



**CITY OF NORTH CHARLESTON
SOUTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

FISCAL YEAR ENDED JUNE 30, 2020

Prepared By:

FINANCE DEPARTMENT

**R. Keith Summey
Mayor**

**E. Warren Newton
Finance Director**

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INTRODUCTORY SECTION

October 31, 2020

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, 2020 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, 2020 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, 2020 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, 2020, and respective changes in financial position and cash flows, where applicable, for the year then ended.

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The City is also required to undergo an annual Single Audit in conformity with provisions of the Federal Single Audit Act and “Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)”, **Audits of State and Local Governments**. Information related to this Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor’s reports on the internal control structure and compliance with applicable laws and regulations, has been issued in a separate bound document. GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of North Charleston’s MD&A can be found immediately following the report of the independent 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, 2020, reflect an estimated North Charleston population of over 117,000.

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, 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.

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. North Charleston's diverse economy is attributed to its unique blend of trade, manufacturing and service businesses and government. Local industry is characterized by the production of a wide range of products, including: paper, automobile components, health care, housewares, tools, machinery and electronics equipment and airplane components. Major non-manufacturing employers include those providing aerospace, defense, education, financial, transportation, marine, health care, food distribution and retail sales services. Area businesses have experienced continuing growth and development in the past year. This continued growth is indicative of the excellent market location of this area, which is served by major highways including Interstate 26, the Mark Clark Expressway (I-526), and U.S. Highways 17, 52 and 78. The City is also served by The Port of Charleston, an international container cargo port terminal, that ranks in the top eight busiest in the nation with cargo valued at more than \$80 billion in calendar year 2019 which represented over a 5 percent change from the prior year. International trade through the South Carolina ports facilitates over 225,000 jobs across the State of South Carolina in the maritime, transportation, distribution and manufacturing industries while providing an overall economic impact of over \$63 billion each year. The Port of Charleston is in the midst of spending over \$1.3 billion in port related infrastructure improvements by 2022 much of which will include construction of a new terminal on the former Navy Base property located in the City of North Charleston. The Charleston Harbor deepening project, which began in the fall of 2017 and is expected to be completed by 2021, will allow it to be the deepest harbor on the East Coast.

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 800,000 and a gross taxable sales estimate exceeding \$40 billion for the 2019 calendar year. North Charleston remains the State's municipal leader in retail sales for the past twenty-seven years. In calendar year 2019, gross retail sales exceeded \$6.9 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 decreased slightly in the City during the fiscal year ending June 30, 2020 compared to fiscal year ending June 30, 2019, while residential real estate sales volume is up over 5% in the region over that same time period with the median price of home sales up over 5%. Several large Class A office development projects are under consideration, including renovations on the former Navy Base property adding over 150,000 square feet, another project at the entrance to the executive park at Faber Place and Leeds Avenue and another project in the Olde Village area near the old GARCO mill. The region has an estimated civilian labor workforce exceeding 375,000, which has grown by over 20% for the last ten years. The local unemployment rate of 9.0% as of June 30, 2020 is above the State but below the National averages.

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Tourism remains a vital segment of the local MSA economy. Overall hotel/motel occupancy rates increased slightly from calendar year 2018 to 2019. Hotel/motel room inventory exceeds 8,500 rooms in the City of North Charleston as of the calendar year ending 2019. 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 2,500 rooms.

The Charleston International Airport, managed by the Charleston County Aviation Authority, is located in the City of North Charleston and is a joint use airport as the airfield is owned and operated by the USAF as part of the Joint Base Charleston. There are currently ten scheduled passenger air carriers that operate at the airport to include: Alaska, Allegiant, American, British Airways, Delta, Frontier, JetBlue, Silver, Southwest and United. It has made several announcements over the past 5 years which have lead to significant passenger load growth. The Charleston International Airport saw its passenger load increase 13% in calendar year 2019 to over 4.8 million and its overall passenger load has nearly doubled from just 2010. In late 2019, the Charleston County Aviation Authority announced a \$350 million renovation and expansion plan which includes the addition of a third concourse allowing the airport to handle more airplane and passenger traffic. With the recently completed improvement projects and airline announcements and new airport services, the Authority expects an increase in tourism in the area along with likely business development projects once the impact of the pandemic subsides.

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-six years. The Stingrays, which are one of the oldest and largest franchises in the ECHL, came under new ownership in 2018 and has recently signed a new three year lease with the City to remain at the Coliseum complex.

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 included additions to the north and south entrances that provide new food court and concession areas designed to accommodate more patrons. These concession area changes are helping to spur along the renovation of existing concession areas into new corporate suites. Other improvements included 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, at a cost of over \$10 million, were completed by late summer of 2016.

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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. In late 2018, the City entered into a contract to build a five level parking garage adjacent to the Convention Center designed to accommodate 2,000 parking spaces. Additional site work will include the construction of a 7,000 square foot office building to relocate the existing parking staff and other complex personnel. These facilities are projected to be complete in 2021 at a cost of over \$50 million.



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 3,500 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 the Charleston Area Convention Center Complex exceeds \$75 million annually. Direct tax revenue for the Complex is estimated at over \$6 million annually.

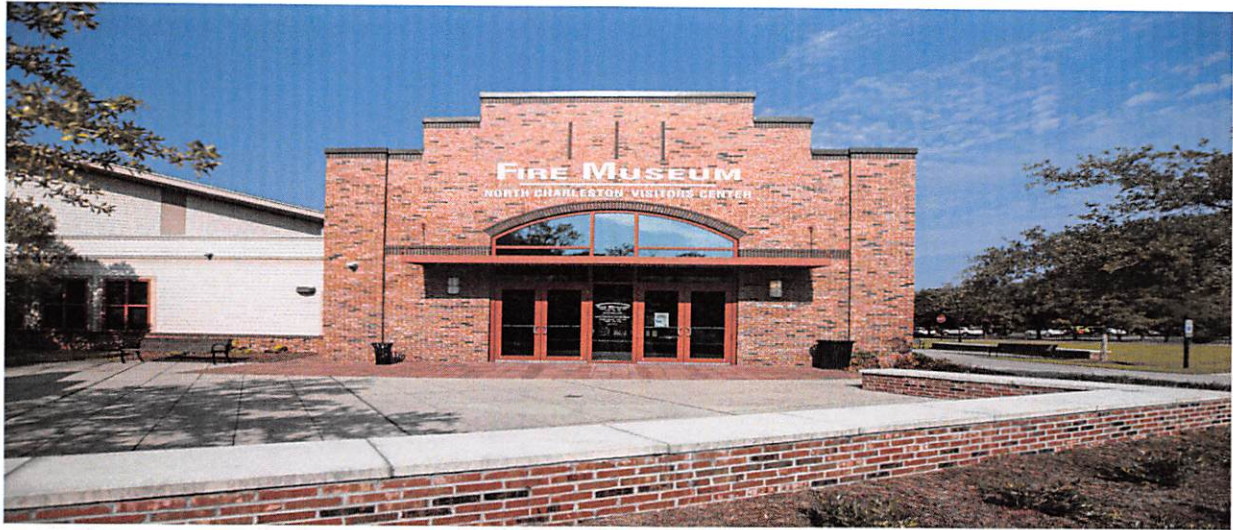
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Municipal Golf Course. The City of North Charleston constructed a twenty-seven hole municipal golf course facility on land located in Dorchester County in 2001. The golf course is situated in the center of a residential and commercial development project that has already generated over \$200 million in taxable property value. The City has experienced over a \$11 million increase in annual property tax collections from Dorchester County over the past nineteen 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. A 120 room senior citizens assisted living facility was completed in the spring of 2017 with further plans calling for 140,000 square feet of commercial and office space and 125 housing units on four parcels surrounding the traffic circle.



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Tax Increment Financing Districts. Over the past fifteen 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 were 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 hosts an outlet mall known as the Tanger Outlet Center. This 365,000 square foot outlet center has attracted over 95 retail stores along with a food court and other shopping and dining opportunities and is over 96% occupied. The Center generates over \$1,500,000 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. Field & Stream, a subsidiary of Dick's Sporting Goods, opened its new 50,000+ square foot outdoor sporting goods store in August 2015. The City Center TIF area continues to enjoy significant growth but the ordinance creating the TIF expired in June 2017 resulting in over \$2.5 million in additional municipal property taxes returning to the City's General Fund with another \$6 million combined returning to Charleston County and the Charleston County School District.

Another tax increment finance district known as the Noisette Community Redevelopment Project Area has experienced significant growth. As a result of this growth, the City has been able to issue over \$30 million in TIF bonds for the purpose of revitalizing and rehabilitating public infrastructure improvements. The proposed development has already experienced the demolition of all structures in a 57 acre area known as the Oak Terrace Preserve and replaced 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 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 all

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phases of the three phase plan. Subsequently, the City has closed on the sale of over 300 parcels to developers and no other development sites remain available. In 2015, a 271 unit apartment complex which includes mixed use with residential units above retail stores called the Factory at Garco Park was announced in this TIF district area and was completed in early 2018. Construction is still underway in an area not far off Park Circle at the intersection of Mixson and Durant Avenues that involves the development of over 170 single family homes and over 80 townhomes, apartment complex units known as the Link Apartments Mixson and the Mixson Bath and Racquet Club.

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 completed in 2012. In the spring of 2014, an additional 300 unit apartment complex opened with plans designed to construct two or three more multi-family developments over the next several years. Approximately 20 acres of the tract is being held out for a future elementary school and middle school. Future plans call for a 40,000 square foot multi-tenant office building at the corner of U.S. Highway 78 and the new Northside Drive Extension. The new Northside Drive Extension, completed in 2016, connects U.S. Highway 78 to Ashley Phosphate Road while the new Weber Drive connects Palmetto Commerce Parkway to Northside Drive. In October 2020, the City issued over \$24 million in Ingleside TIF Bonds for the purpose of providing a portion of the cost of constructing certain public improvements in the Ingleside TIF Redevelopment Area.

In 2019, a new study by GoBankingRates found that the City of North Charleston is among the most affordable cities in the U.S. for the age group 23-38 that is soon to overtake baby boomers as the largest segment of the nation's population. Also, 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 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. In early 2020, the Investment Property Exchange Services analyzed home values and median rent along with other factors in over 300 cities with populations over 100,000 across the United States and ranked North Charleston as No. 1 to earn the highest return on rental real estate investment.

North Charleston's Palmetto Commerce Park. Charleston County's transportation improvements funded by an increase in the local option 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

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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 three phases with the main goal of attracting more companies to and near the industrial park. Phase I and II have been completed with phase III plans introduced in 2014 calling for a new three mile connection from Ashley Phosphate Road to Aviation Avenue as well as improvements to South Aviation Avenue which is designed to alleviate traffic on Dorchester Road, Rivers Avenue and the I-26 and I-526 interchange. Another major benefit of phase III is the ultimate connection of the Boeing main plants near the Charleston International Airport with businesses on Palmetto Commerce Parkway. 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, Mercedes Benz Vans Manufacturing, Immedion LLC, TWL Precision Limited, TIGHitco, a division of the InterTech Group, JAS Forwarding USA and the addition of Boeing's Interiors Fabrication Facility.

Redevelopment of the Former Charleston Navy Base. For years, the State Ports Authority (SPA) had 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 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 (later its name was changed to Palmetto 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 spent over \$10 million to purchase all remaining property previously owned by Noisette. The project would allow trains from CSX Corporation and Norfolk Southern railroads access to the new cargo yard where containerized imports and exports would be loaded and unloaded. Palmetto Railways estimates the new rail yard facility, to be constructed at a cost over \$280 million and scheduled to open in 2022, will employ over 120 people and handle over 1 million cargo containers of merchandise each year.

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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 Series 2007 bonds outstanding debt service payments associated with the Noisette Community Redevelopment Project Area tax increment finance district. A memorandum of agreement was finalized in late 2016 between community groups within the City of North Charleston and Palmetto Railways that will channel \$4 million into these communities to offset the impacts of the proposed rail yard. The agreement calls for funds to be used to build new recreational facilities and pay for programs promoting affordable housing, job training, educational facilities, environmental research and youth initiatives.

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 was part of a \$98 million proposal organized by the Clemson University Restorative Institute and other State of South Carolina agencies described as the largest research effort in the university's history. Construction was completed in the late 2013. The facility is equipped to test 7.5 and 15 megawatt drivetrains, which makes the institute the largest wind turbine testing facility in the world. In late 2013, the facility landed its first industry partner, General Electric, which began testing its next generation wind turbine drivetrain technology. In October 2015, Clemson announced it had landed a \$6.7 million grant from the Department of Energy to perform research toward reducing energy consumption by developing more efficient industrial motors. The goal of the research project is to develop improved industrial motor technologies that reduce greenhouse emissions and costs. These technologies developed at the North Charleston facility will be applied to a variety of industries around the world.

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 offers advanced degrees in energy systems engineering and was financed in part by a \$5 million gift from the Zucker family. The education center is next to the Clemson University Restoration Institute at the former Navy Base and was built at a cost of roughly \$20 million. The Zucker Family Graduate Education Center opened in the fall of 2016. In late 2019, Urban Electric completed a \$10.7 million expansion on property at the former Navy Base adding over 200 jobs to its specialty lighting fixtures business model.

Further Economic Development. 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. The State of South Carolina, along with various local governments, helped lure Boeing to North Charleston by offering an incentives package worth \$450 million which called 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. Boeing has already exceeded both incentive goals by a wide margin. With the potential influx of additional jobs and business created by suppliers to 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.

To the Council and Citizens of the
City of North Charleston

In 2014, the Charleston Aviation Authority completed the sale of over 300 acres of property to Boeing for future expansion. Previously, S.C. built Dreamliners had to be flown to one of four paint facility sites to complete their final phase of painting. However, construction of a 360,000 square foot new paint facility on its North Charleston campus large enough to paint all planes currently being built in North Charleston was completed in early 2017.

Also in the summer of 2014, Boeing announced that it would produce the 787-10, the largest version of its popular Dreamliner commercial jetliner, exclusively at its factory in North Charleston. In late March 2017, the first 787-10 Dreamliner was rolled off the assembly line and took a test flight from the Charleston International Airport runway. The 787-10 model, which is made of parts from global suppliers, is assembled from start to finish in North Charleston. The first deliveries of the 787-10 to Boeing customers took place in the spring of 2018. In October 2020, as a result of the financial pressure from the coronavirus pandemic, Boeing announced it would consolidate all of its 787 Dreamliner production program to its North Charleston campus. The process of consolidation should start around mid-2021 and Boeing estimates production of approximately six aircraft a month, which is a slight increase in the previous S.C. plant's monthly production rate.

To help educate local workers for the increasing aerospace industry, Trident Technical College has announced it has raised the \$79 million needed for construction and equipment associated with the aeronautical training center on its North Charleston campus. The 224,000 square foot facility accommodates up to 5,400 students each year and opened in 2020. In September 2014, Boeing announced it had leased an additional 104,000 square foot building in the Crosspoint section of the Palmetto Commerce Parkway industrial park in North Charleston to be the site for office and laboratory space for its new research center where an additional 300 to 400 people are expected to be hired.



To the Council and Citizens of the
City of North Charleston

In March 2015, Mercedes-Benz Vans, LLC, already operating a major van assembly plant in the Palmetto Commerce Park area, announced a major expansion that would bring over 1,200 additional jobs to meet its growing demand of Mercedes-Benz Sprinter vans already assembled at this plant facility. The company invested over \$500 million to expand its full scale production facility on more than 200 acres it owns in this commerce park area and plans to employ over 1,300 individuals to operate this facility. In early 2017, Mercedes-Benz Vans purchased an additional 8 acres adjacent to their existing plant that currently houses a 75,000 square foot facility. Mercedes-Benz Vans plans to include the new site in its expansion plans to be used to house some of the logistical processes associated with the new Sprinter plant. The new production facility enables the company to get its vans to the United States/North America market faster, which has become its second largest market for vans worldwide with business up over 30% from 2013. The site employs over 900 people as production is underway and vans are rolling off the assembly line. It is estimated that the automotive industry, with the addition of the new Volvo plant in Berkeley County, accounts for over 160,000 jobs and creates over \$27 billion in annual economic impact in the State.

Another major area of redevelopment can be found in the old Park Circle area near the former site of the General Asbestos and Rubber Company (GARCO). A developer in the Charleston area, the Beach Company, is developing a mixed use project called the GARCO Park that will eventually include more than 270 apartments and various other residential and commercial sites on a 40 acre tract. The first apartments opened in 2017.



To the Council and Citizens of the
City of North Charleston

In July 2018, Ingevity, a chemicals manufacturer based in North Charleston providing specialty chemicals, high-performance carbon materials and engineered polymers used in a variety of demanding applications, announced it would be building its new \$20 million headquarters in this area which was completed in 2020. Ingevity is the largest publically traded company based in North Charleston employing over 1,850 workers in over 25 locations worldwide, including over 500 in North Charleston. Ingevity is an independent company spin off in 2016 from the merger of RockTenn and MeadWestvaco and has been located in North Charleston for over 70 years.

Other announcements included a \$13.5 million expansion project by Trident Medical Center, designed to upgrade its emergency departments, outpatient services, operating rooms and other care units. Construction was completed in late 2019. Comcast invested over \$21 million in a facility in North Charleston's Ingleside Plantation which houses customer service and technical support personnel and employs an additional 550. T-Mobile has renovated a facility in North Charleston at a cost of \$16.7 million that became its largest call center employing over 1,200. Frontier Logistics, one of the nation's largest exporters of plastic resins made at refineries along the Gulf Coast, has opened a 100,000 square foot distribution center on a site near the planned rail yard in the old Navy Base. Wabco Holdings Inc. opened a \$20 million manufacturing facility in 2017 that builds advanced single-piston disc brakes for large truck manufacturers such as Daimler and Volvo. In 2018, a 350,000 square foot seven building office complex known as the Aviation Business Park in North Charleston sold for \$69 million. The buyer was particularly attracted to the high-quality tenant list and the outstanding central infill location. In other residential real estate news, Johnson Development Association purchased over 4,000 acres from MeadWestvaco for \$14.3 million with plans to build out over 1,000 residential homes and various apartment sections and retail development in an area annexed by the City of North Charleston several years ago on the Ashley River. In October 2019, Spartan Motors announced plans to expand its operations by investing over \$1.2 million at its production site in North Charleston and hire over 300 new employees. Spartan Motors is looking to expand its production of custom shelving, lighting and ergonomic design services for the commercial vehicles produced at the Mercedes-Benz Vans plant in North Charleston. In October 2019, the Medical University of South Carolina acquired a \$28 million warehouse to use as its consolidated services center in North Charleston to manage its supply chain and sterilization equipment.



To the Council and Citizens of the
City of North Charleston

The City of North Charleston has also embarked on a couple of other sizable projects. In late 2019, the City opened a three gym athletic facility complex adjacent to its Public Works facility off of Remount Road. This \$14 million complex contains one gym with seating capacity of around 1,500 while the other two gyms seat approximately 300 each with the ability to accommodate diversified events from various local, state and national organizations.

Also in 2020, in partnership with Dorchester County School District Two, the City completed construction on the region's largest aquatics center that provides aquatics access for water safety, athletic exercises and competition. The \$25 million facility is located on City owned property adjacent to Fort Dorchester High School and includes a 50 meter, 10 lane pool and a 25 yard therapeutic pool with spectator seating, locker rooms, administrative offices and community meeting space.



Long-Term Financial Planning. Unassigned fund balance in the General Fund (22.1% of the fiscal year 2019/2020 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 2020/2021 General Fund budget as approved is a balanced budget that recommends no use of the unassigned fund balance as a source of revenue. The 2020/2021 budget was originally adopted at the same level of the 2019/2020 budget, which was a little over \$127 million. However, as a result of the coronavirus pandemic and projected loss of certain key revenues, the City's 2020/2021 budget has been decreased by over \$11 million in both revenues and expenditures. Management will continue to monitor monthly financial results to determine if any future budgetary adjustments will be necessary.

The City, in January 2017, issued \$80 million in limited obligation bonds to facilitate the construction of a new parking garage at the Coliseum/Convention Center/Performing Arts Center Complex, a new aquatics facility, a new three gym athletic complex and additional parks and recreational facilities. In July 2018, the City issued \$20.55 million in limited obligation bonds for the purpose of constructing and/or improving various facilities throughout the City, for other improvements to the coliseum complex and to refund the remaining \$13.115 million in Series 2008 Certificates of Participation.

To the Council and Citizens of the
City of North Charleston

In February 2019, the City issued \$15 million in general obligation bonds to pay costs associated with acquiring, constructing and improving various municipal facilities to include roof improvements to the City Hall and other improvements to the City's golf course facilities, the fire museum and the riverfront park. The City also was able to upgrade its \$5 million investment in mobile radio inventory. In June 2019, the City issued over \$13 million in Navy Base limited obligation (tax increment pledge) bonds for the purpose of building a pedestrian bridge over Noisette Creek to connect with the existing riverfront park facility, make improvements to the Navy Base Memorial and to provide other street and sidewalk and shoreline improvements in the riverfront park area. In October 2019, the City issued over \$19 million in Noisette TIF limited obligation (tax increment pledge) bonds for the purpose of reimbursing developers for certain public infrastructure improvements within the Noisette Community Redevelopment Project Area and for the City's additional property acquisition, public park and infrastructure improvements. In October 2020, the City issued over \$24 million in Ingleside TIF bonds for the purpose of reimbursing developers for certain public infrastructure improvements within the Ingleside Community Redevelopment Project Area and for the City's additional property acquisition, public park and infrastructure improvements.

The City plans to continue the development of the Riverfront Park and other properties it owns in the old Navy Base area. 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, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To the Council and Citizens of the
City of North Charleston


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

A Certificate of Achievement is valid for a period of one year only. The City of North Charleston has received a Certificate of Achievement for the last thirty-two fiscal years from June 30, 1988 through 2019. We believe our current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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 Mauldin & Jenkins, 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, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2020

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

Council Member.....Mike A. Brown

Council Member.....Rhonda Jerome

Council Member.....Virginia Jamison

Council Member.....Ron Brinson

Council Member.....Jerome Heyward

Council Member.....Dorothy K. Williams

Council Member.....Samuel L. Hart

Council Member.....Robert N. King

Council Member.....Kenny Skipper

Council Member.....Michael Brown

Special Assistant to Mayor.....Julie Elmore

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

Staff Attorney.....Frances Austin

Municipal Clerk of Council.....Sandy Brown

Fire Chief.....Greg Bulanow

GIS Director.....Kathleen Brenkert

Public Works Director.....Jim Hutto

Human Resources Director.....Chris Ruth

Code Enforcement DirectorAngela McJunkin

Director of Information Systems.....David Dixon

Director of Recreation.....Doyle Best

Purchasing Director.....Denise Badillo

Building Official.....Darbis Briggman

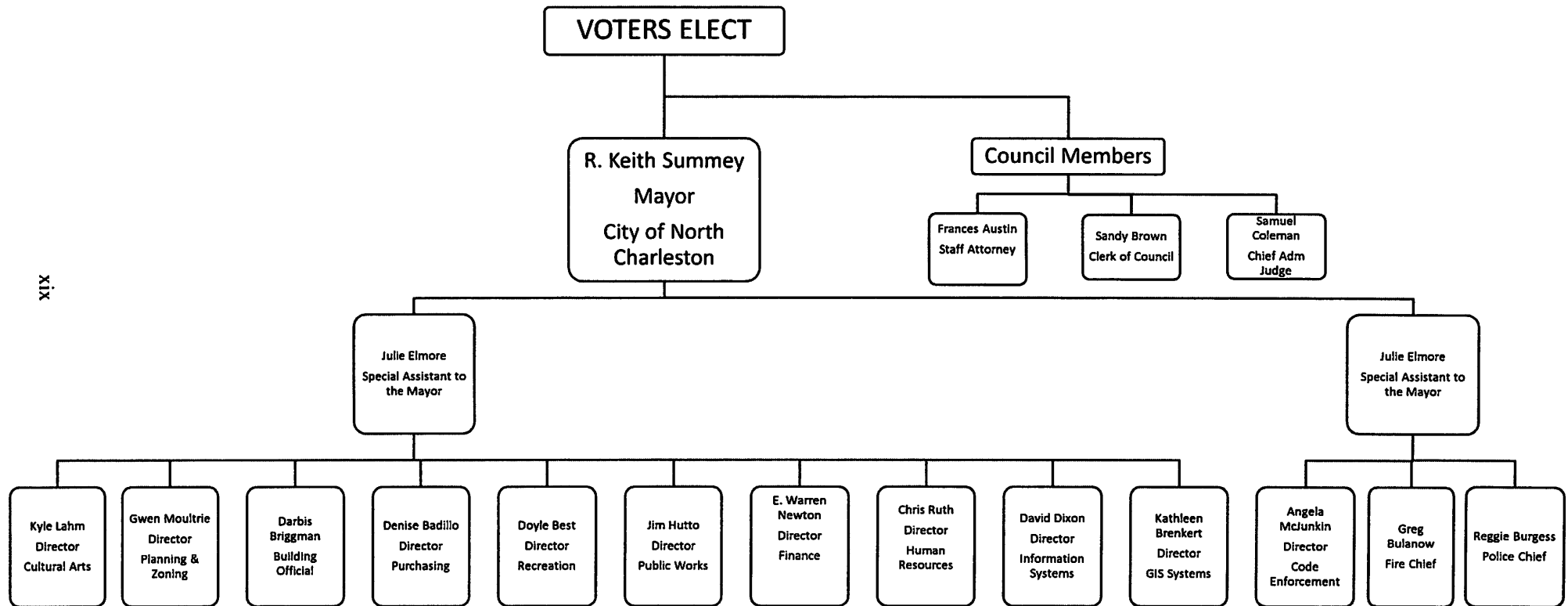
Director of Zoning and Planning.....Gwen Moultrie

Cultural Arts Director.....Kyle Lahm

Police Chief.....Reggie Burgess

Chief Administrative Judge.....Samuel Coleman

City of North Charleston Organizational Chart



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of the City Council
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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of June 30, 2020, 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, the budgetary comparison schedules for the General Fund and Coliseum Operating Fund, and the pension and other post-employment benefit schedules, 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.

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, the combining and individual nonmajor fund financial statements and schedules, the capital assets used in operations of governmental funds – comparative schedule by source, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is presented for purposes of additional analysis as required by the State of South Carolina, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the capital assets used in operations of governmental funds – comparative schedule by source, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements and schedules, the capital assets used in operations of governmental funds – comparative schedule by source, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated October 24, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020, 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 solely 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 the effectiveness of the City's 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 of North Charleston, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
October 23, 2020

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, 2020. The Management's 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-xvi* 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 and deferred inflows of resources at the close of the most recent fiscal year by \$252,962,265 (net position). Net position decreased \$7,726,167, or 3.0%, for the fiscal year ending June 30, 2020.
 - Governmental activities net position was \$243,182,887, a decrease of \$9,107,292, or 3.6%. Unrestricted net position decreased \$12,270,874 to a deficit of \$96,509,174 as of June 30, 2020.
 - Business-type net position amounted to \$9,779,878, an increase of \$1,381,125 or 16.4%. Unrestricted net position increased \$807,721 to \$3,836,960 as of June 30, 2020.
- ❖ At June 30, 2020, the total fund balance of the City's governmental funds was \$127,142,386, a decrease of \$31,654,339, or 19.9%.
 - The fund balance of the General Fund increased \$2,267,983, or 5.8%, to \$41,484,420. \$29,196,285 of this fund balance was unassigned at year-end, an increase of \$2,036,171, or 7.5%, from the \$27,160,114 balance at June 30, 2019.
 - General Fund revenues exceeded expenditures by \$3,198,354 before other financing sources or uses and special items, a decrease of \$305,715 from the prior year yet it was a \$3,889,393 favorable variance to the final budget.
- ❖ Total capital assets (net of accumulated depreciation) for the City amounted to \$479,227,978 at June 30, 2020, an increase of \$37,986,333, or 8.6%.
 - Governmental activities capital assets (net of accumulated depreciation) amounted to \$468,799,187, an increase of \$37,945,691, or 8.8%.
 - Business-type capital assets (net of accumulated depreciation) amounted to \$10,428,791, an increase of \$40,642, or .39%.
- ❖ At June 30, 2020, the City's total debt, including capital lease obligations and compensated absences was \$249,443,438 (net of unamortized premiums and discounts), an increase of \$9,449,716 or 3.9%.
 - Governmental funds total debt amounted to \$244,499,060, an increase of \$10,018,509 or 4.3%.
 - Business-type funds total debt amounted to \$4,944,378, a decrease of \$568,793, or 10.3%.

- ❖ 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 and limited obligation 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 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 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 (Exhibits 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/inflows 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 City's financial position, primarily on a historical cost basis, 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 15-17 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 twenty-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, Citywide Capital Improvements Fund and the Limited Obligation Bonds Capital Projects Fund, all considered major funds. Data from the other eighteen 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 18-21 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 22-24 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 25-62 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 and the Coliseum Operating Fund and pension and OPEB schedules. The required supplementary information is presented after the notes to the financial statements and can be found on pages 63-71 of this report. The combining and individual funds schedules and supplementary 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 72-99 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. At the end of the current fiscal year, the City is able to report positive net position total balances for its separate governmental and business-type activities as assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$252,962,265 at June 30, 2020.

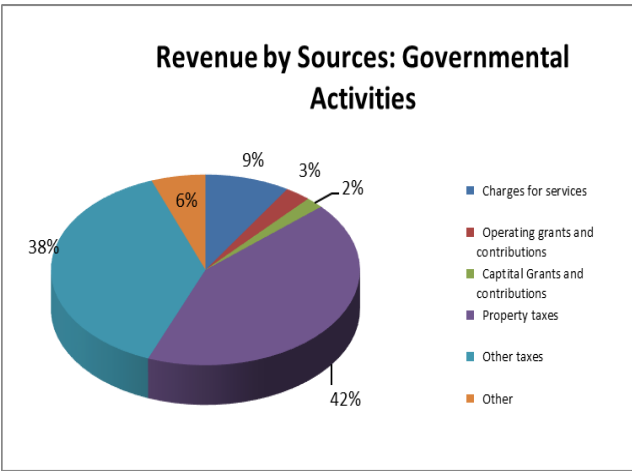
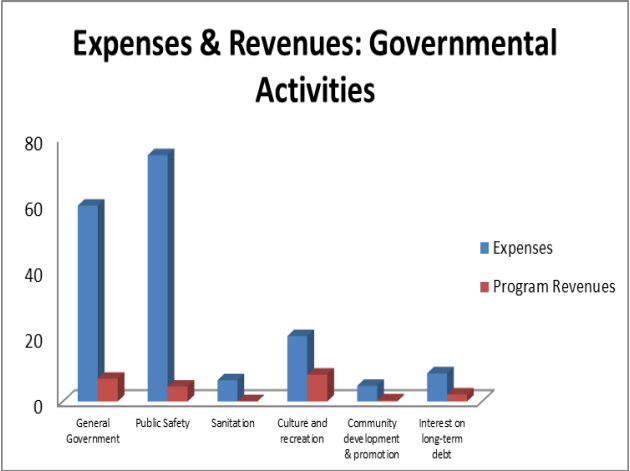
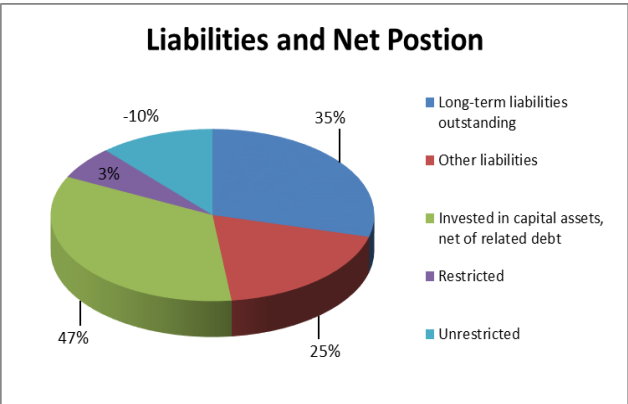
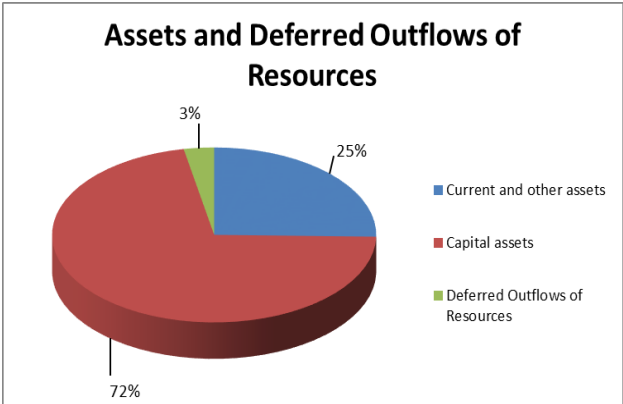
City of North Charleston's Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$165,818,733	\$199,924,924	\$ 5,900,388	\$ 4,976,536	\$171,719,121	\$204,901,460
Capital assets	<u>468,799,187</u>	<u>430,853,496</u>	<u>10,428,791</u>	<u>10,388,149</u>	<u>479,227,978</u>	<u>441,241,645</u>
Total assets	<u>634,617,920</u>	<u>630,778,420</u>	<u>16,329,179</u>	<u>15,364,685</u>	<u>650,947,099</u>	<u>646,143,105</u>
Total deferred outflows of resources	<u>19,759,897</u>	<u>22,152,207</u>	<u>974,722</u>	<u>1,080,014</u>	<u>20,734,619</u>	<u>23,232,221</u>
Long-term liabilities outstanding	244,499,060	234,480,551	4,944,378	5,513,171	249,443,438	239,993,722
Net pension and OPEB liabilities	129,480,453	131,161,032	1,874,861	2,028,343	131,355,314	133,189,375
Other liabilities	<u>30,418,757</u>	<u>32,457,174</u>	<u>565,051</u>	<u>462,801</u>	<u>30,983,808</u>	<u>32,919,975</u>
Total liabilities	<u>404,398,270</u>	<u>398,098,757</u>	<u>7,384,290</u>	<u>8,004,315</u>	<u>411,782,560</u>	<u>406,103,072</u>
Total deferred inflows of resources	<u>6,796,660</u>	<u>2,541,691</u>	<u>140,233</u>	<u>42,131</u>	<u>6,936,893</u>	<u>2,583,822</u>
Net position:						
Net investment in capital assets	287,536,690	299,415,020	5,942,418	5,369,014	293,479,108	304,784,034
Restricted	52,155,371	37,113,459	-	-	52,155,371	37,113,459
Unrestricted	<u>(96,509,174)</u>	<u>(84,238,300)</u>	<u>3,836,960</u>	<u>3,029,239</u>	<u>(92,672,214)</u>	<u>(81,209,061)</u>
Total net position	<u>\$243,182,887</u>	<u>\$252,290,179</u>	<u>\$9,779,378</u>	<u>\$8,398,253</u>	<u>\$252,962,265</u>	<u>\$260,688,432</u>

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, 2020 was a result of the completion of the North Charleston passenger intermodal center (train and bus station), the three-gym complex and ongoing construction of the parking garage and aquatics center.

A portion of the City’s net position is represented by resources that are subject to external restrictions on how they may be used and thus this portion of net position is restricted. This net position is restricted primarily for capital projects, debt service, tourism related and tax increment financing district expenditures, law enforcement grants, grant projects and victim assistance. Restricted net position of the governmental activities is represented by \$191,880 of seized and forfeited drug funds, \$14,050 held for victims advocate purposes, \$2,469 in grant funds, \$1,026,316 for other special revenue funds, \$38,066,340 held for redevelopment activities and \$12,854,316 held for debt service requirements.

Unrestricted net position of the governmental activities decreased \$12,270,874 largely due to the rise in other liabilities including pension and OPEB liability costs and the business-type activities unrestricted net position increased \$807,721 largely due to the increase in operational income. The \$4,803,994 increase in overall total assets is largely attributable to the increase in net capital assets and remaining bond proceeds from the various bond issuances. The City’s net increase in total liabilities of \$5,679,488 is primarily due to the debt assumed from the new bond issuance.



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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Program revenues:						
Charges for services	\$14,681,843	\$16,741,851	\$7,249,122	\$7,132,832	\$21,930,965	\$23,874,683
Operating grants and contributions	4,450,205	4,203,707	-	-	4,450,205	4,203,707
Capital grants and contributions	3,125,348	13,139,697	-	-	3,125,348	13,139,697
General revenues:						
Property taxes	70,286,375	64,309,746	-	-	70,286,375	64,309,746
Other taxes	63,197,553	63,369,495	-	-	63,197,553	63,369,495
Other	<u>9,378,482</u>	<u>7,374,044</u>	<u>163,242</u>	<u>82,122</u>	<u>9,541,724</u>	<u>7,456,166</u>
Total revenues	<u>165,119,806</u>	<u>169,138,540</u>	<u>7,412,364</u>	<u>7,214,954</u>	<u>172,532,170</u>	<u>176,353,494</u>
<u>Expenses:</u>						
General government	59,398,285	42,215,486	-	-	59,398,285	42,215,486
Public safety	74,696,804	69,552,562	-	-	74,696,804	69,552,562
Sanitation	6,462,848	6,300,832	-	-	6,462,848	6,300,832
Culture and recreation	19,839,395	19,161,665	-	-	19,839,395	19,161,665
Community development	4,755,152	4,503,967	-	-	4,755,152	4,503,967
Interest on long-term debt	8,554,244	8,472,792	-	-	8,554,244	8,472,792
Golf course expenses	-	-	2,477,393	2,557,198	2,477,393	2,557,198
Stormwater utility expenses	-	-	<u>4,074,216</u>	<u>4,004,446</u>	<u>4,074,216</u>	<u>4,004,446</u>
Total expenses	<u>173,706,728</u>	<u>150,207,304</u>	<u>6,551,609</u>	<u>6,561,644</u>	<u>180,258,337</u>	<u>156,768,948</u>
Increase/Decrease in net position before transfers	(8,586,922)	18,931,236	860,755	653,310	(7,726,167)	19,584,546
Transfers in (out)	<u>(520,370)</u>	<u>(548,211)</u>	<u>520,370</u>	<u>548,211</u>	<u>-</u>	<u>-</u>
Increase/Decrease in net position	(9,107,292)	18,383,025	1,381,125	1,201,521	(7,726,167)	19,584,546
Net position at beginning of year	<u>252,290,179</u>	<u>233,907,154</u>	<u>8,398,253</u>	<u>7,196,732</u>	<u>260,688,432</u>	<u>241,103,886</u>
Net position at end of year	<u>\$243,182,887</u>	<u>\$252,290,179</u>	<u>\$9,779,378</u>	<u>\$8,398,253</u>	<u>\$252,962,265</u>	<u>\$260,688,432</u>

Total government-wide revenues of \$172,532,170 were derived primarily from property taxes, business licenses and other taxes (77.4%) while charges for services, grants and other revenues made up the remaining revenues (22.6%). Revenues decreased \$3,821,324 or 2.2% primarily from the reduction in capital grant contributions due to the completion of a major project in the prior year. Total government-wide expenses of all programs were \$180,258,337, reflecting an increase of \$23,489,389 (15.0%) from the prior year. The expenses cover a wide range with public safety (police and fire) representing 41.4% of the total, with general government and culture and recreation making up the next largest balances at 33.0% and 11.0%, respectively.

Governmental activities. Governmental activities decreased the City of North Charleston's net position by \$9,107,292. Increases in tax increment finance district redevelopment expenses due to reimbursable contracts and other non-capital related repair and maintenance expenses were the major reasons for the decrease in governmental net position.

Business-type activities. Business-type activities realized an increase in net position in the amount of \$1,381,125. The Stormwater Utility Enterprise Fund and the Golf Course Enterprise Fund realized an increase in net position largely due to improved operational results.

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, 2020, the governmental funds of the City of North Charleston reported a combined fund balance of \$127,142,386, a decrease of \$31,654,339 in comparison with the prior year. Nonspendable, restricted, committed and assigned governmental fund balances decreased \$33,690,510 reflecting primarily the spending of 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 \$29,196,285 or 22.9% of the operating budget for the fiscal year ending June 30, 2020, while total fund balance is \$41,484,420. Unassigned fund balance at June 30, 2020 increased by \$2,036,171 or 7.5% 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 22.1% of total General Fund expenditures including transfers to other funds, while total fund balance represents 31.4% of that same amount.

Key governmental revenue and expenditure highlights are as follows:

- Property taxes increased by \$5,953,055 or 9.3% over fiscal year ending June 30, 2019. Tax Infrastructure Fund incremental property taxes increased \$1,167,828 as a result of the continued rise in taxable value within each TIF district. General Fund property tax revenues increased by \$4,164,864, which was the result of continued growth in the overall citywide assessed property value.
- Intergovernmental revenues decreased by \$11,576,368 or 24.0% due largely to the \$6,574,174 decline in grant related revenues from the Dorchester County School District relative to the aquatics center project and the \$5,833,441 decline in grant related revenues from CARTA, both of which were received in the fiscal year ending June 30, 2019. Sales tax, hospitality and accommodation tax collections decreased by \$1,718,400 as of result of the impact of the pandemic.
- Business licenses, franchise fees and permits increased by \$1,299,381 largely due to the increase in revenue reporting from business license customers which was a reflection of their calendar year 2019 gross income prior to the impact of the pandemic.
- General government expenditures decreased by \$2,885,363 primarily due to the construction related costs associated with the CARTA facility which was for the most part completed in the fiscal year ending June 30, 2019.
- Capital outlay expenditures increased by \$25,754,510 primarily due to various projects that are under construction related to capital projects being financed from the new bond issuances and the redevelopment related expenses in the tax increment finance district fund due to the reimbursable contracts.
- Public safety expenditures increased by \$3,866,829 as a result of an increase in wages and benefits and vehicle replacement costs.

- Sanitation, culture and recreation, and community development and promotion expenditures increased by \$622,080 largely due to an increase in the operational costs associated with new facilities coming into operation during the fiscal year ending June 30, 2020.
- Debt service expenditures increased by \$2,451,505 primarily due to the increase in debt service costs related to new bond issuances during the fiscal year ending June 30, 2019 and 2020.

The Citywide Capital Improvements Fund has a total fund balance of \$11,299,254. The net increase in fund balance during the fiscal year ended June 30, 2020 was \$6,863,075 and resulted primarily from bond proceeds expenditures. The Tax Infrastructure Capital Projects Fund has a total fund balance of \$38,066,340. The net increase in fund balance during the fiscal year ending June 30, 2020 was \$15,896,430 and resulted from the issuance of over \$19 million in Noisette Community Redevelopment Project Area TIF Bonds. The Coliseum Operating Fund has a total fund balance of \$332,198, unchanged from the prior year due to the General Fund contributing \$1,163,974 during the fiscal year ending June 30, 2020 to offset the \$1,163,974 deficiency of expenditures over revenues from operations. The Limited Obligation Bonds Capital Projects Fund has a total balance of \$20,733,397. The net decrease in fund balance during the fiscal year ending June 30, 2020 was \$42,230,505 and resulted primarily from ongoing construction related project expenditures

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, 2020 was originally adopted at \$127,380,280, inclusive of transfers out to other funds, and represents an increase of 3.6% over the final fiscal year ending June 30, 2019 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, 2020 totals \$135,534,951.

Differences between the original budget and the final amended budget are represented by an increase in appropriations of \$8,154,671. The sanitation budget received an additional allocation of \$401,409 largely due to an increase in emergency fleet related maintenance costs. The general government budget received an additional allocation of \$3,651,155 as a result of purchases of real property and equipment. The public safety budget received an additional allocation of \$1,322,231 for the purpose of hiring additional personnel, to account for increased health insurance costs and to cover the cost of supplying vehicles and equipment to those personnel. Transfers budget received an additional allocation of \$2,602,875 as a result of revenue sources needed in the coliseum and parking funds to account for deficits in operations during the pandemic months and the various debt service funds due to lower tax revenue receipts.

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

- Property taxes were \$427,326 above the amended budget primarily due to an increase in the property tax collections as a result of an increase in overall property value and construction growth.
- Business licenses, franchise fees and permit collections were \$49,130 below the amended budget primarily due to the reduction in utility related franchise fees collections.
- Intergovernmental revenues were \$209,791 below the amended budget primarily due to the slight decrease in state shared, hospitality and accommodations tax revenues.
- Revenues from use of monies and property and other revenues were \$550,121 above the amended budget primarily due to increase in rent revenue collections.
- Fines and forfeitures were \$115,160 under the amended budget primarily due to a lower issuance of public safety tickets as a result of violations and a reduction in seizures.
- Charges for services were \$152,286 below the amended budget primarily due to the decrease in revenues collected from recreational program operations curtailed during the pandemic.

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, 2020 was \$479,227,978 (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 net capital assets for the current fiscal year was \$37,986,333 or 8.6%.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Construction in progress	\$ 66,232,293	\$ 47,737,619	\$ -	\$ -	\$ 66,232,293	\$ 47,737,619
Land	55,621,837	53,509,998	1,397,188	1,397,188	57,019,025	54,907,186
Buildings	194,895,776	170,884,155	1,873,339	1,955,162	196,769,115	172,839,317
Infrastructure	74,764,982	78,421,353	708,370	723,939	75,473,352	79,145,292
Improvements	54,814,497	57,760,719	3,769,922	3,939,339	58,584,419	61,700,058
Machinery and equipment	<u>22,469,802</u>	<u>22,539,652</u>	<u>2,679,972</u>	<u>2,372,521</u>	<u>25,149,774</u>	<u>24,912,173</u>
Total Capital Assets	<u>\$468,799,187</u>	<u>\$430,853,496</u>	<u>\$10,428,791</u>	<u>\$10,388,149</u>	<u>\$479,227,978</u>	<u>\$441,241,645</u>

Major capital asset events during the fiscal year ending June 30, 2020 included the following:

- The City invested over \$10,500,000 towards the construction of a new aquatics center and a three-gym complex.
- The City expended over \$29,000,000 towards the construction of a new parking garage.
- The City spent over \$4,400,000 on vehicle and heavy duty equipment replacements.
- The City spent over \$2,600,000 on coliseum complex improvements.

Additional information on the City of North Charleston's capital assets can be found in note III.C on pages 39-40 of this report.

Long-term debt. As of June 30, 2020, the City of North Charleston had total bonded debt outstanding of \$227,165,231, which is inclusive of \$12,355,231 in deferred amounts consisting of unamortized premiums and discounts. Of this amount, \$35,880,000 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General Obligation Bonds	\$35,880,000	\$40,275,000	\$ -	\$ -	\$35,880,000	\$40,275,000
Certificates of Participation	-	3,555,000	-	-	-	3,555,000
Limited Obligation Bonds	96,620,000	100,550,000	-	-	96,620,000	100,550,000
Installment Purchase Rev. Bonds	41,230,000	42,845,000	-	-	41,230,000	42,845,000
Tax Increment Bonds	37,920,000	18,495,000	-	-	37,920,000	18,495,000
Revenue Bonds	-	-	3,160,000	3,875,000	3,160,000	3,875,000
Subtotal	211,650,000	205,720,000	3,160,000	3,875,000	214,810,000	209,595,000
Add (Less): Unamortized discounts, premiums and amounts on refunding	12,366,501	9,898,882	(11,270)	(15,030)	12,355,231	9,883,852
Total	<u>\$224,016,501</u>	<u>\$215,618,882</u>	<u>\$3,148,730</u>	<u>\$3,859,970</u>	<u>\$227,165,231</u>	<u>\$219,478,852</u>

The City of North Charleston's long-term debt increased by \$7,686,379 during the fiscal year ended June 30, 2020. The key factors in this overall increase were the principal reduction of \$14,700,000 in both governmental and business-type activity bonds during the fiscal year ending June 30, 2020 along with the issuance of \$19,915,000 in new bonds.

The City of North Charleston maintained its AA bond rating from Standard and Poor's and its Aa2 bond rating from Moody's Investors Services for its general obligation debt. The golf course revenue bonds and the limited obligation 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 \$65,142,060 and its legal debt margin or the amount available to issue under the legal debt limit is \$29,262,060.

Additional information on the City of North Charleston's long-term debt can be found in note III.F on pages 40-48 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, 2020 was 9.0%. For the same time period, the National unemployment rate was 11.2% while the unemployment rate for the State of South Carolina was 8.9%.
- Retail sales in the City rose from \$6.8 billion in calendar year 2018 to \$6.9 billion in calendar years of 2019.
- Spending in building permit construction dollar values decreased for the fiscal year ending June 30, 2020 compared to fiscal year ending June 30, 2019 as permit collections decreased from \$2,894,635 in fiscal year ending June 30, 2019 to \$2,612,258 in fiscal year ending June 30, 2020.

The City's originally adopted budget for the General Fund for the fiscal year ending June 30, 2021 stayed flat and remained at \$127.4 million but has since been reduced by over \$11 million due to the impact of the pandemic. The City's property tax rate dropped to 95.0 mills due to reassessment, yet new commercial and industrial construction growth in assessment value should help to bring in an additional estimated \$2.0 million in property taxes. Business license fees, franchise fees, permits, sales taxes and other taxes are projected to decline by over \$11 million in the fiscal year ending June 30, 2021 due to the continued impact of the pandemic. Operational and capital expenses have been reduced by over \$5 million while salaries and benefits have been reduced by over \$6 million to account for the lower revenue projections.

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.

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 55,733,249	\$ 5,734,313	\$ 61,467,562
Receivables (net of allowance for uncollectibles)	3,674,841	118,040	3,792,881
Due from other governments	12,003,296	-	12,003,296
Inventories, at cost	632,404	12,086	644,490
Other assets and prepaid items	203,124	6,561	209,685
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	93,571,819	29,388	93,601,207
Capital assets (not being depreciated):			
Construction in progress	66,232,293	-	66,232,293
Land	55,621,837	1,397,188	57,019,025
Capital assets (net of accumulated depreciation):			
Buildings	194,895,776	1,873,339	196,769,115
Infrastructure	74,764,982	708,370	75,473,352
Improvements	54,814,497	3,769,922	58,584,419
Equipment	22,469,802	2,679,972	25,149,774
Total assets	634,617,920	16,329,179	650,947,099
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Accumulated decrease in fair value of hedging derivatives	-	271,229	271,229
Deferred pension charges	15,686,639	306,573	15,993,212
Deferred other postemployment benefits charges	4,073,258	111,425	4,184,683
Deferred loss on refunding	-	285,495	285,495
Total deferred outflows of resources	19,759,897	974,722	20,734,619

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Accounts payable	12,967,956	276,636	13,244,592
Other accrued liabilities	11,048,545	17,186	11,065,731
Escrow for seized funds	527,922	-	527,922
Unearned revenue	5,874,334	-	5,874,334
Derivative instrument	-	271,229	271,229
Long-term obligations:			
Due within one year:			
General obligation bonds	3,570,000	-	3,570,000
Limited obligation bonds	6,580,000	-	6,580,000
Tax increment financing bonds	2,205,000	-	2,205,000
Installment purchase revenue bonds	1,700,000	-	1,700,000
Revenue bonds	-	745,000	745,000
Capital lease obligations	3,495,185	407,228	3,902,413
Compensated absences	6,373,949	155,259	6,529,208
Due in more than one year (noncurrent):			
Net pension liability	110,433,124	1,353,815	111,786,939
Net other postemployment benefits liability	19,047,329	521,046	19,568,375
General obligation bonds	35,409,622	-	35,409,622
Limited obligation bonds	92,321,795	-	92,321,795
Tax increment financing bonds	39,978,665	-	39,978,665
Installment purchase revenue bonds	42,251,419	-	42,251,419
Revenue bonds	-	2,403,730	2,403,730
Capital lease obligations	9,905,208	1,215,910	11,121,118
Compensated absences	708,217	17,251	725,468
Total liabilities	404,398,270	7,384,290	411,782,560
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred pension credits	3,737,350	56,544	3,793,894
Deferred other postemployment benefits credits	3,059,310	83,689	3,142,999
Total deferred inflows of resources	6,796,660	140,233	6,936,893
<u>NET POSITION</u>			
Net investment in capital assets	287,536,690	5,942,418	293,479,108
Restricted for:			
Redevelopment projects	38,066,340	-	38,066,340
Public safety and service	1,234,715	-	1,234,715
Debt service	12,854,316	-	12,854,316
Unrestricted	(96,509,174)	3,836,960	(92,672,214)
Total net position	\$ 243,182,887	\$ 9,779,378	\$ 252,962,265

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, 2020

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	\$ 59,398,285	\$ 3,082,180	\$ 1,312,962	\$ 2,523,839	\$ (52,479,304)	\$ -	\$ (52,479,304)
Public safety	74,696,804	3,432,519	506,199	601,509	(70,156,577)	-	(70,156,577)
Sanitation	6,462,848	129,017	-	-	(6,333,831)	-	(6,333,831)
Culture and recreation	19,839,395	8,038,127	124,178	-	(11,677,090)	-	(11,677,090)
Community development & promotion	4,755,152	-	366,658	-	(4,388,494)	-	(4,388,494)
Interest on long-term debt	8,554,244	-	2,140,208	-	(6,414,036)	-	(6,414,036)
Total governmental activities	173,706,728	14,681,843	4,450,205	3,125,348	(151,449,332)	-	(151,449,332)
Business-type activities:							
Golf course enterprise fund	2,477,393	1,839,951	-	-	-	(637,442)	(637,442)
Stormwater utility enterprise fund	4,074,216	5,409,171	-	-	-	1,334,955	1,334,955
Total business-type activities	6,551,609	7,249,122	-	-	-	697,513	697,513
Totals	\$ 180,258,337	\$ 21,930,965	\$ 4,450,205	\$ 3,125,348	(151,449,332)	697,513	(150,751,819)
General revenues:							
Property taxes					70,286,375	-	70,286,375
Business license taxes					28,626,726	-	28,626,726
Sales taxes					13,431,545	-	13,431,545
Franchise taxes					7,925,146	-	7,925,146
Alcoholic beverage taxes					183,545	-	183,545
Hospitality taxes					7,868,244	-	7,868,244
Accommodations taxes					5,162,347	-	5,162,347
State shared revenues, unrestricted					3,246,249	-	3,246,249
Investment earnings					2,749,191	80,161	2,829,352
Gain on sale of capital assets					1,452,092	-	1,452,092
Miscellaneous					1,930,950	83,081	2,014,031
Total general revenues before transfers					142,862,410	163,242	143,025,652
Transfers					(520,370)	520,370	-
Total general revenues and transfers					142,342,040	683,612	143,025,652
Change in net position					(9,107,292)	1,381,125	(7,726,167)
Net position at beginning of year					252,290,179	8,398,253	260,688,432
Net position at end of year					\$ 243,182,887	\$ 9,779,378	\$ 252,962,265

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, 2020
(With Comparative Totals at June 30, 2019)

	General	Coliseum Operating	Tax Infrastructure	Citywide Capital Improvements	Limited Obligation Bonds Capital Projects	Nonmajor Governmental	Total Governmental Funds	
							2020	2019
Assets								
Cash and cash equivalents	\$ 46,933,053	\$ 6,317,893	\$ -	\$ 547,030	\$ -	\$ 1,935,273	\$ 55,733,249	\$ 51,574,575
Receivables, net of allowances:								
Property taxes	2,975,468	-	-	-	-	-	2,975,468	3,268,279
Accounts receivable	362,255	337,118	-	-	-	-	699,373	835,485
Due from other funds	137,324	-	-	-	-	-	137,324	238,658
Due from other governments	6,066,402	-	5,185,000	-	-	751,894	12,003,296	13,784,389
Inventories, at cost	632,404	-	-	-	-	-	632,404	640,715
Prepaid items	9,744	193,380	-	-	-	-	203,124	47,874
Restricted assets:								
Cash and cash equivalents	2,457,648	-	38,223,370	11,562,303	28,032,027	13,296,471	93,571,819	129,773,607
Total assets	\$ 59,574,298	\$ 6,848,391	\$ 43,408,370	\$ 12,109,333	\$ 28,032,027	\$ 15,983,638	\$ 165,956,057	\$ 200,163,582
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities:								
Accounts payable	\$ 4,400,416	\$ 210,186	\$ 157,030	\$ 810,079	\$ 7,298,630	\$ 91,615	\$ 12,967,956	\$ 16,249,462
Other accrued liabilities	8,982,479	431,673	-	-	-	-	9,414,152	9,167,951
Escrow for seized funds	-	-	-	-	-	527,922	527,922	366,690
Due to other funds	-	-	-	-	-	137,324	137,324	238,658
Unearned revenue	-	5,874,334	-	-	-	-	5,874,334	5,008,146
Total liabilities	13,382,895	6,516,193	157,030	810,079	7,298,630	756,861	28,921,688	31,030,907
Deferred Inflows of Resources:								
Unavailable revenues	4,706,983	-	5,185,000	-	-	-	9,891,983	10,335,950
Total deferred inflows of resources	4,706,983	-	5,185,000	-	-	-	9,891,983	10,335,950
Fund balances:								
Nonspendable:								
Prepaid items	9,744	193,380	-	-	-	-	203,124	47,874
Inventories	632,404	-	-	-	-	-	632,404	640,715
Restricted for:								
Public safety and public service	-	-	-	-	-	1,234,715	1,234,715	1,332,228
Facility and infrastructure improvements	-	-	-	11,299,254	20,733,397	408,788	32,441,439	81,621,552
Debt service	-	-	-	-	-	12,854,316	12,854,316	13,611,321
Other capital projects	2,457,648	-	38,066,340	-	-	-	40,523,988	24,554,721
Committed for:								
Disaster funds	350,046	-	-	-	-	-	350,046	1,048,749
Assigned for:								
Community promotions	-	-	-	-	-	728,958	728,958	513,079
Facility operations	-	138,818	-	-	-	-	138,818	284,513
Education, boat landing, loans and other	8,838,293	-	-	-	-	-	8,838,293	7,981,859
Unassigned	29,196,285	-	-	-	-	-	29,196,285	27,160,114
Total fund balances	41,484,420	332,198	38,066,340	11,299,254	20,733,397	15,226,777	127,142,386	158,796,725
Total liabilities, deferred inflows of resources and fund balances	\$ 59,574,298	\$ 6,848,391	\$ 43,408,370	\$ 12,109,333	\$ 28,032,027	\$ 15,983,638	\$ 165,956,057	\$ 200,163,582

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, 2020

Total fund balances of Governmental Funds \$ 127,142,386

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	\$ 645,820,798
Accumulated depreciation	<u>(177,021,611)</u>

Net carrying value of capital assets included in net position, not included in fund balances	468,799,187
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Long-term liabilities are not due and payable in the current period and accordingly, are not reported as fund liabilities:

General obligation bonds, including unamortized premiums of \$3,099,622	(38,979,622)
Limited obligation bonds, including unamortized premiums of \$2,281,795	(98,901,795)
Installment purchase revenue bonds, including unamortized premiums of \$2,721,419	(43,951,419)
Tax increment financing bonds, including unamortized premiums of \$4,263,665	(42,183,665)
Capital lease obligations	(13,400,393)
Compensated absences	(7,082,166)
Accrued interest on long-term debt	(1,634,393)
Other postemployment benefits liability, net of benefits credits of \$3,059,310 and benefits charges of \$4,073,258	(18,033,381)
Pension liability, net of pension credits of \$3,737,350 and pension charges of \$15,686,639	<u>(98,483,835)</u>

Total liabilities included in Statement of Net Position, not included in fund liabilities	(362,650,669)
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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	5,185,000
Hospitality taxes, accommodations taxes, state shared and other revenues due from other governments	2,397,635
Property taxes	2,309,348

Total long-term assets included in net position, not included in fund balances	<u>9,891,983</u>
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Total net position of Governmental Activities	\$ <u>243,182,887</u>
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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, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	General	Coliseum Operating	Tax Infrastructure	Citywide Capital Improvements	Limited Obligation Bonds Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds	
							2020	2019
Revenues:								
Property taxes	\$ 58,477,326	\$ -	\$ 4,827,909	\$ -	\$ -	\$ 6,720,363	\$ 70,025,598	\$ 64,072,543
Licenses and permits	39,164,130	-	-	-	-	-	39,164,130	37,864,749
Intergovernmental	23,565,874	-	311,150	396,433	-	12,437,462	36,710,919	48,287,287
Fines and forfeitures	484,840	-	-	-	-	366,241	851,081	896,351
Charges for services	2,957,832	-	-	-	-	-	2,957,832	2,946,825
Revenues from use of monies and property	2,299,925	5,031,412	593,221	332,668	2,992,575	1,465,323	12,715,124	12,834,296
Other revenues	1,686,996	-	-	-	-	-	1,686,996	696,754
Total revenues	128,636,923	5,031,412	5,732,280	729,101	2,992,575	20,989,389	164,111,680	167,598,805
Expenditures:								
Current:								
General government	35,453,690	-	-	-	-	-	35,453,690	38,339,053
Public safety	68,283,599	-	-	-	-	2,374,651	70,658,250	66,791,421
Sanitation	6,475,682	-	-	-	-	-	6,475,682	5,938,587
Culture and recreation	8,574,803	6,195,386	-	-	-	1,293,560	16,063,749	15,942,208
Community development and promotion	2,556,123	-	-	-	-	1,411,298	3,967,421	4,003,977
Capital outlay	-	-	11,368,678	7,685,821	45,223,080	-	64,277,579	38,523,069
Debt service:								
Principal	3,808,043	-	490,000	-	-	13,495,000	17,793,043	16,212,335
Interest and fiscal charges	286,629	-	1,007,225	-	-	7,876,316	9,170,170	7,807,582
Bond issuance costs	-	-	309,470	-	-	-	309,470	801,261
Total expenditures	125,438,569	6,195,386	13,175,373	7,685,821	45,223,080	26,450,825	224,169,054	194,359,493
Excess (deficiency) of revenues over expenditures	3,198,354	(1,163,974)	(7,443,093)	(6,956,720)	(42,230,505)	(5,461,436)	(60,057,374)	(26,760,688)
Other financing sources (uses):								
Transfers in	-	1,163,974	-	93,645	-	8,371,284	9,628,903	5,366,592
Transfers (out)	(6,514,253)	-	-	-	-	(3,635,020)	(10,149,273)	(5,914,803)
Proceeds from sale of property	1,538,882	-	-	-	-	-	1,538,882	383,665
Payments to escrow agent	-	-	-	-	-	-	-	(13,311,607)
Refunding bonds issued	-	-	-	-	-	-	-	12,345,112
Bonds issued	-	-	19,915,000	-	-	-	19,915,000	36,324,888
Premiums on bonds issued	-	-	3,424,523	-	-	-	3,424,523	4,108,396
Capital lease obligations	4,045,000	-	-	-	-	-	4,045,000	3,370,000
Total other financing sources (uses)	(930,371)	1,163,974	23,339,523	93,645	-	4,736,264	28,403,035	42,672,243
Net changes in fund balances	2,267,983	-	15,896,430	(6,863,075)	(42,230,505)	(725,172)	(31,654,339)	15,911,555
Fund balances at beginning of year	39,216,437	332,198	22,169,910	18,162,329	62,963,902	15,951,949	158,796,725	142,885,170
Fund balances at end of year	\$ 41,484,420	\$ 332,198	\$ 38,066,340	\$ 11,299,254	\$ 20,733,397	\$ 15,226,777	\$ 127,142,386	\$ 158,796,725

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 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020

Net change in fund balances of Governmental Funds activities: \$ (31,654,339)

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	54,646,589	
Depreciation expense	(16,614,109)	
Net effect of capital asset acquisitions and depreciation expense		38,032,480

Proceeds from sale of capital assets are reported as a change in fund balance, whereas the gain (loss) on the sale or disposal of capital assets is reported in the Statement of Activities:

Proceeds from sale of capital assets	(1,538,882)	
Gain (loss) on sale or disposal	1,452,092	
Net effect of capital assets sales and disposals		(86,790)

Long-term liability payments are recorded as expenditures and bond proceeds are recorded as other financing sources, whereas there is no effect on the Statement of Activities. Amortization of related premiums, discounts and deferred loss on refundings are expensed within the Statement of Activities, whereas these costs and receipts are expenditures and resources of fund balances when incurred:

Payments of long-term debt - general obligation bonds, certificates of participation and tax increment financing bonds	13,985,000	
Amortization of premiums, discounts and refunding deferrals	908,531	
Capital lease payments	3,808,043	
Bonds issued	(19,915,000)	
Premiums on bonds issued	(3,424,523)	
Proceeds from capital leasing activities	(4,045,000)	
Net effect of long-term debt related activities		(8,682,949)

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:

Reimbursement of debt	(190,000)	
Hospitality & accommodations taxes	(514,743)	
Property taxes	260,777	
Accrued interest on borrowings	16,865	
Other postemployment benefits expense	(571,539)	
Pension expense	(4,333,121)	
Compensated absences	(1,383,933)	
Net effect of revenue and expense activities		(6,715,694)

Change in net position		\$ <u>(9,107,292)</u>
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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, 2020
(With Comparative Totals at June 30, 2019)

	Enterprise Funds			
	2020			2019
	Golf Course	Stormwater Utility	Total	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 312,086	\$ 5,422,227	\$ 5,734,313	\$ 4,739,273
Accounts receivable, net	1,435	116,605	118,040	88,552
Inventories, at cost	12,086	-	12,086	11,440
Prepaid items	6,561	-	6,561	-
Restricted assets:				
Cash and cash equivalents	-	29,388	29,388	137,271
Total current assets	332,168	5,568,220	5,900,388	4,976,536
Noncurrent Assets:				
Capital assets:				
Land	1,397,188	-	1,397,188	1,397,188
Buildings	3,706,299	-	3,706,299	3,686,166
Infrastructure	-	778,429	778,429	778,429
Improvements	8,125,508	-	8,125,508	8,125,508
Machinery and equipment	1,859,483	5,919,020	7,778,503	7,024,214
Less accumulated depreciation	(7,849,245)	(3,507,891)	(11,357,136)	(10,623,356)
Total capital assets (net of accumulated depreciation)	7,239,233	3,189,558	10,428,791	10,388,149
Total noncurrent assets	7,239,233	3,189,558	10,428,791	10,388,149
Total assets	7,571,401	8,757,778	16,329,179	15,364,685
DEFERRED OUTFLOWS OF RESOURCES				
Deferred other postemployment benefits charges	-	111,425	111,425	82,342
Deferred pension charges	-	306,573	306,573	337,737
Accumulated decrease in fair value of hedging derivatives	271,229	-	271,229	279,275
Deferred loss on refunding	285,495	-	285,495	380,660
Total deferred outflows of resources	556,724	417,998	974,722	1,080,014
LIABILITIES				
Current liabilities:				
Accounts payable	103,220	173,416	276,636	164,293
Accrued interest payable	9,542	7,644	17,186	19,233
Revenue bonds payable	745,000	-	745,000	715,000
Capital leases payable	-	407,228	407,228	366,688
Compensated absences	-	155,259	155,259	102,044
Total current liabilities	857,762	743,547	1,601,309	1,367,258
Noncurrent liabilities:				
Other postemployment benefits liability	-	521,046	521,046	582,028
Pension liability	-	1,353,815	1,353,815	1,446,315
Derivative instrument	271,229	-	271,229	279,275
Revenue bonds payable, net	2,403,730	-	2,403,730	3,144,970
Capital leases payable	-	1,215,910	1,215,910	1,173,137
Compensated absences	-	17,251	17,251	11,332
Total noncurrent liabilities	2,674,959	3,108,022	5,782,981	6,637,057
Total liabilities	3,532,721	3,851,569	7,384,290	8,004,315
DEFERRED INFLOWS OF RESOURCES				
Deferred other postemployment benefits credits	-	83,689	83,689	5,238
Deferred pension credits	-	56,544	56,544	36,893
Total deferred inflows of resources	-	140,233	140,233	42,131
NET POSITION				
Net investment in capital assets	4,375,998	1,566,420	5,942,418	5,369,014
Unrestricted	219,406	3,617,554	3,836,960	3,029,239
Total net position	\$ 4,595,404	\$ 5,183,974	\$ 9,779,378	\$ 8,398,253

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, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Enterprise Funds			
	2020			2019 Total
	Golf Course	Stormwater Utility	Total	
Operating revenues:				
Golf course fees	\$ 1,403,692	\$ -	\$ 1,403,692	\$ 1,391,161
Food & beverage sales	436,259	-	436,259	578,959
Stormwater utility fees	-	5,409,171	5,409,171	5,162,712
Miscellaneous revenues	83,081	-	83,081	11,233
Total operating revenues	1,923,032	5,409,171	7,332,203	7,144,065
Operating expenses:				
Contractual management services	1,385,146	-	1,385,146	1,387,653
Food & beverage expenses	443,570	-	443,570	506,400
Salaries and benefits	-	2,724,840	2,724,840	2,791,093
Repairs and maintenance	-	696,277	696,277	654,853
Supplies and materials	-	94,018	94,018	158,918
Administrative	28,072	142,537	170,609	77,973
Amortization expense	98,925	-	98,925	98,925
Depreciation expense	351,819	381,961	733,780	660,275
Total operating expenses	2,307,532	4,039,633	6,347,165	6,336,090
Operating income (loss)	(384,500)	1,369,538	985,038	807,975
Nonoperating revenues (expenses):				
Investment income	2	80,159	80,161	70,889
Interest expense:				
Revenue bonds	(163,298)	-	(163,298)	(185,465)
Equipment leases	-	(34,583)	(34,583)	(32,978)
Fiscal agent fees	(6,563)	-	(6,563)	(7,111)
Total nonoperating revenues (expenses)	(169,859)	45,576	(124,283)	(154,665)
Change in net position, before transfers	(554,359)	1,415,114	860,755	653,310
Transfers out	-	(510,000)	(510,000)	(510,000)
Transfers in	1,030,370	-	1,030,370	1,058,211
Change in net position	476,011	905,114	1,381,125	1,201,521
Total net position at beginning of year	4,119,393	4,278,860	8,398,253	7,196,732
Total net position at end of year	\$ 4,595,404	\$ 5,183,974	\$ 9,779,378	\$ 8,398,253

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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Enterprise Funds			2019 Total
	2020			
	Golf Course	Stormwater Utility	Total	
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,930,308	\$ 5,372,407	\$ 7,302,715	\$ 7,099,055
Payments to employees	-	(2,778,139)	(2,778,139)	(2,702,768)
Payments to suppliers and contractors	(1,913,382)	(714,015)	(2,627,397)	(2,744,636)
Net cash provided by (used for) operating activities	<u>16,926</u>	<u>1,880,253</u>	<u>1,897,179</u>	<u>1,651,651</u>
Cash flows from noncapital financing activities:				
Transfers out	-	(510,000)	(510,000)	(510,000)
Transfers in	<u>1,030,370</u>	<u>-</u>	<u>1,030,370</u>	<u>1,058,211</u>
Net cash provided by (used for) noncapital financing activities	<u>1,030,370</u>	<u>(510,000)</u>	<u>520,370</u>	<u>548,211</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(117,868)	(656,554)	(774,422)	(603,022)
Principal paid on capital debt	(715,000)	(401,687)	(1,116,687)	(1,016,128)
Proceeds from lease purchase financing	-	485,000	485,000	513,000
Interest and fiscal charges paid on capital debt	<u>(169,861)</u>	<u>(34,583)</u>	<u>(204,444)</u>	<u>(225,554)</u>
Net cash provided by (used for) capital and related financing activities	<u>(1,002,729)</u>	<u>(607,824)</u>	<u>(1,610,553)</u>	<u>(1,331,704)</u>
Cash flows from investing activities:				
Interest received	<u>2</u>	<u>80,159</u>	<u>80,161</u>	<u>70,889</u>
Net cash provided by (used for) investing activities	<u>2</u>	<u>80,159</u>	<u>80,161</u>	<u>70,889</u>
Net increase (decrease) in cash and cash equivalents	44,569	842,588	887,157	939,047
Cash and cash equivalents at beginning of year	<u>267,517</u>	<u>4,609,027</u>	<u>4,876,544</u>	<u>3,937,497</u>
Cash and cash equivalents at end of year	<u>\$ 312,086</u>	<u>\$ 5,451,615</u>	<u>\$ 5,763,701</u>	<u>\$ 4,876,544</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (384,500)	\$ 1,369,538	\$ 985,038	\$ 807,975
Adjustments:				
Increase (decrease) in operating payables	(49,387)	218,817	169,430	41,633
(Increase) decrease in accounts receivable	7,276	(36,764)	(29,488)	(45,010)
(Increase) decrease in inventories, at cost	(646)	-	(646)	(472)
(Increase) decrease in prepaid items	(6,561)	-	(6,561)	-
Amortization expense	98,925	-	98,925	98,925
Depreciation expense	351,819	381,961	733,780	660,275
Non-cash other postemployment benefits expense	-	(11,614)	(11,614)	23,859
Non-cash pension expense	-	(41,685)	(41,685)	64,466
Net cash provided (used) by operating activities	<u>\$ 16,926</u>	<u>\$ 1,880,253</u>	<u>\$ 1,897,179</u>	<u>\$ 1,651,651</u>
Reconciliation of cash and cash equivalents - Statement of Net Position to Statement of Cash Flows:				
Cash and cash equivalents	312,086	5,422,227	5,734,313	4,739,273
Cash and cash equivalents, restricted	-	29,388	29,388	137,271
Total cash and cash equivalents at end of year	<u>\$ 312,086</u>	<u>\$ 5,451,615</u>	<u>\$ 5,763,701</u>	<u>\$ 4,876,544</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

NOTES TO THE FINANCIAL STATEMENTS

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CITY OF NORTH CHARLESTON, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

A. REPORTING ENTITY

The financial statements of the City of North Charleston have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City of North Charleston's accounting policies are described below.

As required by GAAP, the financial statements must present the City of North Charleston's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City of North Charleston both appoints a voting majority of the entity's governing body, and either 1) the City of North Charleston is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City of North Charleston. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City of North Charleston and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City of North Charleston.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City of North Charleston having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City of North Charleston; and (c) issue bonded debt without approval by the City of North Charleston. An entity has a financial benefit or burden relationship with the City of North Charleston if, for example, any one of the following conditions exists: (a) the City of North Charleston is legally entitled to or can otherwise access the entity's resources, (b) the City of North Charleston is legally obligated or has otherwise assumed the obligation to finance the deficits, or provide financial support to the entity, or (c) the City of North Charleston is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City of North Charleston's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City of North Charleston. Based on the criteria above, the City reports two blended component units but has no component units to discretely present. Neither of the blended component units issue separate financial statements.

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, limited obligation bonds and installment purchase revenue bonds to finance such facilities. Since the corporation is governed by a board of directors appointed by City Council and solely exists for the benefit of the City, the data of the component unit is blended with the data of the City. The reported funds are the Certificates of Participation and Limited Obligation Bonds Debt Service Fund, the Installment Purchase Revenue Bonds Debt Service Fund and the Limited Obligation Bonds Capital Projects Fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

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. Since there exists a financial benefit and burden relationship, the data of the component unit are blended with the data of the City. Through June 30, 2020, 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; however, interfund services provided and used are not eliminated in the process of consolidation. 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 other than the above mentioned blended component units.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function/segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function/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/segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function/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. 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.

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 thereafter to pay liabilities of the current period. For this purpose, the City considers property and sales taxes associated with the current year to be available if they are collected within 60 days after year-end. The City generally considers hospitality and accommodations taxes, state aid to subdivisions, business

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

licenses and franchise fees to be available if received within 30 days after year-end. Grant revenues and proceeds from the sale of properties earned during the year are considered available if received within one year after year-end. All other revenue items are recognized when cash is received, unless they are subject to deferral to a future period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Only current assets and current liabilities are generally included on the Balance Sheets of the governmental funds. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, the reported fund balance presents a summary of sources and uses of “available spendable resources” during a period. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities 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 activities 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 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. Sources of revenue include the rental of the facilities, direct event income through ticket sales, commissions on food and beverage sales and advertising revenue.

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.

Citywide Capital Improvements Capital Projects Fund – The Citywide Capital Improvements Fund is used to account for and report financial resources that are restricted, committed or assigned to the costs of improvements to various roads and infrastructure and other citywide capital assets owned by the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Limited Obligation Bonds Capital Projects Fund – The Limited Obligation 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 limited obligation 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, Fireman's Insurance & Inspection, Anti-Drug, Justice Assistance Grant, Victims Advocate, Community Policing Grant, School Resource Officer Grant, Traffic Enforcement Grant, COPS Hiring Grant, Port Security 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 Installment Purchase Revenue Bonds Fund and the Street Light and Drainage Fund.

General Obligation Bonds Debt Service Fund – The General Obligation Bonds 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.

Certificates of Participation and Limited Obligation Bonds Debt Service Fund – The Certificates of Participation and Limited Obligation 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 certificates of participation and limited obligation bonds 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 OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, NET POSITION/EQUITY, REVENUES AND EXPENDITURES/EXPENSES

1. Cash and Cash Equivalents, Deposits and Investments

The City's cash and cash equivalents include currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts and liquid investments with an original maturity of three months or less from the date of acquisition. State statutes authorize the City to invest in certificates of deposit, United States Treasury obligations, United States Agencies, repurchase agreements and the State Treasurer's Local Government Investment Pool. Investments for the City are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the position in the State Treasurer's Local Government Investment Pool is the same as the value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Property taxes are recognized in the fiscal year for which taxes are levied. All receivables are shown net of any allowance for uncollectibles. The property taxes receivable amount for the General Fund is reduced by an allowance for uncollectibles of \$865,720.

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.

4. Inventories and Prepaid Items

Inventories are valued at cost using the first-in, first-out method. Inventories consist primarily of food and beverage items at the golf course, Fire Museum gift shop items for sale and the Public Works Shop/Garage Department 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. The consumption method of accounting is used to record prepaid expenditures proportionately over the periods that the service is provided.

5. Restricted Assets

Certain proceeds of the City's revenue, general obligation, limited obligation, certificates of participation and installment purchase revenue bonds, and also capital leases and grant funds, 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/interest payments, unless a surety bond was provided, and (ii) the next succeeding principal/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 individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated and contributed capital assets,

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, NET POSITION/EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

donated works of art and similar items and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. 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 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

In addition to assets, the Statement of Net Position and the Balance Sheet report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has four types of deferred outflows of resources: (1) The City reports a *deferred loss on refunding* in its government-wide Statement of Net Position which represents the difference between the reacquisition price and the net carrying amount of the defeased debt. The *deferred loss on refunding* is amortized over the life of the refunding bonds. Amortization expense related to the *deferred loss on refunding* is included in interest expense in the Statement of Activities. (2) The City reports *accumulated decrease in fair value of hedging derivative* in its Statements of Net Position in connection with the fair value position of its interest rate swap associated with the golf course enterprise fund debt. (3) The City also reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. (4) The City reports *deferred OPEB charges* in its Statement of Net Position in connection with the OPEB plan. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a rational method as pension/OPEB expense in future periods in accordance with GAAP.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, NET POSITION/EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has three types of deferred inflows of resources: (1) The City reports *unavailable revenues* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (various revenues) in the period the amounts become available. (2) The City also reports *deferred pension and OPEB credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System and OPEB Plan. These *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension and OPEB expense in future periods in accordance with GAAP.

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 are 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.

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 shown as a deferred outflow or inflow of resources 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.

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. Unearned and Unavailable 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 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 unavailable revenue and reported as a deferred inflow of resources. Unavailable revenue in the governmental funds is primarily represented by taxes receivable and amounts due from other governments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, NET POSITION/EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

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.

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 that 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, 2021 is \$127,380,280, thus \$12,738,028 is the minimum amount to be set aside as the unassigned General Fund balance. As of June 30, 2020, the City's unassigned fund balance for the General Fund was \$29,196,285.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, NET POSITION/EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

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. Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits ("OPEB") are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and Note IV.C and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The City recognizes net pension and net OPEB liabilities for each plan in which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

14. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, NET POSITION/EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

15. 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.

16. 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.

17. 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.

18. 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 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. Reimbursements reduce expenditures in the reimbursed fund and increase those in the reimbursing fund.

19. 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, Berkeley and Dorchester Counties under joint billing and collection agreements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, NET POSITION/EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

19. Revenues and Contributions, Exchange and Non-Exchange Transactions (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.

20. 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.

21. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, NET POSITION/EQUITY, REVENUES AND EXPENDITURES/EXPENSES (continued)

22. 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 GAAP 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 budget year and added to the budget adopted by the City Council.

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. The City reports \$2,175,700 in encumbrances assigned in fund balances, all of which is assigned in the General Fund.

B. Fund Deficits and Excess Expenditures over Appropriations

For the fiscal year ended June 30, 2020, 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, 2020, the City had the following cash and investment balances:

Cash on hand	\$ 56,775
Carrying amount of deposits	13,166,571
Carrying amount of investments	141,845,423
Total	<u>\$ 155,068,769</u>
Statement of Net Position balances:	
Cash and cash equivalents	\$ 61,467,562
Cash and cash equivalents – restricted	93,601,207
Total	<u>\$ 155,068,769</u>

Investment Type	Fair Value Level ⁽¹⁾	Credit Rating [^]	Fair Value	Weighted Average Maturity
Governmental Money Market Funds	Level 1	*	811,634	< 1 year
SC Local Government Investment Pool	N/A	NR	141,033,789	< 1 year
Total			<u>\$ 141,845,423</u>	

* U.S. government securities are not considered to have credit risk. Credit ratings for these investments have not been disclosed.

(1) See Note I.D.21 for details of the City's fair value hierarchy.

N/A - The SCLGIP operates in conformity with all requirements of the SEC Rule 2a7 a promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value)

NR – Not rated.

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.

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, 2020, the City was not exposed to any custodial credit risk for its investments.

III. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables, Deferred Inflows of Resources and Unearned Revenue

During the fiscal years from 1996 through 2020, the City applied for and received funds from HOME grants totaling \$5,855,758 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 government-wide and fund financial statements along with a corresponding allowance for uncollectibles for the same amount due to the extenuating circumstances of the loan structure. The outstanding balance of these notes at June 30, 2020 was \$1,198,620.

Property taxes receivables of \$2,975,468 represent total receivables of \$3,841,188 less an estimated allowance for uncollectibles of \$865,720. User fees receivable of \$118,040 represents delinquent stormwater utility fees billed of \$1,387,945 and golf course user fees of \$1,435 less an estimated allowance for uncollectibles of \$1,271,340. Governmental and business-type activities receivables and amounts due from other governments as of June 30, 2020 in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Description	Governmental Activities	Business-Type Activities	Total
Notes receivable – restricted	\$ 1,198,620	\$ -	\$ 1,198,620
Property taxes	3,841,188	-	3,841,188
Sales, accommodation & hospitality taxes	5,083,810	-	5,083,810
State aid to subdivision	577,747	-	577,747
Business licenses	754,205	-	754,205
Franchise fees	255,483	-	255,483
Grant income	181,156	-	181,156
Palmetto Railways settlement agreement	5,185,000	-	5,185,000
Rents & other receivables	665,268	-	665,268
User fees	-	1,389,380	1,389,380
Gross receivables	17,742,477	1,389,380	19,131,857
Less: allowance for uncollectibles	(2,064,340)	(1,271,340)	(3,335,680)
Net total receivables	<u>\$ 15,678,137</u>	<u>\$ 118,040</u>	<u>\$ 15,796,177</u>

As of June 30, 2020, the City reported the following for the governmental activities in the Statement of Net Position:

Receivables, net	\$ 3,674,841
Due from other governments	12,003,296
Total	<u>\$15,678,137</u>

Palmetto Railways settlement agreement - In February 2013, the City of North Charleston and the S.C Department of Commerce, through its division known as Palmetto Railways, entered into a settlement agreement and release concerning a dispute relative to the development of and including rail access to an inter-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, \$9,165,000 of which was recognized in the fiscal year ended June 30, 2015. Additional terms of the agreement state that Palmetto Railways will pay \$8 million to the City of North Charleston over a four year period. Palmetto 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 had an outstanding balance of \$5,185,000 as of June 30, 2020.

Governmental funds report unavailable 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 record unearned revenues in connection with resources that have been received, but not yet earned. At June 30, 2020, the various components of unavailable/unearned revenue were as follows:

III. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables, Deferred Inflows of Resources and Unearned Revenue (continued)

Governmental Funds:	Fund	Unavailable	Unearned	Total
Property taxes receivable	General	\$ 2,309,348	\$ -	\$ 2,309,348
Due from other governments:				
Other taxes	General	2,397,635	-	2,397,635
Settlement agreement	Tax Infrastructure	5,185,000	-	5,185,000
Ticket sales and deposits	Coliseum	-	5,874,334	5,874,334
Total Unavailable/Unearned Revenue		<u>\$ 9,891,983</u>	<u>\$ 5,874,334</u>	<u>\$15,766,317</u>

C. Capital Assets, Depreciation Expense

Capital asset activity for the year ending June 30, 2020 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$53,509,998	\$ 2,178,370	\$ 66,531	\$ -	\$55,621,837
Construction in progress	47,737,619	45,227,647	-	(26,732,973)	66,232,293
Total assets not being depreciated	<u>101,247,617</u>	<u>47,406,017</u>	<u>66,531</u>	<u>(26,732,973)</u>	<u>121,854,130</u>
Capital assets being depreciated:					
Buildings	224,937,717	2,840,123	-	26,732,973	254,510,813
Infrastructure	93,813,797	-	-	-	93,813,797
Improvements other than buildings	87,643,326	-	-	-	87,643,326
Machinery and equipment	84,202,889	4,400,449	604,606	-	87,998,732
Total capital assets being depreciated	<u>490,597,729</u>	<u>7,240,572</u>	<u>604,606</u>	<u>26,732,973</u>	<u>523,966,668</u>
Less accumulated depreciation for:					
Buildings	54,053,562	5,561,475	-	-	59,615,037
Infrastructure	15,392,444	3,656,371	-	-	19,048,815
Improvements other than buildings	29,882,607	2,946,222	-	-	32,828,829
Machinery and equipment	61,663,237	4,450,041	584,348	-	65,528,930
Total accumulated depreciation	<u>160,991,850</u>	<u>16,614,109</u>	<u>584,348</u>	<u>-</u>	<u>177,021,611</u>
Total capital assets being depreciated, net	<u>329,605,879</u>	<u>(9,373,537)</u>	<u>20,258</u>	<u>26,732,973</u>	<u>346,945,057</u>
Governmental activities capital assets, net	<u>\$430,853,496</u>	<u>\$38,032,480</u>	<u>\$ 86,789</u>	<u>\$ -</u>	<u>\$468,799,187</u>

Business-Type Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
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>-</u>	<u>1,397,188</u>
Capital assets being depreciated:					
Buildings	3,686,166	20,133	-	-	3,706,299
Infrastructure	778,429	-	-	-	778,429
Improvements	8,125,508	-	-	-	8,125,508
Machinery and equipment	7,024,214	754,289	-	-	7,778,503
Total capital assets being depreciated	<u>19,614,317</u>	<u>774,422</u>	<u>-</u>	<u>-</u>	<u>20,388,739</u>
Less accumulated depreciation for:					
Buildings	1,731,004	101,956	-	-	1,832,960
Infrastructure	54,490	15,569	-	-	70,059
Improvements	4,186,169	169,417	-	-	4,355,586
Machinery and equipment	4,651,693	446,838	-	-	5,098,531
Total accumulated depreciation	<u>10,623,356</u>	<u>733,780</u>	<u>-</u>	<u>-</u>	<u>11,357,136</u>
Total capital assets being depreciated, net	<u>8,990,961</u>	<u>40,642</u>	<u>-</u>	<u>-</u>	<u>9,031,603</u>
Business-type activities capital assets, net	<u>\$10,388,149</u>	<u>\$ 40,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,428,791</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets, Depreciation Expense (continued)

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

<u>Functions/Programs</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General government	\$ 8,085,948	\$ -
Public safety	3,508,969	-
Sanitation	793,896	-
Culture and recreation	3,538,675	-
Community development	686,621	-
Stormwater utility	-	381,961
Golf course	-	351,819
Total Depreciation Expense	<u>\$16,614,109</u>	<u>\$ 733,780</u>

D. Interfund Receivables, Payables and Transfers

The following is a schedule of interfund balances at June 30, 2020:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Anti-Drug	\$ 9,965
	Traffic Enforcement Grant	124,600
	Justice Assistance Grant	2,759
Total due General Fund /due from all other funds		<u>\$ 137,324</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. 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.

The following is a schedule of interfund transfers for the fiscal year ending June 30, 2020:

	<u>General Fund</u>	<u>Stormwater Utility Fund</u>	<u>Transfers Out</u> NonMajor Governmental Funds	<u>Total</u>
<u>Transfers In:</u>				
Coliseum Operating Fund	\$1,163,974	\$ -	\$ -	\$ 1,163,974
Golf Course Fund	1,030,370	-	-	1,030,370
Citywide Cap. Impr. Funds	-	-	93,645	93,645
Nonmajor Governmental Funds	<u>4,319,909</u>	<u>510,000</u>	<u>3,541,375</u>	<u>8,371,284</u>
Total Transfers Out	<u>\$6,514,253</u>	<u>\$ 510,000</u>	<u>\$ 3,635,020</u>	<u>\$10,659,273</u>

E. Short-term Obligations

The City of North Charleston did not issue any short-term debt during the fiscal year ending June 30, 2020 and, therefore, there was no short-term debt outstanding as of June 30, 2020.

F. Long-term Obligations

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

General Obligation Bonds - The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities which are collateralized by the full faith, credit and taxing power of the City. General obligation bonds outstanding as of June 30, 2020 are as follows:

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

\$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%	10,210,000
\$16,000,000 serial bonds issued in February 2015 due in annual installments of \$400,000 to \$1,630,000 through June 2029, with semi-annual interest at 3% to 5%	12,440,000
\$15,000,000 serial bonds issued in February 2019 due in annual installments of \$705,000 to \$1,770,000 through March 2034, with semi-annual interest at 3% to 5%	<u>13,320,000</u>
Total General Obligation Bonds	35,880,000
Add: Unamortized premiums	<u>3,099,622</u>
Net General Obligation Bonds	<u>\$ 38,979,622</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, 2020, the City of North Charleston received \$206,680 in interest payment subsidies to help offset the \$542,289 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 June 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 3,570,000	\$ 1,605,348	\$ 5,175,348
2022	3,525,000	1,426,685	4,951,685
2023	3,665,000	1,250,175	4,915,175
2024	3,820,000	1,066,694	4,886,694
2025	3,970,000	875,495	4,845,495
2026-2030	12,725,000	2,135,501	14,860,501
2031-2035	<u>4,605,000</u>	<u>361,800</u>	<u>4,966,800</u>
Total	<u>\$35,880,000</u>	<u>\$ 8,721,698</u>	<u>\$44,601,698</u>

Certificates of Participation - Certificates of participation ("Certificates") 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 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. 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 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, and is being amortized over the life of the refunded debt and is being reported as a deferred outflow of resources. 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.

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

In September 2008, the Corporation issued \$43,850,000 in Series 2008 Certificates (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 (TIF) 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 TIF debt.

As a result, the refunded bonds are considered defeased and the liability has been removed from the Statement of Net Position. The outstanding amount of defeased Series 1997 Certificates at June 30, 2020 totaled \$0. The reacquisition price exceeded the carrying amount by \$1,283,969, which is being amortized over the life of the refunded debt and is being reported as a deferred outflow of resources. 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.

In July 2018, the Corporation issued \$20,550,000 in Series 2018 Limited Obligation Bonds (i) for an advance refunding of the remaining \$13,115,000 of the Series 2008 Certificates; (ii) to acquire, construct and install tourism-related improvements within the City; and (iii) to pay certain costs of issuance of the Series 2018 Limited Obligation Bonds. Proceeds of \$13,311,607 were used to purchase government securities that were placed in an irrevocable trust for the purpose of repaying the refunded portion of the Series 2008 Certificates. As a result, the refunded bonds are considered defeased and the liability has been removed from the Statement of Net Position. The outstanding amount of defeased Series 2008 Certificates at June 30, 2020 totaled \$9,030,000. The transaction resulted in an economic gain of \$343,072 and a reduction of \$378,793 in future debt service payments. The reacquisition price exceeded the carrying amount by \$196,607 but is offset by \$292,899 in unamortized premiums remaining on the Series 2008 Certificates. There are no certificates of participation outstanding as of June 30, 2020.

Installment Purchase Revenue Bonds - Installment purchase revenue bonds relate to debt issued by the 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, 2020 are as follows:

\$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%	\$41,230,000
Add: Unamortized premiums	2,721,419
Net Installment Purchase Revenue Bonds	<u>\$43,951,419</u>

Annual debt service requirements to maturity for the installment purchase revenue bonds are as follows:

Year Ending	Governmental Activities		
	Principal	Interest	Total
June 30			
2021	\$ 1,700,000	\$ 1,779,613	\$ 3,499,613
2022	1,765,000	1,731,612	3,496,612
2023	1,855,000	1,643,363	3,498,363
2024	1,945,000	1,550,612	3,495,612
2025	2,045,000	1,453,363	3,498,363
2026-2030	11,315,000	6,169,112	17,489,112
2031-2035	14,005,000	3,489,000	17,494,000
2036-2040	<u>6,600,000</u>	<u>398,600</u>	<u>6,998,600</u>
Total	<u>\$41,230,000</u>	<u>\$ 18,235,275</u>	<u>\$59,465,275</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

Limited Obligation Bonds – The City issued in January 2017 \$80,000,000 in Tax-Exempt Series 2017A and Taxable Series 2017B Limited Obligation Bonds for the purpose of constructing and/or improving various tourism related facilities throughout the City. These bonds are supported by a hospitality fee pledge to cover annual debt service. Since the debt service on the Certificates of Participation are also supported by a similar hospitality fee pledge, the debt service on the Limited Obligation Bonds will be accounted for in the Certificates of Participation and Limited Obligations Bonds Debt Service Fund. \$6,247,106 was placed in a capitalized interest fund to assist with paying interest on these bonds for the first few years with no principal payments until fiscal year ending June 2022. In July 2018, the City issued \$20,550,000 in Series 2018 Limited Obligation Bonds as previously reported in the Certificates of Participation footnote section. Limited obligation bonds outstanding as of June 30, 2020 are as follows:

\$80,000,000 in limited obligation bonds issued in January 2017, due in annual installments of \$2,545,000 to \$5,700,000 through October 2041, with semi-annual interest ranging from 2.60% to 5.0%	\$80,000,000
\$20,550,000 in limited obligation bonds issued in July 2018, due in annual installments of \$310,000 to \$6,580,000 through October 2038, with semi-annual interest ranging from 3.0% to 5.0%	16,620,000
Total Limited Obligation Bonds	96,620,000
Add: Unamortized premiums	2,281,795
Net Limited Obligation Bonds	<u>\$98,901,795</u>

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

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 6,580,000	\$ 3,884,168	\$ 10,464,168
2022	5,070,000	3,623,356	8,693,356
2023	2,925,000	3,485,026	6,410,026
2024	3,020,000	3,393,245	6,413,245
2025	3,120,000	3,289,251	6,409,251
2026-2030	17,490,000	14,562,125	32,052,125
2031-2035	21,375,000	10,679,670	32,054,670
2036-2040	25,890,000	5,561,700	31,451,700
2041-2045	<u>11,150,000</u>	<u>478,250</u>	<u>11,628,250</u>
Total	<u>\$96,620,000</u>	<u>\$48,956,791</u>	<u>\$145,576,791</u>

Tax Increment Financing Bonds - 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 publicly owned improvements within the project area. Proceeds and expenditures are reported in the Tax Infrastructure Capital Projects Fund. Principal was payable in annual installments beginning December 1, 2006 with the final installment maturing December 2018. The outstanding balance of the Series 2003 bonds at June 30, 2020 was \$0.

In October 2019, the City issued \$19,915,000 in Tax Increment Financing Bonds for the Noisette Community Redevelopment Project Area for the purpose of financing the cost of acquiring certain land and constructing publicly owned improvements within the project area. Proceeds and expenditures are reported in the Tax Infrastructure Capital Projects Fund. Principal is payable in annual installments beginning October 2020 with the final installment maturing October 2028. 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.

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

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. 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. As discussed in Note III.B, Palmetto Railways has assumed responsibility for the debt service payments on these bonds. In June 2019, the City issued \$13,120,000 of Series 2019 Tax Increment Financing Limited Obligation Bonds for the purpose of acquiring, constructing and installing improvements to land and facilities in the Navy Base TIF area. Tax increment financing bonds outstanding as of June 30, 2020 are as follows:

\$7,020,000 bonds issued in September 2007 due in annual installments of \$125,000 to \$400,000 through September 2037, with variable interest (.20% at June 30, 2020) as determined by the remarketing agent amortized at an average coupon rate of 4%	\$5,185,000
\$13,120,000 bonds issued in June 2019 due in annual installments of \$215,000 to \$735,000 through October 2048, with semi-annual interest ranging from 3% to 5%	12,820,000
\$19,915,000 bonds issued in October 2019 due in annual installments of \$1,795,000 to \$2,680,000 through October 2028, with semi-annual interest at 5%	<u>19,915,000</u>
Total Tax Increment Financing Bonds	37,920,000
Add: Unamortized premiums	<u>4,263,665</u>
Net Tax Increment Financing Bonds	<u>\$42,183,665</u>

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

Year Ending	Governmental Activities		
	Principal	Interest	Total
June 30			
2021	\$ 2,205,000	\$ 1,684,900	\$ 3,889,900
2022	2,320,000	1,573,575	3,893,575
2023	2,435,000	1,456,600	3,891,600
2024	2,560,000	1,334,201	3,894,201
2025	2,690,000	1,204,575	3,894,575
2026-2030	12,805,000	3,916,117	16,721,117
2031-2035	3,580,000	2,157,488	5,737,488
2036-2040	3,605,000	1,326,736	4,931,736
2041-2045	2,955,000	782,650	3,737,650
2046-2050	<u>2,765,000</u>	<u>226,900</u>	<u>2,991,900</u>
Total	<u>\$ 37,920,000</u>	<u>\$ 15,663,742</u>	<u>\$ 53,583,742</u>

Proprietary Enterprise Fund Mortgage Revenue Bonds - The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds currently outstanding as of June 30, 2020 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 (.20% at June 30, 2020) fixed at 3.58% by an interest rate swap on the full amount of the note	\$ 3,160,000
Unamortized discounts	<u>(11,270)</u>
Total long-term debt portion, net of discounts and deferred charges	<u>\$ 3,148,730</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

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 Series 1998 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. There is no outstanding amount of defeased Series 1998 golf course mortgage revenue bonds at June 30, 2020 as the refunded debt has been paid off prior to maturity when the call feature was exercised. 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 and is being reported as a deferred outflow of resources. This advance refunding was undertaken to reduce total debt service payments by \$1,586,091 and resulted in an economic gain of \$837,950.

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.

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 745,000	\$ 113,128	\$ 858,128
2022	775,000	86,457	861,457
2023	805,000	58,712	863,712
2024	835,000	29,893	864,893
Total	<u>\$3,160,000</u>	<u>\$ 288,190</u>	<u>\$ 3,448,190</u>

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 2030. 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, 2020 are as follows:

\$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%	20,760
\$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%	193,380
\$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%	279,812

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

\$4,425,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated September 2013, in 3 separate amortization schedules of \$1,125,756 (10yrs), \$1,156,000 (7 yrs) and \$2,143,244 (5 yrs) payable in quarterly installments of \$110,699 for 20 quarters, \$43,756 for 28 quarters and \$31,461 for 40 quarters, including interest ranging from 1.24% to 2.22%	437,116
\$5,548,000 ten-year lease agreement with First Citizens Bank & Trust Company, Inc., dated October 2014, in 4 separate amortization schedules of \$1,200,000 (10 yrs), \$1,552,000 (7yrs), \$2,216,000 (5yrs) and \$580,000 (3 yrs) payable in quarterly installments of \$256,731 for 12 quarters, \$207,545 for 20 quarters, \$92,420 for 28 quarters and \$33,322 for 40 quarters, including interest ranging from 1.08% to 2.09%	920,132
\$4,205,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated October 2015, in 3 separate amortization schedules of \$1,195,000 (10 yrs), \$1,077,000 (7yrs) and \$1,928,000 (5yrs) payable in quarterly installments of \$199,776 for 20 quarters, \$81,480 for 28 quarters and \$66,084 for 40 quarters, including interest ranging from 1.435% to 1.973%	1,278,208
\$4,600,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated October 2016, in 4 separate amortization schedules of \$1,250,000 (10 yrs), \$1,160,000 (7yrs), \$1,690,000 (5yrs) and \$500,000 (3yrs) payable in quarterly installments of \$207,826 for 12 quarters, \$165,267 for 20 quarters, \$77,615 for 28 quarters and \$42,559 for 40 quarters, including interest ranging from 1.345% to 1.635%	1,950,206
\$4,678,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated October 2017, in 3 separate amortization schedules of \$898,000 (10 yrs), \$1,318,500 (7yrs), and \$2,461,500 (5yrs) payable in quarterly installments of \$128,437 for 20 quarters, \$75,144 for 28 quarters and \$24,862 for 40 quarters, including interest ranging from 1.7515% to 2.1008%	2,617,103
\$3,883,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated October 2018, in 3 separate amortization schedules of \$1,820,000 (10 yrs), \$945,000 (7yrs), and \$1,118,000 (5yrs) payable in quarterly installments of \$151,015 for 20 quarters, \$90,713 for 28 quarters and \$53,144 for 40 quarters, including interest ranging from 2.932% to 3.1208%	3,140,204
\$4,530,000 ten-year lease agreement with Bank of America Leasing & Capital, LLC, dated October 2019, in 3 separate amortization schedules of \$1,150,500 (10yrs), \$1,196,000 (7yrs), and \$2,183,500 (5yrs) payable in quarterly installments of \$114,107 for 20 quarters, \$45,506 for 28 quarters and \$31,552 for 40 quarters, including interest ranging from 1.6981% to 1.8379%	4,186,610
Total Lease Obligations	<u>\$15,023,531</u>

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

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 3,495,185	\$ 247,596	\$ 407,228	\$ 30,508	\$ 4,180,517
2022	2,943,350	184,773	355,230	22,731	3,506,084
2023	2,157,614	131,984	305,991	16,102	2,611,641
2024	1,703,453	90,361	263,764	9,938	2,067,516
2025	1,156,818	59,094	161,750	4,974	1,382,636
2026-2030	<u>1,943,973</u>	<u>78,139</u>	<u>129,175</u>	<u>1,999</u>	<u>2,153,286</u>
Total	<u>\$13,400,393</u>	<u>\$ 791,897</u>	<u>\$1,623,138</u>	<u>\$ 86,252</u>	<u>\$15,901,680</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

Changes in long-term obligations - Activity for the fiscal year ended June 30, 2020 was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligations bonds	\$ 40,275,000	\$ -	\$ 4,395,000	\$ 35,880,000	\$ 3,570,000
Certificates of participation	3,555,000	-	3,555,000	-	-
Limited obligation bonds	100,550,000	-	3,930,000	96,620,000	6,580,000
Inst. purchase revenue bonds	42,845,000	-	1,615,000	41,230,000	1,700,000
Tax increment bonds	18,495,000	19,915,000	490,000	37,920,000	2,205,000
Total bonds payable	205,720,000	19,915,000	13,985,000	211,650,000	14,055,000
Premiums	9,898,882	3,424,523	956,904	12,366,501	-
Total bonds payable, net	215,618,882	23,339,523	14,941,904	224,016,501	14,055,000
Capital lease obligations	13,163,436	4,045,000	3,808,043	13,400,393	3,495,185
Compensated absences	5,698,233	6,881,575	5,497,642	7,082,166	6,373,949
Total governmental activities	<u>\$234,480,551</u>	<u>\$34,266,098</u>	<u>\$24,247,589</u>	<u>\$244,499,060</u>	<u>\$23,924,134</u>
Business-type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 3,875,000	\$ -	\$ 715,000	\$ 3,160,000	\$ 745,000
Discounts	(15,030)	-	(3,760)	(11,270)	-
Total bonds payable, net	3,859,970	-	711,240	3,148,730	745,000
Capital lease obligations	1,539,825	485,000	401,687	1,623,138	407,228
Compensated absences	113,376	167,398	108,624	172,510	155,259
Total business-type activities	<u>\$ 5,513,171</u>	<u>\$ 652,398</u>	<u>\$ 1,221,191</u>	<u>\$ 4,944,378</u>	<u>\$ 1,307,487</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 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 terminated on the bond maturity date of September 1, 2019. Under this swap agreement, the City paid the counterparty a fixed rate of 3.27% and received a variable payment based on 59% of the LIBOR plus 35 basis points. The fair value at June 30, 2020 for the interest rate swap outstanding is as follows:

Reported in:	Changes in Fair Values		Fair Values at June 30, 2020		Notional Amount at 6/30/2020
	Reported as	Amount	Reported as	Amount	
Business-type Activities					
Cash Flow Hedges	Deferred outflow	\$(8,046)	Derivative Instrument	\$(271,229)	\$ 3,160,000
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, 2020, 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 swap agreement, 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.

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

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, 2020, the City had a negative fair value of \$271,229 in the interest rate swap agreement.

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 agreement's termination date is the final maturity date 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.

Variable-Rate Bond Disclosures - 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, 2020, 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:

FYE June 30	<u>Variable-Rate Bonds</u>			<u>Adjustment to Current</u>	<u>Net Debt</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Variable Rates</u>	
2021	\$ 940,000	\$ 312,728	\$ 1,252,728	\$ (186,819)	\$1,065,909
2022	980,000	277,857	1,257,857	(179,577)	1,078,280
2023	1,020,000	241,512	1,261,512	(171,979)	1,089,533
2024	1,060,000	204,169	1,264,169	(164,499)	1,099,670
2025	235,000	164,400	399,400	(155,710)	243,690
2026-2030	1,325,000	667,367	1,992,367	(631,367)	1,361,000
2031-2035	1,630,000	367,238	1,997,238	(346,628)	1,650,610
2036-2040	1,155,000	47,486	1,202,486	(42,806)	1,159,680
Total	<u>\$8,345,000</u>	<u>\$2,282,757</u>	<u>\$10,627,757</u>	<u>\$ (1,879,385)</u>	<u>\$8,748,372</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, 2020 amounted to \$7,254,676, \$7,082,166 of which relates to governmental activities and \$172,510 of which relates to business-type activities. City employees had accumulated sick leave benefits of \$13,724,778 at June 30, 2020, based on compensation rates in effect at that date. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual has been made for sick leave.

III. DETAILED NOTES ON ALL FUNDS (continued)

G. 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 that lease stated 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. In October 2017, the lease was extended for another five years through October 2022. Terms of the amended lease state that the tenant will pay monthly rent of \$74,787 for the first twelve months with increases per year for years two through five. Estimated future annual lease income for the long-term lease in effect as of June 30, 2020 is as follows:

Year Ending	
<u>June 30</u>	<u>Amount</u>
2021	\$958,596
2022	\$982,561
2023	\$330,205

H. Net Position Classification

Net investment in capital assets for governmental activities as of June 30, 2020:

Capital assets, net of accumulated depreciation	\$ 468,799,187
Less: 1) Capital related debt , net of unamortized discounts, amounts on refunding, plus premiums	(237,416,894)
2) Retainage payable	(2,649,144)
Add capital debt unspent proceeds:	
Bonds and capital leases	<u>58,803,541</u>
Net investment in capital assets	<u>\$ 287,536,690</u>

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.

IV. OTHER INFORMATION

A. Risk Management (continued)

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 \$21,158,761, while for workers compensation, the individual stop losses must exceed \$1,000,000 and the aggregate stop-losses must exceed \$3,000,000. 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, 2020. At June 30, 2020, the amount of this liability is the City's best estimate, based on the available information. Changes in the reported liability since July 1, 2015 resulted from the following:

Year Ended June 30	Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability at Year End
2016	\$ 4,065,980	\$ 16,888,506	\$ (16,559,961)	\$ 4,394,525
2017	4,394,525	16,915,311	(16,776,806)	4,533,030
2018	4,533,030	17,155,611	(16,477,830)	5,210,811
2019	5,210,811	18,427,583	(17,852,221)	5,786,173
2020	5,786,173	19,625,110	(17,417,217)	7,994,066

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 \$8,781,462 of \$58,739,729 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 \$19,500, whichever is lower. Deferred compensation is not available to employees until termination of employment, retirement, death or unforeseeable emergency, with the exceptions of education and the 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 \$371,011. There were no changes in plan provisions during the year and, as of June 30, 2020, 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 \$19,500 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 \$276,925 during fiscal year ending June 30, 2020.

State Retirement Plans

The South Carolina Public Employee Benefit Authority ("PEBA"), created July 1, 2012, is the State agency responsible for the administration and management of various retirement systems and retirement programs of the State of South Carolina, including the State Optional Retirement Program and the South Carolina Deferred Compensation Program, as well as the State's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' ("SCRS") five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the systems and the retirement trust fund assets. The

IV. OTHER INFORMATION (continued)

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

Retirement Systems Investment Commission (“Commission” as the governing body, “RSIC” as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the assets of the retirement trust funds. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA) which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the systems and additions to/deductions from the systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expense are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value.

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the System’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

Plan Description

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

IV. OTHER INFORMATION (continued)

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

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

- **SCRS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.
- **PORS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

IV. OTHER INFORMATION (continued)

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

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the next July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85%.

As noted earlier, 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 eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rate			PORS Rates		
	2018	2019	2020	2018	2019	2020
Employer Contribution Rate: [^]						
Retirement	13.41%	14.41%	15.41%	15.84%	16.84%	17.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>13.56%</u>	<u>14.56%</u>	<u>15.56%</u>	<u>16.24%</u>	<u>17.24%</u>	<u>18.24%</u>
Employee Contribution Rate	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.75%</u>	<u>9.75%</u>	<u>9.75%</u>

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The required contributions and percentages of amounts contributed by the City to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2020	\$ 3,796,998	100%	\$ 6,100,282	100%
2019	\$ 3,421,708	100%	\$ 5,316,568	100%
2018	\$ 3,227,696	100%	\$ 4,839,357	100%

Eligible payrolls of the City covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2020	\$ 24,402,303	\$ 33,444,531	\$ 57,846,834
2019	23,500,745	30,838,560	54,339,305
2018	23,803,068	29,788,995	53,592,063

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five year period. The most recent report was issued on July 1, 2015.

IV. OTHER INFORMATION (continued)

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

The June 30, 2019 total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2019, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.25%	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (“2016 PRSC”), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Long Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

IV. OTHER INFORMATION (continued)

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

Allocation/Exposure	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Commodities	3.0%	11.15%	0.16%
Opportunistic	8.0%		
GTAA/Risk Parity	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Diversified Credit	15.0%		
Mixed Credit	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Conservative Fixed Income	14.0%		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2019 measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%
PORS	\$ 7,681,749,768	\$ 4,815,808,554	\$ 2,865,941,214	62.7%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

IV. OTHER INFORMATION (continued)

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

At June 30, 2020, the City reported liabilities of \$50,843,754 and \$60,943,185 for its proportionate share of the net pension liabilities for the SCRS and PORS ("Plans"), respectively. The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2018 that was projected forward to the measurement date. The City's proportion of the net pension liabilities was based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2019 measurement date, the City's SCRS proportion was 0.22267 percent, which was a decrease of 0.0070 percent from its proportion measured as of June 30, 2018. At the June 30, 2019 measurement date, the City's PORS proportion was 2.12646 percent, which was a decrease of 0.02684 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$5,101,008 and \$8,563,867 for the SCRS and PORS, respectively. At June 30, 2020, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 34,950	\$ 365,252
Change in Assumptions	1,024,575	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	450,137	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	30,982	1,758,321
Employer Contributions Subsequent to the Measurement Date	3,796,998	-
Total SCRS	<u>5,337,642</u>	<u>2,123,573</u>
PORS		
Differences Between Expected and Actual Experience	1,253,119	450,415
Change in Assumptions	2,416,704	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	772,716	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	112,749	1,219,906
Employer Contributions Subsequent to the Measurement Date	6,100,282	-
Total PORS	<u>10,655,570</u>	<u>1,670,321</u>
Total SCRS and PORS	<u>\$ 15,993,212</u>	<u>\$ 3,793,894</u>

Approximately \$3,797,000 and \$6,100,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

IV. OTHER INFORMATION (continued)

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

Year Ended June 30,	SCRS	PORS	Total
2021	\$ 659,115	\$ 2,382,563	\$ 3,041,678
2022	(1,050,979)	275,309	(775,670)
2023	(354,174)	10,118	(344,056)
2024	163,109	216,977	380,086
Total	<u>\$ (582,929)</u>	<u>\$ 2,884,967</u>	<u>\$ 2,302,038</u>

Aggregate Amounts

Aggregate amounts for all pension plans are as follows:

	SCRS	PORS	Total
Net Pension Liability	\$ 50,843,754	\$ 60,943,185	\$ 111,786,939
Deferred Outflows	5,337,642	10,655,570	15,993,212
Deferred Inflows	2,123,573	1,670,321	3,793,894
Pension Expense	5,101,008	8,563,867	13,664,875

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following table presents the sensitivity of the City's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate:

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
The City's proportionate share of the net pension liability of the SCRS	\$ 64,052,356	\$ 50,843,754	\$ 39,820,214
The City's proportionate share of the net pension liability of the PORS	82,592,458	60,943,185	43,206,952
Total Pension Liability	<u>\$ 146,644,814</u>	<u>\$ 111,786,939</u>	<u>\$ 83,027,166</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

IV. OTHER INFORMATION (continued)

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

Payable to Plans

The City reported payables of \$455,557 and \$735,708 to the PEBA as of June 30, 2020, representing required employer and employee contributions for the month of June 2020 for the SCRS and PORS, respectively. These amounts are included in Accounts Payable on the financial statements and were paid in July 2020.

C. Other Postemployment Benefits (OPEB)

Plan Description - The City's defined benefit post-employment healthcare plan ("the OPEB Health 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. Section 2-198 of the Code of Ordinances of the City grants the authority to establish and amend the benefit terms of the post-employment healthcare to the Mayor and City Council. The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multi-employer irrevocable trust administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the Plan. A copy of the report may be obtained in writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

Plan Membership - As of June 30, 2020, the following employees were covered by the benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefits	82
Active Members	<u>1,011</u>
Total Membership	<u><u>1,093</u></u>

Plan Benefits and Contributions - Benefit terms are established and amended by the Mayor and City Council and are based on years of service. Full-time employees and elected officials who retire under a state retirement system (either SCRS or PORS) after 20 years of service with the City are eligible to continue health benefits for themselves and their spouses. For those who retired prior to July 1, 2009, the service requirement was 15 years rather than 20 years. The years of service requirement is waived for eligible members who become disabled. The City pays a portion of the medical or dental premiums on behalf of eligible members based on the number of years of service as follows:

Years of Service	Percentage of Premium Paid by the City	
	Retired Before	Retired on or
	7/1/2009	After 7/1/2009
Less than 15	0%	0%
15-19	50%	0%
20-24	67%	50%
25-29	83%	67%
30 or more	100%	75%

Retirees pay 100% of premiums for dependent coverage.

Section 2-198 of the Code of Ordinances of the City grants the authority to establish and amend the contribution requirements of the post-employment healthcare to the Mayor and City Council. During the year ended June 30, 2020, the City made contributions of approximately \$2,181,000, or an average of 4.56% of covered payroll. Employees are not required to contribute to the OPEB Plan.

IV. OTHER INFORMATION (continued)

C. Other Postemployment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, future salary increases and the healthcare cost trend. Amounts determined regarding the net OPEB liability 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.

The following table provides a summary of the actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Inflation	2.25%
Projected Salary Increases	
SCRS	3.00% - 7.00%
PORS	3.50% - 9.50%
Investment Rate of Return	4.75%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect anticipated experience and provide a margin for future improvements.

Long-Term Expected Rate of Return - The long-term expected rate of return on OPEB plan investments was developed using a building block approach in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. For actuarial purposes, the 4.75 percent assumed annual investment rate of return used in the calculation of the total OPEB liability includes a 2.50 percent real rate of return and a 2.25 percent inflation component.

The target allocation for each major asset class is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	94.00%
Cash and Cash Equivalents	6.00%
Total	100.00%

Based on the above target allocations, the long-term expected rate of return on OPEB plan investments was determined to be 4.75%.

IV. OTHER INFORMATION (continued)

C. Other Postemployment Benefits (OPEB) (continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - The City's net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 and was rolled forward to the measurement date.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2018	\$ 35,139,154	\$ 14,428,769	\$ 20,710,385
Changes for the year:			
Service Cost	1,396,964	-	1,396,964
Interest	1,651,775	-	1,651,775
Difference Between Expected and Actual Experience	(3,376,579)	-	(3,376,579)
Change of Assumptions or Other Inputs	1,718,118	-	1,718,118
Contributions - Employer	-	1,738,462	(1,738,462)
Net Investment Income	-	793,826	(793,826)
Benefit Payments	(738,462)	(738,462)	-
Net Changes	651,816	1,793,826	(1,142,010)
Balances as of December 31, 2019	\$ 35,790,970	\$ 16,222,595	\$ 19,568,375

For the year ended June 30, 2020, the City recognized OPEB expense of approximately \$2,286,000. At June 30, 2020, the City reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 134,163	\$ 3,142,999
Change of Assumptions or Other Inputs	\$ 1,516,933	
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	352,793	-
Employer Contributions Subsequent to the Measurement Date	2,180,794	-
Total	\$ 4,184,683	\$ 3,142,999

Approximately \$2,181,000 that was reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the OPEB plan, respectively, will be recognized as a reduction of the net OPEB liabilities in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources (deferred OPEB charges) related to the OPEB plan will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Total
2021	\$ (54,164)
2022	(54,163)
2023	(106,121)
2024	(211,743)
2025	(194,746)
Thereafter	(518,173)
Total	\$ (1,139,110)

IV. OTHER INFORMATION (continued)

C. Other Postemployment Benefits (OPEB) (continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 4.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the sensitivity of the City's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 4.75%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (3.75%) or 1% point higher (5.75%) than the current rate:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$ 23,823,457	19,568,375	\$ 15,824,699

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following table presents the sensitivity of the City's proportionate share of the net pension liability of the Plans to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 7.25% decreasing to 4.75%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.25% decreasing to 3.75%) or 1% point higher (8.25% decreasing to 5.75%) than the current rate:

	1% Decrease (6.25% decreasing to 3.75%)	Current Healthcare Cost Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
Net OPEB Liability	\$ 14,747,480	19,568,375	\$ 25,412,782

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 amounts, if any, to be immaterial.

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. Tax Abatements

The City is subject to tax abatements entered into by Charleston County, who enters into property tax abatement agreements with local businesses through various abatement programs. For the fiscal year ended June 30, 2020, the City's property tax abated by agreements entered into by Charleston County totaled approximately \$15,777,000. The City has not entered into any of its own tax abatement programs.

IV. OTHER INFORMATION (continued)

F. 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 August 2022. The facilities management agreement states that Classic Golf Management provides personnel to operate these facilities. 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 is \$7,000 through August 2022. Contingent fees may be earned at the rate of 15% of the net operational profit generated, determined by the City's audited annual operational revenues exceeding annual operational expenses.

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 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 2020, total monthly fees paid were \$370,301. 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.

G. Commitments and Contingencies

The City entered into an intergovernmental agreement with the Charleston Area Regional Transportation Authority (CARTA) to design and construct a new multi-modal transportation facility at a cost of over \$15 million. The City purchased the land on which the facility will be situated. The improvements consisted of a station building, platforms and a parking area for station patrons. The facility is also be the hub for Southeastern Stages, Inc. (Greyhound) and Amtrak providing intercity bus and rail service. The facility was completed in the fiscal year ended June 30, 2020. The City will pay all costs of ownership, operation and maintenance of the facility although a majority of the construction cost was borne by CARTA through borrowed funds and/or grants. CARTA retains no ownership beneficial interest in the completed facility.

The City has entered into an intergovernmental agreement with the Dorchester County School District No. 2 (District) to design, construct and operate an aquatics facility located in the City limits and in the School District territory. The City is utilizing a portion of the \$80,000,000 in limited obligation bonds it issued in 2017 as its contribution towards the \$24 million project and the District has agreed to contribute \$7,500,000 towards the project expected to be completed late 2020. Once complete, the City will pay all costs of operation and maintenance of the facility.

The City has construction contract commitments on capital projects at June 30, 2020 as follows:

Governmental funds:

General Fund, Special revenue funds and capital projects funds	<u>\$ 16,999,724</u>
Total governmental funds	<u>\$ 16,999,724</u>

H. Subsequent Events

In October 2020, the City entered into a lease agreement with Banc of America Public Capital Corporation related to the purchase of \$1,265,500 in vehicles and equipment. The lease is a ten year lease with separate amortization schedules of \$42,000 (5 yrs), \$567,000 (7 yrs) and \$656,500 (10 yrs) in quarterly installments of \$2,155 for 20 quarters, \$21,041 for 28 quarters and \$17,508 for 40 quarters, including interest ranging from 1.0124% to 1.12867%.

The City issued in October 2020 \$24,095,000 in Tax-Exempt Series 2020 Limited Obligation Bonds (Tax Increment Pledge) for the purpose of financing redevelopment project costs in the Ingleside Redevelopment Project Area. 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 2012. The bonds have a maturity date in October 2035.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
Revenues:					
Property taxes	\$ 52,550,000	\$ 58,050,000	\$ 58,477,326	\$ 427,326	\$ 54,312,462
Licenses and permits	40,605,000	39,115,000	39,164,130	49,130	37,864,749
Intergovernmental	23,039,458	23,775,665	23,565,874	(209,791)	28,454,590
Fines and forfeitures	750,000	600,000	484,840	(115,160)	663,112
Charges for services	2,601,000	3,110,118	2,957,832	(152,286)	2,946,825
Revenues from use of monies and property	2,423,284	2,423,284	2,299,925	(123,359)	2,886,249
Other revenues	866,538	1,013,516	1,686,996	673,480	696,754
Total revenues	<u>122,835,280</u>	<u>128,087,583</u>	<u>128,636,923</u>	<u>549,340</u>	<u>127,824,741</u>
Expenditures:					
General government:					
Executive	2,820,200	2,820,200	2,580,620	239,580	2,626,813
Facilities	5,188,470	5,190,598	4,898,531	292,067	4,798,284
City Council	666,282	666,282	591,628	74,654	641,166
Finance	1,185,110	1,195,110	1,192,366	2,744	1,156,568
Purchasing	400,313	400,313	395,820	4,493	368,043
Information systems	2,694,958	2,927,942	2,797,793	130,149	2,521,125
Municipal court	1,146,239	1,146,239	1,121,594	24,645	1,172,583
Human resources	2,977,745	3,177,745	2,444,008	733,737	2,064,637
Legal	1,126,408	1,126,408	1,031,301	95,107	1,379,770
Maintenance	15,278,911	18,484,954	18,400,029	84,925	21,610,064
Total general government	<u>33,484,636</u>	<u>37,135,791</u>	<u>35,453,690</u>	<u>1,682,101</u>	<u>38,339,053</u>
Public safety:					
Police	39,604,665	39,903,397	39,419,792	483,605	38,346,903
Fire	26,253,408	27,276,907	27,260,078	16,829	25,235,134
Building inspections	1,715,545	1,715,545	1,603,729	111,816	1,440,238
Total public safety	<u>67,573,618</u>	<u>68,895,849</u>	<u>68,283,599</u>	<u>612,250</u>	<u>65,022,275</u>
Sanitation:					
Sanitation	6,101,924	6,503,333	6,475,682	27,651	5,938,587
Total sanitation	<u>6,101,924</u>	<u>6,503,333</u>	<u>6,475,682</u>	<u>27,651</u>	<u>5,938,587</u>

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)
(continued)

	2020			Variance with Final Budget - Positive (Negative)	2019 Actual
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Culture and recreation:					
Fire museum	539,191	539,191	516,229	22,962	524,798
Recreation and parks	7,406,339	7,404,417	7,260,552	143,865	7,003,949
Cultural arts	1,027,683	1,039,970	798,022	241,948	968,744
Total culture and recreation	8,973,213	8,983,578	8,574,803	408,775	8,497,491
Community development:					
Planning & zoning	1,313,710	1,459,734	1,373,728	86,006	1,295,680
Code enforcement	1,414,634	1,435,337	1,182,395	252,942	1,199,393
Total community development	2,728,344	2,895,071	2,556,123	338,948	2,495,073
Debt Service:					
Principal	3,985,000	3,985,000	3,808,043	176,957	3,767,335
Interest and fiscal charges	380,000	380,000	286,629	93,371	260,858
Total debt service	4,365,000	4,365,000	4,094,672	270,328	4,028,193
Total expenditures	123,226,735	128,778,622	125,438,569	3,340,053	124,320,672
Excess (deficiency) of revenues over expenditures	(391,455)	(691,039)	3,198,354	3,889,393	3,504,069
Other financing sources (uses):					
Transfers (out)	(4,153,545)	(6,756,329)	(6,514,253)	242,076	(2,053,800)
Proceeds from sale of property	500,000	1,500,000	1,538,882	38,882	383,665
Capital lease obligations	4,045,000	4,045,000	4,045,000	-	3,370,000
Total other financing sources (uses)	391,455	(1,211,329)	(930,371)	280,958	1,699,865
Net change in fund balance	-	(1,902,368)	2,267,983	4,170,351	5,203,934
Fund balance at beginning of year	39,216,437	39,216,437	39,216,437	-	34,012,503
Fund balance at end of year	\$ 39,216,437	\$ 37,314,069	\$ 41,484,420	\$ 4,170,351	\$ 39,216,437

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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			Variance with Final Budget- Positive (Negative)	2019 Actual
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
Revenues from use of monies and property	\$ 5,569,190	\$ 5,569,190	\$ 5,031,412	\$ (537,778)	\$ 6,036,061
Total revenues	<u>5,569,190</u>	<u>5,569,190</u>	<u>5,031,412</u>	<u>(537,778)</u>	<u>6,036,061</u>
Expenditures:					
Culture and recreation:					
Insurance	100,000	100,000	147,594	(47,594)	111,308
Contractual services:					
Operating	5,793,147	5,793,147	5,192,815	600,332	5,617,020
Management and administration	926,043	926,043	854,977	71,066	882,082
Capital outlay	236,550	236,550	-	236,550	-
Total expenditures	<u>7,055,740</u>	<u>7,055,740</u>	<u>6,195,386</u>	<u>860,354</u>	<u>6,610,410</u>
Excess (deficiency) of revenues over expenditures	<u>(1,486,550)</u>	<u>(1,486,550)</u>	<u>(1,163,974)</u>	<u>322,576</u>	<u>(574,349)</u>
Other financing sources (uses):					
Transfers in	1,486,550	1,486,550	1,163,974	(322,576)	574,349
Total other financing sources (uses)	<u>1,486,550</u>	<u>1,486,550</u>	<u>1,163,974</u>	<u>(322,576)</u>	<u>574,349</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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF NORTH CHARLESTON'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
City of North Charleston's Proportion of the Net Pension Liability	0.222670%	0.229680%	0.234281%	0.237280%	0.231328%	0.229629%	0.229629%
City of North Charleston's Proportionate Share of the Net Pension Liability	\$ 50,843,754	\$ 51,464,419	\$ 52,740,420	\$ 50,682,658	\$ 43,872,471	\$ 39,534,501	\$ 41,187,251
City of North Charleston's Covered Payroll	\$ 23,500,745	\$ 23,803,068	\$ 23,638,152	\$ 22,977,442	\$ 21,697,445	\$ 20,846,552	\$ 19,874,740
City of North Charleston's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	216.35%	216.21%	223.12%	220.58%	202.20%	189.65%	207.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.398%	54.105%	53.338%	52.906%	56.992%	59.919%	56.388%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF NORTH CHARLESTON'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST SEVEN FISCAL YEARS

	Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 3,796,998	\$ 3,421,708	\$ 3,227,696	\$ 2,732,570	\$ 2,541,305	\$ 2,365,022
Contributions in Relation to the Contractually Required Contribution	\$ 3,796,998	\$ 3,421,708	\$ 3,227,696	\$ 2,732,570	\$ 2,541,305	\$ 2,365,022
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of North Charleston's Covered Payroll	\$ 24,402,303	\$ 23,500,745	\$ 23,803,068	\$ 23,638,152	\$ 22,977,442	\$ 21,697,445
Contributions as a Percentage of Covered Payroll	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

Notes to Schedule:

9 The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF NORTH CHARLESTON'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM**

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
City of North Charleston's Proportion of the Net Pension Liability	2.12646%	2.15330%	2.17925%	2.22832%	2.19082%	2.14016%	2.14016%
City of North Charleston's Proportionate Share of the Net Pension Liability	\$ 60,943,185	\$ 61,014,571	\$ 59,701,824	\$ 56,520,875	\$ 47,748,908	\$ 40,971,829	\$ 44,364,949
City of North Charleston's Covered Payroll	\$ 30,838,560	\$ 29,798,995	\$ 29,344,035	\$ 28,400,316	\$ 27,128,131	\$ 25,727,728	\$ 23,708,912
City of North Charleston's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	197.62%	204.75%	203.45%	199.01%	176.01%	159.25%	187.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

∞ The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF NORTH CHARLESTON'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM**

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 6,100,282	\$ 5,316,568	\$ 4,839,357	\$ 4,178,591	\$ 3,902,203	\$ 3,637,882	\$ 3,305,104
Contributions in Relation to the Contractually Required Contribution	\$ 6,100,282	\$ 5,316,568	\$ 4,839,357	\$ 4,178,591	\$ 3,902,203	\$ 3,637,882	\$ 3,305,104
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of North Charleston's Covered Payroll	\$ 33,444,531	\$ 30,838,560	\$ 29,798,995	\$ 29,344,035	\$ 28,400,316	\$ 27,128,131	25,727,728
Contributions as a Percentage of Covered Payroll	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.85%

Notes to Schedule:

Ⓔ The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF NORTH CHARLESTON'S NET OPEB LIABILITY AND RELATED RATIOS**

	Year Ended June 30,		
	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 1,396,964	\$ 1,351,552	\$ 1,307,620
Interest	1,651,775	1,560,139	1,463,266
Differences Between Expected and Actual Experience	(3,376,579)	(210,984)	206,292
Changes of Assumptions or Other Inputs	1,718,118	-	-
Benefit Payments	(738,462)	(803,855)	(1,068,547)
Net Change in Total OPEB Liability	651,816	1,896,852	1,908,631
Total OPEB Liability - Beginning of Year	35,139,154	33,242,302	31,333,671
Total OPEB Liability - End of Year (a)	<u>\$ 35,790,970</u>	<u>\$ 35,139,154</u>	<u>\$ 33,242,302</u>
OPEB Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,738,462	\$ 2,003,855	\$ 1,965,966
Net Investment Income	793,826	122,838	326,662
Benefit Payments	(738,462)	(803,855)	(1,068,547)
Administrative Expense	-	(9,972)	(22,054)
Net Change in OPEB Plan Fiduciary Net Position	1,793,826	1,312,866	1,202,027
OPEB Plan Fiduciary Net Position - Beginning of Year	14,428,769	13,115,903	11,913,876
OPEB Plan Fiduciary Net Position - End of Year (b)	<u>\$ 16,222,595</u>	<u>\$ 14,428,769</u>	<u>\$ 13,115,903</u>
City's Net OPEB Liability - End of Year (a) - (b)	\$ 19,568,375	\$ 20,710,385	\$ 20,126,399
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.33%	41.06%	39.46%
Covered Payroll	\$ 47,824,263	\$ 48,049,795	\$ 48,049,795
City's Net OPEB Liability as a Percentage of the Covered Payroll	40.92%	43.10%	41.89%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of December 31 (June 30, 2019 & 2018 balances were determined as of December 31, 2017).

The City implemented GASB #75 during the year ended June 30, 2018.

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF NORTH CHARLESTON'S OPEB CONTRIBUTIONS**

	Year Ended June 30,		
	2020	2019	2018
Actuarially Determined Contribution	\$ 2,198,282	\$ 2,145,067	\$ 1,923,728
Contributions in Relation to the Actuarially Determined Contribution	1,738,462	2,003,855	1,965,966
Contribution Deficiency (Excess)	\$ 459,820	\$ 141,212	\$ (42,238)
Covered Payroll	\$47,824,263	\$48,049,795	\$48,049,795
Contributions as a Percentage of Covered Payroll	3.64%	4.17%	4.09%

Notes to Schedule:

The City implemented GASB #75 during the year ended June 30, 2018.

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 of the fiscal year in which contributions are reported (rates presented for the year ended June 30, 2018 & 2019 were calculated as of December 31, 2017)

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Amortization Period	30 years
Asset Valuation Method	5-year Smoothed Market
Inflation	2.25%
Healthcare Cost Trend Rates	7.25% decreasing to ultimate rate of 4.75% by 2029
Salary Increases	
SCRS	3.00% - 7.00%
PORS	3.50% - 9.50%
Investment Rate of Return	4.75%
Mortality	Mortality rates were based on the RP-2014 Mortality Table with a 95% multiplier to better reflect anticipated experience and provide a margin for future improvements.

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.

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.

SCDPS Specialized Traffic Enforcement Grant accounts for State funds received for the purpose of hiring police officers assigned to the traffic unit to increase awareness through public safety checkpoints and educational efforts.

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.

Community Policing Grant Fund accounts for State funds received for the purpose of improving community relationships through patrolling and protection efforts.

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.

COPS Hiring Grant Fund accounts for Federal funds received from the U.S. Department of Justice for the purpose of hiring 15 police officers in an effort to increase community policing capacity and crime prevention efforts.

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

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.

General Obligation Bonds account for funding the accumulation of resources for, and the retirement of, the general obligation bonds issued.

Certificates of Participation and Limited Obligation Bonds account for funding the accumulation of resources for, and the retirement of, the certificates of participation and limited obligation bonds issued.

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

CAPITAL PROJECT FUNDS

These funds are used to account for financial resources involving the acquisition or construction of nonmajor 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, installment purchase revenue bonds, limited obligation bonds and certificates of participation, grants, contributions, property taxes and settlements from private sources. The City has the following nonmajor capital project funds:

Installment Purchase Revenue Bonds Capital Project Fund accounts for 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.

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, 2020
(With Comparative Totals at June 30, 2019)

	Special Revenue Funds	General Obligation Bonds Debt Service Fund	Certificates of Participation and Limited Obligation Bonds Debt Service Fund	Installment Purchase Revenue Bonds Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds	
						2020	2019
Assets							
Cash and cash equivalents	\$ 1,526,485	\$ -	\$ -	\$ -	\$ 408,788	\$ 1,935,273	\$ 1,729,070
Due from other governments	181,156	50,180	520,558	-	-	751,894	1,028,454
Restricted assets:							
Cash and cash equivalents	1,012,893	2,339,968	9,943,610	-	-	13,296,471	13,906,938
Total assets	\$ 2,720,534	\$ 2,390,148	\$ 10,464,168	\$ -	\$ 408,788	\$ 15,983,638	\$ 16,664,462
Liabilities and Fund Balances							
Liabilities:							
74 Accounts payable	\$ 91,615	\$ -	\$ -	\$ -	\$ -	\$ 91,615	\$ 107,165
Escrow for seized funds	527,922	-	-	-	-	527,922	366,690
Due to other funds	137,324	-	-	-	-	137,324	238,658
Total liabilities	756,861	-	-	-	-	756,861	712,513
Fund balances:							
Restricted for:							
Public safety and public service	1,234,715	-	-	-	-	1,234,715	1,332,228
Facility and infrastructure improvements	-	-	-	-	408,788	408,788	495,321
Debt service	-	2,390,148	10,464,168	-	-	12,854,316	13,611,321
Assigned for:							
Community promotions	728,958	-	-	-	-	728,958	513,079
Total fund balances	1,963,673	2,390,148	10,464,168	-	408,788	15,226,777	15,951,949
Total liabilities and fund balances	\$ 2,720,534	\$ 2,390,148	\$ 10,464,168	\$ -	\$ 408,788	\$ 15,983,638	\$ 16,664,462

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Special Revenue Funds	General Obligation Bonds Debt Service Fund	Certificates of Participation and Limited Obligation Bonds Debt Service Fund	Installment Purchase Revenue Bonds Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds	
						2020	2019
Revenues:							
Property taxes	\$ -	\$ 3,735,000	\$ -	\$ 2,985,363	\$ -	\$ 6,720,363	\$ 6,100,000
Intergovernmental	5,878,807	790,779	5,767,876	-	-	12,437,462	12,965,552
Fines and forfeitures	366,241	-	-	-	-	366,241	233,239
Revenues from the use of monies and property	1,304,136	23,963	130,112	-	7,112	1,465,323	1,830,158
Total revenues	7,549,184	4,549,742	5,897,988	2,985,363	7,112	20,989,389	21,128,949
Expenditures:							
Public safety:							
Police department	1,960,164	-	-	-	-	1,960,164	1,391,123
Fire department	414,487	-	-	-	-	414,487	378,023
Community promotion:							
Community promotion	1,044,640	-	-	-	-	1,044,640	1,079,565
Culture and recreation:							
Special projects	1,293,560	-	-	-	-	1,293,560	834,307
Community development:							
Community development	366,658	-	-	-	-	366,658	429,339
Capital outlay:							
Parking, walkways and infrastructure	-	-	-	-	-	-	250,379
Debt service:							
Principal	-	4,395,000	7,485,000	1,615,000	-	13,495,000	11,255,000
Interest and fiscal charges	-	1,831,932	4,164,021	1,880,363	-	7,876,316	7,426,967
Bond issuance costs	-	-	-	-	-	-	330,084
Total expenditures	5,079,509	6,226,932	11,649,021	3,495,363	-	26,450,825	23,374,787
Excess (deficiency) of revenues over expenditures	2,469,675	(1,677,190)	(5,751,033)	(510,000)	7,112	(5,461,436)	(2,245,838)
Other financing sources (uses):							
Transfers in	1,190,066	1,677,190	4,994,028	510,000	-	8,371,284	4,792,243
Transfers (out)	(3,541,375)	-	-	-	(93,645)	(3,635,020)	(3,842,358)
Payments to escrow agent	-	-	-	-	-	-	(13,311,607)
Refunding bonds issued	-	-	-	-	-	-	12,345,112
Bonds issued	-	-	-	-	-	-	152,500
Premiums on bonds issued	-	-	-	-	-	-	2,801,635
Total other financing sources (uses)	(2,351,309)	1,677,190	4,994,028	510,000	(93,645)	4,736,264	2,937,525
Net change in fund balances	118,366	-	(757,005)	-	(86,533)	(725,172)	691,687
Fund balances at beginning of year	1,845,307	2,390,148	11,221,173	-	495,321	15,951,949	15,260,262
Fund balances at end of year	\$ 1,963,673	\$ 2,390,148	\$ 10,464,168	\$ -	\$ 408,788	\$ 15,226,777	\$ 15,951,949

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2020
(With Comparative Totals at June 30, 2019)

	Tax Fund Types			Public Safety and Service Fund Types	
	Accommo-	City		Traffic	
	dations	Accommo-		Enforcement	SRO
	Tax	dations	CDBG	Grant	Grant
	Tax	Tax			
Assets					
Cash and cash equivalents	\$ 728,958	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	25,584	124,600	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Total assets	\$ 728,958	\$ -	\$ 25,584	\$ 124,600	\$ -
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 25,584	\$ -	\$ -
Escrow for seized funds	-	-	-	-	-
Due to other funds	-	-	-	124,600	-
Total liabilities	-	-	25,584	124,600	-
Fund balances:					
Restricted for:					
Public safety and public service	-	-	-	-	-
Assigned for:					
Community promotions	728,958	-	-	-	-
Total fund balances	728,958	-	-	-	-
Total liabilities and fund balances	\$ 728,958	\$ -	\$ 25,584	\$ 124,600	\$ -

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2020
(With Comparative Totals at June 30, 2019)

	Public Safety and Service Types				
	Anti-Drug	Justice Assistance Grant	Port Security Grant	Victims Advocate	COPS Hiring Grant
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	30,972	-	-	-
Restricted assets:					
Cash and cash equivalents	747,015	-	-	14,301	-
Total assets	\$ 747,015	\$ 30,972	\$ -	\$ 14,301	\$ -
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 17,248	\$ 28,213	\$ -	\$ 251	\$ -
Escrow for seized funds	527,922	-	-	-	-
Due to other funds	9,965	2,759	-	-	-
Total liabilities	555,135	30,972	-	251	-
<u>Fund balances:</u>					
Restricted for:					
Public safety and public service	191,880	-	-	14,050	-
Assigned for:					
Community promotions	-	-	-	-	-
Total fund balances	191,880	-	-	14,050	-
Total liabilities and fund balances	\$ 747,015	\$ 30,972	\$ -	\$ 14,301	\$ -

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2020
(With Comparative Totals at June 30, 2019)

	Public Safety and Service Type			Total Nonmajor Special Revenue Funds	
	Community Policing Grant	Firemen's Insurance & Inspection	Parking	2020	2019
<u>Assets</u>					
Cash and cash equivalents	\$ 2,469	\$ -	\$ 795,058	\$ 1,526,485	\$ 1,327,394
Due from other governments	-	-	-	181,156	305,216
Restricted assets:					
Cash and cash equivalents	-	251,577	-	1,012,893	925,052
Total assets	\$ 2,469	\$ 251,577	\$ 795,058	\$ 2,720,534	\$ 2,557,662
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ 1,513	\$ 18,806	\$ 91,615	\$ 107,007
Escrow for seized funds	-	-	-	527,922	366,690
Due to other funds	-	-	-	137,324	238,658
Total liabilities	-	1,513	18,806	756,861	712,355
<u>Fund balances:</u>					
Restricted for:					
Public safety and public service	2,469	250,064	776,252	1,234,715	1,332,228
Assigned for:					
Community promotions	-	-	-	728,958	513,079
Total fund balances	2,469	250,064	776,252	1,963,673	1,845,307
Total liabilities and fund balances	\$ 2,469	\$ 251,577	\$ 795,058	\$ 2,720,534	\$ 2,557,662

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Tax Fund Types			Public Safety and Service Fund Types	
	City			Traffic Enforcement	
	Accommo- dations Tax	Accommo- dations Tax	CDBG	Grant	SRO Grant
Revenues:					
Intergovernmental	\$ 2,614,903	\$ 1,752,231	\$ 366,658	\$ 228,154	\$ 72,828
Fines and forfeitures	-	-	-	-	-
Revenues from the use of monies and property	434,760	-	-	-	-
Total revenues	<u>3,049,663</u>	<u>1,752,231</u>	<u>366,658</u>	<u>228,154</u>	<u>72,828</u>
Expenditures:					
Public safety:					
Police department	-	-	-	228,154	72,828
Fire department	-	-	-	-	-
Community promotion:					
Community promotion	1,044,640	-	-	-	-
Culture and recreation:					
Special projects	-	-	-	-	-
Community development:					
Community development	-	-	366,658	-	-
Total expenditures	<u>1,044,640</u>	<u>-</u>	<u>366,658</u>	<u>228,154</u>	<u>72,828</u>
Excess (deficiency) of revenues over expenditures	<u>2,005,023</u>	<u>1,752,231</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers (out)	(1,789,144)	(1,752,231)	-	-	-
Total other financing sources (uses)	<u>(1,789,144)</u>	<u>(1,752,231)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	215,879	-	-	-	-
Fund balances at beginning of year	513,079	-	-	-	-
Fund balances at end of year	<u><u>\$ 728,958</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Public Safety and Service Fund Types				
	Anti-Drug	Justice Assistance Grant	Port Security Grant	Victims Advocate	COPS Hiring Grant
Revenues:					
Intergovernmental	\$ -	\$ 65,002	\$ 308,353	\$ -	\$ 91,315
Fines and forfeitures	299,959	-	-	66,282	-
Revenues from the use of monies and property	5,430	-	-	73	-
Total revenues	<u>305,389</u>	<u>65,002</u>	<u>308,353</u>	<u>66,355</u>	<u>91,315</u>
Expenditures:					
Public safety:					
Police department	374,434	65,002	411,137	108,079	700,530
Fire department	-	-	-	-	-
Community promotion:					
Community promotion	-	-	-	-	-
Culture and recreation:					
Special projects	-	-	-	-	-
Community development:					
Community development	-	-	-	-	-
Total expenditures	<u>374,434</u>	<u>65,002</u>	<u>411,137</u>	<u>108,079</u>	<u>700,530</u>
Excess (deficiency) of revenues over expenditures	<u>(69,045)</u>	<u>-</u>	<u>(102,784)</u>	<u>(41,724)</u>	<u>(609,215)</u>
Other financing sources (uses):					
Transfers in	-	-	102,784	41,724	609,215
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>102,784</u>	<u>41,724</u>	<u>609,215</u>
Net change in fund balances	<u>(69,045)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at beginning of year	260,925	-	-	14,050	-
Fund balances at end of year	<u>\$ 191,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,050</u>	<u>\$ -</u>

(continued)

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

For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Public Safety and Service Fund Type			Total Nonmajor Special Revenue Funds	
	Community Policing Grant	Firemen's Insurance & Inspection	Parking	2020	2019
Revenues:					
Intergovernmental	\$ -	\$ 379,363	\$ -	\$ 5,878,807	\$ 6,248,138
Fines and forfeitures	-	-	-	366,241	233,239
Revenues from the use of monies and property	43	6,613	857,217	1,304,136	1,478,555
Total revenues	<u>43</u>	<u>385,976</u>	<u>857,217</u>	<u>7,549,184</u>	<u>7,959,932</u>
Expenditures:					
Public safety:					
Police department	-	-	-	1,960,164	1,391,123
Fire department	-	414,487	-	414,487	378,023
Community promotion:					
Community promotion	-	-	-	1,044,640	1,079,565
Culture and recreation:					
Special projects	-	-	1,293,560	1,293,560	834,307
Community development:					
Community development	-	-	-	366,658	429,339
Total expenditures	<u>-</u>	<u>414,487</u>	<u>1,293,560</u>	<u>5,079,509</u>	<u>4,112,357</u>
Excess (deficiency) of revenues over expenditures	<u>43</u>	<u>(28,511)</u>	<u>(436,343)</u>	<u>2,469,675</u>	<u>3,847,575</u>
Other financing sources (uses):					
Transfers in	-	-	436,343	1,190,066	152,323
Transfers (out)	-	-	-	(3,541,375)	(3,842,358)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>436,343</u>	<u>(2,351,309)</u>	<u>(3,690,035)</u>
Net change in fund balances	43	(28,511)	-	118,366	157,540
Fund balances at beginning of year	2,426	278,575	776,252	1,845,307	1,687,767
Fund balances at end of year	<u>\$ 2,469</u>	<u>\$ 250,064</u>	<u>\$ 776,252</u>	<u>\$ 1,963,673</u>	<u>\$ 1,845,307</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2020
(With Comparative Totals at June 30, 2019)

	Installment Purchase Revenue Bonds	Street Light & Drainage	Total Nonmajor Capital Project Funds	
			2020	2019
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 408,788	\$ 408,788	\$ 401,676
Restricted assets:				
Cash & cash equivalents	-	-	-	93,803
Total assets	\$ -	\$ 408,788	\$ 408,788	\$ 495,479
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	158
Total liabilities	-	-	-	158
Fund balances:				
Restricted for:				
Facility and infrastructure improvements	-	408,788	408,788	495,321
Total fund balances	-	408,788	408,788	495,321
Total liabilities and fund balances	\$ -	\$ 408,788	\$ 408,788	\$ 495,479

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Installment Purchase Revenue Bonds	Street Light & Drainage	Total Nonmajor Capital Project Funds	
			2020	2019
Revenues:				
Revenues from use of monies and property	\$ -	\$ 7,112	\$ 7,112	\$ 10,670
Total revenues	<u>-</u>	<u>7,112</u>	<u>7,112</u>	<u>10,670</u>
Expenditures:				
Capital outlay:				
Engineering, infrastructure and other	-	-	-	250,379
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,379</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>7,112</u>	<u>7,112</u>	<u>(239,709)</u>
Other financing sources (uses):				
Transfers (out)	(93,645)	-	(93,645)	-
Total other financing sources (uses)	<u>(93,645)</u>	<u>-</u>	<u>(93,645)</u>	<u>-</u>
Net change in fund balance	(93,645)	7,112	(86,533)	(239,709)
Fund balance at beginning of year	93,645	401,676	495,321	735,030
Fund balance at end of year	<u>\$ -</u>	<u>\$ 408,788</u>	<u>\$ 408,788</u>	<u>\$ 495,321</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	Final Budget	Actual	Variance Over (Under)	2019 Actual
Revenues:				
Intergovernmental - State	\$ 2,707,500	\$ 2,614,903	\$ (92,597)	\$ 2,547,189
Revenues from use of monies and property	300,000	434,760	134,760	342,719
Total revenues	<u>3,007,500</u>	<u>3,049,663</u>	<u>42,163</u>	<u>2,889,908</u>
Expenditures:				
Community promotion:				
Community promotion	<u>1,155,000</u>	<u>1,044,640</u>	<u>(110,360)</u>	<u>1,079,565</u>
Total expenditures	<u>1,155,000</u>	<u>1,044,640</u>	<u>(110,360)</u>	<u>1,079,565</u>
Excess (deficiency) of revenues over expenditures	<u>1,852,500</u>	<u>2,005,023</u>	<u>152,523</u>	<u>1,810,343</u>
Other financing sources (uses):				
Transfers to Debt Service Fund	<u>(1,852,500)</u>	<u>(1,789,144)</u>	<u>(63,356)</u>	<u>(1,742,814)</u>
Total other financing sources (uses)	<u>(1,852,500)</u>	<u>(1,789,144)</u>	<u>(63,356)</u>	<u>(1,742,814)</u>
Net change in fund balance	-	215,879	215,879	67,529
Fund balance at beginning of year	<u>513,079</u>	<u>513,079</u>	-	<u>445,550</u>
Fund balance at end of year	<u><u>\$ 513,079</u></u>	<u><u>\$ 728,958</u></u>	<u><u>\$ 215,879</u></u>	<u><u>\$ 513,079</u></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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Final Budget	Actual	Variance Over (Under)	Actual
Revenues:				
Intergovernmental - State	\$ 2,145,000	\$ 1,752,231	\$ (392,769)	\$ 2,099,544
Total revenues	<u>2,145,000</u>	<u>1,752,231</u>	<u>(392,769)</u>	<u>2,099,544</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,145,000</u>	<u>1,752,231</u>	<u>(392,769)</u>	<u>2,099,544</u>
Other financing sources (uses):				
Transfers to Debt Service Fund	(2,145,000)	(1,752,231)	(392,769)	(2,099,544)
Total other financing sources (uses)	<u>(2,145,000)</u>	<u>(1,752,231)</u>	<u>(392,769)</u>	<u>(2,099,544)</u>
Net change in fund balance	-	-	-	-
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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>	<u>2019 Actual</u>
Revenues:				
Intergovernmental - Federal	\$ 1,404,686	\$ 366,658	\$ (1,038,028)	\$ 429,339
Total revenues	<u>1,404,686</u>	<u>366,658</u>	<u>(1,038,028)</u>	<u>429,339</u>
Expenditures:				
Community development:				
Housing and infrastructure	<u>1,404,686</u>	<u>366,658</u>	<u>(1,038,028)</u>	<u>429,339</u>
Total expenditures	<u>1,404,686</u>	<u>366,658</u>	<u>(1,038,028)</u>	<u>429,339</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
DHS PORT SECURITY GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020		
	Final Budget	Actual	Variance Over (Under)
			2019 Actual
Revenues:			
Intergovernmental - Federal	\$ 308,353	\$ 308,353	\$ -
Total revenues	<u>308,353</u>	<u>308,353</u>	<u>-</u>
Expenditures:			
Public safety:			
Police department	411,137	411,137	-
Total expenditures	<u>411,137</u>	<u>411,137</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(102,784)</u>	<u>(102,784)</u>	<u>-</u>
Other financing sources (uses):			
Transfer from General Fund	102,784	102,784	-
Total other financing sources (uses)	<u>102,784</u>	<u>102,784</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>

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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>2019</u> <u>Actual</u>
Revenues:				
Intergovernmental - Federal	\$ 249,550	\$ 65,002	\$ (184,548)	\$ 58,943
Total revenues	<u>249,550</u>	<u>65,002</u>	<u>(184,548)</u>	<u>58,943</u>
Expenditures:				
Public safety:				
Police department	249,550	65,002	(184,548)	58,943
Total expenditures	<u>249,550</u>	<u>65,002</u>	<u>(184,548)</u>	<u>58,943</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	Final Budget	Actual	Variance Over (Under)	2019 Actual
Revenues:				
Fines and forfeitures	\$ 68,368	\$ 66,282	\$ (2,086)	\$ 104,955
Revenues from use of monies and property	-	73	73	339
Total revenues	<u>68,368</u>	<u>66,355</u>	<u>(2,013)</u>	<u>105,294</u>
Expenditures:				
Public safety:				
Police department	113,368	108,079	(5,289)	109,984
Total expenditures	<u>113,368</u>	<u>108,079</u>	<u>(5,289)</u>	<u>109,984</u>
Excess (deficiency) of revenues over expenditures	<u>(45,000)</u>	<u>(41,724)</u>	<u>3,276</u>	<u>(4,690)</u>
Other financing sources (uses):				
Transfer from General Fund	45,000	41,724	(3,276)	-
Total other financing sources (uses)	<u>45,000</u>	<u>41,724</u>	<u>(3,276)</u>	<u>-</u>
Net change in fund balance	-	-	-	(4,690)
Fund balance at beginning of year	<u>14,050</u>	<u>14,050</u>	<u>-</u>	<u>18,740</u>
Fund balance at end of year	<u><u>\$ 14,050</u></u>	<u><u>\$ 14,050</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,050</u></u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
SCDPS TRAFFIC ENFORCEMENT GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	Final Budget	Actual	Variance Over (Under)	2019 Actual
Revenues:				
Intergovernmental - State	\$ 232,767	\$ 228,154	\$ (4,613)	\$ 246,434
Total revenues	<u>232,767</u>	<u>228,154</u>	<u>(4,613)</u>	<u>246,434</u>
Expenditures:				
Public safety:				
Police department	232,767	228,154	(4,613)	246,434
Total expenditures	<u>232,767</u>	<u>228,154</u>	<u>(4,613)</u>	<u>246,434</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	Final Budget	Actual	Variance Over (Under)	2019 Actual
Revenues:				
Revenues from use of monies and property	\$ 837,638	\$ 857,217	\$ 19,579	\$ 1,123,686
Total revenues	<u>837,638</u>	<u>857,217</u>	<u>19,579</u>	<u>1,123,686</u>
Expenditures:				
Culture and recreation:				
Special projects	<u>1,293,864</u>	<u>1,293,560</u>	<u>(304)</u>	<u>834,307</u>
Total expenditures	<u>1,293,864</u>	<u>1,293,560</u>	<u>(304)</u>	<u>834,307</u>
Excess (deficiency) of revenues over expenditures	<u>(456,226)</u>	<u>(436,343)</u>	<u>19,883</u>	<u>289,379</u>
Other financing sources (uses):				
Transfers from General Fund	<u>450,000</u>	<u>436,343</u>	<u>(13,657)</u>	<u>-</u>
Total other financing sources (uses)	<u>450,000</u>	<u>436,343</u>	<u>(13,657)</u>	<u>-</u>
Net change in fund balance	<u>(6,226)</u>	<u>-</u>	<u>6,226</u>	<u>289,379</u>
Fund balance at beginning of year	<u>776,252</u>	<u>776,252</u>	<u>-</u>	<u>486,873</u>
Fund balance at end of year	<u><u>\$ 770,026</u></u>	<u><u>\$ 776,252</u></u>	<u><u>\$ 6,226</u></u>	<u><u>\$ 776,252</u></u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
SCDPS LOCAL COMMUNITY POLICING GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	Final Budget	Actual	Variance Over (Under)	2019 Actual
Revenues:				
Revenues from the use of monies and property	\$ -	\$ 43	\$ 43	\$ 254
Total revenues	<u>-</u>	<u>43</u>	<u>43</u>	<u>254</u>
Expenditures:				
Public safety:				
Police department	-	-	-	15,902
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,902</u>
Net change in fund balance	-	43	43	(15,648)
Fund balance at beginning of year	<u>2,426</u>	<u>2,426</u>	<u>-</u>	<u>18,074</u>
Fund balance at end of year	<u>\$ 2,426</u>	<u>\$ 2,469</u>	<u>\$ 43</u>	<u>\$ 2,426</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	Final Budget	Actual	Variance Over (Under)	2019 Actual
Revenues:				
Intergovernmental - Local	\$ 72,828	\$ 72,828	\$ -	\$ 36,601
Total revenues	<u>72,828</u>	<u>72,828</u>	<u>-</u>	<u>36,601</u>
Expenditures:				
Public safety:				
Police department	72,828	72,828	-	36,601
Total expenditures	<u>72,828</u>	<u>72,828</u>	<u>-</u>	<u>36,601</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
COMMUNITY ORIENTED POLICE HIRING GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	Final Budget	Actual	Variance Over (Under)	2019 Actual
Revenues:				
Intergovernmental - Federal	\$ 90,637	\$ 91,315	\$ 678	\$ 450,249
Total revenues	<u>90,637</u>	<u>91,315</u>	<u>678</u>	<u>450,249</u>
Expenditures:				
Public safety:				
Police department	704,182	700,530	(3,652)	600,088
Total expenditures	<u>704,182</u>	<u>700,530</u>	<u>(3,652)</u>	<u>600,088</u>
Excess (deficiency) of revenues over expenditures	<u>(613,545)</u>	<u>(609,215)</u>	<u>(4,330)</u>	<u>(149,839)</u>
Other financing sources (uses):				
Transfer from General Fund	613,545	609,215	(4,330)	149,839
Total other financing sources (uses)	<u>613,545</u>	<u>609,215</u>	<u>(4,330)</u>	<u>149,839</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
DEBT SERVICE FUNDS
GENERAL OBLIGATION BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	Final Budget	Actual	Variance Over (Under)	2019 Actual
Revenues:				
Property taxes	\$ 3,250,000	\$ 3,735,000	\$ 485,000	\$ 3,400,000
Intergovernmental - Federal	275,000	206,680	(68,320)	230,551
Intergovernmental - Local	525,000	584,099	59,099	543,716
Revenues from use of monies and property	-	23,963	23,963	25,299
Total revenues	<u>4,050,000</u>	<u>4,549,742</u>	<u>499,742</u>	<u>4,199,566</u>
Expenditures:				
Debt Service:				
Principal	4,395,000	4,395,000	-	2,540,000
Interest and fiscal charges	1,835,000	1,831,932	(3,068)	1,265,231
Bond issuance costs	-	-	-	201,279
Total expenditures	<u>6,230,000</u>	<u>6,226,932</u>	<u>(3,068)</u>	<u>4,006,510</u>
Excess (deficiency) of revenues over expenditures	(2,180,000)	(1,677,190)	502,810	193,056
Other financing sources (uses):				
Transfers in	1,685,000	1,677,190	(7,810)	-
Transfers (out)	(236,550)	-	236,550	-
Bonds issued	-	-	-	152,500
Premiums on bonds issued	-	-	-	1,706,335
Total other financing sources (uses)	<u>1,448,450</u>	<u>1,677,190</u>	<u>228,740</u>	<u>1,858,835</u>
Net change in fund balance	(731,550)	-	731,550	2,051,891
Fund balance at beginning of year	2,390,148	2,390,148	-	338,257
Fund balance at end of year	<u>\$ 1,658,598</u>	<u>\$ 2,390,148</u>	<u>\$ 731,550</u>	<u>\$ 2,390,148</u>

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

For the Year Ended June 30, 2020

(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	Final Budget	Actual	Variance Over (Under)	2019 Actual
Revenues:				
Intergovernmental - State	\$ 4,225,000	\$ 4,117,667	\$ (107,333)	\$ 4,282,246
Intergovernmental - Local	1,785,000	1,650,209	(134,791)	1,660,901
Revenues from use of monies and property	100,000	130,112	30,112	315,634
Total revenues	<u>6,110,000</u>	<u>5,897,988</u>	<u>(212,012)</u>	<u>6,258,781</u>
Expenditures:				
Debt Service:				
Principal	7,485,000	7,485,000	-	7,160,000
Interest and fiscal charges	4,370,000	4,164,021	(205,979)	4,219,174
Bond issuance costs	-	-	-	128,805
Total expenditures	<u>11,855,000</u>	<u>11,649,021</u>	<u>(205,979)</u>	<u>11,507,979</u>
Excess (deficiency) of revenues over expenditures	(5,745,000)	(5,751,033)	(6,033)	(5,249,198)
Other financing sources (uses):				
Transfers in	4,997,500	4,994,028	(3,472)	3,842,358
Payments to escrow agent	-	-	-	(13,311,607)
Refunding bonds issued	-	-	-	12,345,112
Premiums on bonds issued	-	-	-	1,095,300
Total other financing sources (uses)	<u>4,997,500</u>	<u>4,994,028</u>	<u>(3,472)</u>	<u>3,971,163</u>
Net change in fund balance	(747,500)	(757,005)	(9,505)	(1,278,035)
Fund balance at beginning of year	11,221,173	11,221,173	-	12,499,208
Fund balance at end of year	<u>\$ 10,473,673</u>	<u>\$ 10,464,168</u>	<u>\$ (9,505)</u>	<u>\$ 11,221,173</u>

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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			
	Final Budget	Actual	Variance Over (Under)	2019 Actual
Revenues:				
Property taxes	\$ 2,500,000	\$ 2,985,363	\$ 485,363	\$ 2,700,000
Total revenues	<u>2,500,000</u>	<u>2,985,363</u>	<u>485,363</u>	<u>2,700,000</u>
Expenditures:				
Debt Service:				
Principal	1,615,000	1,615,000	-	1,555,000
Interest and fiscal charges	1,900,000	1,880,363	(19,637)	1,942,562
Total expenditures	<u>3,515,000</u>	<u>3,495,363</u>	<u>(19,637)</u>	<u>3,497,562</u>
Excess (deficiency) of revenues over expenditures	(1,015,000)	(510,000)	505,000	(797,562)
Other financing sources (uses):				
Transfers in	1,015,000	510,000	(505,000)	797,562
Total other financing sources (uses)	<u>1,015,000</u>	<u>510,000</u>	<u>(505,000)</u>	<u>797,562</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
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Governmental funds capital assets:</u>		
Land	\$ 55,621,837	\$ 53,509,998
Construction in progress	66,232,293	47,737,619
Buildings	254,510,813	224,937,717
Infrastructure	93,813,797	93,813,797
Furniture, fixtures and improvements	87,643,326	87,643,326
Equipment	87,998,732	84,202,889
Total governmental funds capital assets	\$ <u>645,820,798</u>	\$ <u>591,845,346</u>
<u>Investment in governmental funds capital assets by source:</u>		
Capital project funds	\$ 441,452,489	\$ 391,056,520
Governmental funds revenues	148,227,958	145,066,164
Federal and State grants	35,626,876	35,209,187
Donations and other	20,513,475	20,513,475
Total governmental funds capital assets	\$ <u>645,820,798</u>	\$ <u>591,845,346</u>

UNIFORM SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2020

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			1,095,332	1,095,332
Court fines and assessments remitted to State Treasurer			(540,378)	(540,378)
Total Court Fines and Assessments retained			554,954	554,954
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			16,542	16,542
Assessments retained			49,740	49,740
Total Surcharges and Assessments retained for victim services			66,282	66,282

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	14,050		14,050
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	49,740		49,740
Victim Service Surcharges Retained by City/County Treasurer	16,542		16,542
Interest Earned	73		73
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund	41,724		
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	122,129		122,129
<u>Expenditures for Victim Service Program:</u>	Municipal	County	Total
Salaries and Benefits	95,300		95,300
Operating Expenditures	12,779		12,779
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	108,079		108,079
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	14,050		14,050

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.	100
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, principally the property tax.	106
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.	111
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.	115
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.	117

Table 1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 121,497,861	\$ 138,891,514	\$ 155,168,837	\$ 181,770,720	\$ 226,873,405	\$ 255,827,193	\$ 269,276,543	\$ 276,808,151	\$ 299,415,020	\$ 287,536,690
Restricted	30,744,978	30,423,666	27,866,231	21,721,357	21,681,183	18,592,679	24,653,188	20,697,865	37,113,459	52,155,371
Unrestricted	21,866,469	26,553,409	42,013,899	52,355,841	(34,926,375)	(41,087,614)	(50,677,748)	(63,598,862)	(84,238,300)	(96,509,174)
Total governmental activities net position	174,109,308	195,868,589	225,048,967	255,847,918	213,628,213	233,332,258	243,251,983	233,907,154	252,290,179	243,182,887
Business-type activities										
Net investment in capital assets	\$ 2,140,348	\$ 2,353,851	\$ 2,600,404	\$ 2,785,583	\$ 3,844,982	\$ 4,157,046	\$ 4,334,928	\$ 5,022,064	\$ 5,369,014	\$ 5,942,418
Unrestricted	5,061,043	5,982,041	5,745,453	5,234,795	3,164,826	2,269,972	3,481,903	2,174,668	3,029,239	3,836,960
Total business-type activities net position	7,201,391	8,335,892	8,345,857	8,020,378	7,009,808	6,427,018	7,816,831	7,196,732	8,398,253	9,779,378
Primary government										
Net investment in capital assets	\$ 123,638,209	\$ 141,245,365	\$ 157,769,241	\$ 184,556,303	\$ 230,718,387	\$ 259,984,239	\$ 273,611,471	\$ 281,830,215	\$ 304,784,034	\$ 293,479,108
Restricted	30,744,978	30,423,666	27,866,231	21,721,357	21,681,183	18,592,679	24,653,188	20,697,865	37,113,459	52,155,371
Unrestricted	26,927,512	32,535,450	47,759,352	57,590,636	(31,761,549)	(38,817,642)	(47,195,845)	(61,424,194)	(81,209,061)	(92,672,214)
Total primary government net position	\$ 181,310,699	\$ 204,204,481	\$ 233,394,824	\$ 263,868,296	\$ 220,638,021	\$ 239,759,276	\$ 251,068,814	\$ 241,103,886	\$ 260,688,432	\$ 252,962,265

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Expenses										
General government	\$ 25,371,323	\$ 23,230,770	\$ 27,445,090	\$ 26,867,536	\$ 26,457,600	\$ 32,296,185	\$ 34,530,826	\$ 38,783,954	\$ 42,215,486	\$ 59,398,285
Public safety	46,170,085	48,393,769	51,619,681	54,457,376	58,491,261	61,633,465	67,170,655	66,992,191	69,552,562	74,696,804
Sanitation	5,455,504	5,595,353	6,011,879	6,389,844	6,129,667	6,306,562	7,000,290	6,493,504	6,300,832	6,462,848
Culture and recreation	13,738,220	14,883,727	14,148,047	15,489,110	16,495,636	17,469,972	17,925,304	18,772,388	19,161,665	19,839,395
Community development and promotion	5,860,846	4,754,853	4,906,786	4,709,825	5,174,995	4,709,983	6,679,525	4,618,764	4,503,967	4,755,152
Interest on long-term debt	5,460,165	5,518,173	7,098,192	7,649,242	5,888,319	5,488,761	7,178,924	7,879,075	8,472,792	8,554,244
Total governmental activities expenses	102,056,143	102,376,645	111,229,675	115,562,933	118,637,478	127,904,928	140,485,524	143,539,876	150,207,304	173,706,728
Program revenues										
Charges for services:										
General government	2,163,813	2,451,952	3,952,793	3,204,897	3,002,029	3,922,073	4,151,146	3,911,296	3,604,164	3,082,180
Public safety	4,141,790	3,611,583	3,872,664	3,688,314	3,974,967	3,599,404	3,089,174	3,112,088	3,465,147	3,432,519
Sanitation	70,103	64,447	67,556	74,729	58,175	83,800	82,601	32,375	84,714	129,017
Culture and recreation	5,595,582	6,770,787	7,216,389	9,034,247	7,722,471	8,293,168	10,452,107	9,514,023	9,587,826	8,038,127
Operating grants and contributions	10,109,870	5,419,156	4,831,230	3,534,071	4,802,442	3,892,060	4,391,958	3,918,886	4,203,707	4,450,205
Capital grants and contributions	2,869,607	9,870,180	1,244,990	16,298,998	19,860,711	7,986,236	1,570,651	8,075,233	13,139,697	3,125,348
Total governmental activities program revenues	24,950,765	28,188,105	21,185,622	35,835,256	39,420,795	27,776,741	23,737,637	28,563,901	34,085,255	22,257,396
Total Governmental Activities Net Program Expense	\$ 77,105,378	\$ 74,188,540	\$ 90,044,053	\$ 79,727,677	\$ 79,216,683	\$ 100,128,187	\$ 116,747,887	\$ 114,975,975	\$ 116,122,049	\$ 151,449,332

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities (continued):										
General Revenues and Other Changes in Net Position										
Taxes										
Property taxes	\$ 47,021,601	\$ 48,913,271	\$ 52,270,893	\$ 52,566,263	\$ 53,869,578	\$ 57,252,351	\$ 61,028,053	\$ 57,820,066	\$ 64,309,746	\$ 70,286,375
Business license taxes	17,861,972	19,994,477	21,421,988	22,249,041	22,931,298	24,692,314	26,306,512	27,341,722	26,448,488	28,626,726
Sales taxes	8,238,669	8,649,499	8,940,463	10,153,006	10,629,210	11,759,175	12,296,029	12,733,860	13,527,556	13,431,545
Franchise taxes	8,119,607	7,786,661	8,051,475	8,415,235	9,154,565	9,676,988	8,988,232	9,005,507	8,520,261	7,925,146
Hospitality taxes	4,942,144	5,317,448	5,679,436	5,961,759	6,763,503	7,077,470	7,265,612	7,667,819	8,322,621	7,868,244
Accommodations taxes	4,108,465	3,700,989	4,372,821	5,021,022	5,603,398	5,633,783	6,133,600	6,312,211	6,320,359	5,162,347
Other taxes	179,705	239,877	178,530	219,857	294,013	277,442	203,053	195,070	230,210	183,545
State shared revenues	2,945,823	2,191,105	2,511,770	2,523,874	2,542,418	2,542,418	2,641,066	3,136,864	3,163,926	3,246,249
Investment earnings	457,231	584,740	859,341	213,490	454,003	563,372	970,842	1,991,570	3,196,330	2,749,191
Miscellaneous	525,876	889,355	1,351,728	4,190,079	867,353	1,107,950	1,341,101	1,459,672	1,013,788	3,383,042
Special item-settlement agreement (Note 1)	-	-	14,360,000	-	9,165,000	-	-	-	-	-
Special item-settlement agreement (Note 2)	-	-	-	-	(5,500,000)	-	-	-	-	-
Transfers	(1,561,549)	(1,463,690)	(774,014)	(986,998)	(939,350)	(751,031)	(506,488)	(357,348)	(548,211)	(520,370)
Total general revenues and other changes in net position	92,839,544	96,803,732	119,224,431	110,526,628	115,834,989	119,832,232	126,667,612	127,307,013	134,505,074	142,342,040
Total Governmental Activities Change in Net Position	\$ 18,651,004	\$ 22,615,192	\$ 29,180,378	\$ 30,798,951	\$ 36,618,306	\$ 19,704,045	\$ 9,919,725	\$ 12,331,038	\$ 18,383,025	\$ (9,107,292)

Note (1): The special item - settlement agreement represents amounts owed from Palmetto Railways as a result of an agreement dated in February 2013 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. In September 2014, Palmetto Railways and the City reached a settlement that resulted in the exchange of property that amounted to an increase of \$9,165,000 in capital asset value.

Note (2): The special item-settlement agreement represents a lawsuit settlement on October 8, 2015 resulting from a potential claim that would have been captioned the Estate of Walter Scott v. The City of North Charleston, et.al.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type Activities:										
Expenses										
Golf course enterprise fund	\$ 2,582,577	\$ 2,594,030	\$ 2,408,010	\$ 2,561,377	\$ 2,321,730	\$ 2,237,278	\$ 2,619,428	\$ 2,479,565	\$ 2,557,198	\$ 2,477,393
Stormwater utility enterprise fund	2,822,335	2,946,972	3,262,117	3,829,193	3,693,146	5,066,996	3,383,068	4,393,095	4,004,446	4,074,216
Total business-type activities expenses	5,404,912	5,541,002	5,670,127	6,390,570	6,014,876	7,304,274	6,002,496	6,872,660	6,561,644	6,551,609
Program revenues										
Charges for services:										
Golf course enterprise fund	1,033,552	1,152,487	1,284,175	1,259,730	1,144,490	1,241,324	1,818,460	2,014,022	1,970,120	1,839,951
Stormwater utility enterprise fund	3,191,083	4,013,656	3,556,993	3,793,027	3,724,405	4,095,088	4,855,735	4,298,656	5,162,712	5,409,171
Operating grants and contributions	-	-	-	-	-	-	46,690	-	-	-
Capital grants and contributions	-	-	-	-	330,000	550,000	117,750	-	-	-
Total business-type activities revenues	4,224,635	5,166,143	4,841,168	5,052,757	5,198,895	5,886,412	6,838,635	6,312,678	7,132,832	7,249,122
Total Business-type Activities Net Program Expense	1,180,277	374,859	828,959	1,337,813	815,981	1,417,862	(836,139)	559,982	(571,188)	(697,513)
Other Changes in Net Position										
Miscellaneous	37,319	45,670	64,910	25,336	65,331	84,041	47,186	62,057	82,122	163,242
Transfers, net	1,561,549	1,463,690	774,014	986,998	939,350	751,031	506,488	357,348	548,211	520,370
Total Business-type Activities Change in Net Position	\$ 418,591	\$ 1,134,501	\$ 9,965	\$ (325,479)	\$ 188,700	\$ (582,790)	\$ 1,389,813	\$ (140,577)	\$ 1,201,521	\$ 1,381,125
Total Primary Government Change in Net Position	\$ 23,033,783	\$ 30,314,879	\$ 29,190,343	\$ 30,473,472	\$ 36,807,006	\$ 19,121,255	\$ 11,309,538	\$ 12,190,461	\$ 19,584,546	\$ (7,726,167)

Table 3

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Post-GASB #54 (Note 1)										
Nonspendable	67,821	71,199	274,984	237,272	1,151,727	859,957	490,969	488,245	640,904	642,148
Restricted	-	-	-	827,268	2,426,723	3,495,172	1,537,879	2,436,055	2,384,811	2,457,648
Committed	409,827	411,021	412,023	412,694	477,128	641,611	1,212,749	1,031,377	1,048,749	350,046
Assigned	3,791,705	4,044,976	4,452,826	5,069,487	4,933,417	4,113,187	7,071,580	8,470,192	7,981,859	8,838,293
Unassigned	18,039,621	20,009,645	20,485,406	20,620,802	12,827,624	12,714,812	13,972,612	21,586,634	27,160,114	29,196,285
Total General Fund	\$ <u>22,308,974</u>	\$ <u>24,536,841</u>	\$ <u>25,625,239</u>	\$ <u>27,167,523</u>	\$ <u>21,816,619</u>	\$ <u>21,824,739</u>	\$ <u>24,285,789</u>	\$ <u>34,012,503</u>	\$ <u>39,216,437</u>	\$ <u>41,484,420</u>
All Other Governmental Funds										
Post-GASB #54 (Note 1)										
Nonspendable	22,698	61,905	52,936	42,520	50,163	187,641	55,046	95,751	47,685	193,380
Restricted	58,733,461	102,351,606	76,787,587	57,158,017	53,080,616	43,818,393	116,053,813	108,094,919	118,735,011	84,596,810
Assigned	409,156	369,277	384,680	369,852	417,966	347,757	247,118	681,997	797,592	867,776
Total All Other Governmental Funds	\$ <u>59,165,315</u>	\$ <u>102,782,788</u>	\$ <u>77,225,203</u>	\$ <u>57,570,389</u>	\$ <u>53,548,745</u>	\$ <u>44,353,791</u>	\$ <u>116,355,977</u>	\$ <u>108,872,667</u>	\$ <u>119,580,288</u>	\$ <u>85,657,966</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.

Table 4

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property taxes	\$ 46,798,627	\$ 48,259,447	\$ 51,516,594	\$ 52,409,847	\$ 53,779,197	\$ 57,042,134	\$ 60,793,331	\$ 57,479,535	\$ 64,072,543	\$ 70,025,598
Licenses and permits	27,599,742	29,670,187	31,420,738	32,991,422	34,119,753	37,036,183	37,991,977	39,102,975	37,864,749	39,164,130
Intergovernmental	30,766,054	29,976,800	27,652,503	43,841,104	50,986,549	40,024,244	36,791,204	43,482,009	48,287,287	36,710,919
Fines and forfeitures	2,333,498	1,867,687	1,826,523	1,918,180	2,009,689	1,678,485	1,111,709	1,107,993	896,351	851,081
Charges for services	1,695,599	1,601,380	1,918,865	1,611,405	1,761,270	2,175,807	2,238,554	2,283,811	2,946,825	2,957,832
Investment/property earnings	6,523,787	7,945,094	9,708,023	10,667,406	9,078,518	9,746,669	10,776,223	12,050,679	12,834,296	12,715,124
Other revenues	513,826	757,106	442,195	883,983	856,157	1,042,547	960,793	1,418,217	696,754	1,686,996
Total revenues	116,231,133	120,077,701	124,485,441	144,323,347	152,591,133	148,746,069	150,663,791	156,925,219	167,598,805	164,111,680
Expenditures										
General government	21,463,825	22,506,209	23,929,383	25,891,695	26,374,210	28,902,833	30,221,023	37,645,135	38,339,053	35,453,690
Public safety	47,963,669	48,428,219	52,819,352	55,207,576	56,716,601	61,935,194	62,787,241	62,469,821	66,791,421	70,658,250
Sanitation	5,143,935	5,321,461	5,756,066	6,099,718	6,652,304	6,038,348	6,732,214	5,901,967	5,938,587	6,475,682
Culture and recreation	11,369,459	12,565,625	13,135,932	14,165,731	14,101,241	14,499,420	14,753,130	15,369,627	15,942,208	16,063,749
Community development and promotion	5,204,591	4,087,855	4,250,510	4,496,711	4,818,173	4,430,162	6,825,907	4,242,797	4,003,977	3,967,421
Capital outlay	20,254,916	17,104,210	29,465,729	42,490,801	47,238,809	23,351,434	13,245,452	14,070,133	38,523,069	64,277,579
Debt service										
Principal	15,167,373	15,189,314	17,207,010	18,069,793	19,303,029	19,277,287	20,490,579	15,926,659	16,212,335	17,793,043
Interest	5,503,062	5,550,169	7,178,755	6,718,366	6,237,230	6,026,731	5,916,063	8,175,152	7,807,582	9,170,170
Bond issuance costs	-	598,293	34,000	-	182,689	-	690,668	-	801,261	309,470
Total expenditures	132,070,830	131,351,355	153,776,737	173,140,391	181,624,286	164,461,409	161,662,277	163,801,291	194,359,493	224,169,054
Excess (deficiency) of revenues over expenditures	(15,839,697)	(11,273,654)	(29,291,296)	(28,817,044)	(29,033,153)	(15,715,340)	(10,998,486)	(6,876,072)	(26,760,688)	(60,057,374)
Other financing sources (uses)										
Transfers in	18,323,633	10,783,936	8,126,496	24,199,932	11,100,176	15,663,023	10,233,928	7,288,698	5,366,592	9,628,903
Transfers out	(19,885,182)	(12,247,626)	(8,900,510)	(25,186,930)	(12,039,526)	(16,414,054)	(10,740,416)	(7,646,046)	(5,914,803)	(10,149,273)
Proceeds from sale of property	1,535,770	154,601	186,676	5,596,512	525,415	1,193,537	413,455	5,312,824	383,665	1,538,882
Bonds issued	24,600,000	52,520,000	-	-	16,000,000	-	80,000,000	-	36,324,888	19,915,000
Premiums/Discounts on bonds	-	4,002,083	-	-	2,606,540	-	1,472,755	-	4,108,396	3,424,523
Refunding bonds issued	-	-	-	-	-	-	-	-	12,345,112	-
Payments to escrow agent	-	-	-	-	-	-	-	-	(13,311,607)	-
Capital lease obligations	3,574,000	1,906,000	3,409,447	4,095,000	4,968,000	4,086,500	4,082,000	4,164,000	3,370,000	4,045,000
Total other financing sources (uses)	28,148,221	57,118,994	2,822,109	8,704,514	23,160,605	4,529,006	85,461,722	9,119,476	42,672,243	28,403,035
Special item										
Palmetto Railway settlement agreement	-	-	2,000,000	2,000,000	2,000,000	2,000,000	-	-	-	-
Public safety settlement agreement	-	-	-	-	(5,500,000)	-	-	-	-	-
Net change in fund balances	\$ 12,308,524	\$ 45,845,340	\$ (24,469,187)	\$ (18,112,530)	\$ (9,372,548)	\$ (9,186,334)	\$ 74,463,236	\$ 2,243,404	\$ 15,911,555	\$ (31,654,339)
Debt service as a percentage of noncapital expenditures	19.42%	19.89%	20.31%	20.02%	21.30%	18.51%	18.44%	16.92%	16.17%	15.91%

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>Business</u>															
<u>Year</u>	<u>Property</u>		<u>License</u>		<u>Sales</u>		<u>Franchise</u>		<u>Hospitality</u>		<u>Accommodations</u>		<u>Other</u>		<u>Total</u>	
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
2014		52,409,847		22,249,041		10,153,006		8,415,235		5,956,801		4,713,438		219,857		104,117,225
2015		53,779,197		22,931,298		10,629,210		9,154,565		6,763,503		5,603,398		294,013		109,155,184
2016		57,042,134		24,692,314		11,759,175		9,676,988		7,077,470		5,633,783		277,442		116,159,306
2017		60,793,331		26,306,512		12,296,029		8,988,232		7,265,612		6,133,600		203,053		121,986,369
2018		57,479,535		27,341,722		12,733,860		9,005,507		7,667,819		6,312,211		195,070		120,735,724
2019		64,072,543		26,448,488		13,527,556		8,520,261		8,322,621		6,320,359		230,210		127,442,038
2020		70,025,598		28,626,726		13,431,545		7,925,146		7,868,244		5,162,347		183,545		133,223,151

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>
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	419,113,667	87,175,573	38,043,324	544,332,564	94.0	7,891,135,602	6.90%
2014	436,798,501	84,512,130	41,658,740	562,969,371	95.0	8,379,692,010	6.72%
2015	453,258,440	80,527,770	49,427,010	583,213,220	95.0	8,453,128,499	6.90%
2016	484,484,213	83,986,320	51,947,391	620,417,924	95.0	8,795,399,100	7.05%
2017	536,000,515	92,269,430	58,737,763	687,007,708	95.0	9,283,031,806	7.40%
2018	563,037,152	95,731,915	62,491,503	721,260,570	95.0	9,880,554,290	7.30%
2019	603,573,670	95,650,529	59,316,763	758,540,962	97.0	10,342,481,875	7.33%
2020	648,371,197	101,248,986	64,655,562	814,275,745	97.0	11,150,448,425	7.30%

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.

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

Table 7

Fiscal Year	(2) City of North Charleston			(2)(3) County of Charleston			Charleston County School District (3)			Total Charleston County Direct & Overlapping ⁽¹⁾
	Direct	Debt	Total	Direct	Debt	Total	Direct	Debt	Total	Rates
	Operating Millage	Service Millage	City Millage	Operating Millage	Service Millage	County Millage	Operating Millage	Service Millage	District Millage	
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
2014	88.0	7.0	95.0	47.2	7.4	54.6	100.5	26.0	126.5	276.1
2015	88.0	7.0	95.0	46.7	8.4	55.1	100.5	26.0	126.5	276.6
2016	88.0	7.0	95.0	50.9	8.4	59.3	100.7	26.0	126.7	281.0
2017	88.0	7.0	95.0	50.9	8.9	59.8	116.3	20.0	136.3	291.1
2018	88.0	7.0	95.0	50.9	8.9	59.8	119.2	26.0	145.2	300.0
2019	88.0	9.0	97.0	50.9	8.9	59.8	123.2	28.0	151.2	308.0
2020	88.0	9.0	97.0	50.9	8.9	59.8	126.7	28.0	154.7	311.5

Fiscal Year	City of North Charleston			County of Dorchester			Dorchester County School District (3)			Total Dorchester County Direct & Overlapping ⁽¹⁾
	Direct	Debt	Total	Direct	Debt	Total	Direct	Debt	Total	Rates
	Operating Millage	Service Millage	City Millage	Operating Millage	Service Millage	County Millage	Operating Millage	Service Millage	District Millage	
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
2014	88.0	7.0	95.0	77.9	6.5	84.4	168.6	46.0	214.6	394.0
2015	88.0	7.0	95.0	78.1	6.5	84.6	168.6	53.0	221.6	401.2
2016	88.0	7.0	95.0	82.9	6.2	89.1	169.9	53.0	222.9	407.0
2017	88.0	7.0	95.0	83.5	6.2	89.7	169.9	53.0	222.9	407.6
2018	88.0	7.0	95.0	83.5	6.2	89.7	173.6	53.0	226.6	411.3
2019	88.0	9.0	97.0	84.6	6.2	90.8	173.6	53.0	226.6	414.4
2020	88.0	9.0	97.0	86.6	5.9	92.5	183.6	53.0	236.6	426.1

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>2020</u>		<u>2011</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 (Note 1)	\$ 70,941,146	8.71%	\$ 8,300,003	1.72%
Mercedes Benz Vans LLC	19,500,831	2.39%	-	
Kapstone	17,445,325	2.14%	14,728,415	3.06%
Dominion Energy	16,841,700	2.07%	10,850,500	2.25%
Trident Medical Center	9,639,630	1.18%	5,274,920	1.09%
North Charleston Joint Venture	5,915,360	0.73%	6,048,217	1.25%
Ingevity	5,646,004	0.69%	-	
Tanger Properties	5,525,810	0.68%	-	
Cellco Partnership	5,038,353	0.62%	2,985,320	0.62%
LRC Leeds Holdings LLC	4,200,010	0.52%	-	
Total	\$ 160,694,169	19.73%	\$ 48,187,375	10.00%

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

Note 1: Taxable assessed value shown for Boeing represents the total of Charleston County's taxable assessment for Boeing. However, due to the fee-in-lieu agreement with Boeing, the net property tax revenues derived from Boeing are greatly reduced as a result of tax abatements.

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
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	45,196,538	42,527,708	94.10%	2,004,651	44,532,359	98.53%
2014	47,576,013	44,846,696	94.26%	1,668,805	46,515,501	97.77%
2015	49,462,096	46,631,464	94.28%	1,545,818	48,177,282	97.40%
2016	51,523,304	49,000,660	95.10%	1,430,618	50,431,278	97.88%
2017	54,465,561	52,067,162	95.60%	1,651,349	53,718,511	98.63%
2018	56,953,386	54,233,480	95.22%	1,637,778	55,871,258	98.10%
2019	63,186,381	60,412,402	95.61%	1,430,627	61,843,029	97.87%
2020	68,042,118	65,176,983	95.79%	-	65,176,983	95.79%

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 County and School District incremental property tax revenues reflected in the Tax Infrastructure Fund.

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

Fiscal Year	General Bonded Debt	Restricted Accumulated Resources (4)	Net 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	Limited Obligation Bonds	Capital Leases
2011	32,395,000	5,122,528	27,272,472	0.39%	272.89	45,545,271	62,861,959	-	-	8,223,994
2012	29,215,000	4,966,996	24,248,004	0.33%	237.35	39,821,266	58,438,522	56,522,083	-	7,835,681
2013	25,920,000	4,146,947	21,773,053	0.28%	208.82	33,887,261	53,670,085	55,022,000	-	8,943,118
2014	22,505,000	2,105,898	20,399,102	0.24%	190.62	27,678,256	48,566,648	53,616,917	-	10,508,325
2015	37,392,770	1,253,510	36,139,260	0.43%	331.42	21,199,251	43,093,211	52,171,834	-	12,523,296
2016	34,934,000	147,545	34,786,455	0.40%	317.01	14,430,244	37,209,774	50,661,751	-	13,187,009
2017	32,365,230	299,339	32,065,891	0.35%	289.24	7,710,119	30,896,337	49,086,668	81,472,755	13,538,430
2018	29,726,460	293,388	29,433,072	0.30%	262.80	6,565,000	24,122,899	47,441,585	81,413,845	13,560,771
2019	43,633,708	2,348,207	41,285,501	0.40%	359.00	19,758,202	3,555,000	45,726,502	102,945,470	13,163,436
2020	38,979,622	2,339,968	36,639,654	0.33%	313.16	42,183,665	-	43,951,419	98,901,795	13,400,393

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Fiscal Year	Business-type Activities Debt		Total Primary Government (3)	Percentage of Personal Income (2)	Per Capita (2)
	Golf Course Revenue Bonds	Capital Leases			
2011	8,689,890	240,752	152,834,338	0.58%	1,529.25
2012	8,168,650	222,730	195,256,936	0.71%	1,911.23
2013	7,622,410	129,427	181,047,354	0.62%	1,736.37
2014	7,051,170	345,076	168,165,494	0.54%	1,571.39
2015	6,459,930	798,963	172,385,745	0.53%	1,580.88
2016	5,843,690	771,926	156,890,849	0.45%	1,429.76
2017	5,207,450	1,110,729	221,088,379	0.60%	1,994.28
2018	4,546,210	1,352,953	208,436,335	0.52%	1,861.04
2019	3,859,970	1,539,825	231,833,906	N/A	2,015.95
2020	3,148,730	1,623,138	239,848,794	N/A	2,049.99

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

The amounts presented above are net of related premiums, discounts and adjustments.

(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, 2020**

Governmental Unit	Net Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Charleston County	\$ 612,395,000	21.22%	\$ 129,947,232
Charleston County Parks & Recreation Commission	38,465,000	21.22%	8,162,085
Charleston County School District	716,996,798	21.22%	152,143,223
Charleston County Aviation Authority	236,494,373	21.22%	50,182,952
North Charleston Sewer District	11,035,000	21.22%	2,341,573
Dorchester County	72,340,940	18.18%	13,152,898
Dorchester County School District	317,060,890	18.18%	<u>57,647,435</u>
Subtotal Overlapping Debt			\$ 413,577,398
City Direct Debt			<u>237,416,894</u>
Total Direct and Overlapping Debt			<u><u>\$ 650,994,292</u></u>

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**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Property Value	\$ 482,635,109	\$ 482,635,109	\$ 544,332,564	\$ 562,969,371	\$ 583,213,220	\$ 620,417,924	\$ 687,007,708	\$ 721,260,570	\$ 758,540,962	\$ 814,275,745
Debt Limit (8% of assessed value)	38,565,479	38,610,809	43,546,605	45,037,550	46,657,058	49,633,434	54,960,617	57,700,846	60,683,277	65,142,060
Net debt applicable to limit:										
General obligation bonds	<u>32,395,000</u>	<u>29,215,000</u>	<u>25,920,000</u>	<u>22,505,000</u>	<u>34,960,000</u>	<u>32,675,000</u>	<u>30,280,000</u>	<u>27,815,000</u>	<u>40,275,000</u>	<u>35,880,000</u>
Legal debt margin	\$ <u>6,170,479</u>	\$ <u>9,395,809</u>	\$ <u>17,626,605</u>	\$ <u>22,532,550</u>	\$ <u>11,697,058</u>	\$ <u>16,958,434</u>	\$ <u>24,680,617</u>	\$ <u>29,885,846</u>	\$ <u>20,408,277</u>	\$ <u>29,262,060</u>
Total net debt applicable to the limit as a percentage of debt limit	84.00%	75.67%	59.52%	49.97%	74.93%	65.83%	55.09%	48.21%	66.37%	55.08%

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

Table 13

**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	
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
2014	8,282,036	5,865,000	979,397	1.21	1,276,603	1,496,998	1,644,505	1,129,096	575,000	314,297	1.27
2015	8,101,050	6,135,000	738,762	1.18	1,200,372	1,449,350	1,508,246	1,141,476	595,000	286,631	1.29
2016	9,566,068	6,425,000	472,643	1.39	1,306,054	1,261,031	1,451,831	1,115,254	620,000	261,264	1.27
2017	10,464,035	6,725,000	245,889	1.50	1,882,514	1,016,488	1,920,401	978,601	640,000	250,871	1.10
2018	2,260,956	1,150,000	146,568	1.74	2,023,553	867,348	1,796,625	1,094,276	665,000	218,867	1.24
2019	3,660,081	1,190,000	119,757	2.79	1,981,353	1,058,211	1,921,203	1,118,361	690,000	185,465	1.28
2020	4,827,909	490,000	1,007,225	3.22	1,923,032	1,030,370	1,856,788	1,096,614	715,000	163,298	1.25
Fiscal Year	Certificates of Participation and Limited Obligation Bonds										
	Citywide ATAX Component	Citywide HTAX Component	County Shared ATAX	Total Tax Collections	(2) Other Revenues		Capitalized Interest Fund	Total Available Resources	Debt Service		Coverage
					Revenues	Revenues			Principal	Interest	
2011	2,232,310	2,471,072	1,420,392	6,123,774	527,638	6,651,412	-	6,651,412	4,020,000	2,617,149	1.00
2012	2,356,648	2,616,067	1,424,683	6,397,398	532,550	6,929,948	-	6,929,948	4,335,000	2,420,259	1.03
2013	2,667,325	2,810,672	1,422,517	6,900,514	448,932	7,349,446	-	7,349,446	4,680,000	2,258,797	1.06
2014	3,047,485	2,978,400	1,424,616	7,450,501	519,638	7,970,139	-	7,970,139	5,015,000	2,069,097	1.13
2015	3,303,547	3,312,473	1,426,057	8,042,077	540,900	8,582,977	-	8,582,977	5,385,000	1,827,534	1.19
2016	3,451,543	3,533,891	1,428,806	8,414,240	623,311	9,037,551	-	9,037,551	5,795,000	1,588,179	1.22
2017	3,629,938	3,645,889	1,429,359	8,705,186	595,610	9,300,796	486,559	9,787,355	6,225,000	1,862,970	1.21
2018	3,903,744	3,809,870	1,431,576	9,145,190	557,745	9,702,935	1,804,931	11,507,866	6,685,000	4,396,434	1.04
2019	3,842,358	4,052,036	1,433,901	9,328,295	772,844	10,101,139	1,804,931	11,906,070	7,160,000	4,219,174	1.05
2020	3,541,375	3,934,122	1,434,959	8,910,456	1,981,560	10,892,016	1,804,931	12,696,947	7,485,000	4,164,021	1.09

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

(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) Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2011	99,941	26,461,000	38,818	22,538	9.4%
2012	102,163	27,510,000	39,444	22,640	8.5%
2013	104,268	29,167,000	39,853	23,513	7.3%
2014	107,017	30,861,000	42,038	23,902	5.1%
2015	109,044	32,791,000	45,016	24,273	5.8%
2016	109,732	35,242,000	46,439	24,625	4.9%
2017	110,861	37,085,000	48,769	24,850	4.2%
2018	112,000	40,137,000	50,958	25,164	3.1%
2019	115,000	**	**	25,211	3.0%
2020	117,000	**	**	25,550	9.0%

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>2020</u>		<u>2011</u>	
	<u>Employees</u>	<u>Percentage of Total MSA (1) Employment</u>	<u>Employees</u>	<u>Percentage of Total MSA (1) Employment</u>
Joint Base Charleston	22,000	5.37%	21,000	6.00%
Boeing	7,000	1.71%	3,000	0.86%
Charleston County	2,600	0.63%	2,400	0.69%
Trident Regional, LLC	2,500	0.61%	2,500	0.71%
U.S. Postal Service	2,000	0.49%	1,200	0.34%
City of North Charleston	1,101	0.27%	1,052	0.30%
Mercedes-Benz Vans LLC	1,100	0.27%	-	
Dominion Energy	850	0.21%	1,000	0.29%
Kapstone	800	0.20%	850	0.24%
Ingevity Chemicals	625	0.15%	-	
WestRock	500	0.12%	-	
Total	41,076	10.02%	33,002	9.43%

Source: Charleston County Chamber of Commerce and the State of South Carolina Division of Research and Statistical Service. MSA is the Metropolitan Statistical Area encompassing the City of North Charleston and Charleston.

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Executive	20	20	21	21	21	21	20	21	19	19
Facilities Management	6	6	5	5	5	5	5	2	2	2
City Council	12	12	12	12	12	12	12	12	12	12
Finance	10	10	10	10	10	10	12	11	11	10
Purchasing	4	4	5	6	5	5	5	5	4	4
Information Systems	10	10	10	10	11	11	11	11	11	12
Municipal Court	22	20	19	19	19	19	19	13	13	13
Human Resources	7	8	7	7	7	7	10	9	9	10
Legal	4	4	5	5	5	5	5	4	4	5
Public Safety										
Police	426	417	419	420	420	423	440	437	434	441
Fire	229	229	241	242	257	257	257	258	271	272
Building Inspections	17	17	18	18	19	19	19	18	18	18
Culture & Recreation										
Parks and Recreation	35	36	36	38	44	44	43	47	53	50
Cultural Arts	7	7	7	7	7	7	7	7	7	7
Community Development										
Planning	18	18	17	15	15	15	15	14	14	14
Code Enforcement	14	15	15	15	15	15	15	14	14	14
Public Works										
Administration	10	10	10	10	10	10	11	11	11	11
Maintenance	78	77	73	75	88	88	88	88	88	89
Sanitation	77	77	75	75	74	74	74	65	49	53
Stormwater Maintenance	46	46	46	46	47	47	46	45	45	45
Total	1,052	1,043	1,051	1,056	1,091	1,094	1,114	1,092	1,089	1,101

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Building permits issued	1,912	1,546	1,884	1,726	1,750	1,825	1,850	1,950	2,080	2,184
Business licenses issued	7,357	7,122	7,300	7,656	7,750	7,875	7,950	8,050	8,100	8,150
Police										
Physical arrests	11,500	12,939	13,000	13,636	14,000	10,500	8,750	7,500	5,800	6,000
Traffic violations	42,500	43,000	44,000	45,001	45,500	35,500	22,500	15,500	8,200	9,000
Fire										
Fire responses	7,500	10,046	15,055	17,890	18,500	19,500	19,750	20,500	21,000	22,000
Inspections	5,000	6,124	6,404	6,788	6,200	6,500	5,700	5,250	5,100	4,500
Refuse collection										
Garbage collection (annual tons)	29,057	28,311	29,542	24,670	28,000	29,000	29,500	30,250	30,400	30,750
Trash collection (annual tons)	20,523	19,745	19,563	20,817	21,500	22,500	23,250	24,500	24,250	25,000
Golf course										
Rounds played	34,855	38,397	42,081	41,100	36,113	38,401	43,035	43,380	43,301	46,979
Stormwater utility										
Accounts billed	23,976	23,209	23,951	28,370	29,141	29,343	29,436	32,656	32,242	32,698

Source: Various City departments.

Table 18

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police stations	7	7	7	7	7	7	7	7	7	7
Fire stations	12	12	12	12	12	11	11	11	11	11
Public Works										
Collection trucks	33	35	35	33	35	36	37	35	34	35
Streetlights	7,300	7,350	7,500	7,600	7,700	7,800	7,900	8,000	8,050	8,100
Traffic signals	110	101	119	120	125	130	135	140	145	150
Parks and Recreation										
Playgrounds	31	32	33	34	35	36	37	38	39	40
Baseball/softball diamonds	28	28	27	27	26	26	25	25	24	24
Football/soccer fields	10	10	9	9	8	8	7	7	6	7
Community centers	19	20	20	20	20	20	20	20	21	22
Senior Citizens Centers	-	-	-	-	-	-	-	2	2	2

Source: Various City departments.