



**CITY OF NORTH CHARLESTON
SOUTH CAROLINA**

**ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT**

FISCAL YEAR ENDED JUNE 30, 2023

Prepared By:

FINANCE DEPARTMENT

**R. Keith Summey
Mayor**

**Robert Jarrett
Finance Director**

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
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INTRODUCTORY SECTION

November 7, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of North Charleston (the "City") for the fiscal year ended June 30, 2023 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, 2023 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, 2023 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, 2023, 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 114,852, according to the 2020 Census. Census statistics as of July 1, 2022 reflect an estimated North Charleston population of over 118,600.

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 ten busiest in the nation with cargo valued at more than \$99 billion as of fiscal year ended June 30, 2023. International trade through the South Carolina ports facilitates over 260,000 jobs across the State of South Carolina in the maritime, transportation, distribution and manufacturing industries while providing an overall economic impact of over \$87 billion as of fiscal year ended June 30, 2023. The Port of Charleston is in the midst of spending over \$2 billion in port related infrastructure improvements which includes the completed construction of a new terminal and rail yard 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 was completed in 2021, created 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 830,000 and a gross taxable sales estimate exceeding \$37 billion for the 2022 calendar year. North Charleston is the second largest municipal leader in retail sales. In calendar year 2022, gross retail sales exceeded \$8.96 billion. The City has over 4.5 million square feet of retail space, the largest four areas being the Tanger Outlet Center, Northwoods Mall, Northwoods Market Place and Festival Center. Spending in building permit construction dollar values increased in the City during the fiscal year ending June 30, 2023 compared to fiscal year ending June 30, 2022. The region has an estimated civilian labor workforce exceeding 400,000, which has grown by over 20% for the last ten years. The local unemployment rate of 3.0% as of June 30, 2023 is below both the State and National averages.

Tourism remains a vital segment of the local MSA economy. Overall hotel/motel occupancy rates increased over 2% from fiscal year 2022 to 2023. Hotel/motel room inventory exceeds 8,000 rooms in the City of North Charleston as of the fiscal year ending 2023. 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 2000 rooms.

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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 twelve scheduled passenger air carriers that operate at the airport to include: Alaska, Alevo, Allegiant, American, Breeze, Delta, Frontier, JetBlue, Silver, Southwest, Sun Country and United. Passenger traffic increased over 16% from calendar year 2022 (where it exceeded over 5.3 million passengers) versus 2021 and is on pace to increase another 16% for calendar year 2023 as the airport will likely surpass 6 million passengers. The Charleston County Aviation Authority has completed a \$350 million renovation and expansion plan which included 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 for the foreseeable future.

More than a decade after first being considered, construction on a new access road to the Charleston International Airport could begin by mid-2024 after South Carolina legislative officials committed to helping fund the nearly \$144 million road project. Once completed, the entryway to the airport from International Boulevard will go away and access to the airport will be via a full interchange at West Montague Avenue and Interstate 526 which will open the thoroughfare and allow better access to and from the airport. Realigning the entryway to the airport was an integral part of Boeing's decision to triple its footprint near the airport. The realignment is expected to meet both the existing and future development needs of Boeing's campus for the next several decades.

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-eight years. The Stingrays, which are one of the oldest and largest franchises in the ECHL, came under new ownership in 2018 and is signed to a lease with the City to remain at the Coliseum complex through August 2024.

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 helped 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 early 2021, the City completed construction of a five level parking garage adjacent to the Convention Center designed to accommodate 2,000 parking spaces. Additional site work included the construction of a 7,000 square foot office building to relocate the existing parking staff and other complex personnel. These facilities were completed 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 when not impacted by the pandemic (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 \$225 million in taxable property value. The City has experienced over a \$13 million increase in annual property tax collections from Dorchester County over the past twenty-one years primarily attributable to the residential growth surrounding the golf course. Plans are underway to create a commercial/residential 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 200 housing units on four parcels surrounding the traffic circle.



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Tax Increment Financing Districts. Over the past eighteen 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

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55,000-square-foot five-story office building leasing space to an engineering firm, medical practice and other professional firms. 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. In September 2021, the City voted to create an overlay TIF district in the City Center Redevelopment area to spur additional development. Construction is already underway on a project labeled the Uptown North Charleston development project with plans to create a large mixed-use development valued at over \$100 million which will bring in new hotels, apartments, offices and a Topgolf (golf-themed venue) park.



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 \$72 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 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 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.

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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 construction project will link 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 and 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 attracted 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,

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JAS Forwarding USA and the addition of Boeing's Interiors Fabrication Facility. In 2021, Cummins Turbo Technologies announced plans to expand its manufacturing operations in Palmetto Commerce Park with a more than \$10.7 million investment expected to create over 250 new jobs. In the summer of 2021, Trinity Capital Advisors announced plans to develop an 850,000 square foot industrial park on Palmetto Commerce Parkway looking to attract a diverse range of manufacturers and distributors. In 2022, Elbit Systems of America, LLC, a provider of high-performance products and system solutions for the defense, homeland security and commercial aviation industries, announced plans to develop a 135,000 square foot manufacturing facility which is expected to create over 300 jobs. It was opened in 2023. Also announced in 2022, SHL Medical, a provider of drug delivery solutions, will invest over \$90 million in a facility in the Palmetto Commerce Parkway area that will create over 165 new jobs. In perhaps the largest speculative project announced to date, Dalfen Industrial announced plans in 2022 to build a 1.32 million square foot retail distribution center on 114 acres in Palmetto Commerce Park. In August of 2023, construction of the Palmetto Commerce Interchange project valued at \$54.5 million began. In addition, Weber USA Corp. is proposing a town-center type project which includes 580,000 square feet of retail space, 850 apartment units, 390 hotel rooms, and a 45,000 square foot parking deck.

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 late 2023, will employ over 120 people and handle over 1 million cargo containers of merchandise each year.

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City of North Charleston

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. In 2017, it landed a \$23 million contract to test the Vestas MHI turbine, called the world's most powerful turbine. Rapidly growing offshore wind farms and renewable energy sources could boost this testing facility's ability to contribute. 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.

The Navy Yard Charleston development, announced in the spring of 2021, aims to create a new urban center on the former North Charleston Naval Base. Approximately 1.2 million square feet of new offices, residences, shops and restaurants are planned near the northern end of the former Navy Base building with plans that include new construction and renovation of vacant historic buildings and is expected to play out over the next 10 to 15 years. In the fall of 2021, Camino Verde Group, a Las Vegas land develop company, acquired an abandoned 158,000 square foot building for purposes of renovating the facility into a multi-family development and develop additional land next door into an eight-story building with over 295 multi-family units. In early winter of 2021, Capital Development Partners, a Savannah real estate developer, purchased 135 acres of land adjacent to the Port of Charleston to build a logistics facility at a cost of over \$250 million scheduled to employ over 200.

On the northern end of the base, the City of North Charleston built a \$9 million pedestrian bridge across Noisette Creek connecting the existing riverfront park to an area across the creek it hopes to develop. The grand opening for the Noisette Creek Bridge occurred on November 9, 2022. The 800-foot bridge has two 55-foot-tall arches spanning 235 feet wide and was named the American Public Works Association project of the year. In addition, it was named the 11th most beautiful, elevated walkway through nature by Architectural Digest. For several years, the City has been in receipt of various Navy Base housing facilities from the State for purposes of developing a mixed-use community. These various properties include the Admiral's house, caretaker's house, the Chapel, old school house and various officers quarters facing the river currently being used for meeting spaces and restaurants. The Navy Yard Charleston development plans will complement the City's efforts in continuing development of the waterfront area.

To the Council and Citizens of the
City of North Charleston



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.

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.

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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. 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. To help educate local workers for the increasing aerospace industry, Trident Technical College 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 late summer of 2022, Boeing recovered from a long delivery drought of its 787s as it resolved various production and regulatory issues. The delivery reboot could mean more jobs for the area as Boeing attempts to regain its production level at over 10 planes a month. In December 2022, Boeing secured its largest ever contract with United Airlines booking an order of one hundred 787 planes with an option to purchase one hundred additional planes. On October 25, 2023, Boeing announced that by mid-year it had increased its production from less than two planes per month to four planes per month and is expecting to increase its production to five 787s per month by 2024. The North Charleston facility made room for a second production line and is expected to increase its production to ten 787s per month by 2025 or 2026.

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 with plans to employ over 1,600 individuals to operate this facility. In

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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. In 2021, Mercedes-Benz announced it would invest over \$60 million in the North Charleston manufacturing site to build the next generation e-Sprinter van as part of the shift toward electrified vehicles. It debuted the newest battery powered e-Sprinter van in early 2023 and major production will begin in the later part of 2023. In the summer of 2021, it announced plans to invest over \$53 million to create a new holding and staging warehouse for its completed vans. 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.

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 publicly 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.

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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 and in 2021 announced it would invest another \$10.2 million in a nearly 50,000 square foot expansion at its customer care center creating an additional 500 jobs. 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. 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

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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.

Perhaps the biggest news came in November 2022 when Roper St. Francis announced relocation of its downtown Charleston complex with plans to build a \$1 billion 27-acre campus in North Charleston next to the existing City Hall which will include a new hospital and office building. The project is considered one of the biggest projects along the east coast. Prior to the announcement, the City of North Charleston and Roper worked closely to secure several properties around City Hall and Mall Drive. Included in this was the sale of North Charleston's old City Hall building for \$9.2 million to Roper.

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. In 2022, the City started construction of two major developments within the Noisette TIF district. The Danny Jones Athletic Complex is being replaced with a new North Charleston Sports Complex. The sports complex will include a new pool, roller rink, indoor gym, and tennis courts which meet U.S. Tennis Association standards. In addition, the interior area of Park Circle is being reconstructed to include a new community center, an inclusive ball field, and the region's largest inclusive playground. The ribbon cutting for the Park Circle Community Center is scheduled for November 11, 2023.

Long-Term Financial Planning. Unassigned fund balance in the General Fund (44.5% of the fiscal year 2023/2024 General Fund budgeted expenditures) falls above the fund balance policy guidelines set by the Council for budgetary and planning purposes, which is at least 20% of the budgeted General Fund expenditures. The fiscal year 2023/2024 General Fund budget as approved is a balanced budget that recommends no use of the unassigned fund balance as a source of revenue. The 2023/2024 budget was originally adopted at \$147,123,599.

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
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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 Noiset 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 Noiset TIF limited obligation (tax increment pledge) bonds for the purpose of reimbursing developers for certain public infrastructure improvements within the Noiset 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. In June 2021, the City refunded its outstanding Series 2012 Installment Purchase Revenue Bonds and issued \$22 million in additional IPRB to fund new sidewalk construction. In January 2022, the City issued over \$42 million in TIF bonds for improvements within the Noiset Community Redevelopment Project area to include rebuilding the Felix C. Davis community center, renovating the Danny Jones Pool and Gym Complex and to construct Miracle League fields.

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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 Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2022. 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. An ACFR 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-five fiscal years from June 30, 1988 through 2022. 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


Robert L. Jarrett
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of North Charleston
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2023

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 Finance.....Robert L. Jarrett

City Attorney.....Derk Van Raalte

Municipal Clerk of Council.....Courtney Heyward

Fire Chief.....Greg Bulanow

GIS Director.....Kathleen Brenkert

Public Works Director.....Michelle Lloyd

Human Resources Director.....Janie King

Code Enforcement DirectorAngela McJunkin

Director of Information Systems.....David Dixon

Director of Recreation.....TJ Rostin

Purchasing Director.....Willie Atienza

Building Official.....Darbis Briggman

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

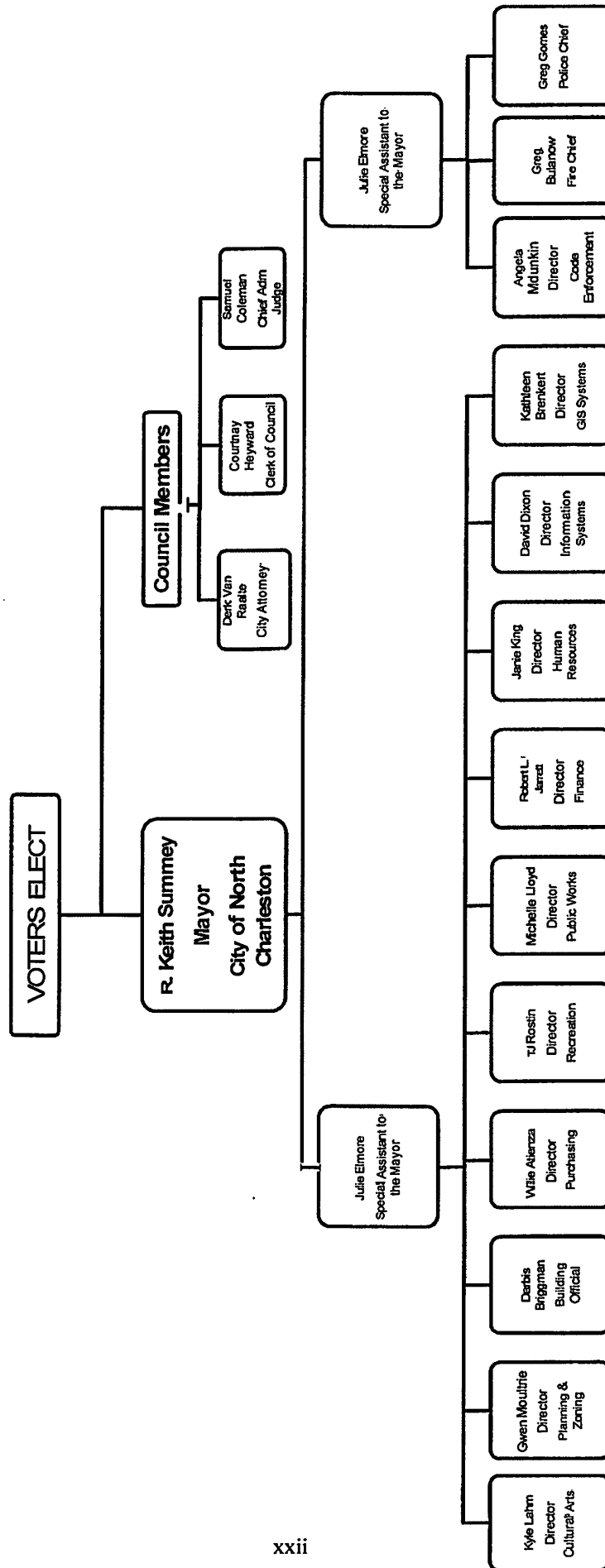
Cultural Arts Director.....Kyle Lahm

Police Chief.....George G. Gomes

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
City of North Charleston, South Carolina
North Charleston, South Carolina

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Notes I and III to the financial statements, in 2023 the City adopted a new accounting guidance, Governmental Accounting Standards Board ("GASB") No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A"), 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 is the responsibility of management and, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

We have 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, 2023 (not presented herein), and have issued our report thereon dated November 6, 2023, 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, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the capital assets used in operations of governmental funds – comparative schedule by source are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. 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 of the City. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023, 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
November 6, 2023

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, 2023. 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-xix* 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 \$318,092,171 (net position). Net position increased \$37,902,481 or 13.5%, for the fiscal year ending June 30, 2023.
 - Governmental activities net position was \$305,492,740, an increase of \$36,009,339, or 13.4%. Unrestricted net position increased \$31,747,104 to a deficit of \$3,377,644 as of June 30, 2023.
 - Business-type net position amounted to \$12,599,431, an increase of \$1,893,142 or 17.7%. Unrestricted net position increased \$1,315,907 to \$5,071,647 as of June 30, 2023.
- ❖ At June 30, 2023, the total fund balance of the City's governmental funds was \$225,818,399, an increase of \$1,601,642, or 0.7%.
 - The fund balance of the General Fund increased \$15,180,965, or 22.1%, to \$83,807,690. \$65,513,375 of this fund balance was unassigned at year-end, an increase of \$12,702,564, or 24.1%, from the \$52,810,811 balance at June 30, 2022.
 - General Fund revenues exceeded expenditures by \$10,484,922 before other financing sources or uses and special items, a decrease of \$1,481,788 from the prior year and it was a \$20,223,930 favorable variance to the final budget.
- ❖ Total capital assets (net of accumulated depreciation and amortization) for the City amounted to \$496,596,703 at June 30, 2023, an increase of \$19,221,339 or 4.03%.
 - Governmental activities capital assets (net of accumulated depreciation and amortization) amounted to \$486,222,409, an increase of \$19,030,626, or 4.07%.
 - Business-type capital assets (net of accumulated depreciation and amortization) amounted to \$10,374,294, an increase of \$190,713, or 1.87%.
- ❖ At June 30, 2023, the City's total debt, including financed purchase obligations, lease and SBITA liabilities and compensated absences was \$310,290,286 (net of unamortized premiums and discounts), a decrease of \$8,372,332 or 2.63%.
 - Governmental funds total debt amounted to \$307,237,995, a decrease of \$7,940,810 or 2.52%.
 - Business-type funds total debt amounted to \$3,052,291, a decrease of \$431,522, or 12.4%.

- ❖ 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 16-18 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-seven 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, American Rescue Plan Act Grant Fund, Installment Purchase Revenue Bonds Capital Projects Fund and the Citywide Capital Projects Fund, all considered major funds. Data from the other twenty-one 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 19-22 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 23-25 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 26-67 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 68-76 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 77-107 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 \$318,092,171 at June 30, 2023.

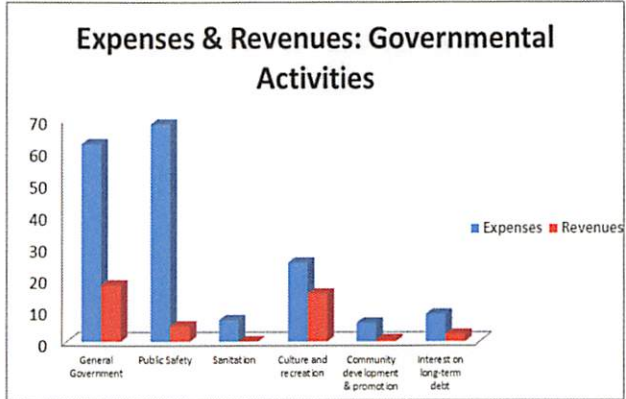
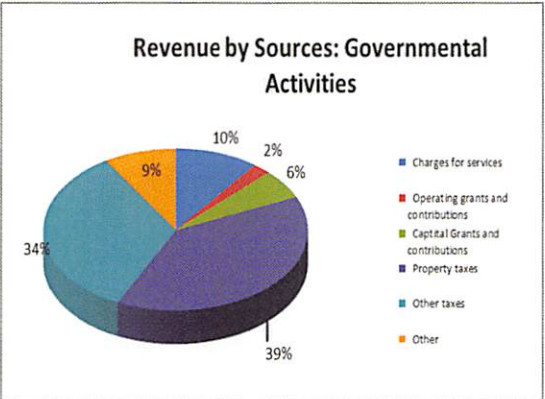
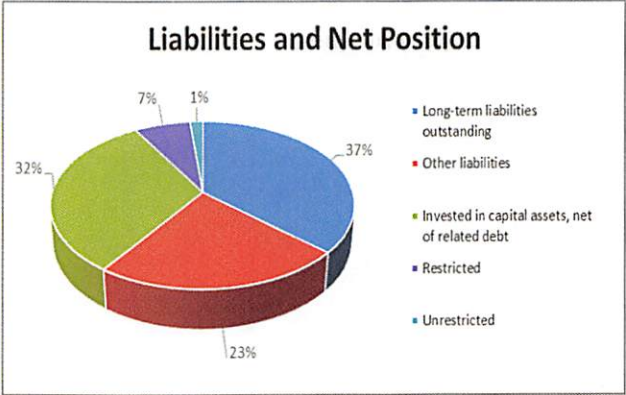
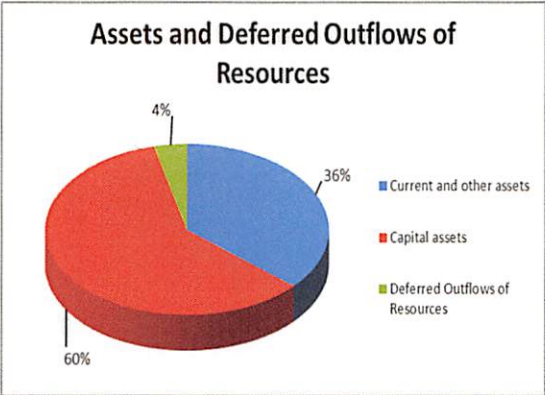
City of North Charleston's Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$294,814,201	\$289,938,890	\$ 6,952,226	\$ 5,992,748	\$301,766,427	\$295,931,638
Capital assets	<u>486,222,409</u>	<u>467,191,783</u>	<u>10,374,294</u>	<u>10,183,581</u>	<u>496,596,703</u>	<u>477,375,364</u>
Total assets	<u>781,036,610</u>	<u>757,130,673</u>	<u>17,326,520</u>	<u>16,176,329</u>	<u>798,363,130</u>	<u>773,307,002</u>
Total deferred outflows of resources	<u>30,079,473</u>	<u>27,841,115</u>	<u>729,035</u>	<u>721,213</u>	<u>30,808,508</u>	<u>28,562,328</u>
Long-term liabilities outstanding	307,237,995	315,178,805	3,052,291	3,483,813	310,290,286	318,662,618
Net pension and OPEB liabilities	128,388,167	113,536,923	1,956,395	1,750,294	130,344,562	115,287,217
Other liabilities	<u>57,175,340</u>	<u>54,159,427</u>	<u>238,391</u>	<u>488,287</u>	<u>57,413,731</u>	<u>54,647,714</u>
Total liabilities	<u>492,801,502</u>	<u>482,875,155</u>	<u>5,247,077</u>	<u>5,722,394</u>	<u>498,048,579</u>	<u>488,597,549</u>
Total deferred inflows of resources	<u>12,821,841</u>	<u>32,613,232</u>	<u>209,051</u>	<u>468,859</u>	<u>13,030,892</u>	<u>33,082,091</u>
Net position:						
Net investment in capital assets	252,925,413	262,949,805	7,527,784	6,950,549	260,453,197	269,900,354
Restricted	55,944,971	41,658,344	-	-	55,944,971	41,658,344
Unrestricted	<u>(3,377,644)</u>	<u>(35,124,748)</u>	<u>5,071,647</u>	<u>3,755,740</u>	<u>1,694,003</u>	<u>(31,369,008)</u>
Total net position	<u>\$305,492,740</u>	<u>\$269,483,401</u>	<u>\$12,599,431</u>	<u>\$10,706,289</u>	<u>\$318,092,171</u>	<u>\$280,189,690</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 plus unspent bond proceeds. 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 City's investment in capital assets during the fiscal year ending June 30, 2023 was impacted by land purchases, large equipment purchases, the ongoing construction of the riverfront park pedestrian bridge, the ongoing construction of various recreation facilities, reduction in debt and unspent bond proceeds.

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 \$314,342 of seized and forfeited drug funds, \$1,105,935 in grant funds, \$2,784,599 for other special revenue funds, \$31,171,463 held for redevelopment activities and \$20,568,632 held for debt service requirements.

Unrestricted net position of the governmental activities increased \$31,747,104 largely due to the improved operating results of the General Fund, proceeds from the sale of property and the collections of various grant related funds and the business-type activities unrestricted net position increased \$1,315,907 largely due to the increase in operational net income. The \$25,056,128 increase in overall total assets is largely attributable to the increase in net capital assets and improved operational results. The City's total liabilities remained relatively flat as a result of the decrease in long-term liabilities outstanding offset by the increase in pension and OPEB liabilities.



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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program revenues:						
Charges for services	\$23,101,894	\$18,372,096	\$8,728,539	\$8,474,900	\$31,830,433	\$26,846,996
Operating grants and contributions	4,904,033	10,701,450	-	-	4,904,033	10,701,450
Capital grants and contributions	13,073,143	12,225,880	-	-	13,073,143	12,225,880
General revenues:						
Property taxes	87,627,072	78,670,277	-	-	87,627,072	78,670,277
Other taxes	76,476,022	71,132,048	-	-	76,476,022	71,132,048
Other	<u>19,870,247</u>	<u>6,157,939</u>	<u>236,367</u>	<u>135,996</u>	<u>20,106,614</u>	<u>6,293,935</u>
Total revenues	<u>225,052,411</u>	<u>197,259,690</u>	<u>8,964,906</u>	<u>8,610,896</u>	<u>234,017,317</u>	<u>205,870,586</u>
<u>Expenses:</u>						
General government	62,142,517	49,150,093	-	-	62,142,517	49,150,093
Public safety	68,372,422	72,322,466	-	-	68,372,422	72,322,466
Sanitation	6,783,330	6,515,840	-	-	6,783,330	6,515,840
Culture and recreation	25,025,616	22,057,460	-	-	25,025,616	22,057,460
Community development	5,917,959	6,793,358	-	-	5,917,959	6,793,358
Interest on long-term debt	8,657,928	8,587,584	-	-	8,657,928	8,587,584
Golf course expenses	-	-	2,814,140	2,631,241	2,814,140	2,631,241
Stormwater utility expenses	-	-	<u>5,127,624</u>	<u>6,436,679</u>	<u>5,127,624</u>	<u>6,436,679</u>
Total expenses	<u>176,899,772</u>	<u>165,426,801</u>	<u>7,941,764</u>	<u>9,067,920</u>	<u>184,841,536</u>	<u>174,494,721</u>
Increase/Decrease in net position before transfers	48,152,639	31,832,889	1,023,142	(457,024)	49,175,781	31,375,865
Transfers in (out)	<u>(870,000)</u>	<u>(370,078)</u>	<u>870,000</u>	<u>370,078</u>	<u>-</u>	<u>-</u>
Increase/Decrease in net position before special item	47,282,639	31,462,811	1,893,142	(86,946)	49,175,781	31,375,865
Special Item:						
SCDOR settlement agreement	<u>(11,273,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,273,300)</u>	<u>-</u>
Total special item	<u>(11,273,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,273,300)</u>	<u>-</u>
Increase/Decrease in net position	36,009,339	31,462,811	1,893,142	(86,946)	37,902,481	31,375,865
Net position at beginning of year	<u>269,483,401</u>	<u>238,020,590</u>	<u>10,706,289</u>	<u>10,793,235</u>	<u>280,189,690</u>	<u>248,813,825</u>
Net position at end of year	<u>\$305,492,740</u>	<u>\$269,483,401</u>	<u>\$12,599,431</u>	<u>\$10,706,289</u>	<u>\$318,092,171</u>	<u>\$280,189,690</u>

Total government-wide revenues of \$234,017,317 were derived primarily from property taxes, business licenses and other taxes (70.1%) while charges for services, grants and other revenues made up the remaining revenues (29.9%). Revenues increased \$28,146,731 or 13.7% primarily from the rise in various tax revenue collections and capital grants. Total government-wide expenses of all programs were \$184,841,536, reflecting an increase of \$10,346,815, or 5.9% from the prior year. The expenses cover a wide range with public safety (police and fire) representing 37.0% of the total, with general government and culture and recreation making up the next largest balances at 33.6% and 13.5%, respectively.

Governmental activities. Governmental activities increased the City of North Charleston's net position by \$36,009,339. Increases in tax revenues and capital grants and contributions were the major reasons for the increase in governmental net position.

Business-type activities. Business-type activities realized an increase in net position in the amount of \$1,893,142. The Stormwater Utility Enterprise Fund realized an increase in net position largely due to a reduction in storm drainage related costs 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, 2023, the governmental funds of the City of North Charleston reported a combined fund balance of \$225,818,399, an increase of \$1,601,642 in comparison with the prior year. Nonspendable, restricted, committed and assigned governmental fund balances decreased \$11,100,922 reflecting primarily the expenditure 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 \$65,813,375 or 47.8% of the operating budget for the fiscal year ending June 30, 2023, while total fund balance is \$83,807,690. Unassigned fund balance at June 30, 2023 increased by \$12,702,564 or 24.1% 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 46.8% of total General Fund expenditures including transfers to other funds, while total fund balance represents 59.9% of that same amount.

Key governmental revenue and expenditure highlights are as follows:

- Property taxes increased by \$8,758,131 or 11.1% over fiscal year ending June 30, 2022. Tax Infrastructure Fund incremental property taxes increased \$3,875,826 as a result of the continued rise in taxable value within each TIF district. General fund and debt service fund property tax revenues increased by \$4,882,305, which was the result of continued growth in the overall citywide assessed property value.
- Intergovernmental revenues decreased by \$854,302 or 1.5% due largely to the decrease in year to year utilization of the American Rescue Grant revenues however other tax revenues rose modestly. Sales tax, hospitality and accommodation tax collections only increased by \$3,693,831 as of result of the continued recovery from the impact of the pandemic.
- Business licenses, franchise fees and permits increased by \$3,246,905 largely due to the strong recovery from the impact of the pandemic on prior year results.
- General government expenditures increased by \$5,357,125 as a result of personnel hiring, higher personnel and benefit related costs, insurance related costs and higher OPEB contributions.
- Capital outlay expenditures increased by \$28,408,931 primarily due to major expenditures occurring related to several large construction projects involving recreational facilities started during the fiscal year ending June 30, 2023.
- Public safety expenditures increased by \$1,384,208 as a result of an increase in vehicle replacement costs and higher wages and benefits related to renewed hiring to fill vacancies resulting during the pandemic.
- Sanitation, culture and recreation, and community development and promotion expenditures increased by \$3,252,550 largely due to the increase in the operational costs associated with Coliseum Complex as a result of the increase in programs/activities.

- Debt service expenditures increased by \$7,460,006 primarily as a result of bond principal reduction and the implementation of GASB96 and the addition of subscription based liabilities.

The Installment Purchase Revenue Bonds Capital Projects Fund has a total fund balance of \$23,451,751. The net decrease in fund balance during the fiscal year ended June 30, 2023 was \$313,744 and resulted primarily from the expenditure of bond proceeds. The Tax Infrastructure Capital Projects Fund has a total fund balance of \$56,100,134. The net decrease in fund balance during the fiscal year ending June 30, 2023 was \$36,821,993 and resulted from the expenditure of bond proceeds on several large construction projects. The Coliseum Operating Fund has a total fund balance of \$995,485. The net increase of \$569,272 is the result of a significant increase in events at the Coliseum complex that generated a net surplus in operations. The Citywide Capital Projects Fund has a total balance of \$29,168,587. The net increase in fund balance during the fiscal year ending June 30, 2023 was \$17,876,563 and resulted from large capital contributions from other government agencies.

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, 2023 was originally adopted at \$137,593,797, inclusive of transfers out to other funds. During the fiscal year, the City revised the budget on several occasions primarily as a result of the pandemic. 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, 2023 totals \$147,226,917.

Differences between the original budget and the final amended budget are represented by an increase in appropriations of \$9,633,120. The sanitation, culture and recreation budgets received an increase in allocation of \$991,645 largely due to an increase in program services provided following the impact of the pandemic. The general government budget received an increase in allocation of \$3,855,308 as a result of the increase in personnel wages and benefits, insurance costs and OPEB contributions. The public safety budget received an increase in allocation of \$2,854,697 primarily due to an increase in personnel costs and equipment purchases. Transfers budget received an additional allocation of \$450,900 and debt service increased \$1,450,000 as a result of the implementation of GASB96.

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

- Property taxes were \$2,115,484 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 \$3,978,580 above the amended budget primarily due to impact of the rising economy on sales activities and increase permit revenues from construction growth.
- Intergovernmental revenues were \$2,742,437 above the amended budget primarily due to continued realization of revenue collections following the pandemic months.
- Revenues from use of monies and property and other revenues were \$2,845,848 above the amended budget primarily due to an increase in interest earnings as a result in the rise in investment rates.
- Fines and forfeitures were \$55,950 under the amended budget primarily due to a lower issuance of public safety tickets as a result of decreased violation notices and continued periodic closures in court operations.
- Charges for services and other revenues were \$1,237,024 above the amended budget primarily due to the increase in revenues collected from recreational program operations.

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, 2023 was \$496,596,703 (net of accumulated depreciation and amortization). These assets include land, land improvements, buildings and improvements, park facilities, machinery and equipment, vehicles, leased and SBITA assets. The total increase in the City's investment in net capital assets for the current fiscal year was \$19,221,339 or 4.03%.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Construction in progress	\$ 39,914,044	\$ 15,214,784	\$ -	\$ -	\$ 39,914,044	\$ 15,214,784
Land	56,837,076	56,819,086	1,397,188	1,397,188	58,234,264	58,216,274
Buildings	242,464,952	250,005,874	1,636,161	1,718,405	244,101,113	251,724,279
Infrastructure	65,160,780	68,898,145	661,665	677,234	65,822,445	69,575,379
Improvements	56,974,513	54,268,346	3,366,027	3,498,429	60,340,540	57,766,775
Machinery and equipment	22,342,400	20,835,527	3,313,253	2,862,372	25,655,653	23,697,899
Leased and SBITA assets	<u>2,528,644</u>	<u>1,150,021</u>	<u>-</u>	<u>29,953</u>	<u>2,528,644</u>	<u>1,179,974</u>
Total Capital Assets	<u>\$486,222,409</u>	<u>\$467,191,783</u>	<u>\$10,374,294</u>	<u>\$10,183,581</u>	<u>\$496,596,703</u>	<u>\$477,375,364</u>

Major capital asset events during the fiscal year ending June 30, 2023 included the following:

- The City expended over \$3,250,000 towards the construction of a new pedestrian bridge.
- The City spent over \$1,750,000 on a new fire station.
- The City spent over \$25,000,000 on recreational facilities construction.

Additional information on the City of North Charleston's capital assets can be found in note III.C on pages 41-42 of this report.

Long-term debt. As of June 30, 2023, the City of North Charleston had total bonded debt outstanding of \$274,159,468, which is inclusive of \$20,284,468 in deferred amounts consisting of unamortized premiums and discounts. Of this amount, \$24,640,000 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, Limited Obligation, Tax Increment and Revenue Bonds

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General Obligation Bonds	\$24,640,000	\$28,095,000	\$ -	\$ -	\$24,640,000	\$28,095,000
Limited Obligation Bonds	82,045,000	84,970,000	-	-	82,045,000	84,970,000
Installment Purchase Rev. Bonds	58,430,000	61,065,000	-	-	58,430,000	61,065,000
Tax Increment Bonds	87,925,000	99,185,000	-	-	87,925,000	99,185,000
Revenue Bonds	-	-	835,000	1,640,000	835,000	1,640,000
Subtotal	253,040,000	273,315,000	835,000	1,640,000	253,875,000	274,955,000
Add (Less): Unamortized discounts, premiums and amounts on refunding	<u>20,284,468</u>	<u>22,311,338</u>	<u>-</u>	<u>(3,750)</u>	<u>20,284,468</u>	<u>22,307,588</u>
Total	<u>\$273,324,468</u>	<u>\$295,626,338</u>	<u>\$ 835,000</u>	<u>\$1,636,250</u>	<u>\$274,159,468</u>	<u>\$297,262,588</u>

The City of North Charleston's long-term debt decreased by \$23,103,120 during the fiscal year ended June 30, 2023. The key factor in this overall decrease were the principal reductions of \$21,080,000 in both governmental and business-type activity bonds during the fiscal year ending June 30, 2023.

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 \$76,431,684 and its legal debt margin or the amount available to issue under the legal debt limit is \$51,791,684.

Additional information on the City of North Charleston's long-term debt can be found in note III.F on pages 43-51 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, 2023 was 3.0%. For the same time period, the National unemployment rate was 3.6% while the unemployment rate for the State of South Carolina was 3.1%.
- Retail sales in the City rose from \$8.2 billion in calendar year 2021 to \$8.9 billion in calendar year 2022.
- Spending in building permit construction dollar values increased nicely for the fiscal year ending June 30, 2023 compared to fiscal year ending June 30, 2022 as permit collections increased from \$2,885,300 in fiscal year ending June 30, 2022 to \$4,411,287 in fiscal year ending June 30, 2023.

The City's originally adopted budget for the General Fund for the fiscal year ending June 30, 2024 was \$147.1 million. The City's property tax rate remained at 95.0 mills, 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 increase slightly in the fiscal year ending June 30, 2024 as compared to June 30, 2023 due to conservative estimates relative to the state of the economy. Operational and capital expenses have

been increased by a little less than \$1 million while salaries and benefits have been increased by over \$8 million in anticipation of new hiring and wage increases.

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, 2023

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 105,797,708	\$ 6,833,867	\$ 112,631,575
Account receivables (net of allowance for uncollectibles)	5,630,691	81,856	5,712,547
Lease receivables	2,846,431	-	2,846,431
Due from other governments	13,108,834	-	13,108,834
Inventories, at cost	937,042	18,520	955,562
Other assets and prepaid items	3,719,975	-	3,719,975
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	162,773,520	17,983	162,791,503
Capital assets (not being depreciated):			
Construction in progress	39,914,044	-	39,914,044
Land	56,837,076	1,397,188	58,234,264
Capital assets (net of accumulated depreciation and amortization):			
Buildings	242,464,952	1,636,161	244,101,113
Infrastructure	65,160,780	661,665	65,822,445
Improvements	56,974,513	3,366,027	60,340,540
Equipment	22,342,400	3,313,253	25,655,653
Leased assets and SBITA	2,528,644	-	2,528,644
Total assets	781,036,610	17,326,520	798,363,130
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred pension charges	18,230,338	413,961	18,644,299
Deferred other postemployment benefits charges	10,439,672	315,074	10,754,746
Deferred loss on refunding	1,409,463	-	1,409,463
Total deferred outflows of resources	30,079,473	729,035	30,808,508

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Accounts payable	16,709,123	226,921	16,936,044
Other accrued liabilities	16,506,877	11,470	16,518,347
Escrow for seized funds	514,369	-	514,369
Unearned revenue	23,444,971	-	23,444,971
Long-term obligations:			
Due within one year:			
General obligation bonds	3,630,000	-	3,630,000
Limited obligation bonds	3,020,000	-	3,020,000
Tax increment financing bonds	4,425,000	-	4,425,000
Installment purchase revenue bonds	2,660,000	-	2,660,000
Revenue bonds	-	835,000	835,000
Financed purchase obligations	3,156,947	531,249	3,688,196
Lease and SBITA liabilities	807,598	-	807,598
Compensated absences	5,639,960	185,203	5,825,163
SCDOR - settlement agreement	1,127,330	-	1,127,330
Due in more than one year (noncurrent):			
Net pension liability	109,638,241	1,390,513	111,028,754
Net other postemployment benefits liability	18,749,926	565,882	19,315,808
General obligation bonds	23,780,275	-	23,780,275
Limited obligation bonds	80,965,770	-	80,965,770
Tax increment financing bonds	96,200,629	-	96,200,629
Installment purchase revenue bonds	58,642,794	-	58,642,794
Financed purchase obligations	10,861,204	1,480,261	12,341,465
Lease and SBITA liabilities	1,547,856	-	1,547,856
Compensated absences	626,662	20,578	647,240
SCDOR - settlement agreement	10,145,970	-	10,145,970
Total liabilities	492,801,502	5,247,077	498,048,579
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred leases	2,846,431	-	2,846,431
Deferred pension credits	6,329,875	99,027	6,428,902
Deferred other postemployment benefits credits	3,645,535	110,024	3,755,559
Total deferred inflows of resources	12,821,841	209,051	13,030,892
<u>NET POSITION</u>			
Net investment in capital assets	252,925,413	7,527,784	260,453,197
Restricted for:			
Redevelopment projects	31,171,463	-	31,171,463
Public safety and service	4,204,876	-	4,204,876
Debt service	20,568,632	-	20,568,632
Unrestricted	(3,377,644)	5,071,647	1,694,003
Total net position	\$ 305,492,740	\$ 12,599,431	\$ 318,092,171

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, 2023

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	\$ 62,142,517	\$ 4,668,811	\$ 410,472	\$ 12,796,731	\$ (44,266,503)	\$ -	\$ (44,266,503)
Public safety	68,372,422	3,213,045	1,686,371	-	(63,473,006)	-	(63,473,006)
Sanitation	6,783,330	126,241	-	-	(6,657,089)	-	(6,657,089)
Culture and recreation	25,025,616	15,093,797	81,085	-	(9,850,734)	-	(9,850,734)
Community development & promotion	5,917,959	-	395,995	276,412	(5,245,552)	-	(5,245,552)
Interest on long-term debt	8,657,928	-	2,330,110	-	(6,327,818)	-	(6,327,818)
Total governmental activities	176,899,772	23,101,894	4,904,033	13,073,143	(135,820,702)	-	(135,820,702)
Business-type activities:							
Golf course enterprise fund	2,814,140	3,216,390	-	-	-	402,250	402,250
Stormwater utility enterprise fund	5,127,624	5,512,149	-	-	-	384,525	384,525
Total business-type activities	7,941,764	8,728,539	-	-	-	786,775	786,775
Totals	\$ 184,841,536	\$ 31,830,433	\$ 4,904,033	\$ 13,073,143	(135,820,702)	786,775	(135,033,927)
General revenues:							
Property taxes					87,627,072	-	87,627,072
Business license taxes					31,833,286	-	31,833,286
Sales taxes					17,715,244	-	17,715,244
Franchise taxes					8,519,432	-	8,519,432
Alcoholic beverage taxes					173,950	-	173,950
Hospitality taxes					10,776,047	-	10,776,047
Accommodations taxes					7,458,063	-	7,458,063
State shared revenues, unrestricted					3,626,937	-	3,626,937
Investment earnings					8,717,612	197,831	8,915,443
Gain on sale of capital assets					5,519,800	-	5,519,800
Miscellaneous					2,005,898	38,536	2,044,434
Total general revenues before transfers					183,973,341	236,367	184,209,708
Transfers					(870,000)	870,000	-
Total general revenues and transfers					183,103,341	1,106,367	184,209,708
Special items:							
SCDOR settlement agreement					(11,273,300)	-	(11,273,300)
Total general revenues, transfers and special items					171,830,041	1,106,367	172,936,408
Change in net position					36,009,339	1,893,142	37,902,481
Net position at beginning of year					269,483,401	10,706,289	280,189,690
Net position at end of year					\$ 305,492,740	\$ 12,599,431	\$ 318,092,171

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, 2023

(With Comparative Totals at June 30, 2022)

	General	Coliseum Operating	Tax Infrastructure	American Rescue Grant Fund	Installment Purchase Revenue Bonds Capital Projects	Citywide Capital Projects	Nonmajor Governmental	Total Governmental Funds	
								2023	2022
Assets									
Cash and cash equivalents	\$ 91,056,741	\$ 9,376,610	\$ -	\$ -	\$ -	\$ -	\$ 5,364,357	\$ 105,797,708	\$ 84,157,674
Receivables, net of allowances:									
Property taxes	4,039,685	-	-	-	-	-	-	4,039,685	3,440,647
Accounts receivable	726,959	864,047	-	-	-	-	-	1,591,006	7,993,150
Lease receivables	2,846,431	-	-	-	-	-	-	2,846,431	3,192,556
Due from other funds	818,590	-	-	-	-	-	-	818,590	141,405
Due from other governments	6,864,327	-	4,570,000	-	-	55,000	1,619,507	13,108,834	13,440,019
Inventories, at cost	937,042	-	-	-	-	-	-	937,042	899,007
Prepaid items	2,597,380	99,763	1,022,832	-	-	-	-	3,719,975	2,663,982
Restricted assets:									
Cash and cash equivalents	3,350,453	-	62,599,974	16,555,833	23,664,448	29,123,469	27,479,343	162,773,520	174,151,855
Total assets	<u>\$ 113,237,608</u>	<u>\$ 10,340,420</u>	<u>\$ 68,192,806</u>	<u>\$ 16,555,833</u>	<u>\$ 23,664,448</u>	<u>\$ 29,178,469</u>	<u>\$ 34,463,207</u>	<u>\$ 295,632,791</u>	<u>\$ 290,080,295</u>
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities:									
Accounts payable	\$ 7,286,503	\$ 732,614	\$ 7,522,672	\$ 108,289	\$ 212,697	\$ 9,882	\$ 836,466	\$ 16,709,123	\$ 9,230,043
Other accrued liabilities	12,694,015	1,613,924	-	-	-	-	-	14,307,939	13,504,052
Escrow for seized funds	-	-	-	-	-	-	514,369	514,369	501,582
Due to other funds	-	-	-	-	-	-	818,590	818,590	141,405
Unearned revenue	-	6,998,397	-	16,446,574	-	-	-	23,444,971	28,561,038
Total liabilities	<u>19,980,518</u>	<u>9,344,935</u>	<u>7,522,672</u>	<u>16,554,863</u>	<u>212,697</u>	<u>9,882</u>	<u>2,169,425</u>	<u>55,794,992</u>	<u>51,938,120</u>
Deferred Inflows of Resources:									
Deferred lease revenue	2,846,431	-	-	-	-	-	-	2,846,431	3,192,556
Unavailable revenues	6,602,969	-	4,570,000	-	-	-	-	11,172,969	10,732,862
Total deferred inflows of resources	<u>9,449,400</u>	<u>-</u>	<u>4,570,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,019,400</u>	<u>13,925,418</u>
Fund balances:									
Nonspendable:									
Prepaid items	2,597,380	99,763	1,022,832	-	-	-	-	3,719,975	2,663,982
Inventories	937,042	-	-	-	-	-	-	937,042	899,007
Restricted for:									
Public safety and public service	-	-	-	-	-	-	4,204,876	4,204,876	3,084,528
Facility and infrastructure improvements	-	-	-	-	23,451,751	29,168,587	6,487,241	59,107,579	43,393,560
Debt service	-	-	-	-	-	-	20,568,632	20,568,632	14,554,065
Other capital projects	3,350,453	-	55,077,302	-	-	-	-	58,427,755	95,606,870
Committed for:									
Disaster funds	1,747,444	-	-	-	-	-	-	1,747,444	1,745,060
Assigned for:									
Community promotions	-	-	-	970	-	-	1,033,033	1,034,003	1,209,539
Facility operations	-	895,722	-	-	-	-	-	895,722	256,839
Education, boat landing, loans and other	9,661,996	-	-	-	-	-	-	9,661,996	7,992,496
Unassigned	65,513,375	-	-	-	-	-	-	65,513,375	52,810,811
Total fund balances	<u>83,807,690</u>	<u>995,485</u>	<u>56,100,134</u>	<u>970</u>	<u>23,451,751</u>	<u>29,168,587</u>	<u>32,293,782</u>	<u>225,818,399</u>	<u>224,216,757</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 113,237,608</u>	<u>\$ 10,340,420</u>	<u>\$ 68,192,806</u>	<u>\$ 16,555,833</u>	<u>\$ 23,664,448</u>	<u>\$ 29,178,469</u>	<u>\$ 34,463,207</u>	<u>\$ 295,632,791</u>	<u>\$ 290,080,295</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
GOVERNMENTAL FUNDS
RECONCILIATION OF FUND BALANCES TO NET POSITION
June 30, 2023

Total fund balances of Governmental Funds \$ 225,818,399

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, including leased and SBITA assets	\$ 705,882,681	
Accumulated depreciation and amortization	<u>(219,660,272)</u>	
Net carrying value of capital assets included in net position, not included in fund balances		486,222,409

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 \$2,770,275 and deferred loss on refunding of \$25,536	(27,384,739)	
Limited obligation bonds, including unamortized premiums of \$1,940,770	(83,985,770)	
Installment purchase revenue bonds, including unamortized premiums of \$2,872,794 and deferred loss on refunding of \$1,383,927	(59,918,867)	
Tax increment financing bonds, including unamortized premiums of \$12,700,629	(100,625,629)	
Financed purchase obligations	(14,018,151)	
Lease and SBITA liabilities	(2,355,454)	
Compensated absences	(6,266,622)	
SCDOR - settlement agreement	(11,273,300)	
Accrued interest on long-term debt	(2,198,938)	
Other postemployment benefits liability, net of benefits credits of \$3,645,535 and benefits charges of \$10,439,672	(11,955,789)	
Pension liability, net of pension credits of \$6,329,875 and pension charges of \$18,230,338	<u>(97,737,778)</u>	
Total liabilities included in Statement of Net Position, not included in fund liabilities		(417,721,037)

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

Special item - settlement agreement	4,570,000	
Hospitality taxes, accommodations taxes, and State shared revenues	3,669,928	
Property taxes	2,933,041	
Total long-term assets included in net position, not included in fund balances		<u>11,172,969</u>

Total net position of Governmental Activities \$ 305,492,740

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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	General	Coliseum Operating	Tax Infrastructure	American Rescue Grant Fund	Installment Purchase Revenue Bonds Capital Projects	Citywide Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds	
								2023	2022
Revenues:									
Property taxes	\$ 64,865,484	\$ -	\$ 13,776,139	\$ -	\$ -	\$ -	\$ 8,676,686	\$ 87,318,309	\$ 78,560,178
Licenses and permits	44,764,030	-	-	-	-	-	-	44,764,030	41,517,125
Intergovernmental	29,380,779	-	1,674,279	276,412	-	10,818,602	15,809,698	57,959,770	58,814,072
Fines and forfeitures	394,050	-	-	-	-	-	394,635	788,685	885,622
Charges for services	3,235,035	-	-	-	-	-	-	3,235,035	3,012,030
Revenues from use of monies and property	4,328,948	10,247,515	2,835,316	614,815	843,358	843,218	3,458,507	23,171,677	12,926,735
Other revenues	1,854,998	-	-	-	-	-	-	1,854,998	783,550
Total revenues	<u>148,823,324</u>	<u>10,247,515</u>	<u>18,285,734</u>	<u>891,227</u>	<u>843,358</u>	<u>11,661,820</u>	<u>28,339,526</u>	<u>219,092,504</u>	<u>196,499,312</u>
Expenditures:									
Current:									
General government	38,835,031	-	-	-	-	-	-	38,835,031	33,477,906
Public safety	74,237,344	-	-	-	-	-	2,634,683	76,872,027	75,487,819
Sanitation	7,520,778	-	-	-	-	-	-	7,520,778	6,482,871
Culture and recreation	10,084,502	9,678,243	-	-	-	-	975,540	20,738,285	17,710,837
Community development and promotion	2,645,768	-	-	891,227	-	-	2,014,838	5,551,833	6,364,638
Capital outlay	-	-	39,712,553	-	1,157,102	3,583,397	2,175,291	46,628,343	18,219,412
Debt service:									
Financed purchase obligations principal	3,307,370	-	11,260,000	-	-	-	9,015,000	23,582,370	17,778,034
Lease liability principal	1,432,360	-	-	-	-	-	-	1,432,360	392,744
Interest and fiscal charges	275,249	-	4,135,174	-	-	-	6,343,972	10,754,395	9,708,975
Bond issuance costs	-	-	-	-	-	-	-	-	429,366
Total expenditures	<u>138,338,402</u>	<u>9,678,243</u>	<u>55,107,727</u>	<u>891,227</u>	<u>1,157,102</u>	<u>3,583,397</u>	<u>23,159,324</u>	<u>231,915,422</u>	<u>186,052,602</u>
Excess (deficiency) of revenues over expenditures	<u>10,484,922</u>	<u>569,272</u>	<u>(36,821,993)</u>	<u>-</u>	<u>(313,744)</u>	<u>8,078,423</u>	<u>5,180,202</u>	<u>(12,822,918)</u>	<u>10,446,710</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	715,000	5,319,406	6,034,406	7,514,801
Transfers (out)	(1,515,377)	-	-	-	-	-	(5,389,029)	(6,904,406)	(7,884,878)
Proceeds from sale of property	265,220	-	-	-	-	9,083,140	-	9,348,360	232,375
Bonds issued	-	-	-	-	-	-	-	-	42,820,000
Premiums on bonds issued	-	-	-	-	-	-	-	-	7,632,807
Lease and SBITA obligations	1,341,200	-	-	-	-	-	-	1,341,200	-
Financed purchase obligations	4,605,000	-	-	-	-	-	-	4,605,000	5,598,000
Total other financing sources (uses)	<u>4,696,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,798,140</u>	<u>(69,623)</u>	<u>14,424,560</u>	<u>55,913,105</u>
Net changes in fund balances	<u>15,180,965</u>	<u>569,272</u>	<u>(36,821,993)</u>	<u>-</u>	<u>(313,744)</u>	<u>17,876,563</u>	<u>5,110,579</u>	<u>1,601,642</u>	<u>66,359,815</u>
Fund balances at beginning of year	<u>68,626,725</u>	<u>426,213</u>	<u>92,922,127</u>	<u>970</u>	<u>23,765,495</u>	<u>11,292,024</u>	<u>27,183,203</u>	<u>224,216,757</u>	<u>157,856,942</u>
Fund balances at end of year	<u>\$ 83,807,690</u>	<u>\$ 995,485</u>	<u>\$ 56,100,134</u>	<u>\$ 970</u>	<u>\$ 23,451,751</u>	<u>\$ 29,168,587</u>	<u>\$ 32,293,782</u>	<u>\$ 225,818,399</u>	<u>\$ 224,216,757</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
GOVERNMENTAL FUNDS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

Net change in fund balances of Governmental Funds activities: \$ 1,601,642

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Leased and SBITA assets are reported as expenditures, whereas amortization is not a change in fund balance. In the Statement of Activities the cost of leased and SBITA assets is capitalized and amortization is expensed.

Total leased and SBITA asset additions	1,388,800	
Amortization expense	(1,302,161)	
Net effect of leased and SBITA asset acquisitions and amortization expense		86,639

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	39,503,650	
Depreciation expense	(18,023,087)	
Net effect of capital asset acquisitions and depreciation expense		21,480,563

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	(9,348,360)	
Gain (loss) on sale or disposal	5,519,800	
Net effect of capital assets sales and disposals		(3,828,560)

Long-term liability payments, lease and SBITA 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, installment purchase revenue bonds and tax increment financing bonds	20,275,000	
Amortization of premiums, discounts and refunding deferrals	1,932,693	
Financed purchase obligation payments	3,307,370	
Lease and SBITA liability payments	1,432,360	
Proceeds from lease and SBITA obligations	(1,341,200)	
Proceeds from financed purchase obligations	(4,605,000)	
Net effect of long-term debt related activities		21,001,223

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	(215,000)	
Hospitality taxes, accommodations taxes and State shared revenues	346,343	
Property taxes	308,763	
Accrued interest on borrowings	163,774	
Other postemployment benefits expense	3,269,383	
Pension expense	3,657,175	
Compensated absences	(589,306)	
SCDOR - settlement agreement	(11,273,300)	
Net effect of revenue and expense activities		(4,332,168)

Change in net position		\$ <u>36,009,339</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, 2023
(With Comparative Totals at June 30, 2022)

	Enterprise Funds			
	2023			2022
	Golf Course	Stormwater Utility	Total	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,484,216	\$ 4,349,651	\$ 6,833,867	\$ 5,594,641
Accounts receivable, net	5,121	76,735	81,856	232,132
Inventories, at cost	18,520	-	18,520	17,521
Prepaid items	-	-	-	5,975
Restricted assets:				
Cash and cash equivalents	-	17,983	17,983	142,479
Total current assets	2,507,857	4,444,369	6,952,226	5,992,748
Noncurrent Assets:				
Capital assets:				
Land	1,397,188	-	1,397,188	1,397,188
Buildings	3,758,946	-	3,758,946	3,745,821
Infrastructure	-	778,429	778,429	778,429
Improvements	8,137,008	-	8,137,008	8,137,008
Machinery and equipment	1,998,661	7,967,784	9,966,445	8,874,961
Leased assets and SBITA	181,344	-	181,344	181,344
Less accumulated depreciation	(8,770,745)	(4,892,977)	(13,663,722)	(12,779,779)
Less accumulated amortization	(181,344)	-	(181,344)	(151,391)
Total capital assets (net)	6,521,058	3,853,236	10,374,294	10,153,628
Total noncurrent assets	6,521,058	3,853,236	10,374,294	10,183,581
Total assets	9,028,915	8,297,605	17,326,520	16,176,329
DEFERRED OUTFLOWS OF RESOURCES				
Deferred other postemployment benefits charges	-	315,074	315,074	191,468
Deferred pension charges	-	413,961	413,961	398,413
Accumulated decrease in fair value of hedging derivatives	-	-	-	36,167
Deferred loss on refunding	-	-	-	95,165
Total deferred outflows of resources	-	729,035	729,035	721,213
LIABILITIES				
Current liabilities:				
Accounts payable	177,704	49,217	226,921	441,330
Accrued interest payable	2,357	9,113	11,470	10,790
Lease liabilities	-	-	-	30,486
Revenue bonds payable	835,000	-	835,000	805,000
Financed purchase obligations	-	531,249	531,249	453,768
Compensated absences	-	185,203	185,203	139,575
Total current liabilities	1,015,061	774,782	1,789,843	1,880,949
Noncurrent liabilities:				
Other postemployment benefits liability	-	565,882	565,882	521,128
Pension liability	-	1,390,513	1,390,513	1,229,166
Derivative instrument	-	-	-	36,167
Revenue bonds payable, net	-	-	-	831,250
Financed purchase obligations	-	1,480,261	1,480,261	1,208,226
Compensated absences	-	20,578	20,578	15,508
Total noncurrent liabilities	-	3,457,234	3,457,234	3,841,445
Total liabilities	1,015,061	4,232,016	5,247,077	5,722,394
DEFERRED INFLOWS OF RESOURCES				
Deferred other postemployment benefits credits	-	110,024	110,024	131,918
Deferred pension credits	-	99,027	99,027	336,941
Total deferred inflows of resources	-	209,051	209,051	468,859
NET POSITION				
Net investment in capital assets	5,686,058	1,841,726	7,527,784	6,950,549
Unrestricted	2,327,796	2,743,851	5,071,647	3,755,740
Total net position	\$ 8,013,854	\$ 4,585,577	\$ 12,599,431	\$ 10,706,289

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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Enterprise Funds			
	2023			2022
	Golf Course	Stormwater Utility	Total	Total
Operating revenues:				
Golf course fees	\$ 2,523,266	\$ -	\$ 2,523,266	\$ 2,204,841
Food & beverage sales	693,124	-	693,124	613,430
Stormwater utility fees	-	5,512,149	5,512,149	5,656,629
Miscellaneous revenues	38,536	-	38,536	115,190
Total operating revenues	3,254,926	5,512,149	8,767,075	8,590,090
Operating expenses:				
Contractual management services	1,726,318	-	1,726,318	1,574,454
Food & beverage expenses	541,855	-	541,855	494,186
Salaries and benefits	-	2,919,904	2,919,904	3,019,907
Repairs and maintenance	-	1,360,772	1,360,772	2,708,551
Supplies and materials	-	75,431	75,431	176,118
Administrative	35,971	152,267	188,238	99,947
Amortization expense	128,868	-	128,868	129,149
Depreciation expense	306,384	577,559	883,943	727,387
Total operating expenses	2,739,396	5,085,933	7,825,329	8,929,699
Operating income (loss)	515,530	426,216	941,746	(339,609)
Nonoperating revenues (expenses):				
Investment income	52,932	144,899	197,831	20,806
Interest expense:				
Revenue bonds	(63,595)	-	(63,595)	(98,515)
Leases and financed purchase obligations	-	(41,691)	(41,691)	(33,143)
Fiscal agent fees	(11,149)	-	(11,149)	(6,563)
Total nonoperating revenues (expenses)	(21,812)	103,208	81,396	(117,415)
Change in net position, before transfers	493,718	529,424	1,023,142	(457,024)
Transfers out	-	-	-	(510,000)
Transfers in	870,000	-	870,000	880,078
Change in net position	1,363,718	529,424	1,893,142	(86,946)
Total net position at beginning of year	6,650,136	4,056,153	10,706,289	10,793,235
Total net position at end of year	\$ 8,013,854	\$ 4,585,577	\$ 12,599,431	\$ 10,706,289

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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	Enterprise Funds			
	2023			2022
	Golf Course	Stormwater Utility	Total	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 3,259,886	\$ 5,657,465	\$ 8,917,351	\$ 8,495,855
Payments to employees	-	(3,112,768)	(3,112,768)	(3,095,105)
Payments to suppliers and contractors	(2,264,000)	(1,786,670)	(4,050,670)	(4,941,734)
Net cash provided by (used for) operating activities	995,886	758,027	1,753,913	459,016
Cash flows from noncapital financing activities:				
Transfers out	-	-	-	(510,000)
Transfers in	870,000	-	870,000	880,078
Net cash provided by (used for) noncapital financing activities	870,000	-	870,000	370,078
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(80,630)	(1,023,979)	(1,104,609)	(903,629)
Lease principal payments	(30,486)	-	(30,486)	(29,691)
Principal paid on capital debt	(805,000)	(510,984)	(1,315,984)	(1,246,993)
Proceeds from financed purchase obligations	-	860,500	860,500	352,500
Interest and fiscal charges paid on capital debt	(74,744)	(41,691)	(116,435)	(138,221)
Net cash provided by (used for) capital and related financing activities	(990,860)	(716,154)	(1,707,014)	(1,966,034)
Cash flows from investing activities:				
Interest received	52,932	144,899	197,831	20,806
Net cash provided by (used for) investing activities	52,932	144,899	197,831	20,806
Net increase (decrease) in cash and cash equivalents	927,958	186,772	1,114,730	(1,116,134)
Cash and cash equivalents at beginning of year	1,556,258	4,180,862	5,737,120	6,853,254
Cash and cash equivalents at end of year	\$ 2,484,216	\$ 4,367,634	\$ 6,851,850	\$ 5,737,120
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 515,530	\$ 426,216	\$ 941,746	\$ (339,609)
Adjustments:				
Increase (decrease) in operating payables	35,168	(198,200)	(163,032)	81,630
(Increase) decrease in accounts receivable	4,960	145,316	150,276	(94,235)
(Increase) decrease in inventories, at cost	(999)	-	(999)	(4,803)
(Increase) decrease in prepaid items	5,975	-	5,975	34,695
Amortization expense	128,868	-	128,868	129,149
Depreciation expense	306,384	577,559	883,943	727,387
Non-cash other postemployment benefits expense	-	(100,747)	(100,747)	(18,928)
Non-cash pension expense	-	(92,117)	(92,117)	(56,270)
Net cash provided (used) by operating activities	\$ 995,886	\$ 758,027	\$ 1,753,913	\$ 459,016
Reconciliation of cash and cash equivalents - Statement of Net Position to Statement of Cash Flows:				
Cash and cash equivalents	2,484,216	4,349,651	6,833,867	5,594,641
Cash and cash equivalents, restricted	-	17,983	17,983	142,479
Total cash and cash equivalents at end of year	\$ 2,484,216	\$ 4,367,634	\$ 6,851,850	\$ 5,737,120

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, 2023

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, 2023, 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits are recorded generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

American Rescue Plan Grant Fund – The American Rescue Plan Grant Fund is used to account for and report financial resources and expenditures associated with the U.S. Department of Treasury’s Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan Act of 2021.

Installment Purchase Revenue Bonds Capital Projects Fund – The Installment Purchase Revenue Bonds Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to the costs of improvements to facilities, infrastructure and other capital assets owned by the City.

Citywide Capital Projects Fund – The Citywide 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 general obligation bonds or from other set-aside appropriated funds 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, COPS Hiring Grant, Port Security Grant, VA Military Enhancement Grant, Firefighter Assistance Grant, Forensic Science Grant, Opioid Recovery Settlement Funds 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 Limited Obligation Bonds Capital Projects 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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 \$1,033,407.

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, financed purchases 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.

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)

6. Capital Assets and Depreciation Expense

Capital assets, which include property, plant, equipment, infrastructure assets (i.e., roads, bridges, sidewalks, stormwater improvements, drainage improvements and similar items) and right to use leased assets and subscription based information technology arrangements (SBITA) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined 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, 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. Capital assets of the City are 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; right to use leased assets and vehicles, 5-10 years, SBITA assets 1-20 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 assets 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 three 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.

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)

(2) 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. (3) 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.

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 assets 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. (3) The City also reports *deferred lease revenue* in the governmental funds Balance Sheet and its Statement of Net Position as a deferred inflow of resources measured as the initial amount of lease receivables adjusted for lease payments recognized as revenue over the life of the lease term.

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.

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)

10. Leases

Lessee. The City of North Charleston is a lessee for noncancellable leases of various equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in its financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the implicit interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided or can be imputed, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor. The City of North Charleston is a lessor for noncancellable leases of land, office space, warehouses, parking lots and various equipment. The City recognizes a lease receivable in its financial statements. The City recognizes lease receivables for leases with a term greater than 12 months.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receivable to present value, (2) lease term, and (3) lease revenue:

- The City uses the 10 year treasury rate at the lease inception date as the discount rate.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments expected to be received during the lease period.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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. Subscription Based Information Technology Arrangements (SBITA)

The City of North Charleston has noncancellable SBITAs of various IT software. The City recognizes a SBITA liability and an intangible right-to-use SBITA asset in its financial statements. The City recognizes SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a SBITA, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) the SBITA term, and (3) SBITA payments:

- The City uses the implicit interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided or can be imputed, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the Statement of Net Position.

12. 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 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.

13. 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 creates 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:

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)

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 20% 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, 2024 is \$147,123,599, thus \$29,424,720 is the minimum amount to be set aside as the unassigned General Fund balance. As of June 30, 2023, the City's unassigned fund balance for the General Fund was \$65,513,375.

14. 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, finance purchase obligations, 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.

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)

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.

15. 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. The General Fund has typically been used in prior years as the governmental fund to liquidate pension and OPEB liabilities.

16. 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.

17. 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.

18. 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.

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. 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.

20. 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.

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.

21. 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.

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. 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.

23. 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 American Rescue Plan Grant Fund, the Anti-Drug Fund, 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

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, in which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve a 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 \$4,546,774 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, 2023, 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, 2023, the City had the following cash and investment balances:

Cash on hand	\$ 66,625
Carrying amount of deposits	11,558,673
Carrying amount of investments	<u>263,797,780</u>
Total	<u>\$ 275,423,078</u>

Statement of Net Position balances:

Cash and cash equivalents	\$ 112,631,575
Cash and cash equivalents – restricted	<u>162,791,503</u>
Total	<u>\$ 275,423,078</u>

<u>Investment Type</u>	<u>Fair Value Level (1)</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Governmental Money Market Funds	Level 1	*	\$ 27,418,756	< 1 year
SC Local Government Investment Pool	N/A	NR	<u>236,379,024</u>	< 1 year
Total			<u>\$263,797,780</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. 22 for details of the City's fair value hierarchy.

N/A – The SCLGIP operates in conformity with all requirements of the SEC Rule 2a7 promulgated under the Investment 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

III. DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

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, 2023, the City was not exposed to any custodial credit risk for its investments.

B. Receivables, Deferred Inflows of Resources and Unearned Revenue

During the fiscal years from 1996 through 2023, 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, 2023 was \$656,621.

Property taxes receivables of \$4,039,685 represent total receivables of \$5,073,092 less an estimated allowance for uncollectibles of \$1,033,407. User fees receivable of \$81,856 represents delinquent stormwater utility fees billed of \$1,686,483 and golf course user fees of \$5,121 less an estimated allowance for uncollectibles of \$1,609,748. Governmental and business-type activities receivables and amounts due from other governments as of June 30, 2023 in total, including the applicable allowances for uncollectible accounts, are as follows:

Description	Governmental Activities	Business-Type Activities	Total
Notes receivable – restricted	\$ 656,621	\$ -	\$ 656,621
Property taxes	5,073,092	-	5,073,092
Sales, accommodation & hospitality taxes	5,905,649	-	5,905,649
State aid to subdivision	672,918	-	672,918
Business licenses	904,855	-	904,855
Franchise fees	195,480	-	195,480
Grant income	821,428	-	821,428
Palmetto Railways settlement agreement	4,570,000	-	4,570,000
Rents & other receivables	1,629,510	-	1,629,510
User fees	-	1,691,604	1,691,604
Gross receivables	20,429,553	1,691,604	22,121,157
Less: allowance for uncollectibles	(1,690,028)	(1,609,748)	(3,299,776)
Net total receivables	\$ 18,739,525	\$ 81,856	\$ 18,821,381

As of June 30, 2023, the City reported the following for the governmental activities in the Statement of Net Position:

III. DETAILED NOTES ON ALL FUNDS (continued)

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

Receivables, net	\$ 5,630,691
Due from other governments	<u>13,108,834</u>
Total	<u>\$18,739,525</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 \$4,570,000 as of June 30, 2023.

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, 2023, the various components of deferred inflows, unavailable/unearned revenue were as follows:

Governmental Funds:	Fund	Unavailable	Unearned	Deferred Lease	Total
Property taxes receivable	General	\$ 2,933,041	\$ -	\$ -	\$ 2,933,041
Deferred lease revenue	General	-	-	2,846,431	2,846,431
Due from other governments:					
Other taxes	General	3,669,928	-	-	3,669,928
Settlement agreement	Tax Infrastructure	4,570,000	-	-	4,570,000
Unearned grant revenue	ARPA Grant	-	16,446,574	-	16,446,574
Ticket sales and deposits	Coliseum	-	6,998,397	-	6,998,397
Total Deferred Revenue		<u>\$11,172,969</u>	<u>\$23,444,971</u>	<u>\$2,846,431</u>	<u>\$37,464,371</u>

C. Capital Assets, Depreciation Expense

Capital asset activity for the year ending June 30, 2023 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 56,819,086	\$ 18,000	\$ 10	\$ -	\$ 56,837,076
Construction in progress	<u>15,214,784</u>	<u>30,759,693</u>	<u>-</u>	<u>(6,060,433)</u>	<u>39,914,044</u>
Total assets not being depreciated	<u>72,033,870</u>	<u>30,777,693</u>	<u>10</u>	<u>(6,060,433)</u>	<u>96,751,120</u>
Capital assets being depreciated:					
Buildings	321,357,851	-	4,978,816	-	316,379,035
Infrastructure	95,433,672	-	-	-	95,433,672
Improvements other than buildings	92,594,942	2,086,589	3,272,231	6,060,433	97,469,733
Machinery and equipment	<u>90,013,564</u>	<u>6,639,368</u>	<u>989,068</u>	<u>-</u>	<u>95,663,864</u>
Total capital assets being depreciated	<u>599,400,029</u>	<u>8,725,957</u>	<u>9,240,115</u>	<u>6,060,433</u>	<u>604,946,304</u>
Less accumulated depreciation for:					
Buildings	71,351,977	6,322,462	3,760,356	-	73,914,083
Infrastructure	26,535,527	3,737,365	-	-	30,272,892
Improvements other than buildings	38,326,596	2,854,614	685,990	-	40,495,220
Machinery and equipment	<u>69,178,037</u>	<u>5,108,646</u>	<u>965,219</u>	<u>-</u>	<u>73,321,464</u>
Total accumulated depreciation	<u>205,392,137</u>	<u>18,023,087</u>	<u>5,411,565</u>	<u>-</u>	<u>218,003,659</u>
Total capital assets being depreciated, net	<u>394,007,892</u>	<u>(9,297,130)</u>	<u>3,828,550</u>	<u>6,060,433</u>	<u>386,942,645</u>
Governmental activities capital assets, net	<u>\$466,041,762</u>	<u>\$21,480,563</u>	<u>\$ 3,828,560</u>	<u>\$ -</u>	<u>\$486,693,765</u>

Leased and SBITA assets, net of amortization (see footnote III.G.)	<u>2,528,644</u>
Total per Statement of Net Position	<u>\$486,222,409</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets, Depreciation Expense (continued)

<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	<u>\$1,397,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,397,188</u>
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	3,745,821	13,125	-	-	3,758,946
Infrastructure	778,429	-	-	-	778,429
Improvements	8,137,008	-	-	-	8,137,008
Machinery and equipment	<u>8,874,961</u>	<u>1,091,484</u>	<u>-</u>	<u>-</u>	<u>9,966,445</u>
Total capital assets being depreciated	<u>21,536,219</u>	<u>1,104,609</u>	<u>-</u>	<u>-</u>	<u>22,640,828</u>
Less accumulated depreciation for:					
Buildings	2,027,416	95,369	-	-	2,122,785
Infrastructure	101,195	15,569	-	-	116,764
Improvements	4,638,579	132,402	-	-	4,770,981
Machinery and equipment	<u>6,012,589</u>	<u>640,603</u>	<u>-</u>	<u>-</u>	<u>6,653,192</u>
Total accumulated depreciation	<u>12,779,779</u>	<u>883,943</u>	<u>-</u>	<u>-</u>	<u>13,663,722</u>
Total capital assets being depreciated, net	<u>8,756,440</u>	<u>220,666</u>	<u>-</u>	<u>-</u>	<u>8,977,106</u>
Business-type activities capital assets, net	<u>\$10,153,628</u>	<u>\$ 220,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,374,294</u>

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	\$ 7,887,936	\$ -
Public safety	3,800,947	-
Sanitation	884,592	-
Culture and recreation	4,913,679	-
Community development	535,933	-
Stormwater utility	-	577,559
Golf course	-	<u>306,384</u>
Total Depreciation Expense	<u>\$18,023,087</u>	<u>\$ 883,943</u>

D. Interfund Receivables, Payables and Transfers

The following is a schedule of interfund balances at June 30, 2023:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Community Development Block Grant	\$ 468,312
	Port Security Grant	321,338
	Firefighter Assistance Grant	5,608
	Forensic Science Grant	<u>23,332</u>
Total due General Fund /due from all other funds		<u>\$ 818,590</u>

Interfund transfers are primarily used to move monies from one fund to another to assist with debt service payments or to provide matching funds for various grant programs. For the fiscal year ending June 30, 2023, the General Fund transferred monies to the Golf Course Fund to assist with debt payments on the revenue bonds. A portion of the accommodations taxes collected in the Special Revenue Funds were transferred to the debt service funds to assist with debt payments and to capital project funds for various tourism projects. Additional funds were transferred from the General Fund to various Special Revenue Funds to provide matches for grants. The following is a schedule of interfund transfers for the fiscal year ending June 30, 2023:

<u>Transfers In:</u>	<u>General Fund</u>	<u>Transfers Out NonMajor Governmental Funds</u>	<u>Total</u>
Golf Course Fund	\$ 870,000	\$ -	\$ 870,000
Citywide Capital Projects Funds	-	715,000	715,000
Nonmajor Governmental Funds	<u>645,377</u>	<u>4,674,029</u>	<u>5,319,406</u>
Total Transfers Out	<u>\$1,515,377</u>	<u>\$ 5,389,029</u>	<u>\$ 6,904,406</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

E. Short-term Obligations

The City of North Charleston did not issue any short-term debt during the fiscal year ending June 30, 2023 and, therefore, there was no short-term debt outstanding as of June 30, 2023.

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 financed purchase 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, 2023 are as follows:

\$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%	\$ 8,860,000
\$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%	10,930,000
\$7,710,000 refunding bonds issued in October 2020 due in annual installments of \$1,395,000 to \$1,700,000 through December 2025, with semi-annual interest at 5%	<u>4,850,000</u>
Total General Obligation Bonds	24,640,000
Add: Unamortized premiums	<u>2,770,275</u>
Net General Obligation Bonds	<u>\$ 27,410,275</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 represented taxable Build America Bonds that yielded a 35% interest payment subsidy from the United States Federal Government. \$6,040,000 of this Series 2010 issue represented taxable Recovery Zone Economic Development Bonds that yielded a 45% interest payment subsidy from the United States Federal Government. In October 2020, the City issued \$7,710,000 in general obligation bonds to refund the \$2,590,000 in outstanding Build America Bonds and \$6,040,000 in outstanding Recovery Zone Economic Development Bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the Statement of Net Position and interest rate subsidies discontinued. The reacquisition price exceeded the carrying amount by \$63,843 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 \$555,886 and a reduction of \$1,093,997 in future debt service payments.

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

Year Ending	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30			
2024	\$ 3,630,000	\$ 1,050,125	\$ 4,680,125
2025	3,810,000	866,525	4,676,625
2026	4,005,000	674,000	4,679,000
2027	2,420,000	516,250	2,936,250
2028	2,510,000	425,650	2,935,650
2029-2033	7,060,000	842,550	7,902,550
2034-2038	<u>1,205,000</u>	<u>36,150</u>	<u>1,241,150</u>
Total	<u>\$24,640,000</u>	<u>\$ 4,411,350</u>	<u>\$29,051,350</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

Installment Purchase Revenue Bonds - Installment purchase revenue bonds relate to debt issued by the 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 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.

In June 2021, the Corporation issued (i) \$39,755,000 in taxable Series 2021(A) Installment Purchase Revenue Bonds for an advance refunding of the remaining \$37,765,000 of the Series 2012 Installment Purchase Revenue Bonds (as of June 2022); (ii) \$22,105,000 in tax-exempt Series 2021(B) Installment Purchase Revenue Bonds to acquire, construct and install infrastructure improvements within the City; and (iii) to pay certain costs of issuance of the Series 2021 Installment Purchase Revenue Bonds. Proceeds of \$39,393,151 were used to purchase government securities that were placed in an irrevocable trust for the purpose of repaying the refunded portion of the Series 2012 Installment Purchase Revenue Bonds. 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 2021 Certificates at June 30, 2023 totaled \$0. The transaction resulted in an economic gain of \$4,983,444 and a reduction of \$5,753,088 in future debt service payments. The reacquisition price exceeded the carrying amount by \$1,628,151 which is being amortized over the life of the refunded debt and is being reported as a deferred outflow of resources. Installment purchase revenue bonds outstanding as of June 30, 2023 are as follows:

\$61,860,000 in revenue bonds issued in June 2021, due in annual installments of \$795,000 to \$4,130,000 through June 2041, with semi-annual interest ranging from 3.0% to 4.0%	<u>58,430,000</u>
Total Installment Purchase Revenue Bonds	58,430,000
Add: Unamortized Premiums	<u>2,872,794</u>
Net Installment Purchase Revenue Bonds	<u>\$61,302,794</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			
2024	\$ 2,660,000	\$ 1,593,289	\$ 4,253,289
2025	2,695,000	1,561,554	4,256,554
2026	2,735,000	1,520,546	4,255,546
2027	2,780,000	1,473,723	4,253,723
2028	2,835,000	1,417,756	4,252,756
2029-2033	15,250,000	6,006,667	21,256,667
2034-2038	17,520,000	3,747,722	21,267,722
2039-2043	<u>11,955,000</u>	<u>804,950</u>	<u>12,759,950</u>
Total	<u>\$58,430,000</u>	<u>\$ 18,126,207</u>	<u>\$76,556,207</u>

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. \$6,306,282 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.

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

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 of Participation; (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, 2023 totaled \$0. 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, 2023. Limited obligation bonds outstanding as of June 30, 2023 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%	\$74,840,000
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\$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%	<u>7,205,000</u>
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Total Limited Obligation Bonds	82,045,000
Add: Unamortized premiums	<u>1,940,770</u>
Net Limited Obligation Bonds	<u>\$83,985,770</u>

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 3,020,000	\$ 3,393,245	\$ 6,413,245
2025	3,120,000	3,289,251	6,409,251
2026	3,235,000	3,175,760	6,410,760
2027	3,360,000	3,052,663	6,412,663
2028	3,490,000	2,920,936	6,410,936
2029-2033	19,690,000	12,360,562	32,050,562
2034-2038	24,275,000	7,770,086	32,045,086
2039-2043	<u>21,855,000</u>	<u>2,001,738</u>	<u>23,856,738</u>
Total	<u>\$82,045,000</u>	<u>\$37,964,241</u>	<u>\$120,009,241</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, 2023 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

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

the final installment maturing October 2028. The bonds are repayable from, and secured by, the incremental property taxes on redevelopment area properties, applicable to property value increases subsequent to 2001.

In January 2022, the City issued \$42,820,000 in Tax Increment Financing Bonds for the Noisette Community Redevelopment Project Area for the purpose of financing the cost of renovating 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 2022 with the final installment maturing October 2041. The bonds are repayable from, and secured by, the incremental property taxes on redevelopment area properties, applicable to property value increases subsequent to 2001.

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 in Series 2019 Tax Increment Financing Bonds for the purpose of acquiring land, constructing and installing improvements to facilities in the Navy Base TIF area.

In January 2012, City Council approved the Tax Increment Finance District for the Ingleside Redevelopment Project Area. In October 2020, the City issued \$24,095,000 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. The bonds are repayable from, and secured by, the incremental property taxes on the redevelopment area properties, applicable to property value increases subsequent to 2012. Tax increment financing bonds outstanding as of June 30, 2023 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 (4.18% at June 30, 2023) as determined by the remarketing agent amortized at an average coupon rate of 4%	\$4,570,000
\$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%	12,145,000
\$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%	14,245,000
\$24,095,000 bonds issued in October 2020 due in annual installments of \$1,125,000 to \$2,075,000 through October 2035, with semi-annual interest ranging from 2% to 5%	21,790,000
\$42,820,000 bonds issued in January 2022 due in annual installments of \$625,000 to \$7,645,000 through October 2041, with semi-annual interest ranging from 4% to 5%	<u>35,175,000</u>
Total Tax Increment Financing Bonds	87,925,000
Add: Unamortized premiums	<u>12,700,629</u>
Net Tax Increment Financing Bonds	<u>\$100,625,629</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

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

Year Ending June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,425,000	\$ 3,778,526	\$ 8,203,526
2025	4,860,000	3,548,025	8,408,025
2026	5,320,000	3,295,725	8,615,725
2027	5,755,000	3,021,150	8,776,150
2028	6,210,000	2,724,792	8,934,792
2029-2033	22,905,000	9,826,513	32,731,513
2034-2038	20,850,000	5,199,511	26,049,511
2039-2043	13,600,000	1,870,575	15,470,575
2044-2048	3,265,000	470,675	3,735,675
2049-2053	<u>735,000</u>	<u>14,700</u>	<u>749,700</u>
Total	<u>\$87,925,000</u>	<u>\$ 33,750,192</u>	<u>\$121,675,192</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, 2023 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 (4.18% at June 30, 2023) as determined by a remarketing agent amortized at a fixed interest rate of 3.58%	\$ 835,000
Unamortized discounts	-
Total long-term debt portion, net of discounts and deferred charges	<u>\$ 835,000</u>

During July 2003, the City issued \$11,700,000 of Series 2003 municipal golf course mortgage revenue refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the refunded 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, 2023 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	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 835,000	\$ 29,893	\$ 864,893
Total	<u>\$ 835,000</u>	<u>\$ 29,893</u>	<u>\$ 864,893</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

Financed Purchase Obligations and Other Financing Agreements - The City has entered into financed purchase obligations and other financing agreements for certain equipment, land and infrastructure. Interest and principal are payable quarterly through 2033. Principal and interest requirements will be provided by an appropriation in the year in which they become due. Financed purchase obligations outstanding as of June 30, 2023 are as follows:

\$4,425,000 ten-year financing 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%	31,286
\$5,548,000 ten-year financing 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%	196,327
\$4,205,000 ten-year financing 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%	319,418
\$4,600,000 ten-year financing 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%	547,769
\$4,678,000 ten-year financing 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%	651,152
\$3,883,000 ten-year financing 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%	1,550,356
\$4,530,000 ten-year financing 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%	2,062,623
\$1,265,500 ten-year financing agreement with Bank of America Leasing & Capital, LLC, dated October 2020, in 3 separate amortization schedules of \$656,500 (10 yrs), \$567,000 (7 yrs) and \$42,000 (5 yrs) payable in quarterly installments of \$2,155 for 20 quarters, \$21,041 for 28 quarters and \$17,508 for 40 quarters, including interest ranging from 1.01% to 1.13%	890,462
\$5,950,500 ten-year financing agreement with Bank of America Leasing & Capital, LLC, dated October 2021, in 3 separate amortization schedules of \$2,435,000 (10 yrs), \$964,000 (7 yrs) and \$2,551,500 (5 yrs) payable in quarterly installments of \$130,159 for 20 quarters, \$35,650 for 28 quarters and \$64,806 for 40 quarters, including interest ranging from .7787% to 1.2456%	4,648,161

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

\$5,465,500 ten-year financing agreement with Truist Financial Corporation, dated October 2022, in 3 separate amortization schedules of \$2,440,000 (10 yrs), \$1,761,000 (7 yrs) and \$1,264,500 (5 yrs) payable in quarterly installments of \$68,277 for 20 quarters, \$70,001 for 28 quarters and \$71,024 for 40 quarters, including interest ranging from 3.02% to 3.08%

	5,132,107
Total Lease Obligations	<u>\$16,029,661</u>

Capital assets acquired under financing agreements since inception fall in the machinery and equipment class and total \$72,866,570 for Governmental Activities and \$6,993,678 for Business-type Activities. Annual debt service requirements to maturity for the financed purchase obligations are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$3,156,947	\$ 264,679	\$ 531,249	\$ 39,036	\$3,991,911
2025	2,636,479	207,242	434,356	28,953	3,307,030
2026	2,264,601	159,771	372,093	20,534	2,816,999
2027	1,834,974	117,360	286,505	13,652	2,252,491
2028	1,297,453	81,822	192,109	8,351	1,579,735
2029-2033	<u>2,827,697</u>	<u>123,534</u>	<u>195,198</u>	<u>4,952</u>	<u>3,151,381</u>
Total	<u>\$14,018,151</u>	<u>\$ 954,408</u>	<u>\$2,011,510</u>	<u>\$ 115,478</u>	<u>\$17,099,547</u>

Changes in long-term obligations - Activity for the fiscal year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligations bonds	\$ 28,095,000	\$ -	\$ 3,455,000	\$ 24,640,000	\$ 3,630,000
Limited obligation bonds	84,970,000	-	2,925,000	82,045,000	3,020,000
Inst. purchase revenue bonds	61,065,000	-	2,635,000	58,430,000	2,660,000
Tax increment bonds	<u>99,185,000</u>	-	<u>11,260,000</u>	<u>87,925,000</u>	<u>4,425,000</u>
Total bonds payable	273,315,000	-	20,275,000	253,040,000	13,735,000
Premiums	<u>22,311,338</u>	-	<u>2,026,870</u>	<u>20,284,468</u>	-
Total bonds payable, net	295,626,338	-	22,301,870	273,324,468	13,735,000
Financed purchase obligations	12,720,521	4,605,000	3,307,370	14,018,151	3,156,947
Lease and SBITA liabilities	2,396,177	1,341,200	1,381,923	2,355,454	807,598
Compensated absences	<u>5,677,316</u>	<u>5,526,022</u>	<u>4,936,716</u>	<u>6,266,622</u>	<u>5,639,960</u>
Total governmental activities	<u>\$316,420,352</u>	<u>\$11,472,222</u>	<u>\$31,927,879</u>	<u>\$295,964,695</u>	<u>\$23,339,505</u>
Business-type Activities:					
Bonds payable	\$ 1,640,000	\$ -	\$ 805,000	\$ 835,000	\$ 835,000
Discounts	<u>(3,750)</u>	-	<u>(3,750)</u>	-	-
Total bonds payable, net	1,636,250	-	801,250	835,000	835,000
Financed purchase obligations	1,661,994	860,500	510,984	2,011,510	531,249
Lease and SBITA liabilities	30,486	-	30,486	-	-
Compensated absences	<u>155,083</u>	<u>189,508</u>	<u>138,810</u>	<u>205,781</u>	<u>185,203</u>
Total business-type activities	<u>\$ 3,483,813</u>	<u>\$ 1,050,008</u>	<u>\$ 1,481,530</u>	<u>\$ 3,052,291</u>	<u>\$ 1,551,452</u>

Derivative Disclosures/Interest Rate Swaps - The City had 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 \$12,510,765 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 was to terminate on the bond maturity date of May 1, 2024, however the City paid off the balance of the swap in fiscal year 2023. The other swap agreement was entered into in January 2005 and

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

involved the issuance of \$27,055,000 in Series 2005 certificates of participation to refund \$24,370,000 in Series 1997 certificates. This swap terminated on the bond maturity date of September 1, 2019. As of June 30, 2023, there are no interest rate swap agreements outstanding.

Credit or Counterparty Risk - Credit or counterparty risk is the risk that a counterparty will not fulfill its obligation. As of June 30, 2023, the City was not exposed to any credit risk in the amount of the swap agreement's fair value.

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.

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, 2023, the City had no outstanding interest rate swap agreements.

Rollover Risk - Rollover risk arises when a derivative associated with the City's variable rate debt does not extend all the way to the maturity date of the associated debt, thereby creating a gap in the protection otherwise afforded by the derivative. The swap 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 fluctuating interest rate market circumstances such as what the City has experienced over the past few years, this standard could significantly increase or 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, 2023, debt service requirements of the variable-rate bonds were as follows:

<u>FYE June 30</u>	<u>Variable-Rate Bonds</u>			<u>Adjustment to Current Variable Rates</u>	<u>Net Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2024	\$1,060,000	\$ 204,169	\$ 1,264,169	\$ 51,653	\$1,315,822
2025	235,000	164,400	399,400	17,221	416,621
2026	245,000	154,600	399,600	17,198	416,798
2027	255,000	144,400	399,400	17,157	416,557
2028	265,000	134,167	399,167	16,731	415,898
2029-2033	1,495,000	494,838	1,989,838	84,510	2,074,348
2034-2038	1,850,000	154,086	2,004,086	84,174	2,088,260
Total	<u>\$5,405,000</u>	<u>\$1,450,660</u>	<u>\$6,855,660</u>	<u>\$ 288,644</u>	<u>\$7,144,304</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term Obligations (continued)

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, 2023 amounted to \$6,472,403, \$6,266,622 of which relates to governmental activities and \$205,781 of which relates to business-type activities. City employees had accumulated sick leave benefits of \$9,889,137 at June 30, 2023, based on compensation rates in effect at that date. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual has been made for sick leave.

G. Leases and Subscription Based Information Technology Arrangements (SBITA)

Lessee – Leased and SBITA Assets

A summary of leased and SBITA asset activity for the City for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Remeasure	Ending Balance
<u>Governmental Activities:</u>					
Leased assets being amortized:					
Buildings and land improvements	\$ 1,011,556	\$ 214,768	\$ 67,115	\$ -	\$ 1,159,209
Machinery, vehicles and equipment	<u>929,552</u>	<u>-</u>	<u>9,234</u>	<u>-</u>	<u>920,318</u>
Total leased assets being amortized	1,941,108	214,768	76,349	-	2,079,527
SBITA assets being amortized	<u>1,967,599</u>	<u>1,174,032</u>	<u>1,035,901</u>	<u>-</u>	<u>2,105,730</u>
Total leased and SBITA assets being amortized	<u>3,908,707</u>	<u>1,388,800</u>	<u>1,112,250</u>	<u>-</u>	<u>4,185,257</u>
Less accumulated amortization for:					
Buildings and land improvements	362,581	128,492	67,115	-	423,958
Machinery, vehicles and equipment	<u>428,506</u>	<u>205,481</u>	<u>9,234</u>	<u>-</u>	<u>624,753</u>
Total leased assets accumulated amortization	791,087	333,973	76,349	-	1,048,711
SBITA assets accumulated amortization	<u>675,615</u>	<u>968,188</u>	<u>1,035,901</u>	<u>-</u>	<u>607,902</u>
Total accumulated amortization	<u>1,466,702</u>	<u>1,302,161</u>	<u>1,112,250</u>	<u>-</u>	<u>1,656,613</u>
Total leased and SBITA assets, net	<u>\$ 2,442,005</u>	<u>\$ 86,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,528,644</u>
	Beginning Balance	Increases	Decreases	Remeasure	Ending Balance
<u>Business-Type Activities:</u>					
Leased assets being amortized:					
Machinery, vehicles and equipment	\$ 181,344	\$ -	\$ -	\$ -	\$ 181,344
Total leased assets being amortized	<u>181,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,344</u>
Less accumulated amortization for:					
Machinery, vehicles and equipment	<u>151,391</u>	<u>29,953</u>	<u>-</u>	<u>-</u>	<u>181,344</u>
Total accumulated amortization	<u>151,391</u>	<u>29,953</u>	<u>-</u>	<u>-</u>	<u>181,344</u>
Total leased assets, net	<u>\$ 29,953</u>	<u>\$ (29,953)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Total leased and SBITA assets, net of accumulated amortization, are shown as capital assets (see Note III.C.).

Lessee – Lease and Subscription based information technology arrangement (SBIA) Liabilities

The City's lease and SBITA liabilities activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Lease liabilities	\$ 1,154,630	\$ 214,768	\$ 323,009	\$ 1,046,389	\$ 325,202
SBITA liabilities	<u>1,291,984</u>	<u>1,126,432</u>	<u>1,109,351</u>	<u>1,309,065</u>	<u>482,396</u>
Total	<u>\$ 2,446,614</u>	<u>\$ 1,341,200</u>	<u>\$ 1,432,360</u>	<u>\$ 2,355,454</u>	<u>\$ 807,598</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-Type Activities:</u>					
Lease liabilities	\$ 30,486	\$ -	\$ 30,486	\$ -	\$ -

III. DETAILED NOTES ON ALL FUNDS (continued)

G. Leases and Subscription Based Information Technology Arrangements (SBITA) continued

The City enters into lease agreements for periods between two and ten years as lessee for the use of certain equipment and buildings. The leases have an imputed interest rate of .2% to 4.8%. Principal and interest expenditures to maturity for the governmental activities lease liabilities as of June 30, 2023 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 325,202	\$ 11,002	\$ 336,204
2025	199,921	8,386	208,307
2026	166,449	6,131	172,580
2027	146,711	3,961	150,672
2028	128,790	1,843	130,633
2029-2033	<u>79,316</u>	<u>1,725</u>	<u>81,041</u>
Total	<u>\$ 1,046,389</u>	<u>\$ 33,048</u>	<u>\$1,079,437</u>

Subscription based information technology arrangement (SBITA) Liabilities

The City enters into SBITA's for periods of two to twenty years for the use of certain information technology items. The SBITA's have an imputed interest rate of 1% to 5%. Principal and interest expenditures to maturity for governmental activities SBITA liabilities as of June 30, 2023 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 482,396	\$ 34,712	\$ 517,108
2025	249,470	25,297	274,767
2026	37,237	18,518	55,755
2027	37,959	17,331	55,290
2028	24,501	16,099	40,600
2029-2033	134,806	68,194	203,000
2034-2038	157,854	45,146	203,000
2039-2043	<u>184,842</u>	<u>18,158</u>	<u>203,000</u>
Total	<u>\$ 1,309,065</u>	<u>\$ 243,455</u>	<u>\$1,552,520</u>

Lessor – Lease Receivable

The City is the lessor for various property and equipment as noted in Note I (D) (10). The City recognized \$346,125 as lease revenue for the fiscal year ended June 30, 2023. Estimated future annual lease revenue for leases in effect as of June 30, 2023 is as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 188,306	\$ 46,300	\$ 234,606
2025	175,955	43,084	219,039
2026	171,679	39,852	211,531
2027	93,380	37,420	130,800
2028	94,809	35,991	130,800
2029-2033	454,945	158,555	613,500
2034-2038	379,426	123,907	503,333
2039-2043	302,709	97,291	400,000
2044-2048	329,627	70,373	400,000
2049-2053	358,939	41,061	400,000
2054-2058	<u>296,656</u>	<u>10,012</u>	<u>306,668</u>
Total	<u>\$ 2,846,431</u>	<u>\$703,846</u>	<u>\$3,550,277</u>

III. DETAILED NOTES ON ALL FUNDS (continued)

H. Net Position Classification

Net investment in capital assets for governmental activities as of June 30, 2023:

Capital assets, net of accumulated depreciation and amortization	\$ 486,222,409
Less: 1) Capital related debt, net of unamortized discounts, amounts on refunding, plus premiums	(288,288,610)
2) Retainage payable	(1,971,277)
Add capital debt unspent proceeds:	
Bonds and financed purchases	<u>56,962,891</u>
Net investment in capital assets	<u>\$ 252,925,413</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.

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 \$21,549,659, 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, 2023. At June 30, 2023, the amount of this liability is the City's best estimate, based on the available information. Changes in the reported liability since July 1, 2018 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
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
2021	7,994,066	19,003,277	(16,954,828)	10,042,515
2022	10,042,515	18,063,663	(17,393,781)	10,712,397
2023	10,712,397	18,996,394	(18,298,012)	11,410,779

IV. OTHER INFORMATION (continued)

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

The City offers its employees two options under the South Carolina Public Employees Deferred Compensation Plan. All amounts of compensation deferred under the 401(k) Plan (all income, property or rights attributable to such amounts) remain the sole property of the participating employee. Current year payroll covered under the 401(k) Plan was \$9,204,375 of \$61,362,501 total payroll for all City employees.

Employees may also defer the lesser of 100% of eligible compensation or \$22,500 per year. 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 \$352,271. There were no changes in plan provisions during the year and, as of June 30, 2023, 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 \$22,500 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 \$423,152 during fiscal year ending June 30, 2023.

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 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 an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the System's Pension Trust Funds. The ACFR 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 annual comprehensive financial report of the State.

IV. OTHER INFORMATION (continued)

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

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 and other benefits for employees of the state, its public school districts, and political subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election. 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 and other benefits for police officers and firefighters of the state and its political subdivisions. PORS covers peace officers, coroners, probate judges and magistrates.

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.

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.

IV. OTHER INFORMATION (continued)

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

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 in accordance with State statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by one percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS might be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

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

IV. OTHER INFORMATION (continued)

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

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		
	2021	2022	2023	2021	2022	2023
Employer Contribution Rate: [^]						
Retirement	15.41%	16.41%	17.41%	17.84%	18.84%	19.84%
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>15.56%</u>	<u>16.56%</u>	<u>17.56%</u>	<u>18.24%</u>	<u>19.24%</u>	<u>20.24%</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
2023	\$ 4,472,076	100%	\$ 7,118,476	100%
2022	3,860,760	100%	6,443,758	100%
2021	3,395,162	100%	5,936,614	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
2023	\$	25,467,403	\$	35,170,336	\$ 60,637,739
2022		23,313,769		33,333,642	56,647,411
2021		21,819,810		32,547,224	54,367,034

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. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2022 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, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

IV. OTHER INFORMATION (continued)

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

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)	3.5% to 10.5% (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 2020 Public Retirees of South Carolina Mortality table ("2020 PRSC"), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

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 2022 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 7.00% assumed annual investment rate of return used in the calculation of the TPL includes a 4.75% real rate of return and a 2.25% inflation component.

IV. OTHER INFORMATION (continued)

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

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-.35%	-.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.18%	0.18%
Total Expected Real Return	<u>100.0%</u>		<u>4.79%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.04%</u>

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, 2022 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	\$ 56,454,779,872	\$ 32,212,626,931	\$ 24,242,152,941	57.1%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%

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.

At June 30, 2023, the City reported liabilities of \$47,463,730 and \$63,565,024 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, 2022, 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, 2021 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, 2022 measurement date, the City’s SCRS proportion was 0.19579 percent, which was an increase of 0.00277 percent from its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, the City’s PORS proportion was 2.11956 percent, which was a decrease of 0.04932 percent from its proportion measured as of June 30, 2021.

IV. OTHER INFORMATION (continued)

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

For the year ended June 30, 2023, the City recognized pension expense of \$674,199 and \$5,912,274 for the SCRS and PORS, respectively. At June 30, 2023, 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	\$ 412,371	\$ 206,845
Change in Assumptions	1,522,273	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	73,198	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	470,829	3,173,339
Employer Contributions Subsequent to the Measurement Date	4,472,076	-
Total SCRS	<u>6,950,747</u>	<u>3,380,184</u>
PORS		
Differences Between Expected and Actual Experience	1,066,493	1,256,574
Change in Assumptions	2,646,949	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	191,951	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	669,683	1,792,144
Employer Contributions Subsequent to the Measurement Date	7,118,476	-
Total PORS	<u>11,693,552</u>	<u>3,048,718</u>
Total SCRS and PORS	<u>\$ 18,644,299</u>	<u>\$ 6,428,902</u>

Approximately \$4,472,000 and \$7,118,000 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, 2024. 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:

Year Ended June 30,	SCRS	PORS	Total
2024	\$ (544,722)	\$ 1,263,108	\$ 718,386
2025	(602,842)	368,929	(233,913)
2026	(991,772)	(2,576,441)	(3,568,213)
2027	1,237,823	2,470,762	3,708,585
Total	<u>\$ (901,513)</u>	<u>\$ 1,526,358</u>	<u>\$ 624,845</u>

Aggregate Amounts

Aggregate amounts for all pension plans are as follows:

	SCRS	PORS	Total
Net Pension Liability	\$ 47,463,730	\$ 63,565,024	\$ 111,028,754
Deferred Outflows	6,950,747	11,693,552	18,644,299
Deferred Inflows	3,380,184	3,048,718	6,428,902
Pension Expense	1,999,884	5,851,526	7,851,410

IV. OTHER INFORMATION (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate:

System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
The City's proportionate share of the net pension liability of the SCRS	\$ 60,854,359	\$ 47,463,730	\$ 36,331,162
The City's proportionate share of the net pension liability of the PORS	88,637,597	63,565,024	43,040,762
Total Pension Liability	<u>\$ 149,491,956</u>	<u>\$ 111,028,754</u>	<u>\$ 79,371,924</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 ACFR containing financial statements and required supplementary information. The ACFR 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.

Payable to Plans

The City reported payables of \$821,000 and \$1,224,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for the SCRS and PORS, respectively. These amounts are included in Accounts Payable on the financial statements and were paid in July 2023.

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.

IV. OTHER INFORMATION (continued)

C. Other Postemployment Benefits (OPEB) (continued)

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, 2023, the following employees were covered by the benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefits	85
Active Members	<u>980</u>
Total Membership	<u><u>1,065</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, 2023, the City made contributions of approximately \$4,320,000, or an average of 8.02% of covered payroll. Employees are not required to contribute to the OPEB Plan.

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.

IV. OTHER INFORMATION (continued)

C. Other Postemployment Benefits (OPEB) (continued)

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, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Inflation	2.25%
Projected Salary Increases	
SCRS	3.00% - 9.50%
PORS	3.50% - 10.50%
Investment Rate of Return	4.75%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031

Mortality rates were based on the PUB-2010 Mortality Table for Employees with a 135% 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:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return
US Government Agency	58.00%	4.00%
US Govt MBS/CMO/CMBS	40.00%	5.60%
Cash and Short Duration (Net)	2.00%	3.90%
Total	100.00%	13.50%

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

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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021 and was rolled forward to the measurement date.

IV. OTHER INFORMATION (continued)

C. Other Postemployment Benefits (OPEB) (continued)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2021	\$ 37,731,500	\$ 20,020,927	\$ 17,710,573
Changes for the year:			
Service Cost	1,286,503	-	1,286,503
Interest	1,724,981	-	1,724,981
Difference Between Expected and Actual Experience	1,711,311	-	1,711,311
Change of Assumptions or Other Inputs	-	-	-
Contributions - Employer	-	6,115,460	(6,115,460)
Net Investment Income	-	(2,996,650)	2,996,650
Benefit Payments	(2,865,460)	(2,865,460)	-
Administrative Expenses	-	(1,250)	1,250
Net Changes	1,857,335	252,100	1,605,235
Balances as of December 31, 2022	\$ 39,588,835	\$ 20,273,027	\$ 19,315,808

For the year ended June 30, 2023, the City recognized OPEB expense of approximately \$2,829,000. At June 30, 2023, 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	\$ 1,562,072	\$ 3,709,454
Change of Assumptions or Other Inputs	913,378	\$ 46,105
Net Difference Between Projected and Actual Earnings on OPEB Plan		
Investments	3,959,250	-
Employer Contributions Subsequent to the Measurement Date	4,320,046	-
Total	\$ 10,754,746	\$ 3,755,559

Approximately \$4,320,000 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, 2024. 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
2024	\$ 737,628
2025	754,623
2025	778,590
2027	499,889
2028	(201,300)
Thereafter	109,711
Total	\$ 2,679,141

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	\$ 23,914,707	\$ 19,315,808	\$ 15,264,081

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 7.00% decreasing to 4.50%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.50%) or 1% point higher (8.00% decreasing to 5.50%) than the current rate:

	1% Decrease (6.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Net OPEB Liability	\$ 13,846,347	\$ 19,315,808	\$ 25,932,718

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.

Special Item – Settlement Agreement - In November 2023, the City will enter into a settlement agreement with the South Carolina Department of Revenue (SCDOR) in the amount of \$11,273,300 to resolve an error in reporting previous collections and distributions of heavy equipment rental surcharges by SCDOR. SCDOR discovered during the tax years 2017 through 2021 one or more qualified taxpayers/renters had incorrectly reported the location of rentals primarily in the City of North Charleston rather than to other correct taxing jurisdictions. The City will agree to repay SCDOR the \$11,273,300 incorrectly distributed to the City of North Charleston in ten equal annual installments of \$1,127,330 as soon as the agreement is signed.

IV. OTHER INFORMATION (continued)

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, 2023, the City's property tax abated by agreements entered into by Charleston County and Dorchester County totaled approximately \$13,899,000. The City has not entered into any of its own tax abatement programs.

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 2024. 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 2024. 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 2031. The City pays monthly management fees plus certain contingent fees on the excess of net operating income over approved targets. During fiscal year 2023, total monthly fees paid were \$380,406. 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 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 completed late 2020. The City pays all costs of operation and maintenance of the facility.

The City entered into a settlement agreement with the South Carolina State Ports Authority (SPA) on December 20, 2021 whereby the SCSPA agrees to pay the City of North Charleston \$40,000,000 in \$10,000,000 equal payments for the next four years to be placed in a capital project fund for the purpose of constructing overpass and/or road infrastructure improvements to settle a dispute as to what the minimum infrastructure requirements were supposed to be prior to the SCSPA commencing container operations at the new Leatherman Terminal.

The City has construction contract commitments on capital projects at June 30, 2023 as follows:

Governmental funds:

General Fund, Special revenue funds and capital projects funds	<u>\$ 39,831,350</u>
Total governmental funds	<u>\$ 39,831,350</u>

IV. OTHER INFORMATION (continued)

H. Subsequent Events

In October 2023, the City entered into a financed purchase agreement with Bank of America Leasing & Capital, LLC, related to the purchase of \$6,348,000 in vehicles and equipment. The obligation is a ten year financing agreement with separate amortization schedules of \$1,793,000 (5 yrs), \$1,915,000 (7 yrs) and \$2,640,000 (10 yrs) in quarterly installments of \$49,837 for 20 quarters, \$78,900 for 28 quarters and \$80,311 for 40 quarters, including interest ranging from 4.0107% to 4.2608%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual
	Original	Final			
Revenues:					
Property taxes	\$ 62,750,000	\$ 62,750,000	\$ 64,865,484	\$ 2,115,484	\$ 60,583,641
Licenses and permits	38,107,500	40,785,450	44,764,030	3,978,580	41,517,125
Intergovernmental	25,915,187	26,638,342	29,380,779	2,742,437	27,175,575
Fines and forfeitures	450,000	450,000	394,050	(55,950)	374,915
Charges for services	2,941,000	2,941,000	3,235,035	294,035	3,012,030
Revenues from use of monies and property	1,374,100	1,483,100	4,328,948	2,845,848	2,640,012
Other revenues	907,010	912,009	1,854,998	942,989	783,550
Total revenues	<u>132,444,797</u>	<u>135,959,901</u>	<u>148,823,324</u>	<u>12,863,423</u>	<u>136,086,848</u>
Expenditures:					
General government:					
Executive	2,443,709	2,653,709	2,646,659	7,050	2,629,807
Facilities	6,733,067	6,756,300	6,745,924	10,376	6,302,457
City Council	621,107	621,107	593,910	27,197	614,653
Finance	1,156,269	1,206,269	1,197,881	8,388	1,106,439
Purchasing	2,282,139	2,282,139	2,184,759	97,380	543,042
Information systems	3,378,177	3,888,778	3,838,898	49,880	3,153,303
Municipal court	1,065,707	1,076,595	1,009,346	67,249	1,010,065
Human resources	3,535,357	4,505,529	4,500,374	5,155	4,307,770
Legal	1,213,440	1,221,658	1,216,543	5,115	1,334,479
Maintenance	15,746,613	17,818,809	14,900,737	2,918,072	11,933,214
Total general government	<u>38,175,585</u>	<u>42,030,893</u>	<u>38,835,031</u>	<u>3,195,862</u>	<u>32,935,229</u>
Public safety:					
Police	41,790,465	42,089,666	41,815,591	274,075	40,608,442
Fire	30,347,115	32,902,611	30,602,973	2,299,638	27,381,012
Building inspections	1,828,058	1,828,058	1,818,780	9,278	1,660,019
Total public safety	<u>73,965,638</u>	<u>76,820,335</u>	<u>74,237,344</u>	<u>2,582,991</u>	<u>69,649,473</u>
Sanitation:					
Sanitation	7,186,285	8,049,950	7,520,778	529,172	6,290,646
Total sanitation	<u>7,186,285</u>	<u>8,049,950</u>	<u>7,520,778</u>	<u>529,172</u>	<u>6,290,646</u>

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)
(continued)

	2023			Variance with	
	Budgeted Amounts		Actual	Final Budget -	2022
	Original	Final	Amounts	Positive	Actual
				(Negative)	
Culture and recreation:					
Fire museum	520,869	523,708	496,687	27,021	423,555
Recreation and parks	8,823,089	8,935,075	8,577,575	357,500	7,363,633
Cultural arts	1,033,959	1,047,114	1,010,240	36,874	859,985
Total culture and recreation	10,377,917	10,505,897	10,084,502	421,395	8,647,173
Community development:					
Planning & zoning	1,479,801	1,479,801	1,296,000	183,801	1,360,860
Code enforcement	1,680,181	1,710,751	1,349,768	360,983	1,204,393
Total community development	3,159,982	3,190,552	2,645,768	544,784	2,565,253
Debt Service:					
Financed purchase obligations principal	3,356,192	3,356,192	3,307,370	48,822	3,408,034
Lease and SBITA liability principal	-	1,450,000	1,432,360	17,640	392,744
Interest and fiscal charges	295,090	295,090	275,249	19,841	231,586
Total debt service	3,651,282	5,101,282	5,014,979	86,303	4,032,364
Total expenditures	136,516,689	145,698,909	138,338,402	7,360,507	124,120,138
Excess (deficiency) of revenues over expenditures	(4,071,892)	(9,739,008)	10,484,922	20,223,930	11,966,710
Other financing sources (uses):					
Transfers (out)	(1,077,108)	(1,528,008)	(1,515,377)	12,631	(3,894,113)
Proceeds from sale of property	500,000	500,000	265,220	(234,780)	232,375
Lease and SBITA	-	1,450,000	1,341,200	(108,800)	-
Financed purchase obligations	4,649,000	4,649,000	4,605,000	(44,000)	5,598,000
Total other financing sources (uses)	4,071,892	5,070,992	4,696,043	(374,949)	1,936,262
Net change in fund balance	-	(4,668,016)	15,180,965	19,848,981	13,902,972
Fund balance at beginning of year	68,626,725	68,626,725	68,626,725	-	54,723,753
Fund balance at end of year	\$ 68,626,725	\$ 63,958,709	\$ 83,807,690	\$ 19,848,981	\$ 68,626,725

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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			Variance with	
	Budgeted Amounts		Actual	Final Budget-	2022
	Original	Final	Amounts	Positive	Actual
				(Negative)	
Revenues:					
Revenues from use of monies and property	\$ 5,436,887	\$ 8,136,887	\$ 10,247,515	\$ 2,110,628	\$ 7,316,098
Total revenues	5,436,887	8,136,887	10,247,515	2,110,628	7,316,098
Expenditures:					
Culture and recreation:					
Insurance	150,000	150,000	147,682	2,318	175,798
Contractual services:					
Operating	5,932,372	8,282,372	8,254,681	27,691	6,715,758
Management and administration	829,419	1,179,419	1,275,880	(96,461)	1,081,479
Total expenditures	6,911,791	9,611,791	9,678,243	(66,452)	7,973,035
Excess (deficiency) of revenues over expenditures	(1,474,904)	(1,474,904)	569,272	2,044,176	(656,937)
Other financing sources (uses):					
Transfers in	1,474,904	1,474,904	-	(1,474,904)	750,952
Total other financing sources (uses)	1,474,904	1,474,904	-	(1,474,904)	750,952
Net change in fund balance	-	-	569,272	569,272	94,015
Fund balance at beginning of year	426,213	426,213	426,213	-	332,198
Fund balance at end of year	\$ 426,213	\$ 426,213	\$ 995,485	\$ 569,272	\$ 426,213

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 TEN FISCAL YEARS

	2023	2022	2021	2020	Year Ended June 30,		2017	2016	2015	2014
					2019	2018				
City of North Charleston's Proportion of the Net Pension Liability	0.195790%	0.193020%	0.218730%	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	\$ 47,463,790	\$ 41,773,277	\$ 55,889,387	\$ 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	\$ 23,313,769	\$ 21,819,810	\$ 24,402,303	\$ 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	203.59%	191.45%	229.03%	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	57.059%	60.746%	50.714%	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 TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 4,472,076	\$ 3,860,760	\$ 3,395,162	\$ 3,796,998	\$ 3,421,708	\$ 3,227,696	\$ 2,732,570	\$ 2,541,305	\$ 2,365,022	\$ 2,209,815
Contributions in Relation to the Contractually Required Contribution	\$ 4,472,076	\$ 3,860,760	\$ 3,395,162	\$ 3,796,998	\$ 3,421,708	\$ 3,227,696	\$ 2,732,570	\$ 2,541,305	\$ 2,365,022	\$ 2,209,815
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of North Charleston's Covered Payroll	\$ 25,467,403	\$ 23,313,769	\$ 21,819,810	\$ 24,402,303	\$ 23,500,745	\$ 23,803,068	\$ 23,638,152	\$ 22,977,442	\$ 21,697,445	20,846,552
Contributions as a Percentage of Covered Payroll	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

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 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City of North Charleston's Proportion of the Net Pension Liability	0.21196%	0.21689%	2.21531%	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	\$ 63,565,024	\$ 55,803,367	\$ 73,464,313	\$ 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	\$ 33,333,642	\$ 32,547,224	\$ 33,444,531	\$ 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	190.69%	171.45%	219.66%	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	66.45%	70.37%	58.79%	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 TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 7,118,476	\$ 6,443,758	\$ 5,936,614	\$ 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	\$ 7,118,476	\$ 6,443,758	\$ 5,936,614	\$ 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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of North Charleston's Covered Payroll	\$ 35,170,336	\$ 33,333,642	\$ 32,547,224	\$ 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	20.24%	19.33%	18.24%	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,					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 1,286,503	\$ 1,473,086	\$ 1,425,059	\$ 1,396,964	\$ 1,351,552	\$ 1,307,620
Interest	1,724,981	1,775,224	1,676,633	1,651,775	1,560,139	1,463,266
Differences Between Expected and Actual Experience	1,711,311	(2,365,883)	(68,848)	(3,376,579)	(210,984)	206,292
Changes of Assumptions or Other Inputs	-	(61,221)	-	1,718,118	-	-
Benefit Payments	(2,865,460)	(915,089)	(998,431)	(738,462)	(803,855)	(1,068,547)
Net Change in Total OPEB Liability	1,857,335	(93,883)	2,034,413	651,816	1,896,852	1,908,631
Total OPEB Liability - Beginning of Year	37,731,500	37,825,383	35,139,154	35,139,154	33,242,302	31,333,671
Total OPEB Liability - End of Year (a)	<u>\$ 39,588,835</u>	<u>\$ 37,731,500</u>	<u>\$ 37,173,567</u>	<u>\$ 35,790,970</u>	<u>\$35,139,154</u>	<u>\$33,242,302</u>
OPEB Plan Fiduciary Net Position						
Contributions - Employer	\$ 6,115,460	\$ 2,915,089	\$ 2,298,431	\$ 1,738,462	\$ 2,003,855	\$ 1,965,966
Net Investment Income	(2,996,650)	(450,792)	971,144	793,826	122,838	326,662
Benefit Payments	(2,865,460)	(915,089)	(998,431)	(738,462)	(803,855)	(1,068,547)
Administrative Expense	(1,250)	(11,058)	(10,962)	-	(9,972)	(22,054)
Net Change in OPEB Plan Fiduciary Net Position	252,100	1,538,150	2,260,182	1,793,826	1,312,866	1,202,027
OPEB Plan Fiduciary Net Position - Beginning of Year	20,020,927	18,482,777	14,428,769	14,428,769	13,115,903	11,913,876
OPEB Plan Fiduciary Net Position - End of Year (b)	<u>\$ 20,273,027</u>	<u>\$ 20,020,927</u>	<u>\$ 16,688,951</u>	<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)	\$ 19,315,808	\$ 17,710,573	\$ 20,484,616	\$ 19,568,375	\$20,710,385	\$20,126,399
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.21%	53.06%	44.89%	45.33%	41.06%	39.46%
Covered Payroll	\$ 53,833,647	\$ 53,833,647	\$ 47,824,263	\$ 47,824,263	\$48,049,795	\$48,049,795
City's Net OPEB Liability as a Percentage of the Covered Payroll	35.88%	32.90%	42.83%	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 and rates for the year ended June 30, 2020 & 2021 were calculated as of December 31, 2018).

Rates for the year ended June 30, 2022 and June 30, 2023 were calculated as of December 31, 2021.

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,					
	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 2,828,727	\$ 2,213,901	\$ 2,254,253	\$ 2,198,282	\$ 2,145,067	\$ 1,923,728
Contributions in Relation to the Actuarially Determined Contribution	6,115,460	2,915,089	2,298,431	1,738,462	2,003,855	1,965,966
Contribution Deficiency (Excess)	<u>\$ (3,286,733)</u>	<u>\$ (701,188)</u>	<u>\$ (44,178)</u>	<u>\$ 459,820</u>	<u>\$ 141,212</u>	<u>\$ (42,238)</u>
Covered Payroll	\$61,362,501	\$60,170,894	\$54,367,034	\$57,840,834	\$54,339,305	\$53,592,063
Contributions as a Percentage of Covered Payroll	9.97%	4.84%	4.23%	3.01%	3.69%	3.67%

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 and rates for the year ended June 30, 2020 & 2021 were calculated as of December 31, 2018)

(Rates presented for the year ended June 30, 2022 were calculated as of December 31, 2021)

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	7.00% decreasing to ultimate rate of 4.50% by 2031
Salary Increases	
SCRS	3.00% - 9.50%
PORS	3.50% - 10.50%
Investment Rate of Return	4.75%

Mortality

Mortality rates were based on the PUB-2010 Mortality Table with a 135% 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.

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 governmental or donated 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 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 accounts for Federal funds received from US Department of Homeland Security for replacing the City's Fire Boat as well as the Police Department's multipurpose vessel.

VA Military Enhancement Grant accounts for funds received to assist with a Salvage and Marine Firefighting Vulnerability Study for the Port of Charleston.

Firefighter Assistance Grant accounts for funds awarded to assist with the Fire Prevention and Safety summer camp programs as part of the Department's community risk reduction efforts.

Forensic Science Grant accounts for funds awarded to assist with improvement in the quality and timeliness of forensic science and medical examiner/coroner's office services.

Opioid Settlement Funds were awarded to assist and remediate the impact of the opioid epidemic in South Carolina by providing equipment and supplies to North Charleston's Police as well as Fire Departments.

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:

Limited Obligation Bonds Capital Projects Fund accounts for and reports 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.

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, 2023
(With Comparative Totals at June 30, 2022)

	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	
						2023	2022
Assets							
Cash and cash equivalents	\$ 4,936,662	\$ -	\$ -	\$ -	\$ 427,695	\$ 5,364,357	\$ 4,048,178
Due from other governments	821,428	-	798,079	-	-	1,619,507	948,670
Restricted assets:							
Cash and cash equivalents	831,285	2,852,449	16,022,770	895,334	6,877,505	27,479,343	22,772,325
Total assets	\$ 6,589,375	\$ 2,852,449	\$ 16,820,849	\$ 895,334	\$ 7,305,200	\$ 34,463,207	\$ 27,769,173
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 18,507	\$ -	\$ -	\$ -	\$ 817,959	\$ 836,466	\$ 79,629
Escrow for seized funds	514,369	-	-	-	-	514,369	501,582
Due to other funds	818,590	-	-	-	-	818,590	4,759
Total liabilities	1,351,466	-	-	-	817,959	2,169,425	585,970
Fund balances:							
Restricted for:							
Public safety and public service	4,204,876	-	-	-	-	4,204,876	3,084,528
Facility and infrastructure improvements	-	-	-	-	6,487,241	6,487,241	8,336,041
Debt service	-	2,852,449	16,820,849	895,334	-	20,568,632	14,554,065
Assigned for:							
Community promotions	1,033,033	-	-	-	-	1,033,033	1,208,569
Total fund balances	5,237,909	2,852,449	16,820,849	895,334	6,487,241	32,293,782	27,183,203
Total liabilities and fund balances	\$ 6,589,375	\$ 2,852,449	\$ 16,820,849	\$ 895,334	\$ 7,305,200	\$ 34,463,207	\$ 27,769,173

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	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	
						2023	2022
Revenues:							
Property taxes	\$ -	\$ 4,338,343	\$ -	\$ 4,338,343	\$ -	\$ 8,676,686	\$ 8,076,224
Intergovernmental	8,078,940	607,651	7,123,107	-	-	15,809,698	13,044,213
Fines and forfeitures	394,635	-	-	-	-	394,635	510,707
Revenues from the use of monies and property	2,589,950	36,657	495,821	9,588	326,491	3,458,507	2,509,765
Total revenues	11,063,525	4,982,651	7,618,928	4,347,931	326,491	28,339,526	24,140,909
Expenditures:							
Public safety:							
Police department	1,689,074	-	-	-	-	1,689,074	1,370,436
Fire department	945,609	-	-	-	-	945,609	383,969
Community promotion:							
Community promotion	1,092,431	-	250,000	-	-	1,342,431	1,069,255
Culture and recreation:							
Special projects	975,540	-	-	-	-	975,540	801,207
Community development:							
Community development	672,407	-	-	-	-	672,407	246,718
Capital outlay:							
Parking, walkways and infrastructure	-	-	-	-	2,175,291	2,175,291	772,944
Debt service:							
Principal	-	3,455,000	2,925,000	2,635,000	-	9,015,000	10,925,000
Interest and fiscal charges	-	1,226,325	3,495,056	1,622,591	-	6,343,972	6,719,311
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	5,375,061	4,681,325	6,670,056	4,257,591	2,175,291	23,159,324	22,288,840
Excess (deficiency) of revenues over expenditures	5,688,464	301,326	948,872	90,340	(1,848,800)	5,180,202	1,852,069
Other financing sources (uses):							
Transfers in	645,377	-	4,674,029	-	-	5,319,406	5,074,991
Transfers (out)	(5,389,029)	-	-	-	-	(5,389,029)	(3,990,765)
Total other financing sources (uses)	(4,743,652)	-	4,674,029	-	-	(69,623)	1,084,226
Net change in fund balances	944,812	301,326	5,622,901	90,340	(1,848,800)	5,110,579	2,936,295
Fund balances at beginning of year	4,293,097	2,551,123	11,197,948	804,994	8,336,041	27,183,203	24,246,908
Fund balances at end of year	\$ 5,237,909	\$ 2,852,449	\$ 16,820,849	\$ 895,334	\$ 6,487,241	\$ 32,293,782	\$ 27,183,203

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2023
(With Comparative Totals at June 30, 2022)

	Tax Fund Types		Public Safety and Service Fund Type			
	Accommo- dations Tax	City Accommo- dations Tax	Port Security Grant	SRO Grant	Anti-Drug	Justice Assistance Grant
Assets						
Cash and cash equivalents	\$ 977,779	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	321,338	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	830,976	-
Total assets	\$ 977,779	\$ -	\$ 321,338	\$ -	\$ 830,976	\$ -
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	2,265	\$ -
Escrow for seized funds	-	-	-	-	514,369	-
Due to other funds	-	-	321,338	-	-	-
Total liabilities	-	-	321,338	-	516,634	-
Fund balances:						
Restricted for:						
Public safety and public service	-	-	-	-	314,342	-
Assigned for:						
Community promotions	977,779	-	-	-	-	-
Total fund balances	977,779	-	-	-	314,342	-
Total liabilities and fund balances	\$ 977,779	\$ -	\$ 321,338	\$ -	\$ 830,976	\$ -

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2023
(With Comparative Totals at June 30, 2022)

	Public Safety and Service Type					
	Community Policing Grant	Victims Advocate	COPS Hiring Grant	VA Military Enhancement Grant	Firefighter Assistance Grant	Forensic Science Grant
Assets						
Cash and cash equivalents	\$ 859,687	\$ -	\$ -	\$ 248,505	\$ -	\$ -
Due from other governments	-	-	-	-	7,446	23,332
Restricted assets:						
Cash and cash equivalents	-	309	-	-	-	-
Total assets	\$ 859,687	\$ 309	\$ -	\$ 248,505	\$ 7,446	\$ 23,332
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 2,257	\$ 309	\$ -	\$ -	\$ 1,838	\$ -
Escrow for seized funds	-	-	-	-	-	-
Due to other funds	-	-	-	-	5,608	23,332
Total liabilities	2,257	309	-	-	7,446	23,332
Fund balances:						
Restricted for:						
Public safety and public service	857,430	-	-	248,505	-	-
Assigned for:						
Community promotions	-	-	-	-	-	-
Total fund balances	857,430	-	-	248,505	-	-
Total liabilities and fund balances	\$ 859,687	\$ 309	\$ -	\$ 248,505	\$ 7,446	\$ 23,332

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2023
(With Comparative Totals at June 30, 2022)

	Opiod Settlement Funds		Firemen's Insurance & Inspection		Total Nonmajor Special Revenue Funds	
		CDBG		Parking	2023	2022
Assets						
Cash and cash equivalents	\$	57,828	\$	-	\$	4,936,662
Due from other governments		-		469,312		821,428
Restricted assets:						
Cash and cash equivalents		-		-		831,285
Total assets	\$	57,828	\$	469,312	\$	6,589,375
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$	2,574	\$	1,000	\$	18,507
Escrow for seized funds		-		-		514,369
Due to other funds		-		468,312		818,590
Total liabilities		2,574		469,312		1,351,466
Fund balances:						
Restricted for:						
Public safety and public service		-		-		4,204,876
Assigned for:						
Community promotions		55,254		-		1,033,033
Total fund balances		55,254		494,188		5,237,909
Total liabilities and fund balances						
	\$	57,828	\$	469,312	\$	6,589,375
						4,824,912

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	Tax Fund Types		Public Safety and Service Fund Type			
	Accommo- dations Tax	City Accommo- dations Tax	Port Security Grant	SRO Grant	Anti-Drug	Justice Assistance Grant
Revenues:						
Intergovernmental	\$ 3,344,030	\$ 2,386,008	\$ 321,338	\$ 79,171	\$ -	\$ 30,742
Fines and forfeitures	-	-	-	-	337,819	-
Revenues from the use of monies and property	520,632	-	-	-	4,975	-
Total revenues	3,864,662	2,386,008	321,338	79,171	342,794	30,742
Expenditures:						
Public safety:						
Police department	-	-	160,985	79,171	337,244	30,742
Fire department	-	-	267,466	-	-	-
Community promotion:						
Community promotion	1,092,431	-	-	-	-	-
Culture and recreation:						
Special projects	-	-	-	-	-	-
Community development:						
Community development	-	-	-	-	-	-
Total expenditures	1,092,431	-	428,451	79,171	337,244	30,742
Excess (deficiency) of revenues over expenditures	2,772,231	2,386,008	(107,113)	-	5,550	-
Other financing sources (uses):						
Transfers in	-	-	107,113	-	-	-
Transfers (out)	(3,003,021)	(2,386,008)	-	-	-	-
Total other financing sources (uses)	(3,003,021)	(2,386,008)	107,113	-	-	-
Net change in fund balances	(230,790)	-	-	-	5,550	-
Fund balances at beginning of year	1,208,569	-	-	-	308,792	-
Fund balances at end of year	\$ 977,779	\$ -	\$ -	\$ -	\$ 314,342	\$ -

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	Public Safety and Service Fund Type					
	Community Policing Grant	Victims Advocate	COPS Hiring Grant	VA Military Enhancement Grant	Firefighter Assistance Grant	Forensic Science Grant
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ 247,381	\$ 7,446	\$ 43,996
Fines and forfeitures	-	56,816	-	-	-	-
Revenues from the use of monies and property	39,326	17	-	1,124	-	-
Total revenues	39,326	56,833	-	248,505	7,446	43,996
Expenditures:						
Public safety:						
Police department	344,679	123,081	472,016	-	-	43,996
Fire department	-	-	-	-	7,446	-
Community promotion:						
Community promotion	-	-	-	-	-	-
Culture and recreation:						
Special projects	-	-	-	-	-	-
Community development:						
Community development	-	-	-	-	-	-
Total expenditures	344,679	123,081	472,016	-	7,446	43,996
Excess (deficiency) of revenues over expenditures	(305,353)	(66,248)	(472,016)	248,505	-	-
Other financing sources (uses):						
Transfers in	-	66,248	472,016	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	66,248	472,016	-	-	-
Net change in fund balances	(305,353)	-	-	248,505	-	-
Fund balances at beginning of year	1,162,783	-	-	-	-	-
Fund balances at end of year	\$ 857,430	\$ -	\$ -	\$ 248,505	\$ -	\$ -

(continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	Opioid Settlement Funds	CDBG	Firemen's Insurance & Inspection	Parking	Total Nonmajor Special Revenue Funds	
					2023	2022
Revenues:						
Intergovernmental	\$ 347,050	\$ 672,407	\$ 599,371	\$ -	\$ 8,078,940	\$ 5,710,103
Fines and forfeitures	-	-	-	-	394,635	510,707
Revenues from the use of monies and property	3,349	-	25,291	1,995,236	2,589,950	1,672,436
Total revenues	350,399	672,407	624,662	1,995,236	11,063,525	7,893,246
Expenditures:						
Public safety:						
Police department	97,160	-	-	-	1,689,074	1,370,436
Fire department	197,985	-	472,712	-	945,609	383,969
Community promotion:						
Community promotion	-	-	-	-	1,092,431	819,255
Culture and recreation:						
Special projects	-	-	-	975,540	975,540	801,207
Community development:						
Community development	-	672,407	-	-	672,407	246,718
Total expenditures	295,145	672,407	472,712	975,540	5,375,061	3,621,585
Excess (deficiency) of revenues over expenditures	55,254	-	151,950	1,019,696	5,688,464	4,271,661
Other financing sources (uses):						
Transfers in	-	-	-	-	645,377	553,386
Transfers (out)	-	-	-	-	(5,389,029)	(3,990,765)
Total other financing sources (uses)	-	-	-	-	(4,743,652)	(3,437,379)
Net change in fund balances	55,254	-	151,950	1,019,696	944,812	834,282
Fund balances at beginning of year	-	-	342,238	1,270,715	4,293,097	3,458,815
Fund balances at end of year	\$ 55,254	\$ -	\$ 494,188	\$ 2,290,411	\$ 5,237,909	\$ 4,293,097

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2023
(With Comparative Totals at June 30, 2022)

	Limited Obligation Bonds Capital Projects	Street Light & Drainage	Total Nonmajor Capital Project Funds	
			2023	2022
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 427,695	\$ 427,695	\$ 410,965
Restricted assets:				
Cash & cash equivalents	6,877,505	-	6,877,505	7,979,231
Total assets	\$ 6,877,505	\$ 427,695	\$ 7,305,200	\$ 8,390,196
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 817,959	\$ -	\$ 817,959	\$ 54,155
Total liabilities	817,959	-	817,959	54,155
Fund balances:				
Restricted for:				
Facility and infrastructure improvements	6,059,546	427,695	6,487,241	8,336,041
Total fund balances	6,059,546	427,695	6,487,241	8,336,041
Total liabilities and fund balances	\$ 6,877,505	\$ 427,695	\$ 7,305,200	\$ 8,390,196

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	Limited Obligation Bonds Capital Projects	Street Light & Drainage	Total Nonmajor Capital Project Funds	
			2023	2022
Revenues:				
Revenues from use of monies and property	\$ 309,761	\$ 16,730	\$ 326,491	\$ 799,463
Total revenues	<u>309,761</u>	<u>16,730</u>	<u>326,491</u>	<u>799,463</u>
Expenditures:				
Capital outlay:				
Engineering, infrastructure and other	2,175,291	-	2,175,291	772,944
Total expenditures	<u>2,175,291</u>	<u>-</u>	<u>2,175,291</u>	<u>772,944</u>
Net change in fund balance	(1,865,530)	16,730	(1,848,800)	26,519
Fund balance at beginning of year	7,925,076	410,965	8,336,041	8,309,522
Fund balance at end of year	<u><u>\$ 6,059,546</u></u>	<u><u>\$ 427,695</u></u>	<u><u>\$ 6,487,241</u></u>	<u><u>\$ 8,336,041</u></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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			
	Final Budget	Actual	Variance Over (Under)	2022 Actual
Revenues:				
Intergovernmental - State	\$ 3,123,750	\$ 3,344,030	\$ 220,280	\$ 2,594,308
Revenues from use of monies and property	331,000	520,632	189,632	369,617
Total revenues	<u>3,454,750</u>	<u>3,864,662</u>	<u>409,912</u>	<u>2,963,925</u>
Expenditures:				
Community promotion:				
Community promotion	1,148,500	1,092,431	(56,069)	819,255
Total expenditures	<u>1,148,500</u>	<u>1,092,431</u>	<u>(56,069)</u>	<u>819,255</u>
Excess (deficiency) of revenues over expenditures	<u>2,306,250</u>	<u>2,772,231</u>	<u>465,981</u>	<u>2,144,670</u>
Other financing sources (uses):				
Transfers to Debt Service Fund	(2,306,250)	(2,288,021)	(18,229)	(1,775,053)
Transfers to Citywide Capital Projects Fund	(715,000)	(715,000)	-	-
Total other financing sources (uses)	<u>(3,021,250)</u>	<u>(3,003,021)</u>	<u>(18,229)</u>	<u>(1,775,053)</u>
Net change in fund balance	<u>(715,000)</u>	<u>(230,790)</u>	<u>484,210</u>	<u>369,617</u>
Fund balance at beginning of year	<u>1,208,569</u>	<u>1,208,569</u>	<u>-</u>	<u>838,952</u>
Fund balance at end of year	<u>\$ 493,569</u>	<u>\$ 977,779</u>	<u>\$ 484,210</u>	<u>\$ 1,208,569</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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			
	Final Budget	Actual	Variance Over (Under)	2022 Actual
Revenues:				
Intergovernmental - State	\$ 2,387,500	\$ 2,386,008	\$ (1,492)	\$ 2,215,712
Total revenues	<u>2,387,500</u>	<u>2,386,008</u>	<u>(1,492)</u>	<u>2,215,712</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,387,500</u>	<u>2,386,008</u>	<u>(1,492)</u>	<u>2,215,712</u>
Other financing sources (uses):				
Transfers to Debt Service Fund	(2,387,500)	(2,386,008)	(1,492)	(2,215,712)
Total other financing sources (uses)	<u>(2,387,500)</u>	<u>(2,386,008)</u>	<u>(1,492)</u>	<u>(2,215,712)</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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance Over (Under)	Actual
Revenues:				
Intergovernmental - Federal	\$ 1,743,089	\$ 672,407	\$ (1,070,682)	\$ 246,718
Total revenues	<u>1,743,089</u>	<u>672,407</u>	<u>(1,070,682)</u>	<u>246,718</u>
Expenditures:				
Community development:				
Housing and infrastructure	1,743,089	672,407	(1,070,682)	246,718
Total expenditures	<u>1,743,089</u>	<u>672,407</u>	<u>(1,070,682)</u>	<u>246,718</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
SCHOOL RESOURCE OFFICER GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		2022 Actual
	Final Budget	Actual	Variance Over (Under)
Revenues:			
Intergovernmental - Local	\$ 82,961	\$ 79,171	\$ (3,790)
Total revenues	<u>82,961</u>	<u>79,171</u>	<u>(3,790)</u>
Expenditures:			
Public safety:			
Police department	82,961	79,171	(3,790)
Total expenditures	<u>82,961</u>	<u>79,171</u>	<u>(3,790)</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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance Over (Under)	Actual
Revenues:				
Intergovernmental - Federal	\$ 287,531	\$ 30,742	\$ (256,789)	\$ 112,930
Total revenues	<u>287,531</u>	<u>30,742</u>	<u>(256,789)</u>	<u>112,930</u>
Expenditures:				
Public safety:				
Police department	287,531	30,742	(256,789)	112,930
Total expenditures	<u>287,531</u>	<u>30,742</u>	<u>(256,789)</u>	<u>112,930</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 POLICING GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		
	Final Budget	Actual	Variance Over (Under)
			2022 Actual
Revenues:			
Revenues from the use of monies and property	\$ -	\$ 39,326	\$ 39,326
Total revenues	<u>-</u>	<u>39,326</u>	<u>39,326</u>
Expenditures:			
Public safety:			
Police department	1,156,201	344,679	(811,522)
Total expenditures	<u>1,156,201</u>	<u>344,679</u>	<u>(811,522)</u>
Net change in fund balance	(1,156,201)	(305,353)	850,848
Fund balance at beginning of year	<u>1,162,783</u>	<u>1,162,783</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,582</u>	<u>\$ 857,430</u>	<u>\$ 850,848</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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance Over (Under)	Actual
Revenues:				
Fines and forfeitures	\$ 65,809	\$ 56,816	\$ (8,993)	\$ 58,586
Revenues from use of monies and property	-	17	17	11
Total revenues	<u>65,809</u>	<u>56,833</u>	<u>(8,976)</u>	<u>58,597</u>
Expenditures:				
Public safety:				
Police department	132,917	123,081	(9,836)	117,683
Total expenditures	<u>132,917</u>	<u>123,081</u>	<u>(9,836)</u>	<u>117,683</u>
Excess (deficiency) of revenues over expenditures	<u>(67,108)</u>	<u>(66,248)</u>	<u>860</u>	<u>(59,086)</u>
Other financing sources (uses):				
Transfer from General Fund	67,108	66,248	(860)	45,036
Total other financing sources (uses)	<u>67,108</u>	<u>66,248</u>	<u>(860)</u>	<u>45,036</u>
Net change in fund balance	-	-	-	(14,050)
Fund balance at beginning of year	-	-	-	14,050
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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		
	Final Budget	Actual	Variance Over (Under)
			2022 Actual
Revenues:			
Intergovernmental - Federal	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Public safety:			
Police department	475,000	472,016	(2,984)
Total expenditures	<u>475,000</u>	<u>472,016</u>	<u>(2,984)</u>
Excess (deficiency) of revenues over expenditures	<u>(475,000)</u>	<u>(472,016)</u>	<u>(508,350)</u>
Other financing sources (uses):			
Transfer from General Fund	475,000	472,016	(2,984)
Total other financing sources (uses)	<u>475,000</u>	<u>472,016</u>	<u>(508,350)</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
PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>	<u>2022 Actual</u>
Revenues:				
Revenues from use of monies and property	\$ 976,144	\$ 1,995,236	\$ 1,019,092	\$ 1,295,670
Total revenues	<u>976,144</u>	<u>1,995,236</u>	<u>1,019,092</u>	<u>1,295,670</u>
Expenditures:				
Culture and recreation:				
Special projects	976,144	975,540	(604)	801,207
Total expenditures	<u>976,144</u>	<u>975,540</u>	<u>(604)</u>	<u>801,207</u>
Net change in fund balance	-	1,019,696	1,019,696	494,463
Fund balance at beginning of year	<u>1,270,715</u>	<u>1,270,715</u>	-	<u>776,252</u>
Fund balance at end of year	<u>\$ 1,270,715</u>	<u>\$ 2,290,411</u>	<u>\$ 1,019,696</u>	<u>\$ 1,270,715</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
VA MILITARY ENHANCEMENT GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Variance Over (Under)	2022 Actual
	Final Budget	Actual		
Revenues:				
Intergovernmental - State	\$ 247,381	\$ 247,381	\$ -	\$ -
Revenues from the use of monies and property	-	1,124	1,124	-
Total revenues	<u>247,381</u>	<u>248,505</u>	<u>1,124</u>	<u>-</u>
Expenditures:				
Public safety:				
Police department	<u>247,381</u>	<u>-</u>	<u>(247,381)</u>	<u>-</u>
Total expenditures	<u>247,381</u>	<u>-</u>	<u>(247,381)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>248,505</u>	<u>248,505</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>248,505</u>	<u>248,505</u>	<u>-</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 248,505</u>	<u>\$ 248,505</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
FEMA FIREFIGHTER ASSISTANCE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance Over (Under)	Actual
Revenues:				
Intergovernmental - Federal	\$ 17,900	\$ 7,446	\$ (10,454)	\$ -
Total revenues	<u>17,900</u>	<u>7,446</u>	<u>(10,454)</u>	<u>-</u>
Expenditures:				
Public safety:				
Fire department	18,800	7,446	(11,354)	-
Total expenditures	<u>18,800</u>	<u>7,446</u>	<u>(11,354)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(900)</u>	<u>-</u>	<u>900</u>	<u>-</u>
Other financing sources (uses):				
Transfer from General Fund	900	-	(900)	-
Total other financing sources (uses)	<u>900</u>	<u>-</u>	<u>(900)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COVERDELL FORENSIC SCIENCE IMPROVEMENT GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022 Actual
	Final Budget	Actual	Variance Over (Under)	
Revenues:				
Intergovernmental - State	\$ 100,189	\$ 43,996	\$ (56,193)	\$ -
Total revenues	<u>100,189</u>	<u>43,996</u>	<u>(56,193)</u>	<u>-</u>
Expenditures:				
Public safety:				
Police department	100,189	43,996	(56,193)	-
Total expenditures	<u>100,189</u>	<u>43,996</u>	<u>(56,193)</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
OPIOID RECOVERY SETTLEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance Over (Under)	Actual
Revenues:				
Intergovernmental - State	\$ 347,050	\$ 347,050	\$ -	\$ -
Revenues from the use of monies and property	-	3,349	3,349	-
Total revenues	<u>347,050</u>	<u>350,399</u>	<u>3,349</u>	<u>-</u>
Expenditures:				
Public safety:				
Police	110,000	97,160	(12,840)	-
Fire	237,050	197,985	(39,065)	-
Total expenditures	<u>347,050</u>	<u>295,145</u>	<u>(51,905)</u>	<u>-</u>
Net change in fund balance	-	55,254	55,254	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 55,254</u>	<u>\$ 55,254</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
PORT SECURITY GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			
	Final Budget	Actual	Variance Over (Under)	2022 Actual
Revenues:				
Intergovernmental - Federal	\$ 1,108,500	\$ 321,338	\$ (787,162)	\$ -
Total revenues	<u>1,108,500</u>	<u>321,338</u>	<u>(787,162)</u>	<u>-</u>
Expenditures:				
Public safety:				
Police department	555,340	160,985	(394,355)	-
Fire department	922,660	267,466	(655,194)	-
Total expenditures	<u>1,478,000</u>	<u>428,451</u>	<u>(1,049,549)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(369,500)</u>	<u>(107,113)</u>	<u>262,387</u>	<u>-</u>
Other financing sources (uses):				
Transfer from General Fund	369,500	107,113	(262,387)	-
Total other financing sources (uses)	<u>369,500</u>	<u>107,113</u>	<u>(262,387)</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
DEBT SERVICE FUNDS
GENERAL OBLIGATION BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Variance Over (Under)	2022 Actual
	Final Budget	Actual		
Revenues:				
Property taxes	\$ 4,000,000	\$ 4,338,343	\$ 338,343	\$ 4,038,112
Intergovernmental - Federal	-	-	-	-
Intergovernmental - Local	689,625	607,651	(81,974)	625,014
Revenues from use of monies and property	-	36,657	36,657	3,859
Total revenues	<u>4,689,625</u>	<u>4,982,651</u>	<u>293,026</u>	<u>4,666,985</u>
Expenditures:				
Debt Service:				
Principal	3,455,000	3,455,000	-	3,295,000
Interest and fiscal charges	1,234,625	1,226,325	(8,300)	1,392,825
Bond issuance costs	-	-	-	-
Total expenditures	<u>4,689,625</u>	<u>4,681,325</u>	<u>(8,300)</u>	<u>4,687,825</u>
Excess (deficiency) of revenues over expenditures	-	301,326	301,326	(20,840)
Other financing sources (uses):				
Transfers in	-	-	-	20,840
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,840</u>
Net change in fund balance	-	301,326	301,326	-
Fund balance at beginning of year	2,551,123	2,551,123	-	2,551,123
Fund balance at end of year	<u>\$ 2,551,123</u>	<u>\$ 2,852,449</u>	<u>\$ 301,326</u>	<u>\$ 2,551,123</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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance Over (Under)	Actual
Revenues:				
Intergovernmental - State	\$ 4,150,000	\$ 5,509,927	\$ 1,359,927	\$ 4,851,415
Intergovernmental - Local	1,785,000	1,613,180	(171,820)	1,857,681
Revenues from use of monies and property	10,000	495,821	485,821	27,946
Total revenues	<u>5,945,000</u>	<u>7,618,928</u>	<u>1,673,928</u>	<u>6,737,042</u>
Expenditures:				
Community promotion	1,913,846	250,000	(1,663,846)	250,000
Debt Service:				
Principal	2,925,000	2,925,000	-	5,070,000
Interest and fiscal charges	3,515,000	3,495,056	(19,944)	3,635,593
Total expenditures	<u>8,353,846</u>	<u>6,670,056</u>	<u>(1,683,790)</u>	<u>8,955,593</u>
Excess (deficiency) of revenues over expenditures	(2,408,846)	948,872	3,357,718	(2,218,551)
Other financing sources (uses):				
Transfers in	3,883,750	4,674,029	790,279	3,990,765
Transfers out	(1,474,904)	-	1,474,904	-
Total other financing sources (uses)	<u>2,408,846</u>	<u>4,674,029</u>	<u>2,265,183</u>	<u>3,990,765</u>
Net change in fund balance	-	5,622,901	5,622,901	1,772,214
Fund balance at beginning of year	11,197,948	11,197,948	-	9,425,734
Fund balance at end of year	<u>\$ 11,197,948</u>	<u>\$ 16,820,849</u>	<u>\$ 5,622,901</u>	<u>\$ 11,197,948</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, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			
	Final Budget	Actual	Variance Over (Under)	2022 Actual
Revenues:				
Property taxes	\$ 3,760,000	\$ 4,338,343	\$ 578,343	\$ 4,038,112
Revenues from use of monies and property	-	9,588	9,588	6,061
Total revenues	<u>3,760,000</u>	<u>4,347,931</u>	<u>587,931</u>	<u>4,044,173</u>
Expenditures:				
Debt Service:				
Principal	2,635,000	2,635,000	-	2,560,000
Interest and fiscal charges	1,635,000	1,622,591	(12,409)	1,690,893
Total expenditures	<u>4,270,000</u>	<u>4,257,591</u>	<u>(12,409)</u>	<u>4,250,893</u>
Excess (deficiency) of revenues over expenditures	(510,000)	90,340	600,340	(206,720)
Other financing sources (uses):				
Transfers in	510,000	-	(510,000)	510,000
Total other financing sources (uses)	<u>510,000</u>	<u>-</u>	<u>(510,000)</u>	<u>510,000</u>
Net change in fund balance	-	90,340	90,340	303,280
Fund balance at beginning of year	804,994	804,994	-	501,714
Fund balance at end of year	<u>\$ 804,994</u>	<u>\$ 895,334</u>	<u>\$ 90,340</u>	<u>\$ 804,994</u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Governmental funds capital assets:</u>		
Land	\$ 56,837,076	\$ 56,819,086
Construction in progress	39,914,044	15,214,784
Buildings	316,379,035	321,357,851
Infrastructure	95,433,672	95,433,672
Furniture, fixtures and improvements	97,469,733	92,594,942
Equipment	95,663,864	90,013,564
Total governmental funds capital assets	\$ <u>701,697,424</u>	\$ <u>671,433,899</u>
<u>Investment in governmental funds capital assets by source:</u>		
Capital project funds	\$ 496,280,433	\$ 463,434,151
Governmental funds revenues	149,226,616	151,809,373
Federal and State grants	35,676,900	35,676,900
Donations and other	20,513,475	20,513,475
Total governmental funds capital assets	\$ <u>701,697,424</u>	\$ <u>671,433,899</u>

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

YEAR ENDED JUNE 30, 2023

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			839,084	839,084
Court fines and assessments remitted to State Treasurer			(446,753)	(446,753)
Total Court Fines and Assessments retained			392,331	392,331
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			14,658	14,658
Assessments retained			42,158	42,158
Total Surcharges and Assessments retained for victim services			56,816	56,816

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	-		-
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	42,158		42,158
Victim Service Surcharges Retained by City/County Treasurer	14,658		14,658
Interest Earned & Other Income	17		17
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund	66,248		66,248
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)	123,081		123,081
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	113,444		113,444
Operating Expenditures	9,637		9,637
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)	123,081		123,081
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	-		-

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.	108
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, principally the property tax.	114
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.	119
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.	123
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.	125

Table 1

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 181,770,720	\$ 226,873,405	\$ 255,827,193	\$ 269,276,543	\$ 276,808,151	\$ 299,415,020	\$ 287,536,690	\$ 253,105,551	\$ 262,949,805	\$ 252,925,413
Restricted	21,721,357	21,681,183	18,592,679	24,653,188	20,697,865	37,113,459	52,155,371	63,675,150	41,658,344	55,944,971
Unrestricted	52,355,841	(34,926,375)	(41,087,614)	(50,677,748)	(63,598,862)	(84,238,300)	(96,509,174)	(78,760,111)	(35,124,748)	(3,377,644)
Total governmental activities net position	255,847,918	213,628,213	233,332,258	243,251,983	233,907,154	252,290,179	243,182,887	238,020,590	269,483,401	305,492,740
Business-type activities										
Net investment in capital assets	\$ 2,785,583	\$ 3,844,982	\$ 4,157,046	\$ 4,334,928	\$ 5,022,064	\$ 5,369,014	\$ 5,942,418	\$ 5,978,739	\$ 6,950,549	\$ 7,527,784
Unrestricted	5,234,795	3,164,826	2,269,972	3,481,903	2,174,668	3,029,239	3,836,960	4,814,496	3,755,740	5,071,647
Total business-type activities net position	8,020,378	7,009,808	6,427,018	7,816,831	7,196,732	8,398,253	9,779,378	10,793,235	10,706,289	12,599,431
Primary government										
Net investment in capital assets	\$ 184,556,303	\$ 230,718,387	\$ 259,984,239	\$ 273,611,471	\$ 281,830,215	\$ 304,784,034	\$ 293,479,108	\$ 259,084,290	\$ 269,900,354	\$ 260,453,197
Restricted	21,721,357	21,681,183	18,592,679	24,653,188	20,697,865	37,113,459	52,155,371	63,675,150	41,658,344	55,944,971
Unrestricted	57,590,636	(31,761,549)	(38,817,642)	(47,195,845)	(61,424,194)	(81,209,061)	(92,672,214)	(73,945,615)	(31,369,008)	1,694,003
Total primary government net position	\$ 263,868,296	\$ 220,638,021	\$ 239,759,276	\$ 251,068,814	\$ 241,103,886	\$ 260,688,432	\$ 252,962,265	\$ 248,813,825	\$ 280,189,690	\$ 318,092,171

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Expenses										
General government	\$ 26,867,536	\$ 26,457,600	\$ 32,296,185	\$ 34,530,826	\$ 38,783,954	\$ 42,215,486	\$ 59,398,285	\$ 64,770,214	\$ 49,150,093	\$ 62,142,517
Public safety	54,457,376	58,491,261	61,633,465	67,170,655	66,992,191	69,552,562	74,696,804	70,629,319	72,322,466	68,372,422
Sanitation	6,389,844	6,129,667	6,306,562	7,000,290	6,493,504	6,300,832	6,462,848	6,190,874	6,515,840	6,783,330
Culture and recreation	15,489,110	16,495,636	17,469,972	17,925,304	18,772,388	19,161,665	19,839,395	16,049,191	22,057,460	25,025,616
Community development and promotion	4,709,825	5,174,995	4,709,983	6,679,525	4,618,764	4,503,967	4,755,152	4,392,536	6,793,358	5,917,959
Interest on long-term debt	7,649,242	5,888,319	5,488,761	7,178,924	7,879,075	8,472,792	8,554,244	6,722,838	8,587,584	8,657,928
Total governmental activities expenses	115,562,933	118,637,478	127,904,928	140,485,524	143,539,876	150,207,304	173,706,728	168,754,972	165,426,801	176,899,772
Program revenues										
Charges for services:										
General government	3,204,897	3,002,029	3,922,073	4,151,146	3,911,296	3,604,164	3,082,180	3,556,980	3,297,127	4,668,811
Public safety	3,688,314	3,974,967	3,599,404	3,089,174	3,112,088	3,465,147	3,432,519	3,113,215	3,089,373	3,213,045
Sanitation	74,729	58,175	83,800	82,601	32,375	84,714	129,017	-	65,147	126,241
Culture and recreation	9,034,247	7,722,471	8,293,168	10,452,107	9,514,023	9,587,826	8,038,127	4,685,178	11,920,449	15,093,797
Operating grants and contributions	3,534,071	4,802,442	3,892,060	4,391,958	3,918,886	4,203,707	4,450,205	5,987,059	10,701,450	4,904,033
Capital grants and contributions	16,298,998	19,860,711	7,986,236	1,570,651	8,075,233	13,139,697	3,125,348	899,525	12,225,880	13,073,143
Total governmental activities program revenues	35,835,256	39,420,795	27,776,741	23,737,637	28,563,901	34,085,255	22,257,396	18,241,957	41,299,426	41,079,070
Total Governmental Activities Net Program Expense	\$ 79,727,677	\$ 79,216,683	\$ 100,128,187	\$ 116,747,887	\$ 114,975,975	\$ 116,122,049	\$ 151,449,332	\$ 150,513,015	\$ 124,127,375	\$ 135,820,702

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities (continued):										
General Revenues and Other Changes in Net Position										
Taxes										
Property taxes	\$ 52,566,263	\$ 53,869,578	\$ 57,252,351	\$ 61,028,053	\$ 57,820,066	\$ 64,309,746	\$ 70,286,375	\$ 77,086,954	\$ 78,670,277	\$ 87,627,072
Business license taxes	22,249,041	22,931,298	24,692,314	26,306,512	27,341,722	26,448,488	28,626,726	27,418,252	30,506,646	31,833,286
Sales taxes	10,153,006	10,629,210	11,759,175	12,296,029	12,733,860	13,527,556	13,431,545	14,691,841	16,306,497	17,715,244
Franchise taxes	8,415,235	9,154,565	9,676,988	8,988,232	9,005,507	8,520,261	7,925,146	7,818,741	8,125,179	8,519,432
Hospitality taxes	5,961,759	6,763,503	7,077,470	7,265,612	7,667,819	8,322,621	7,868,244	7,732,270	9,350,824	10,776,047
Accommodations taxes	5,021,022	5,603,398	5,633,783	6,133,600	6,312,211	6,320,359	5,162,347	4,067,438	6,598,202	7,458,063
Other taxes	219,857	294,013	277,442	203,053	195,070	230,210	183,545	150,262	244,700	173,950
State shared revenues	2,523,874	2,542,418	2,542,418	2,641,066	3,136,864	3,163,926	3,246,249	3,246,250	3,581,618	3,626,937
Investment earnings	213,490	454,003	563,372	970,842	1,991,570	3,196,330	2,749,191	347,787	599,456	8,717,612
Miscellaneous	4,190,079	867,353	1,107,950	1,341,101	1,459,672	1,013,788	3,383,042	3,162,379	1,976,865	7,525,698
Special item-settlement agreement (Note 1)	-	9,165,000	-	-	-	-	-	-	-	-
Special item-settlement agreement (Note 2)	-	(5,500,000)	-	-	-	-	-	-	-	-
Special item-settlement agreement (Note 3)	-	-	-	-	-	-	-	-	-	(11,273,300)
Transfers	(986,998)	(939,350)	(751,031)	(506,488)	(357,348)	(548,211)	(520,370)	(371,456)	(370,078)	(870,000)
Total general revenues and other changes in net position	110,526,628	115,834,989	119,832,232	126,667,612	127,307,013	134,505,074	142,342,040	145,350,718	155,590,186	171,830,041
Total Governmental Activities Change in Net Position	\$ 30,798,951	\$ 36,618,306	\$ 19,704,045	\$ 9,919,725	\$ 12,331,038	\$ 18,383,025	\$ (9,107,292)	\$ (5,162,297)	\$ 31,462,811	\$ 36,009,339

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.

Note (3): The special item-settlement agreement represents a settlement with SCDOR regarding tax/surcharge distributions incorrectly sent to the City of North Charleston

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type Activities:										
Expenses										
Golf course enterprise fund	\$ 2,561,377	\$ 2,321,730	\$ 2,237,278	\$ 2,619,428	\$ 2,479,565	\$ 2,557,198	\$ 2,477,393	\$ 2,407,941	\$ 2,631,241	\$ 2,814,140
Stormwater utility enterprise fund	3,829,193	3,693,146	5,066,996	3,383,068	4,393,095	4,004,446	4,074,216	4,877,820	6,436,679	5,127,624
Total business-type activities expenses	<u>6,390,570</u>	<u>6,014,876</u>	<u>7,304,274</u>	<u>6,002,496</u>	<u>6,872,660</u>	<u>6,561,644</u>	<u>6,551,609</u>	<u>7,285,761</u>	<u>9,067,920</u>	<u>7,941,764</u>
Program revenues										
Charges for services:										
Golf course enterprise fund	1,259,730	1,144,490	1,241,324	1,818,460	2,014,022	1,970,120	1,839,951	2,292,159	2,818,271	3,216,390
Stormwater utility enterprise fund	3,793,027	3,724,405	4,095,088	4,855,735	4,298,656	5,162,712	5,409,171	5,520,616	5,656,629	5,512,149
Operating grants and contributions	-	-	-	46,690	-	-	-	-	-	-
Capital grants and contributions	-	330,000	550,000	117,750	-	-	-	-	-	-
Total business-type activities revenues	<u>5,052,757</u>	<u>5,198,895</u>	<u>5,886,412</u>	<u>6,838,635</u>	<u>6,312,678</u>	<u>7,132,832</u>	<u>7,249,122</u>	<u>7,812,775</u>	<u>8,474,900</u>	<u>8,728,539</u>
Total Business-type Activities Net Program Expense	<u>1,337,813</u>	<u>815,981</u>	<u>1,417,862</u>	<u>(836,139)</u>	<u>559,982</u>	<u>(571,188)</u>	<u>(697,513)</u>	<u>(527,014)</u>	<u>593,020</u>	<u>(786,775)</u>
Other Changes in Net Position										
Miscellaneous	25,336	65,331	84,041	47,186	62,057	82,122	163,242	115,387	135,996	236,367
Transfers, net	986,998	939,350	751,031	506,488	357,348	548,211	520,370	371,456	370,078	870,000
Total Business-type Activities Change in Net Position	<u>\$ (325,479)</u>	<u>\$ 188,700</u>	<u>\$ (582,790)</u>	<u>\$ 1,389,813</u>	<u>\$ (140,577)</u>	<u>\$ 1,201,521</u>	<u>\$ 1,381,125</u>	<u>\$ 1,013,857</u>	<u>\$ (86,946)</u>	<u>\$ 1,893,142</u>
Total Primary Government Change in Net Position	<u>\$ 30,473,472</u>	<u>\$ 36,807,006</u>	<u>\$ 19,121,255</u>	<u>\$ 11,309,538</u>	<u>\$ 12,190,461</u>	<u>\$ 19,584,546</u>	<u>\$ (7,726,167)</u>	<u>\$ (4,148,440)</u>	<u>\$ 31,375,865</u>	<u>\$ 37,902,481</u>

Table 3

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	237,272	1,151,727	859,957	490,969	488,245	640,904	642,148	1,027,261	3,393,615	3,534,422
Restricted	827,268	2,426,723	3,495,172	1,537,879	2,436,055	2,384,811	2,457,648	656,500	2,684,743	3,350,453
Committed	412,694	477,128	641,611	1,212,749	1,031,377	1,048,749	350,046	1,250,027	1,745,060	1,747,444
Assigned	5,069,487	4,933,417	4,113,187	7,071,580	8,470,192	7,981,859	8,838,293	7,981,111	7,992,496	9,661,996
Unassigned	20,620,802	12,827,624	12,714,812	13,972,612	21,586,634	27,160,114	29,196,285	43,808,854	52,810,811	65,513,375
Total General Fund	\$ <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>	\$ <u>54,723,753</u>	\$ <u>68,626,725</u>	\$ <u>83,807,690</u>
All Other Governmental Funds										
Nonspendable	42,520	50,163	187,641	55,046	95,751	47,685	193,380	232,252	169,374	1,122,595
Restricted	57,158,017	53,080,616	43,818,393	116,053,813	108,094,919	118,735,011	84,596,810	101,961,069	153,954,280	138,958,389
Assigned	369,852	417,966	347,757	247,118	681,997	797,592	867,776	939,868	1,466,378	1,929,725
Total All Other Governmental Funds	\$ <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>	\$ <u>103,133,189</u>	\$ <u>155,590,032</u>	\$ <u>142,010,709</u>

Table 4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property taxes	\$ 52,409,847	\$ 53,779,197	\$ 57,042,134	\$ 60,793,331	\$ 57,479,535	\$ 64,072,543	\$ 70,025,598	\$ 76,882,123	\$ 78,560,178	\$ 87,318,309
Licenses and permits	32,991,422	34,119,753	37,036,183	37,991,977	39,102,975	37,864,749	39,164,130	38,327,902	41,517,125	44,764,030
Intergovernmental	43,841,104	50,986,549	40,024,244	36,791,204	43,482,009	48,287,287	36,710,919	35,723,641	58,814,072	57,959,770
Fines and forfeitures	1,918,180	2,009,689	1,678,485	1,111,709	1,107,993	896,351	851,081	790,597	885,622	788,685
Charges for services	1,611,405	1,761,270	2,175,807	2,238,554	2,283,811	2,946,825	2,957,832	2,748,142	3,012,030	3,235,035
Investment/property earnings	10,667,406	9,078,518	9,746,669	10,776,223	12,050,679	12,834,296	12,715,124	6,161,730	12,926,735	23,171,677
Other revenues	883,983	856,157	1,042,547	960,793	1,418,217	696,754	1,686,996	779,597	783,550	1,854,998
Total revenues	144,323,347	152,591,133	148,746,069	150,663,791	156,925,219	167,598,805	164,111,680	161,413,732	196,499,312	219,092,504
Expenditures										
General government	25,891,695	26,374,210	28,902,833	30,221,023	37,645,135	38,339,053	35,453,690	30,302,381	33,477,906	38,835,031
Public safety	55,207,576	56,716,601	61,935,194	62,787,241	62,469,821	66,791,421	70,658,250	66,044,085	75,487,819	76,872,027
Sanitation	6,099,718	6,652,304	6,038,348	6,732,214	5,901,967	5,938,587	6,475,682	5,370,606	6,482,871	7,520,778
Culture and recreation	14,165,731	14,101,241	14,499,420	14,753,130	15,369,627	15,942,208	16,063,749	12,076,859	17,710,837	20,738,285
Community development and promotion	4,496,711	4,818,173	4,430,162	6,825,907	4,242,797	4,003,977	3,967,421	3,685,016	6,364,638	5,551,833
Capital outlay	42,490,801	47,238,809	23,351,434	13,245,452	14,070,133	38,523,069	64,277,579	43,024,980	18,219,412	46,628,343
Debt service										
Financed purchase principal	18,069,793	19,303,029	19,277,287	20,490,579	15,926,659	16,212,335	17,793,043	17,581,338	17,778,034	23,582,370
Lease liability principal	-	-	-	-	-	-	-	-	392,744	1,432,360
Interest	6,718,366	6,237,230	6,026,731	5,916,063	8,175,152	7,807,582	9,170,170	9,505,695	9,708,975	10,754,395
Bond issuance costs	-	182,689	-	690,668	-	801,261	309,470	1,016,020	429,366	-
Total expenditures	173,140,391	181,624,286	164,461,409	161,662,277	163,801,291	194,359,493	224,169,054	188,606,980	186,052,602	231,915,422
Excess (deficiency) of revenues over expenditures	(28,817,044)	(29,033,153)	(15,715,340)	(10,998,486)	(6,876,072)	(26,760,688)	(60,057,374)	(27,193,248)	10,446,710	(12,822,918)
Other financing sources (uses)										
Transfers in	24,199,932	11,100,176	15,663,023	10,233,928	7,288,698	5,366,592	9,628,903	9,280,513	7,514,801	6,034,406
Transfers out	(25,186,930)	(12,039,526)	(16,414,054)	(10,740,416)	(7,646,046)	(5,914,803)	(10,149,273)	(9,651,969)	(7,884,878)	(6,904,406)
Proceeds from sale of property	5,596,512	525,415	1,193,537	413,455	5,312,824	383,665	1,538,882	3,466,417	232,375	9,348,360
Bonds issued	-	16,000,000	-	80,000,000	-	36,324,888	19,915,000	46,200,000	42,820,000	-
Premiums/Discounts on bonds	-	2,606,540	-	1,472,755	-	4,108,396	3,424,523	8,578,337	7,632,807	-
Refunding bonds issued	-	-	-	-	-	12,345,112	-	47,465,000	-	-
Payments to escrow agent	-	-	-	-	-	(13,311,607)	-	(48,086,994)	-	1,341,200
Financed purchase obligations	4,095,000	4,968,000	4,086,500	4,082,000	4,164,000	3,370,000	4,045,000	656,500	5,598,000	4,605,000
Total other financing sources (uses)	8,704,514	23,160,605	4,529,006	85,461,722	9,119,476	42,672,243	28,403,035	57,907,804	55,913,105	14,424,560
Special item										
Palmetto Railway settlement agreement	2,000,000	2,000,000	2,000,000	-	-	-	-	-	-	-
Public safety settlement agreement	-	(5,500,000)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (18,112,530)	\$ (9,372,548)	\$ (9,186,334)	\$ 74,463,236	\$ 2,243,404	\$ 15,911,555	\$ (31,654,339)	\$ 30,714,556	\$ 66,359,815	\$ 1,601,642
Debt service as a percentage of noncapital expenditures	20.02%	21.30%	18.51%	18.44%	16.92%	16.17%	15.91%	15.96%	15.87%	17.85%
Capital Outlay Expenditures (Note 1)	49,310,355	61,713,368	27,726,300	18,450,175	21,339,029	45,814,283	54,646,589	18,892,334	12,901,336	39,503,650

Note (1): Debt service as a percentage of noncapital expenditures is calculated by dividing total debt service expenditures (principal and interest) by total noncapital expenditures (the difference between total expenditures and capitalized capital outlay expenditures). Capital outlay expenditures is calculated from increases to capital assets in Notes To The Financial Statements, Section III C, Governmental Activities.

Table 5

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

Fiscal Year		<u>Property</u>		<u>Business License</u>		<u>Sales</u>		<u>Franchise</u>		<u>Hospitality</u>		<u>Accommodations</u>		<u>Other</u>		<u>Total</u>
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
2021		76,882,123		27,418,252		14,691,841		7,818,741		7,732,270		4,067,438		150,262		138,760,927
2022		78,560,178		30,506,646		16,306,497		8,125,179		9,350,824		6,598,202		244,700		149,692,226
2023		87,627,072		31,833,286		17,715,244		8,519,432		10,776,047		7,458,063		173,950		164,103,094

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>
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%
2021	676,749,425	107,885,474	63,387,815	848,022,714	95.0	11,970,380,356	7.08%
2022	727,031,843	103,165,591	65,229,738	895,427,172	95.0	14,372,836,970	6.23%
2023	785,821,658	103,732,603	65,841,789	955,396,050	95.0	15,598,085,296	6.13%

Source: Charleston County and Dorchester County Assessor's Offices

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

Table 7

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

Fiscal Year	(2) City of North Charleston			(2)(3) County of Charleston			Charleston County School District (3)			Total Charleston County Direct & Overlapping ⁽¹⁾ Rates
	Direct	Debt	Total	Direct	Debt	Total	Direct	Debt	Total	
	Operating Millage	Service Millage	City Millage	Operating Millage	Service Millage	County Millage	Operating Millage	Service Millage	District Millage	
2014	87.0	8.0	95.0	47.2	7.4	54.6	100.5	26.0	126.5	276.1
2015	87.0	8.0	95.0	46.7	8.4	55.1	100.5	26.0	126.5	276.6
2016	87.0	8.0	95.0	50.9	8.4	59.3	100.7	26.0	126.7	281.0
2017	87.0	8.0	95.0	50.9	8.9	59.8	116.3	20.0	136.3	291.1
2018	87.0	8.0	95.0	50.9	8.9	59.8	119.2	26.0	145.2	300.0
2019	87.0	10.0	97.0	50.9	8.9	59.8	123.2	28.0	151.2	308.0
2020	87.0	10.0	97.0	50.9	8.9	59.8	126.7	28.0	154.7	311.5
2021	85.0	10.0	95.0	47.0	8.6	55.6	118.6	28.0	146.6	297.2
2022	85.0	10.0	95.0	47.0	8.6	55.6	123.7	28.0	151.7	302.3
2023	85.0	10.0	95.0	47.0	8.6	55.6	130.0	28.0	158.0	308.6

Fiscal Year	City of North Charleston			County of Dorchester			Dorchester County School District (3)			Total Dorchester County Direct & Overlapping ⁽¹⁾ Rates
	Direct	Debt	Total	Direct	Debt	Total	Direct	Debt	Total	
	Operating Millage	Service Millage	City Millage	Operating Millage	Service Millage	County Millage	Operating Millage	Service Millage	District Millage	
2014	87.0	8.0	95.0	77.9	6.5	84.4	168.6	46.0	214.6	394.0
2015	87.0	8.0	95.0	78.1	6.5	84.6	168.6	53.0	221.6	401.2
2016	87.0	8.0	95.0	82.9	6.2	89.1	169.9	53.0	222.9	407.0
2017	87.0	8.0	95.0	83.5	6.2	89.7	169.9	53.0	222.9	407.6
2018	87.0	8.0	95.0	83.5	6.2	89.7	173.6	53.0	226.6	411.3
2019	87.0	10.0	97.0	84.6	6.2	90.8	173.6	53.0	226.6	414.4
2020	87.0	10.0	97.0	86.6	5.9	92.5	183.6	53.0	236.6	426.1
2021	85.0	10.0	95.0	82.6	5.9	88.5	183.6	58.5	242.1	425.6
2022	85.0	10.0	95.0	82.6	8.5	91.1	183.6	65.0	248.6	434.7
2023	85.0	10.0	95.0	82.6	8.5	91.1	183.6	65.0	248.6	434.7

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>2023</u>		<u>2014</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)	\$ 63,146,888	6.61%	\$ 42,825,271	7.61%
Dominion Energy SC	20,128,090	2.11%	16,833,158	2.99%
Westrock Charleston Kraft LLC	14,312,842	1.50%	14,097,805	2.50%
Mercedes Benz Vans LLC	13,695,824	1.43%	2,424,183	0.43%
Trident Medical Center LLC	11,502,050	1.20%		
Tanger Charleston LLC	6,354,690	0.67%	4,632,450	0.82%
Ingevity Corp	5,650,542	0.59%		
Northwoods Mall CMBS LLC	4,805,750	0.50%	3,854,510	0.68%
Haven at Monthly LLC	4,680,040	0.49%		
TVPX Aircraft Solutions Inc	4,620,000	0.48%		
Total	\$ 148,896,716	15.58%	\$ 84,667,377	15.04%

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
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	68,342,118	65,176,983	95.37%	3,033,756	68,210,739	99.81%
2021	71,131,101	67,658,806	95.12%	1,520,316	69,179,122	97.26%
2022	73,730,581	70,064,519	95.03%	1,977,089	72,041,608	97.71%
2023	79,137,447	75,592,142	95.52%	-	75,592,142	95.52%

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.

Table 10

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

Fiscal Year	Gross General Bonded Debt	Restricted Accumulated Resources (4)	Net General Bonded Debt	Percentage of Actual Taxable Value of Property (1)	Gross General Bonded Debt Per Capita (2)	Other Governmental Activities Debt				
	General Obligation Bonds					Tax Increment Bonds	Certificates of Participation	Installment Purchase Rev. Bonds	Limited Obligation Bonds	Financed Purchase Obligations
2014	22,505,000	2,105,898	20,399,102	0.27%	210.29	27,678,256	48,566,648	53,616,917	-	10,508,325
2015	37,392,770	1,253,510	36,139,260	0.44%	342.91	21,199,251	43,093,211	52,171,834	-	12,523,296
2016	34,934,000	147,545	34,786,455	0.40%	318.36	14,430,244	37,209,774	50,661,751	-	13,187,009
2017	32,365,230	299,339	32,065,891	0.35%	291.94	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%	265.41	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	0.42%	379.42	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	0.35%	339.40	42,183,665	-	43,951,419	98,901,795	13,400,393
2021	35,126,363	2,490,258	32,636,105	0.29%	300.87	67,259,326	-	66,976,593	92,208,120	10,530,555
2022	31,348,319	2,497,783	28,850,536	0.22%	266.79	113,076,381	-	64,177,193	87,024,445	12,720,521
2023	27,410,275	2,852,449	24,557,826	0.18%	231.10	100,625,629	-	61,302,794	83,985,770	14,081,151

Fiscal Year	Business-type Activities Debt		Total Primary Government (3)	Percentage of Personal Income (2)	Per Capita (2)
	Golf Course Revenue Bonds	Financed Purchase Obligations			
2014	7,051,170	345,076	170,271,392	0.55%	1,591.07
2015	6,459,930	798,963	173,639,255	0.53%	1,592.38
2016	5,843,690	771,926	157,038,394	0.45%	1,431.11
2017	5,207,450	1,110,729	221,387,718	0.60%	1,996.98
2018	4,546,210	1,352,953	208,729,723	0.52%	1,863.66
2019	3,859,970	1,539,825	234,182,113	0.59%	2,036.37
2020	3,148,730	1,623,138	242,188,762	0.58%	2,108.74
2021	2,407,490	1,781,487	276,289,934	0.64%	2,366.51
2022	1,635,250	1,661,994	311,644,103	N/A	2,652.29
2023	835,000	2,011,510	290,252,129	N/A	2,447.15

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 gross general bonded debt, other governmental activities debt, and business-type activities debt.

(4) Represents accumulated resources restricted to repaying the principal of general obligation debt

Table 11

**CITY OF NORTH CHARLESTON, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2023**

Governmental Unit	Net Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Charleston County	\$ 665,301,000	19.44%	\$ 129,334,772
Charleston County Parks & Recreation Commission	43,615,000	19.44%	8,478,773
Charleston County School District	695,488,562	19.44%	135,203,246
Charleston County Aviation Authority	199,495,000	19.44%	38,781,905
North Charleston Sewer District	7,804,635	19.44%	1,517,224
Dorchester County	164,786,707	22.33%	36,799,353
Dorchester County School District	312,651,390	22.33%	<u>69,819,762</u>
Subtotal Overlapping Debt			\$ 419,935,035
City Direct Debt			<u>287,342,619</u>
Total Direct and Overlapping Debt			<u><u>\$ 707,277,654</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.

Table 12

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assessed Property Value	\$ 562,969,371	\$ 583,213,220	\$ 620,417,924	\$ 687,007,708	\$ 721,260,570	\$ 758,540,962	\$ 814,275,745	\$ 848,022,714	\$ 895,427,172	\$ 955,396,050
Debt Limit (8% of assessed value)	45,037,550	46,657,058	49,633,434	54,960,617	57,700,846	60,683,277	65,142,060	67,841,817	71,634,174	76,431,684
Net debt applicable to limit:										
General obligation bonds	<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>	<u>31,390,000</u>	<u>28,095,000</u>	<u>24,640,000</u>
Legal debt margin	\$ <u><u>22,532,550</u></u>	\$ <u><u>11,697,058</u></u>	\$ <u><u>16,958,434</u></u>	\$ <u><u>24,680,617</u></u>	\$ <u><u>29,885,846</u></u>	\$ <u><u>20,408,277</u></u>	\$ <u><u>29,262,060</u></u>	\$ <u><u>36,451,817</u></u>	\$ <u><u>43,539,174</u></u>	\$ <u><u>51,791,684</u></u>
Total net debt applicable to the limit as a percentage of debt limit	49.97%	74.93%	65.83%	55.09%	48.21%	66.37%	55.08%	46.27%	39.22%	32.24%

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 & Restricted Premiums	Debt Service		Coverage	Golf Course Operating Revenue	Transfers	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
		Principal	Interest				Principal	Interest			
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
2021	8,849,877	2,205,000	2,036,052	2.09	2,397,420	881,456	1,859,966	1,418,910	745,000	121,133	1.64
2022	9,900,313	3,445,000	2,758,078	1.60	2,933,461	880,078	2,126,443	1,687,096	775,000	98,515	1.93
2023	21,408,946	11,260,000	4,135,174	1.39	3,254,926	870,000	2,248,676	1,876,250	805,000	63,595	2.16
Certificates of Participation and Limited Obligation Bonds											
Fiscal Year	Citywide ATAX Component	Citywide HTAX Component	County Shared ATAX	Total Tax Collections	(2) Other Revenues	Total Revenues	Capitalized Interest Fund	Total Available Resources	Debt Service		Coverage
									Principal	Interest	
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	-	9,300,796	6,225,000	1,862,970	1.15
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
2021	2,385,488	3,922,453	1,434,960	7,742,901	2,070,417	9,813,318	891,489	10,704,807	6,580,000	3,896,752	1.02
2022	3,990,765	4,606,715	1,434,960	10,032,440	695,367	10,727,807	-	10,727,807	5,070,000	3,635,593	1.23
2023	4,674,029	5,335,976	1,434,960	11,444,965	847,992	12,292,957	-	12,292,957	2,925,000	3,495,056	1.91

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.

(2) Pursuant to South Carolina law, the City is required to use net premiums generated from the sale of tax increment bonds to pay debt service. FYE 2023 includes restricted premiums in the amount of \$7,632,807 and incremental property taxes in the amount of \$13,776,139.

(3) Other revenues include interest earnings, alcohol permits, other taxes and any transfers.

Table 14

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

Fiscal Year	Population	(In thousands of dollars)		School Enrollment	Unemployment Rate
		Personal Income	Per Capita Personal Income		
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	48,921	24,850	4.2%
2018	112,000	40,353,000	50,814	25,164	3.1%
2019	115,000	40,001,000	55,099	25,211	3.0%
2020	114,850	42,024,000	56,887	25,550	9.0%
2021	116,750	43,257,000	60,754	25,175	4.0%
2022	117,500	**	**	25,100	3.0%
2023	118,608	**	**	26,125	3.0%

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 and screportcards.com

** No data yet available.

Table 15

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

<u>Employer</u>	<u>2023</u>		<u>2014</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	24,900	6.03%	22,000	6.49%
Boeing	6,500	1.57%	6,500	1.92%
Trident Regional, LLC	3,100	0.75%	2,000	0.59%
U.S. Postal Service	2,500	0.61%	1,100	0.32%
Mercedes-Benz Vans LLC	1,600	0.39%		
City of North Charleston	978	0.24%	1,056	0.31%
Dominion Energy	850	0.21%	853	0.25%
Kapstone	800	0.19%	1,000	0.29%
Cummins	725	0.18%	700	0.21%
Ingevity	520	0.13%		
Total	42,473	10.28%	35,209	10.38%

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Executive	21	21	21	20	21	19	19	19	17	14
Facilities Management	5	5	5	5	2	2	2	2	13	17
City Council	12	12	12	12	12	12	12	12	11	11
Finance	10	10	10	12	11	11	10	10	10	11
Purchasing	6	5	5	5	5	4	4	4	5	5
Information Systems	10	11	11	11	11	11	12	12	12	9
Municipal Court	19	19	19	19	13	13	13	13	10	7
Human Resources	7	7	7	10	9	9	10	10	10	10
Legal	5	5	5	5	4	4	5	5	5	5
Public Safety										
Police	420	420	423	440	437	434	441	421	353	377
Fire	242	257	257	257	258	271	272	272	245	251
Building Inspections	18	19	19	19	18	18	18	18	16	17
Culture & Recreation										
Parks and Recreation	38	44	44	43	47	53	50	50	48	63
Cultural Arts	7	7	7	7	7	7	7	7	7	8
Community Development										
Planning	15	15	15	15	14	14	14	14	12	12
Code Enforcement	15	15	15	15	14	14	14	14	14	13
Public Works										
Administration	10	10	10	11	11	11	11	11	10	6
Maintenance	75	88	88	88	88	88	89	89	64	54
Sanitation	75	74	74	74	65	49	53	53	52	47
Stormwater Maintenance	46	47	47	46	45	45	45	45	40	41
Total	1,056	1,091	1,094	1,114	1,092	1,089	1,101	1,081	954	978

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Building permits issued	1,726	1,750	1,825	1,850	1,950	2,080	2,184	2,250	2,300	2,430
Business licenses issued	7,656	7,750	7,875	7,950	8,050	8,100	8,150	9,725	9,000	8,900
Police										
Physical arrests	13,636	14,000	10,500	8,750	7,500	5,800	6,000	5,700	6,000	3,100
Traffic violations	45,001	45,500	35,500	22,500	15,500	8,200	9,000	8,500	9,000	9,050
Fire										
Fire responses	17,890	18,500	19,500	19,750	20,500	21,000	22,000	22,500	23,000	24,850
Inspections	6,788	6,200	6,500	5,700	5,250	5,100	4,500	5,000	5,100	3,300
Refuse collection										
Garbage collection (annual tons)	24,670	28,000	29,000	29,500	30,250	30,400	30,750	32,000	31,500	31,800
Trash collection (annual tons)	20,817	21,500	22,500	23,250	24,500	24,250	25,000	26,000	26,500	27,400
Golf course										
Rounds played	41,100	36,113	38,401	43,035	43,380	43,301	46,979	52,133	57,934	62,823
Stormwater utility										
Accounts billed	28,370	29,141	29,343	29,436	32,656	32,242	32,698	32,935	34,370	35,738

Source: Various City departments.

Table 18

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police stations	7	7	7	7	7	7	7	7	7	5
Fire stations	12	12	11	11	11	11	11	11	11	11
Public Works										
Collection trucks	33	35	36	37	35	34	35	32	32	43
Streetlights	7,600	7,700	7,800	7,900	8,000	8,050	8,100	8,250	8,250	8,630
Traffic signals	120	125	130	135	140	145	150	153	153	155
Parks and Recreation										
Playgrounds	34	35	36	37	38	39	40	40	40	39
Baseball/softball diamonds	27	26	26	25	25	24	24	24	24	24
Football/soccer fields	9	8	8	7	7	6	7	7	7	7
Community centers	20	20	20	20	20	21	22	22	22	20
Senior Citizens Centers	-	-	-	-	2	2	2	2	2	3

Source: Various City departments.