructure	42,266	34,119	(8,147)	163,881
Total expenditures	<u>42,266</u>	<u>34,119</u>	<u>(8,147)</u>	<u>163,881</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
JUSTICE ASSISTANCE RECOVERY ACT GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012 Actual
	Final Budget	Actual	Variance Over (Under)	
Revenues:				
Intergovernmental - Federal	\$ 42,266	\$ 37,392	\$ (4,874)	\$ 133,173
Total revenues	<u>42,266</u>	<u>37,392</u>	<u>(4,874)</u>	<u>133,173</u>
Expenditures:				
Public safety:				
Police department	42,266	37,392	(4,874)	133,173
Total expenditures	<u>42,266</u>	<u>37,392</u>	<u>(4,874)</u>	<u>133,173</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
FEMA FIREFIGHTER ASSISTANCE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		Variance Over (Under)	2012 Actual
	Final Budget	Actual		
Revenues:				
Intergovernmental - State	\$ 65,044	\$ 62,321	\$ (2,723)	\$ 40,706
Total revenues	<u>65,044</u>	<u>62,321</u>	<u>(2,723)</u>	<u>40,706</u>
Expenditures:				
Public safety:				
Fire department	85,044	77,948	(7,096)	51,193
Total expenditures	<u>85,044</u>	<u>77,948</u>	<u>(7,096)</u>	<u>51,193</u>
Excess (deficiency) of revenues over expenditures	<u>(20,000)</u>	<u>(15,627)</u>	<u>(4,373)</u>	<u>(10,487)</u>
Other financing sources (uses):				
Transfers from General Fund	20,000	15,627	(4,373)	10,487
Total other financing sources (uses)	<u>20,000</u>	<u>15,627</u>	<u>(4,373)</u>	<u>10,487</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
CDBG RECOVERY ACT GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			
	Final Budget	Actual	Variance Over (Under)	2012 Actual
Revenues:				
Intergovernmental - Federal	\$ 70,588	\$ 70,588	\$ -	\$ 12,405
Total revenues	<u>70,588</u>	<u>70,588</u>	<u>-</u>	<u>12,405</u>
Expenditures:				
Capital outlay:				
Special projects - infrastructure	70,588	70,588	-	12,405
Total expenditures	<u>70,588</u>	<u>70,588</u>	<u>-</u>	<u>12,405</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
SLED LOWCOUNTRY REGIONAL ANALYST GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		
	Final Budget	Actual	Variance Over (Under)
			2012 Actual
Revenues:			
Intergovernmental - State	\$ 80,000	\$ 75,801	\$ (4,199)
Total revenues	<u>80,000</u>	<u>75,801</u>	<u>(4,199)</u>
Expenditures:			
Public safety:			
Police department	80,000	75,801	(4,199)
Total expenditures	<u>80,000</u>	<u>75,801</u>	<u>(4,199)</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
SCHOOL RESOURCE OFFICER GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			
	Final Budget	Actual	Variance Over (Under)	2012 Actual
Revenues:				
Intergovernmental - Local	\$ 73,961	\$ 34,500	\$ (39,461)	\$ 34,500
Total revenues	<u>73,961</u>	<u>34,500</u>	<u>(39,461)</u>	<u>34,500</u>
Expenditures:				
Public safety:				
Police department	73,961	34,500	(39,461)	34,500
Total expenditures	<u>73,961</u>	<u>34,500</u>	<u>(39,461)</u>	<u>34,500</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
SLED PORT SECURITY GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		
	Final Budget	Actual	Variance Over (Under)
			2012 Actual
Revenues:			
Intergovernmental - State	\$ 16,807	\$ 10,711	\$ (6,096)
Total revenues	<u>16,807</u>	<u>10,711</u>	<u>(6,096)</u>
Expenditures:			
Public safety:			
Police department	16,807	10,711	(6,096)
Total expenditures	<u>16,807</u>	<u>10,711</u>	<u>(6,096)</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
DEBT SERVICE FUNDS
GENERAL OBLIGATION BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

For the Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			
	Final Budget	Actual	Variance Over (Under)	2012 Actual
Revenues:				
Property taxes	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 1,475,000
Intergovernmental - Local	378,000	378,000	-	378,000
Revenues from use of monies and property	398,000	379,116	(18,884)	419,178
Total revenues	<u>2,276,000</u>	<u>2,257,116</u>	<u>(18,884)</u>	<u>2,272,178</u>
Expenditures:				
Debt Service:				
Principal	3,335,000	3,295,000	(40,000)	3,180,000
Interest and fiscal charges	1,320,000	1,312,740	(7,260)	1,450,244
Total expenditures	<u>4,655,000</u>	<u>4,607,740</u>	<u>(47,260)</u>	<u>4,630,244</u>
Excess (deficiency) of revenues over expenditures	(2,379,000)	(2,350,624)	28,376	(2,358,066)
Other financing sources (uses):				
Transfers in	2,379,000	2,351,120	(27,880)	2,358,065
Transfers (out)	(845,000)	(820,545)	24,455	(155,531)
Total other financing sources (uses)	<u>1,534,000</u>	<u>1,530,575</u>	<u>(3,425)</u>	<u>2,202,534</u>
Net change in fund balance	(845,000)	(820,049)	24,951	(155,532)
Fund balance at beginning of year	4,966,996	4,966,996	-	5,122,528
Fund balance at end of year	<u>\$ 4,121,996</u>	<u>\$ 4,146,947</u>	<u>\$ 24,951</u>	<u>\$ 4,966,996</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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			
	Final Budget	Actual	Variance Over (Under)	2012 Actual
Revenues:				
Intergovernmental - State	\$ 2,860,000	\$ 2,989,203	\$ 129,203	\$ 2,855,944
Intergovernmental - Local	1,420,250	1,422,517	2,267	1,424,683
Revenues from use of monies and property	271,000	270,401	(599)	292,673
Total revenues	4,551,250	4,682,121	130,871	4,573,300
Expenditures:				
Debt Service:				
Principal	4,680,000	4,680,000	-	4,335,000
Interest and fiscal charges	2,260,000	2,258,797	(1,203)	2,420,259
Total expenditures	6,940,000	6,938,797	(1,203)	6,755,259
Excess (deficiency) of revenues over expenditures	(2,388,750)	(2,256,676)	132,074	(2,181,959)
Other financing sources (uses):				
Transfers in	2,388,750	2,667,325	278,575	2,356,648
Total other financing sources (uses)	2,388,750	2,667,325	278,575	2,356,648
Net changes in fund balance	-	410,649	410,649	174,689
Fund balance at beginning of year	2,096,270	2,096,270	-	1,921,581
Fund balance at end of year	\$ 2,096,270	\$ 2,506,919	\$ 410,649	\$ 2,096,270

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
DEBT SERVICE FUNDS
INSTALLMENT PURCHASE REVENUE BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			
	Final Budget	Actual	Variance Over (Under)	2012 Actual
Revenues:				
Property taxes	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt Service:				
Principal	1,340,000	1,340,000	-	-
Interest and fiscal charges	2,160,000	2,158,651	(1,349)	-
Bond issuance costs	33,000	34,000	1,000	326,771
Total expenditures	<u>3,533,000</u>	<u>3,532,651</u>	<u>(349)</u>	<u>326,771</u>
Excess (deficiency) of revenues over expenditures	(1,533,000)	(1,532,651)	349	(326,771)
Other financing sources (uses):				
Transfers in	1,500,000	1,498,922	(1,078)	-
Bonds issued	-	-	-	360,500
Total other financing sources (uses)	<u>1,500,000</u>	<u>1,498,922</u>	<u>(1,078)</u>	<u>360,500</u>
Net change in fund balance	(33,000)	(33,729)	(729)	33,729
Fund balance at beginning of year	33,729	33,729	-	-
Fund balance at end of year	<u>\$ 729</u>	<u>\$ -</u>	<u>\$ (729)</u>	<u>\$ 33,729</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Governmental funds capital assets:</u>		
Land	\$ 44,908,602	\$ 41,285,068
Construction in progress	31,579,748	16,679,590
Buildings	151,110,961	146,340,742
Infrastructure	39,676,425	39,181,042
Furniture, fixtures and improvements	55,683,308	50,875,823
Equipment	63,202,361	59,348,761
Total governmental funds capital assets	\$ <u>386,161,405</u>	\$ <u>353,711,026</u>
 <u>Investment in governmental funds capital assets by source:</u>		
Capital project funds	\$ 225,502,037	\$ 198,747,391
Governmental funds revenues	116,947,066	111,849,886
Federal and State grants	32,453,887	32,010,431
Donations and other	11,258,415	11,103,318
Total governmental funds capital assets	\$ <u>386,161,405</u>	\$ <u>353,711,026</u>

This page intentionally left blank

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.

Contents	Page
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.	101
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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 46,393,348	\$ 49,261,213	\$ 52,304,420	\$ 59,064,510	\$ 73,188,579	\$ 62,157,903	\$ 98,526,284	\$ 121,497,861	\$ 138,891,514	\$ 155,168,837
Restricted	2,141,538	2,034,788	13,298,052	15,895,175	20,244,692	26,831,693	21,692,728	30,744,978	30,423,666	27,866,231
Unrestricted	24,388,936	31,291,175	43,054,286	47,748,629	42,506,554	51,243,542	38,156,130	21,866,469	26,553,409	42,013,899
Total governmental activities net position	<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>	<u>195,868,589</u>	<u>225,048,967</u>
Business-type activities										
Net investment in capital assets	\$ 2,071,764	\$ 1,882,280	\$ 1,933,805	\$ 1,965,234	\$ 2,110,244	\$ 2,164,399	\$ 2,195,372	\$ 2,140,348	\$ 2,353,851	\$ 2,600,404
Unrestricted	2,019,119	2,164,737	3,504,149	3,868,427	4,033,176	3,775,392	4,587,428	5,061,043	5,982,041	5,745,453
Total business-type activities net position	<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>	<u>8,335,892</u>	<u>8,345,857</u>
Primary government										
Net investment in capital assets	\$ 48,465,112	\$ 51,143,493	\$ 54,238,225	\$ 61,029,744	\$ 75,298,823	\$ 64,322,302	\$ 100,721,656	\$ 123,638,209	\$ 141,245,365	\$ 157,769,241
Restricted	2,141,538	2,034,788	13,298,052	15,895,175	20,244,692	26,831,693	21,692,728	30,744,978	30,423,666	27,866,231
Unrestricted	26,408,055	33,455,912	46,558,435	51,617,056	46,539,730	55,018,934	42,743,558	26,927,512	32,535,450	47,759,352
Total primary government net position	<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>	<u>\$ 204,204,481</u>	<u>\$ 233,394,824</u>

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

	Fiscal Year June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Expenses										
General government	\$ 12,489,016	\$ 12,125,453	\$ 13,921,471	\$ 19,619,735	\$ 17,280,897	\$ 27,747,576	\$ 19,217,901	\$ 25,371,323	\$ 23,230,770	\$ 27,445,090
Public safety	31,512,517	34,408,156	36,150,641	34,234,347	41,928,776	45,302,069	45,713,483	46,170,085	48,393,769	51,619,681
Sanitation	3,533,735	3,942,950	4,561,126	4,827,892	5,377,391	5,179,985	5,419,033	5,455,504	5,595,353	6,011,879
Culture and recreation	11,188,377	11,264,835	12,602,633	15,525,025	16,903,156	15,910,929	14,674,112	13,738,220	14,883,727	14,148,047
Community development and promotion	3,028,871	3,861,953	4,462,496	3,907,841	4,469,444	4,436,051	4,753,317	5,860,846	4,754,853	4,906,786
Interest on long-term debt	4,757,704	3,889,073	4,380,925	4,646,387	4,818,241	5,862,444	5,315,770	5,460,165	5,518,173	7,098,192
Total governmental activities expenses	66,510,220	69,492,420	76,079,292	82,761,227	90,777,905	104,439,054	95,093,616	102,056,143	102,376,645	111,229,675
Program revenues										
Charges for services:										
General government	2,428,869	2,692,707	3,227,091	2,804,739	2,536,166	1,503,072	1,928,740	2,163,813	2,451,952	3,952,793
Public safety	3,479,336	3,866,153	3,729,075	3,898,299	4,326,639	4,471,230	4,427,829	4,141,790	3,611,583	3,872,664
Sanitation		105,200	147,906	111,800	120,330	392,147	110,411	70,103	64,447	67,556
Culture and recreation	5,480,992	4,638,884	5,938,066	6,656,613	7,068,086	7,047,609	6,708,758	5,595,582	6,770,787	7,216,389
Operating grants and contributions	4,732,020	4,642,612	5,858,236	4,672,882	5,385,682	7,401,261	12,120,428	10,109,870	5,419,156	4,831,230
Capital grants and contributions								2,869,607	9,870,180	1,244,990
Total governmental activities program revenues	16,121,217	15,945,556	18,900,374	18,144,333	19,436,903	20,815,319	25,296,166	24,950,765	28,188,105	21,185,622
Total Governmental Activities Net Program Expense	50,389,003	53,546,864	57,178,918	64,616,894	71,341,002	83,623,735	69,797,450	77,105,378	74,188,540	90,044,053

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

	Fiscal Year June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities (continued):										
General Revenues and Other Changes in Net Position										
Taxes										
Property taxes	25,769,280	27,772,011	32,140,471	34,365,252	38,365,055	42,837,216	44,462,806	47,021,601	48,913,271	52,270,893
Business license taxes	11,283,006	12,609,315	15,707,383	16,350,118	18,226,400	17,654,794	17,243,307	17,861,972	19,994,477	21,421,988
Sales taxes	7,206,883	8,849,187	9,091,500	9,248,001	8,940,402	8,708,984	8,228,989	8,238,669	8,649,499	8,940,463
Franchise taxes	5,212,846	5,207,145	5,801,736	6,157,921	6,139,932	6,958,772	7,509,798	8,119,607	7,786,661	8,051,475
Hospitality taxes	3,461,976	3,682,402	3,983,488	4,090,908	4,807,458	4,719,666	4,723,496	4,942,144	5,317,448	5,679,436
Accommodations taxes	2,332,946	2,431,165	2,720,342	3,518,552	3,457,861	3,405,819	3,141,873	4,108,465	3,700,989	4,372,821
Other taxes	414,356	268,521	325,652	339,718	209,589	155,780	297,477	179,705	239,877	178,530
State shared revenues	2,476,133	2,513,557	2,555,437	2,699,219	2,964,905	2,964,905	2,600,459	2,945,823	2,191,105	2,511,770
Investment earnings	271,769	416,713	3,021,489	3,164,823	2,999,765	1,198,488	447,328	457,231	584,740	859,341
Miscellaneous	14,520	472,023	87,352	553,318	1,222,513	1,581,390	795,230	525,876	889,355	1,351,728
Donation & Contributions				509,509						
Special item-contributed capital assets, net	(551,751)		11,017,850							
Special item-debt forgiveness	1,828,504									
Special item-settlement agreement										14,360,000
Transfers	(1,326,372)	(1,011,821)	(3,204,200)	(2,328,889)	(2,761,367)	(2,268,766)	(1,511,309)	(1,561,549)	(1,463,690)	(774,014)
Total general revenues and other changes in net position	58,394,096	63,210,218	83,248,500	78,668,450	84,572,513	87,917,048	87,939,454	92,839,544	96,803,732	119,224,431
Total Governmental Activities Change in Net Position	\$ 4,847,232	\$ 6,031,300	\$ 18,631,606	\$ 7,327,448	\$ 948,778	\$ 18,119,598	\$ 10,834,076	\$ 18,651,004	\$ 22,615,192	\$ 29,180,378

Note: The special item - settlement agreement represents amounts owed from the S.C. Department of Public Railways as a result of an agreement and release concerning a dispute relative to the development of rail access to an intermodal container transfer facility located in the City of North Charleston (see notes to the financial statements, note III.B).

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

	Fiscal Year June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type Activities:										
Expenses										
Golf course enterprise fund	\$ 2,396,557	\$ 2,564,239	\$ 2,558,384	\$ 2,712,274	\$ 2,619,642	\$ 2,511,544	\$ 2,577,247	\$ 2,582,577	\$ 2,594,030	\$ 2,408,010
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	2,946,972	3,262,117
Total business-type activities expenses	<u>3,329,667</u>	<u>4,362,891</u>	<u>4,550,386</u>	<u>4,742,922</u>	<u>4,995,555</u>	<u>5,147,855</u>	<u>5,183,212</u>	<u>5,404,912</u>	<u>5,541,002</u>	<u>5,670,127</u>
Program revenues										
Charges for services:										
Golf course enterprise fund	991,437	1,023,216	1,160,566	1,244,837	1,272,233	1,126,830	1,096,204	1,033,552	1,152,487	1,284,175
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	4,013,656	3,556,993
Operating grants and contributions										
Capital grants and contributions										
Total business-type activities revenues	<u>2,621,925</u>	<u>2,207,507</u>	<u>2,662,938</u>	<u>2,682,832</u>	<u>2,423,533</u>	<u>2,617,690</u>	<u>4,476,367</u>	<u>4,224,635</u>	<u>5,166,143</u>	<u>4,841,168</u>
Total Business-type Activities Net Program Expense	<u>707,742</u>	<u>2,155,384</u>	<u>1,887,448</u>	<u>2,060,090</u>	<u>2,572,022</u>	<u>2,530,165</u>	<u>706,845</u>	<u>1,180,277</u>	<u>374,859</u>	<u>828,959</u>
Other Changes in Net Position										
Miscellaneous	(24,709)	49,697	74,185	126,908	120,414	57,770	38,545	37,319	45,670	64,910
Special item-contributed capital assets, net	551,751									
Transfers, net	2,219,522	2,061,821	3,204,200	2,328,889	2,761,367	2,268,766	1,511,309	1,561,549	1,463,690	774,014
Total Business-type Activities Change in Net Position	<u>\$ 2,038,822</u>	<u>\$ (43,866)</u>	<u>\$ 1,390,937</u>	<u>\$ 395,707</u>	<u>\$ 309,759</u>	<u>\$ (203,629)</u>	<u>\$ 843,009</u>	<u>\$ 418,591</u>	<u>\$ 1,134,501</u>	<u>\$ 9,965</u>
Total Primary Government Change in Net Position	<u>\$ 8,070,122</u>	<u>\$ 18,587,740</u>	<u>\$ 8,718,385</u>	<u>\$ 1,344,485</u>	<u>\$ 18,429,357</u>	<u>\$ 10,630,447</u>	<u>\$ 19,494,013</u>	<u>\$ 23,033,783</u>	<u>\$ 30,314,879</u>	<u>\$ 29,190,343</u>

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									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund											
Pre-GASB #54 (Note 1)											
Reserved	\$	2,671,536	\$ 3,833,143	\$ 3,991,403	\$ 4,316,879	\$ 5,830,209	\$ 5,108,379	\$ 3,774,666	\$ -	\$ -	\$ -
Unreserved		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	71,199	274,984
Committed		-	-	-	-	-	-	-	409,827	411,021	412,023
Assigned		-	-	-	-	-	-	-	3,791,705	4,044,976	4,452,826
Unassigned		-	-	-	-	-	-	-	18,039,621	20,009,645	20,485,406
Total General Fund	\$	<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>	<u>\$ 24,536,841</u>	<u>\$ 25,625,239</u>
All Other Governmental Funds											
Pre-GASB #54 (Note 1)											
Reserved	\$	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		2,918,083	2,990,437	3,703,092	4,511,211	3,939,803	3,225,437	4,243,001	-	-	-
Capital projects funds		1,942,165	-	-	-	-	-	-	-	-	-
Debt service funds		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	5,467,124	6,148,201
Restricted		-	-	-	-	-	-	-	52,519,152	96,946,387	70,692,322
Assigned		-	-	-	-	-	-	-	409,156	369,277	384,680
Total All other Governmental Funds	\$	<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>	<u>\$ 102,782,788</u>	<u>\$ 77,225,203</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.

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property taxes	\$ 25,766,514	\$ 27,772,011	\$ 32,625,357	\$ 34,365,252	\$ 38,365,055	\$ 42,837,216	\$ 44,462,806	\$ 46,798,627	\$ 48,259,447	\$ 51,516,594
Licenses and permits	18,289,632	20,988,854	23,942,005	24,519,500	26,202,367	25,946,508	26,359,628	27,599,742	29,670,187	31,420,738
Intergovernmental	20,271,253	22,276,970	23,647,163	24,145,269	25,909,333	27,663,823	30,391,586	30,766,054	29,976,800	27,652,503
Fines and forfeitures	1,725,508	1,921,129	1,784,120	1,999,587	2,410,539	2,531,235	2,547,312	2,333,498	1,867,687	1,826,523
Charges for services	2,338,160	2,690,849	2,702,769	2,772,286	2,142,213	2,513,102	1,814,955	1,695,599	1,601,380	1,918,865
Investment/property earnings	5,904,442	5,304,554	8,493,364	11,132,952	10,342,477	8,136,365	8,473,290	6,523,787	7,945,094	9,708,023
Other revenues	385,759	307,450	336,425	802,159	1,037,952	585,783	416,426	513,826	757,106	442,195
Total revenues	74,681,268	81,261,817	93,531,203	99,737,005	106,409,936	110,214,032	114,466,003	116,231,133	120,077,701	124,485,441
Expenditures										
General government	12,043,840	12,243,322	13,711,552	16,612,336	25,593,128	21,750,683	18,663,683	21,463,825	22,506,209	23,929,383
Public safety	32,018,267	34,050,399	36,941,444	38,294,882	42,433,943	47,529,207	43,738,022	47,963,669	48,428,219	52,819,352
Sanitation	3,788,718	4,222,547	4,628,508	4,839,990	5,436,012	5,253,786	4,599,528	5,143,935	5,321,461	5,756,066
Culture and recreation	8,826,002	8,830,450	9,472,245	10,374,305	12,879,310	12,846,603	12,581,354	11,369,459	12,565,625	13,135,932
Community development and promotion	3,885,334	3,890,572	4,476,588	3,949,620	4,572,783	4,559,812	4,087,388	5,204,591	4,087,855	4,250,510
Capital outlay	4,750,941	4,129,000	13,678,870	12,930,984	12,125,999	33,160,626	29,758,910	20,254,916	17,104,210	29,465,729
Debt service										
Principal	11,732,814	6,462,948	11,104,612	8,840,161	11,761,633	11,894,719	16,520,938	15,167,373	15,189,314	17,207,010
Interest	4,021,285	3,976,161	4,013,650	4,391,083	4,522,076	5,687,731	5,442,802	5,503,062	5,550,169	7,178,755
Bond issuance costs	125,180	454,350	-	-	148,462	899,978	-	-	598,293	34,000
Total expenditures	81,192,381	78,259,749	98,027,469	100,233,361	119,473,346	143,583,145	135,392,625	132,070,830	131,351,355	153,776,737
Excess (deficiency) of revenues over expenditures	(6,511,113)	3,002,068	(4,496,266)	(496,356)	(13,063,410)	(33,369,113)	(20,926,622)	(15,839,697)	(11,273,654)	(29,291,296)
Other financing sources (uses)										
Transfers in	2,612,399	5,678,264	6,117,305	6,697,154	14,418,747	13,640,843	14,043,173	18,323,633	10,783,936	8,126,496
Transfers out	(3,938,771)	(7,740,085)	(9,321,507)	(9,026,043)	(17,180,114)	(15,909,609)	(15,554,482)	(19,885,182)	(12,247,626)	(8,900,510)
Proceeds from sale of property	1,372,892	275,751	3,000,740	320,596	379,654	962,321	303,904	1,535,770	154,601	186,676
Bonds issued	18,920,500	7,700,000	11,565,000	5,000,000	7,020,000	48,175,000	-	24,600,000	52,520,000	-
Premiums/Discounts on bonds	(73,209)	(128,715)	-	-	-	4,060,299	-	-	4,002,083	-
Refunding bonds issued	-	27,055,000	-	-	-	31,850,000	-	-	-	-
Payments to escrow agent	-	(26,458,272)	-	-	-	(32,533,969)	-	-	-	-
Capital lease obligations	1,837,300	1,000,000	2,000,000	2,865,000	2,480,000	3,400,000	107,213	3,574,000	1,906,000	3,409,447
Total other financing sources (uses)	20,731,111	7,381,943	13,361,538	5,856,707	7,118,287	53,644,885	(1,100,192)	28,148,221	57,118,994	2,822,109
Special item										
Settlement agreement	-	-	-	-	-	-	-	-	-	2,000,000
Donation of capital assets	-	-	11,017,850	-	-	-	-	-	-	-
Net change in fund balances	\$ 14,219,998	\$ 10,384,011	\$ 19,883,122	\$ 5,360,351	\$ (5,945,123)	\$ 20,275,772	\$ (22,026,814)	\$ 12,308,524	\$ 45,845,340	\$ (24,469,187)
Debt service as a percentage of noncapital expenditures	22.13%	15.63%	18.72%	16.38%	17.22%	16.94%	20.94%	19.42%	19.89%	20.31%

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</u> <u>Year</u>	<u>Property</u>	<u>Business</u> <u>License</u>	<u>Sales</u>	<u>Franchise</u>	<u>Hospitality</u>	<u>Accommodations</u>	<u>Other</u>	<u>Total</u>
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
2012	48,259,447	19,994,477	8,649,499	7,786,661	5,232,134	3,650,613	239,877	93,812,708
2013	51,516,594	21,421,988	8,940,463	8,051,475	5,621,345	4,230,989	178,530	99,961,384

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>
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%
2012	354,233,040	88,369,924	40,032,145	482,635,109	90.0	7,396,081,363	6.53%
2013	429,117,185	103,755,573	38,043,324	570,916,082	94.0	8,268,913,559	6.90%

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. The increase in assessment in fiscal year ending June 30, 2013 is the result of substantial fee-in-lieu industrial property coming on the the tax rolls.

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 & Overlapping Rates
	Direct	Debt	Total	Direct	Debt	Total	Direct	Debt	Total	
	Operating Millage	Service Millage	City Millage	Operating Millage	Service Millage	County Millage	Operating Millage	Service Millage	School District Millage	
2004	95.8	3.0	98.8	56.9	13.6	70.5	104.8	12.4	117.2	286.5
2005	99.8	3.0	102.8	56.9	13.6	70.5	109.0	12.4	121.4	294.7
2006	90.8	3.0	93.8	45.9	8.5	54.4	91.1	15.8	106.9	255.1
2007	89.8	3.0	92.8	45.9	8.5	54.4	92.8	13.6	106.4	253.6
2008	89.8	3.0	92.8	45.9	8.5	54.4	95.4	18.2	113.6	260.8
2009	89.8	3.0	92.8	45.9	8.5	54.4	98.7	23.9	122.6	269.8
2010	89.8	3.0	92.8	45.9	8.5	54.4	98.7	27.9	126.6	273.8
2011	89.8	3.0	92.8	45.9	8.5	54.4	98.7	27.9	126.6	273.8
2012	87.0	3.0	90.0	45.1	7.9	53.0	98.6	27.9	126.5	269.5
2013	87.0	7.0	94.0	45.8	8.0	53.8	100.5	26.0	126.5	274.3

Fiscal Year	City of North Charleston			County of Dorchester			Dorchester County School District (3)			Total Dorchester County Direct & Overlapping Rates
	Direct	Debt	Total	Direct	Debt	Total	Direct	Debt	Total	
	Operating Millage	Service Millage	City Millage	Operating Millage	Service Millage	County Millage	Operating Millage	Service Millage	School District Millage	
2004	95.8	3.0	98.8	69.8	5.0	74.8	103.8	29.8	133.6	307.2
2005	99.8	3.0	102.8	70.2	5.0	75.2	103.8	29.8	133.6	311.6
2006	90.8	3.0	93.8	61.3	4.6	65.9	91.5	29.8	121.3	281.0
2007	89.8	3.0	92.8	61.5	5.8	67.3	91.5	29.8	121.3	281.4
2008	89.8	3.0	92.8	67.5	6.3	73.8	156.8	29.8	186.6	353.2
2009	89.8	3.0	92.8	71.9	4.5	76.4	161.5	29.8	191.3	360.5
2010	89.8	3.0	92.8	68.5	4.3	72.8	165.0	30.9	195.9	361.5
2011	89.8	3.0	92.8	77.9	4.3	82.2	168.6	36.0	204.6	379.6
2012	87.0	3.0	90.0	77.9	4.3	82.2	168.6	36.0	204.6	376.8
2013	87.0	7.0	94.0	77.9	4.3	82.2	168.6	36.0	204.6	380.8

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>	<u>2013</u>		<u>2004</u>	
	<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>
Boeing	\$ 40,072,274	7.02%	\$ -	-
Kapstone	14,479,482	2.54%	22,681,703	7.77%
South Carolina Electric & Gas	14,273,726	2.50%	8,311,290	2.85%
North Charleston Joint Venture	5,021,750	0.88%	4,464,660	1.53%
Tanger Properties	4,632,450	0.81%	-	-
Cummins	4,321,142	0.76%	3,112,690	1.07%
Leeds Park Associates	4,305,010	0.75%	-	-
Charleston/North Charleston MSA LP	4,128,780	0.72%	-	-
Trident Regional. LLC	3,105,000	0.54%	2,825,040	0.97%
Bell South Telecommunications	2,962,090	0.52%	3,892,610	1.33%
Total	\$ 97,301,704	17.04%	\$ 45,287,993	15.51%

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
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%	2,283,090	40,145,728	99.46%
2012	44,355,815	41,115,804	92.70%	3,174,222	44,290,026	99.85%
2013	46,221,972	42,527,708	92.01%	-	42,527,708	92.01%

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	Installment Purchase Rev. Bonds	Capital Leases
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
2012	29,215,000	0.40%	292.95	38,455,000	57,615,000	52,520,000	7,835,681
2013	25,920,000	0.31%	254.15	32,865,000	52,935,000	51,180,000	8,943,118

Fiscal Year	Business-type Activities Debt		Total Primary Government (3)	Percentage of Personal Income (2)	Per Capita (2)
	Golf Course Revenue Bonds	Capital Leases			
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	0.64%	1,594.11
2012	8,210,000	222,730	194,073,411	0.75%	1,946.05
2013	7,660,000	129,427	179,632,545	N/A	1,761.29

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, 2013**

Governmental Unit	Net General Obligation Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Charleston County	\$ 540,345,000	21.08%	\$ 113,923,741
Charleston County Parks & Recreation Commission	38,275,000	21.08%	8,069,717
Charleston County School District	199,965,000	21.08%	42,159,659
Charleston County Aviation Authority	-	21.08%	-
North Charleston Sewer District	16,245,000	21.08%	3,425,018
Dorchester County	40,209,000	17.54%	7,054,409
Dorchester County School District	22,170,000	17.54%	3,889,583
Subtotal Overlapping Debt			\$ 178,522,126
City Direct Debt			25,920,000
Total Direct and Overlapping Debt			\$ 204,442,126

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 June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Property Value	\$ 291,929,216	\$ 300,899,786	\$ 355,682,216	\$ 385,989,284	\$ 409,372,827	\$ 453,086,903	\$ 472,390,739	\$ 482,635,109	\$ 482,635,109	\$ 570,916,082
Debt Limit (8% of assessed value)	23,354,337	24,071,983	28,454,577	30,879,143	32,749,826	36,246,952	37,791,259	38,565,479	38,610,809	45,673,287
Net debt applicable to limit:										
General obligation bonds (1)	7,680,500	14,970,500	13,965,000	17,590,000	15,745,000	13,805,000	11,790,000	32,395,000	29,215,000	25,920,000
Legal debt margin	\$ 15,673,837	\$ 9,101,483	\$ 14,489,577	\$ 13,289,143	\$ 17,004,826	\$ 22,441,952	\$ 26,001,259	\$ 6,170,479	\$ 9,395,809	\$ 19,753,287
Total net debt applicable to the limit as a percentage of debt limit	32.89%	62.19%	49.08%	56.96%	48.08%	38.09%	31.20%	84.00%	75.67%	56.75%

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	Tax Increment Bonds (1)				Golf Course Mortgage Revenue Bonds						
	Property Tax Increment	Debt Service		Coverage	Golf Course Operating Revenue	Transfers	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
		Principal	Interest						Principal	Interest	
2004	1,180,334	170,000	404,175	2.06	991,437	1,326,372	1,424,193	893,616	-	291,153	3.07
2005	1,213,056	535,000	607,344	1.06	1,062,988	1,011,821	1,466,900	607,909	180,000	446,418	0.97
2006	2,579,883	560,000	715,595	2.02	1,188,763	1,451,903	1,518,417	1,122,249	420,000	469,069	1.26
2007	3,808,104	885,000	1,097,773	1.92	1,259,169	1,439,070	1,697,495	1,000,744	435,000	453,108	1.13
2008	5,264,170	1,615,000	1,170,056	1.89	1,294,342	1,557,527	1,661,874	1,189,995	455,000	447,593	1.32
2009	6,452,508	840,000	1,634,536	2.61	1,155,150	1,333,086	1,521,494	966,742	475,000	424,197	1.08
2010	6,999,379	5,110,000	1,803,695	1.01	1,119,444	1,511,309	1,673,214	957,539	490,000	379,740	1.10
2011	7,060,373	4,875,000	1,590,994	1.09	1,056,645	1,561,549	1,576,658	1,041,536	510,000	448,313	1.09
2012	7,733,308	5,380,000	1,422,351	1.14	1,175,405	1,463,690	1,613,767	1,025,328	525,000	417,326	1.09
2013	8,073,564	5,590,000	1,209,490	1.19	1,337,345	1,274,014	1,543,771	1,067,588	550,000	345,574	1.19

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	Population	(In thousands of dollars)		School Enrollment	Unemployment Rate
		Personal Income	Per Capita Income		
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	24,118,000	36,121	22,538	9.4%
2012	99,727	25,706,000	37,685	22,640	8.5%
2013	101,989	**	**	23,513	7.3%

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**

<u>Employer</u>	<u>2013</u>		<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
U.S. Navy	11,000	3.01%	15,000	5.56%
Charleston Air Force Base	7,000	1.92%	7,500	2.78%
Boeing	6,000	1.64%	-	
Trident Regional, LLC	2,500	0.68%	2,000	0.74%
U.S. Postal Service	1,200	0.33%	1,200	0.44%
Verizon Wireless Call Center	1,200	0.33%	-	
City of North Charleston	1,051	0.29%	870	0.32%
South Carolina Electric & Gas	1,000	0.27%	850	0.31%
Kapstone	1,000	0.27%	1,500	0.56%
Cummins	700	0.19%	-	
Total	32,651	8.94%	28,920	10.71%

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 June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Executive	12	11	11	14	17	19	20	20	20	21
Facilities Management	7	7	7	6	6	6	6	6	6	5
City Council	12	12	12	12	12	12	12	12	12	12
Finance	11	11	11	12	11	10	10	10	10	10
Purchasing	3	4	4	4	4	4	4	4	4	5
Information Systems	6	6	6	7	7	9	9	10	10	10
Municipal Court	13	13	14	15	16	18	22	22	20	19
Human Resources	6	6	6	6	7	7	7	7	8	7
Legal	3	3	3	3	3	4	4	4	4	5
Public Safety										
Police	351	361	371	382	399	424	448	426	417	419
Fire	201	209	209	217	218	220	220	229	229	241
Building Inspections	12	13	14	16	17	17	17	17	17	18
Culture & Recreation										
Parks and Recreation	28	28	28	30	35	37	37	35	36	36
Cultural Arts	5	5	5	6	6	7	7	7	7	7
Community Development										
Planning	18	17	17	18	20	20	18	18	18	17
Code Enforcement	12	13	14	14	14	14	14	14	15	15
Public Works										
Administration	12	8	10	10	10	10	10	10	10	10
Maintenance	94	65	65	70	73	77	77	78	77	73
Sanitation	64	72	74	75	78	78	78	77	77	75
Stormwater Maintenance	-	37	40	42	45	45	45	46	46	46
Total	<u>870</u>	<u>901</u>	<u>921</u>	<u>959</u>	<u>998</u>	<u>1,038</u>	<u>1,065</u>	<u>1,052</u>	<u>1,043</u>	<u>1,051</u>

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).

Table 17

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

Function/Program	Fiscal Year June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Building permits issued	2,158	2,429	2,628	2,584	2,402	2,059	1,836	1,912	1,546	1,884
Business licenses issued	6,211	6,341	7,158	7,342	7,516	7,451	7,286	7,357	7,122	7,300
Police										
Physical arrests	7,625	8,337	8,838	8,942	9,972	10,455	10,946	11,500	12,939	13,000
Traffic violations	30,584	29,138	32,315	34,102	37,951	38,466	40,122	42,500	43,000	44,000
Fire										
Fire responses	4,622	4,704	4,060	4,943	5,262	5,950	7,389	7,500	10,046	15,055
Inspections	4,258	4,454	5,444	5,701	6,027	5,777	4,690	5,000	6,124	6,404
Refuse collection										
Garbage collection (annual tons)	26,161	29,307	30,311	29,778	31,177	29,234	29,282	29,057	28,311	29,542
Trash collection (annual tons)	21,509	21,443	23,086	23,010	23,579	23,047	20,456	20,523	19,745	19,563
Golf course										
Rounds played	31,842	35,492	41,657	42,808	40,692	35,514	35,375	34,855	38,397	42,081
Stormwater utility										
Accounts billed	22,040	22,960	22,540	22,646	22,362	22,645	22,625	23,976	23,209	23,951

Source: Various City departments.

Table 18

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

Function/Program	Fiscal Year June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police stations	5	5	5	5	6	6	7	7	7	7
Fire stations	11	11	11	11	11	11	12	12	12	12
Public Works										
Collection trucks	31	32	33	34	35	35	35	33	35	35
Streetlights	6,884	6,952	7,003	7,081	7,122	7,152	7,239	7,300	7,350	7,500
Traffic signals	93	95	96	98	102	105	108	110	101	119
Parks and Recreation										
Playgrounds	18	18	20	23	26	28	30	30	30	30
Baseball/softball diamonds	28	28	28	28	28	28	28	28	28	31
Football/soccer fields	6	6	8	8	10	11	11	11	11	11
Community centers	20	20	20	20	20	20	19	19	19	19

Source: Various City departments.