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# Budget User's Guide

## Charleston County

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It is our objective to present budgetary information as clearly and concisely as possible. The following constitutes a "Budget User's Guide" for the interested citizen:

The County prepares two budget documents: the **Approved Budget Detail Book** and the **Approved Budget Narrative Book**. The Detail Book provides comprehensive capital listings; full-time equivalent (FTE) listings that break down full-time employees by position and pay grade; and copies of the County's line item budget. The Narrative Book presents the County's operating budget through schedules and narratives focusing on major changes from the prior year. This User's Guide is customized for the Budget Narrative Book.

The Budget Narrative Book is divided into sixteen sections: Performance Measures, Overview, Schedules, Council Agencies, Elected Officials, Appointed Officials, County Administrator, Deputy Administrator Finance, Deputy Administrator General Services, Deputy Administrator Human Services, Deputy Administrator Community Services, Deputy Administrator Transportation & Public Works, Capital, Debt, Long Term Financial Plans, and Appendix.

Following the **Table of Contents** and **Charleston County At A Glance** is the **County Administrator's Letter to Citizens**, which discusses the contents of the Approved Budget, major policy issues impacting the current budget, and anticipated challenges for future budgets. The introduction to the narrative book also includes the **Organizational Chart** and information about **County Council and Elected and Appointed Officials**. The **Budget Highlights** points out the approved budget's significant elements, addressing frequently asked questions like: "How much is the County's current fiscal year operating budget?" and "Is there a tax increase?".

The first section, **Performance Measures**, provides an overview of the County's performance measures program. The section opens with the **County's Mission and Values**. In the **Performance Measures' Guide**, the County's Initiatives (goals) and the process used to develop measures from the initiatives are described. **Notable Results** in meeting these measures during the current fiscal year are highlighted. Additional department measures are outlined in the budget narrative sections.

The **Overview** provides a **User Guide** and an analysis of the various funds. The **Description of Funds** and **Fund Balance Changes** provide a brief explanation of various fund types included in this document, and a total budget of expenditures for each fund type and fund and changes from the previous year. The **Budget Analysis** portion highlights major changes in the County's budgets and decisions made during Council's deliberations. This section also outlines financial policies, short and long-term goals, new activities and programs, and provides an explanation of revenue assumptions. The **Major Revenue Sources** section indicates the County's largest revenue sources and addresses trends to determine revenue estimates.

The **Schedules** segment includes a high level summary of the County's available funds and disbursements. It also contains a summary of revenues, expenditures, interfund transfers, and authorized permanent positions for all funds. The summaries are illustrated by graphs detailing the sources of revenues, the function of the expenditures, and authorized positions. The last section displays individual fund statements of revenues and expenditures. This section answers such budget questions as "How many permanent employees does the County have and what divisions do they work in?"; "How much revenue is budgeted for the current fiscal year and what are the sources of this funding?"; and "What is the County's total current fiscal year expenditure budget?".

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The County's operating budgets are divided into nine major directorates: **Council Agencies, Elected Officials, Appointed Officials, County Administrator, Deputy Administrator Finance, Deputy Administrator General Services, Deputy Administrator Human Services, Deputy Administrator Community Services, and Deputy Administrator Transportation & Public Works.** Individual departmental budgets and narratives are listed alphabetically within each section. Each budget narrative is generally divided into four sections: Mission, Department or Division Summary, Funding Adjustments and Performance Measures. Where appropriate, a departmental organizational chart is included. A detailed discussion of the budget narrative is outlined below.

The County's Capital Improvement Program is presented in the **Capital** section and provides detailed information about the County's Capital Improvement Plan. A brief description of each project is included with estimated cash flows, operating costs or savings, and funding source.

The County's outstanding debt and repayment schedule is included in the **Debt** section. The section outlines the County's Debt Policy and the Debt Management Plan, and the State's Constitutional limit on debt capacity for all governmental agencies and information about the County's rating with the three rating agencies.

The **Long Term Financial Plans** section is used to identify future financial challenges and opportunities through financial forecasting and analysis. Based on that information, strategies are devised to achieve financial sustainability.

Finally, the **Appendix** section contains a **Community Profile**, a description of the County's overall **Budget Process and Financial System**; the **Financial Policies**; general statistical information; the **Budget Ordinances**; a **Glossary** of terms and concepts; a listing of **Acronyms**; and an **Index**.

### A GUIDE TO UNDERSTANDING THE BUDGET NARRATIVE SECTION

1. **Department** – The primary organizational unit within the County. Each department performs a specific function.
2. **Fund** – An independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The County maintains the minimum number of funds consistent with legal and managerial requirements.
3. **Function** – A list of activities used to classify resources in broad service areas.
4. **Division / Program** – A smaller component of a department organized to easily track resources and related expenditures.
5. **Mission** – A concise statement that defines the purpose of the department or division.
6. **Service Provided** – A short overview and explanation of the services provided to the organization and/or citizens by the departments.

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7. **Department or Division Summary** – A recap of financial information for four fiscal years, two years of the most recent audited figures, the previous year’s adjusted budget and Council’s approved current year. In addition, the dollar and percentage change from the previous fiscal year is computed. The financial information is broken down by major categories of revenue and objects of expenditure (i.e., personnel, operating, and capital expenditures).
8. **Funding Adjustment** – This section is broken down into several categories: revenues, major objects of expenditure and other relevant categories. This section reflects significant changes in funding from the previous fiscal year.

**BUDGET**

**GENERAL FUND** **GENERAL GOVERNMENT**

**Division / Program – Where Applicable**

**Mission:** The Budget Department provides financial services and assists departments with the administration of grant awards in order to maintain the County’s financial integrity and accountability and to support effective decision-making.

**Services Provided:**

- Develop and monitor annual operating and capital budgets
- Formulate financial strategies including multi-year financial plans
- Assist in management of state and federal grants

**Departmental Summary:**

	FY 2012 <u>Actual</u>	FY 2013 <u>Actual</u>	FY 2014 <u>Adjusted</u>	FY 2015 <u>Approved</u>	<u>Change</u>	
Positions/FTE	7.00	7.00	8.00	8.00	-	0.0
Personnel	\$ 582,432	\$ 608,913	\$ 637,862	\$ 713,438	\$ 75,576	11.8
Operating	13,442	16,409	21,335	16,302	(5,033)	(23.6)
Capital	-	-	-	-	-	0.0
<b>TOTAL EXPENDITURES</b>	<b>\$ 595,874</b>	<b>\$ 625,322</b>	<b>\$ 659,197</b>	<b>\$ 729,740</b>	<b>\$ 70,543</b>	<b>10.7</b>

**Funding Adjustments for FY 2015 Include:**

- Personnel costs reflect projected compensation, including the continuation of the longevity program and a provision for a Cost of Living Adjustment (COLA). The increase also includes full-year funding for one FTE to assist with the growing complexity of federal and local grants received by the County.
- Operating expenditures reflect a decrease in office supplies and staff training.

## 9. Performance Measures – This section is divided into five sections:

- **County Initiatives** – The five County goals that set the direction of departments in fulfilling the mission and values of Charleston County. Departments state their department goals based on the County initiatives.
- **Department Goals** – Accomplishments grouped based on how they meet the County Initiatives.
- **Objectives** – Well-defined and measurable targets that describe how the department will reach their goals within an achievable time frame.
- **Measures** – The objective accomplished through delivery of products, services, or processes, measured in the previous years and planned for the current year.
- **Action Steps** – These short-term and long-term projects for departments are used as the method of accomplishing goals.

Additional information pertaining to performance measures can be referenced in the Performance Measures section on pages B-1 to B-7.

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<b>Performance Measures:</b>				
<b>Initiative IV: Workflow Analysis-Process Management</b>				
<b>Department Goal 1:</b> Determine financial resources necessary for the County's functions.				
Objective 1(a): Annually update a five-year plan for the General Fund, the Debt Service Fund, the Transportation Sales Tax Special Revenue Fund, and the Environmental Management Enterprise Fund that incorporates the Capital Improvement Plan and equipment replacement program.				
Objective 1(b): Estimate General Fund budgeted revenues within 2% of actuals.				
<b>Initiative V: Quality Control</b>				
<b>Department Goal 2:</b> Ensure compliance with grant terms and conditions.				
Objective 2: Work with departments to ensure zero audit findings and/or questioned costs in the Single Audit.				
<b>MEASURES:</b>				
	<b>Objective</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Projected</b>
<b>Input:</b>				
Number of Federal Awards	2	97	72	75
<b>Output:</b>				
Budgeted General Fund revenues	1(a)	175,498,557	185,866,487	189,645,953
Actual General Fund revenues <sup>1&amp;2</sup>	1(a)	180,262,593	189,158,671	189,645,953
<b>Efficiency:</b>				
Dollar amount of Single Audit questioned costs	2	\$0	\$0	\$0
<b>Outcome:</b>				
Five-year plans prepared	1(b)	100%	100%	100%
Percent of revenue variance	1(a)	2.7%	1.8%	0%
Single Audit findings	2	0	0	0
Percent of Single Audit questioned costs	2	0.0%	0.0%	0.0%
<sup>1</sup> FY 2014 Actual reflects the projection at time of budget preparation.				
<sup>2</sup> FY 2015 reflects 100% of the revenue amount.				
<b>2015 ACTION STEPS</b>				
<b>Department Goal 1</b>				
➤ Develop ability to submit budget transfers electronically.				

# Description of Funds

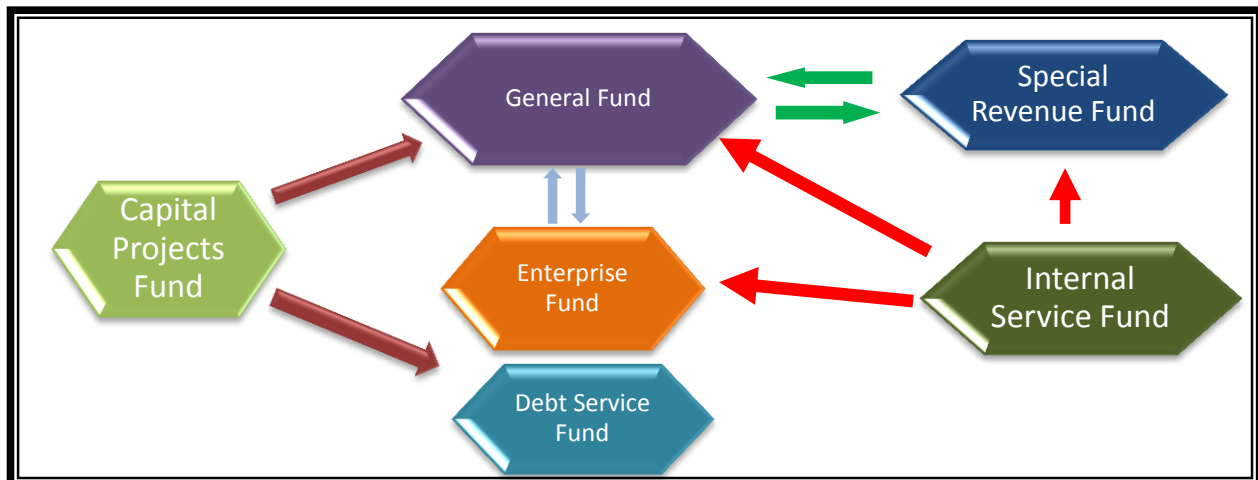
## Charleston County

Charleston County utilizes fund accounting to maintain its financial records. A fund is an independent fiscal entity with assets, liability, reserves, residual balance, revenues and expenditures for undertaking various activities. The County's funds are divided into governmental and proprietary fund types, which are defined below.

- **Governmental Funds are used to provide public services.**
  - **General Fund** provides services primarily through tax revenue and is used to account for all financial resources of the government except for those required to be accounted for in another fund.
  - **Debt Service Fund** repays the principal and interest on the County's long-term debt.
  - **Special Revenue Funds** account for revenues legally restricted for particular purposes. Often Special Revenue Funds are associated with grants.
  - **Capital Project Funds** acquire equipment and construct facilities.
- **Proprietary Funds are operated similar to private industry (business).**
  - **Enterprise Funds** provide services outside of the County and are supported primarily by service charges.
  - **Internal Service Funds** provide services within the County and are supported primarily by fees charged to County departments and agencies.

Although each of the above funds can stand alone, there are also on-going financial relationships between governmental and proprietary funds.

- Amounts required for the **Capital Project Fund** are used to determine the funding level for **Debt Service Fund**. Once a capital project is complete, the operating and maintenance associated with the project influence the **General Fund**.
- Services provided by **Internal Service Funds** impact operating costs for the **General Fund**, **Enterprise Funds** and **Special Revenue Funds**.
- **Enterprise Funds** and **Special Revenue Funds** often rely on the **General Fund** for supplemental funding. In addition, the **Enterprise Funds** and **Special Revenue Funds** reimburse the **General Fund** for costs associated with the funds operations.



The table above illustrates the relationships between Governmental and Proprietary Fund.

# Description of Funds

## Charleston County

The following table presents the County's organizational structure by fund type.

Organization	General Fund	Debt Service Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
County Council	1,464,749					1,464,749
Accommodations Tax: State			75,000			75,000
Accommodations Tax: Local			15,099,364			15,099,364
Administrator	1,147,484		147,381			1,294,865
Assessor	4,422,570					4,422,570
Auditor	2,156,720					2,156,720
Budget	729,740					729,740
Building Inspections	1,671,529		28,411			1,699,940
Clerk of Court	3,666,245		1,000,000			4,666,245
Community Services	1,926,976					1,926,976
Consolidated Dispatch	8,406,686			2,122,284		10,528,970
Coroner	1,358,565					1,358,565
DAODAS				11,624,406		11,624,406
Deputy Admin Finance	463,784					463,784
Deputy Admin General Services	386,212					386,212
Deputy Admin Human Services	403,103					403,103
Economic Development			2,133,231			2,133,231
Elections/Voter Registration	1,772,218					1,772,218
Emergency Management	880,441		3,115,004			3,995,445
Emergency Medical Service	12,870,586					12,870,586
Environmental Management				25,006,332		25,006,332
Facilities Management	14,098,705			3,760,050		17,858,755
Finance	969,404					969,404
Fleet Management					14,124,099	14,124,099
Greenbelt Programs			8,956,525			8,956,525
Human Resources	1,568,637				27,714,000	29,282,637
Internal Auditor	225,612					225,612
Internal Services					1,414,505	1,414,505
Legal	1,140,524		122,320			1,262,844
Legislative Delegation	200,041					200,041
Library	14,702,230					14,702,230
Magistrate Courts	4,848,373		68,307			4,916,680
Master-In-Equity	657,620					657,620
Nondepartmental	7,255,274	28,363,965				35,619,239
Probate Courts	2,409,554					2,409,554
Procurement	908,796		324,417		2,225,000	3,458,213
Public Defender	3,029,247		5,080,212			8,109,459
Public Works	11,143,774		2,701,928			13,845,702
Register Mesne Conveyance	1,932,552					1,932,552
Revenue Collections	1,196,292			2,100,000		3,296,292
Safety & Risk Management	2,106,849				6,071,361	8,178,210
Sheriff	61,558,081		1,676,037			63,234,118
Solicitor	5,897,926		3,182,737			9,080,663
State Agencies	377,106					377,106
Technology Services	11,675,718			4,672,034	2,515,503	18,863,255
Transit Agencies			8,062,000			8,062,000
Transportation Development	392,047		39,359,653			39,751,700
Treasurer	1,848,771					1,848,771
Trident Technical College			9,259,000			9,259,000
Veterans Affairs	354,490					354,490
Zoning/Planning	1,680,203		160,000			1,840,203
<b>Total Disbursements</b>	<b>195,905,434</b>	<b>28,363,965</b>	<b>100,551,527</b>	<b>49,285,106</b>	<b>54,064,468</b>	<b>428,170,500</b>

# Description of Funds

## Charleston County

The following table presents the County's organizational structure by function.

Organization	General Govt.	Judicial	Public Safety	Public Works	Health/Welfare	Culture/Rec.	Education	Econ. Develop.	Debt Service	Total
County Council	1,464,749									1,464,749
Accommodations Tax: State						75,000				75,000
Accommodations Tax: Local						15,099,364				15,099,364
Administrator	1,247,484							47,381		1,294,865
Assessor	4,422,570									4,422,570
Auditor	2,156,720									2,156,720
Budget	729,740									729,740
Building Inspections			1,699,940							1,699,940
Clerk of Court		4,666,245								4,666,245
Community Services	585,127				1,341,849					1,926,976
Consolidated Dispatch			10,528,970							10,528,970
Coroner		1,358,565								1,358,565
DAODAS					11,624,406					11,624,406
Deputy Admin Finance	463,784									463,784
Deputy Admin General Svs	386,212									386,212
Deputy Admin Human Svs	403,103									403,103
Economic Development								2,133,231		2,133,231
Elections/Voter Registrat.	1,772,218									1,772,218
Emergency Management			3,745,445						250,000	3,995,445
Emergency Medical Svs			12,870,586							12,870,586
Environmental Management				25,006,332						25,006,332
Facilities Management	17,858,755									17,858,755
Finance	969,404									969,404
Fleet Management	14,124,099									14,124,099
Greenbelt Programs						174,367			8,782,158	8,956,525
Human Resources	29,282,637									29,282,637
Internal Auditor	225,612									225,612
Internal Services	1,414,505									1,414,505
Legal	1,140,524		122,320							1,262,844
Legislative Delegation	200,041									200,041
Library						14,702,230				14,702,230
Magistrate Courts		4,916,680								4,916,680
Master-In-Equity		657,620								657,620
Nondepartmental	7,255,274								28,363,965	35,619,239
Probate Courts		2,409,554								2,409,554
Procurement	3,133,796			324,417						3,458,213
Public Defender		8,109,459								8,109,459
Public Works				11,651,273	2,194,429					13,845,702
Register Mesne Convey.	1,932,552									1,932,552
Revenue Collections	3,296,292									3,296,292
Safety & Risk Mgmt.	8,178,210									8,178,210
Sheriff			63,234,118							63,234,118
Solicitor		9,080,663								9,080,663
State Agencies					377,106					377,106
Technology Services	18,633,219		230,036							18,863,255
Transit Agencies	8,062,000									8,062,000
Transp Development				13,241,501					26,510,199	39,751,700
Treasurer	1,848,771									1,848,771
Trident Technical College							9,259,000			9,259,000
Veterans Affairs					354,490					354,490
Zoning/Planning	1,840,203									1,840,203
<b>Total Disbursements</b>	<b>133,027,601</b>	<b>31,198,786</b>	<b>92,431,415</b>	<b>50,223,523</b>	<b>15,892,280</b>	<b>30,050,961</b>	<b>9,259,000</b>	<b>2,180,612</b>	<b>63,906,322</b>	<b>428,170,500</b>

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# Description of Funds

## Charleston County

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The Description of Funds provides a brief explanation of various fund types included in this document and a total budget of expenditures for each fund type and fund.

**ALL FUND TYPES** : \$428,170,500<sup>1</sup>

**GOVERNMENTAL FUND TYPES** : \$324,820,926<sup>2</sup>

The Governmental Fund types include the General Fund, the Debt Service Fund, the Special Revenue Funds, and the Capital Projects Funds.

**GENERAL FUND** : \$195,905,434

This fund is the general operating fund of the County and accounts for all financial resources except those required to be accounted for in other funds.

**DEBT SERVICE FUND** : \$28,363,965

This fund collects resources to service the County's General Obligation Bonds, Certificates of Participation, notes payable, and capital leases.

**SPECIAL REVENUE FUNDS** : \$100,551,527

These funds account for revenue sources that are legally restricted to expenditure for specific purposes.

**CAPITAL PROJECTS FUNDS**

These funds account for capital projects that are financed from the County's General Obligation Bonds, Certificates of Participation, notes payable, sales of property, and transfers from the General Fund. These funds are not included in the annual operating budget due to their project-length budgeting basis.

**PROPRIETARY FUND TYPES** : \$103,349,574<sup>3</sup>

The Proprietary Fund types include the Enterprise Funds and the Internal Service Funds.

**ENTERPRISE FUNDS** : \$49,285,106

These funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

**INTERNAL SERVICE FUNDS** : \$54,064,468

These funds account for operations that provide services to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

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<sup>1</sup> Does not reflect \$19,539,068 in budgeted increases in the ending fund balances.

<sup>2</sup> Does not reflect \$737,110 in budgeted increases in the ending fund balances of several Special Revenue Funds.

<sup>3</sup> Does not reflect \$18,801,958 in budgeted increase in the ending fund balance of several Enterprise Funds.



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# Description of Funds

## Charleston County

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### **GOVERNMENTAL FUND TYPES**

#### **SPECIAL REVENUE FUNDS : \$100,551,527<sup>4</sup>**

These funds account for revenue sources that are legally restricted to expenditure for specific purposes.

#### **Accommodations Tax - Local : \$15,099,364**

This fund records a two percent charge for transient room rentals throughout the entire County. This tax is collected by the County. The expenditure of these funds is restricted to tourist-related activities.

#### **Accommodations Tax - State : \$75,000**

This fund is used to account for the two percent sales tax collection from transient room rentals in the unincorporated areas of the County. This tax is collected by the State and disbursed to the County. The first \$25,000 and five percent of the amount above \$25,000 are transferred to the General Fund. The expenditure of the funds transferred to the General Fund is unrestricted, and the expenditure of the remaining funds is restricted to tourist-related activities.

#### **Administrator – Minority Business Partnership : \$47,381**

This fund is used to accelerate growth and development of sizable minority businesses and the entrepreneurial community by building strong relationships and making successful, sustainable connections.

#### **Administrator – Summer Youth Program : \$100,000**

This fund is used to provide job opportunities for high school and college students to explore possible careers, have a meaningful employment experience, and develop essential work readiness skills.

#### **Building Inspections – Project Impact : \$28,411**

This fund accounts for monies received to educate the County's citizens related to addressing natural and man-made hazards of the area.

#### **Clerk of Court - IV-D Child Support Enforcement : \$1,000,000**

This fund accounts for federal monies received to enforce child support obligations at the local level.

#### **Economic Development : \$2,133,231**

This fund records revenues from the multi-county industrial park fees assessed in lieu of property taxes. These revenues fund economic development activities among local governments.

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<sup>4</sup> Does not reflect \$737,110 in budgeted increase in the ending fund balances of several Special Revenue Funds.

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**Emergency Management - Awendaw Fire Department : \$2,183,978<sup>5</sup>**

This fund accounts for the revenues generated by ad valorem property taxes in the Awendaw Consolidated Fire District to provide fire protection in the northern end of the County.

**Emergency Management – Awendaw Fire Debt Service : \$250,000**

This fund accounts for the revenues generated by ad valorem taxes in the Awendaw Consolidated Fire District. The County uses the funds to repay the principal and interest on existing debt issued for the benefit of the Awendaw Fire District.

**Emergency Management - East Cooper Fire District : \$145,000**

This fund accounts for revenues generated by ad valorem taxes in the district. The County contracts with the Town of Mt. Pleasant to provide fire service for the district.

**Emergency Management - Hazardous Materials Enforcement : \$270,126**

This fund records the hazardous materials fee charged to various businesses within the County that store or use hazardous materials. These funds are available for training and the acquisition of equipment to assist fire departments within the County in hazardous materials incidents.

**Emergency Management - Northern Charleston County Fire District : \$257,900**

This fund accounts for revenues generated by ad valorem taxes in the district. The County contracts with several fire departments to provide fire service in the northwest portion of the County.

**Emergency Management - West St. Andrew's Fire District : \$8,000<sup>6</sup>**

This fund accounts for revenues generated by ad valorem taxes in the district. The County contracts with the St. Andrew's Public Service District to provide fire service for the district.

**Greenbelts Programs : \$8,956,525**

This fund accounts for revenues generated by the half-cent sales tax for greenbelts.

**Legal - Seized Assets : \$122,320**

This fund records the revenues from the State seized drug funds for the purpose of prosecuting cases.

**Public Defender - Berkeley County : \$880,654<sup>7</sup>**

This fund receives monies from the State to supplement Berkeley County's funding to represent indigent persons in Berkeley County.

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<sup>5</sup> Does not reflect \$18,952 in budgeted increase in the ending fund balances.

<sup>6</sup> Does not reflect \$800 in budgeted increase in the ending fund balances.

<sup>7</sup> Does not reflect \$26,115 in budgeted increase in the ending fund balance.

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### **Public Defender - Charleston County : \$4,199,558**

This fund receives monies from the State to supplement the County's funding to represent indigent persons in Charleston County.

### **Public Works – Stormwater Drainage : \$2,701,928**

This fund accounts for fees collected in the unincorporated areas of the County to address water quality issues for the County's citizens.

### **Sheriff - Asset Forfeiture : \$420,100**

This fund records the revenues from the seizure of assets associated with the drug trade. These revenues are dedicated to the control of illicit drug traffic.

### **Sheriff - Programs : \$966,287**

This fund accounts for various grants and programs within the Sheriff's Office, the largest of which is the Detention Center Inmate Welfare Fund.

### **Sheriff - IV-D Child Support Enforcement : \$79,964**

This fund accounts for federal monies received to track and distribute IV-D papers.

### **Solicitor - Alcohol Education Program : \$126,364**

This fund receives funding from the State to reduce the alcohol related caseload sent to courts for prosecution and provides key education to youth.

### **Solicitor – Bond Estreatment : \$5,000<sup>8</sup>**

This fund accounts for fines charged for bond forfeiture. These funds can be used at the Solicitor's discretion.

### **Solicitor – Criminal Domestic Violence Appropriation : \$89,577<sup>9</sup>**

This fund receives funding from the State to reduce domestic violence and its impact on our community.

### **Solicitor - Drug Court : \$306,691**

This fund receives funding from the State to provide non-traditional prosecution and incarceration of nonviolent offenders with substance abuse problems.

### **Solicitor – DUI Appropriation: \$101,117**

This fund is used to process magisterial DUI cases and assists and/or prosecutes general session cases to relieve the burden on law enforcement officers who prosecute their own cases.

### **Solicitor - Expungement : \$516,059**

This fund accounts for fees charged to defendants for record destruction relating to an arrest or conviction.

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<sup>8</sup> Does not reflect \$30,000 in budgeted increase in the ending fund balance.

<sup>9</sup> Does not reflect \$10,423 in budgeted increase in the ending fund balance.

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# Description of Funds

## Charleston County

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**Solicitor - Juvenile Education : \$126,663**

This fund accounts for fees charged to first time juvenile offenders to purge their record from the system.

**Solicitor - Pretrial Intervention : \$396,168**

This fund accounts for fees charged to first-time defendants entering the program. After successfully completing the program, applicants have their records expunged.

**Solicitor - State Appropriation : \$1,183,671**

This fund receives funding from the State to supplement the County's funding of the Solicitor's Office.

**Solicitor - Traffic Education Program : \$9,680<sup>10</sup>**

This fund is fee funded and serves to improve road safety in the community for drivers who have received traffic citations that are four points or less.

**Solicitor - Victims' Unclaimed Restitution: \$8,721**

This fund accounts for unclaimed restitution from individuals in the Pretrial Intervention Program. These funds are used exclusively for services to victims.

**Solicitor - Victim-Witness State Appropriation : \$61,046**

This fund accounts for funding from the State to provide assistance to victims and witnesses before, during, and after the court case.

**Solicitor - Worthless Check : \$119,871**

This fund accounts for funding from the State to process worthless checks as a service to victims by assisting in the collection of restitution.

**Transportation Development - Revenue Bond Debt Service: \$4,269,369**

This fund accounts for revenues generated by multi-county industrial park fees. The County uses the funds to repay the principal and interest on debt issues for the South Aviation Road Project.

**Transportation Sales Tax - Roads Program : \$35,414,701**

This fund accounts for revenues generated by the half-cent sales tax for roads.

**Transportation Sales Tax - Transit Agencies : \$8,062,000<sup>11</sup>**

This fund accounts for revenues generated by the half-cent sales tax for public transportation.

**Trident Technical College : \$6,210,000**

This fund accounts for revenues generated by County-wide ad valorem taxes. The County remits the entire amount collected to Trident Technical College to fund plant maintenance.

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<sup>10</sup> Does not reflect \$27,820 in budgeted increases in the ending fund balance.

<sup>11</sup> Does not reflect \$623,000 in budgeted increases in the ending fund balance.

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# Description of Funds

## Charleston County

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**Trident Technical College – Debt Service : \$3,049,000**

This fund accounts for revenues generated by County-wide ad valorem taxes. The County uses the funds to repay the principal and interest on existing debt issued for the benefit of Trident Technical College.

**Victim’s Bill of Rights : \$410,102**

This fund accumulates assessments from General Sessions Court and Magistrates’ Courts and provides victim services with these funds according to the State’s Victim’s Bill of Rights.

**Zoning/Planning – Tree Fund : \$160,000**

This fund accounts for the collection of fines for improper tree removal to be used for the public beautification through the planting of trees in Charleston County.

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# Description of Funds

## Charleston County

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### **PROPRIETARY FUND TYPES**

#### **ENTERPRISE FUNDS : \$49,285,106<sup>12</sup>**

These funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

#### **Consolidated Dispatch - Emergency 911 Communications : \$1,763,010**

This fund records the fees levied County-wide through telephone bills to support the Emergency 911 system.

#### **Department of Alcohol and Other Drug Abuse Services (DAODAS) : \$11,624,406<sup>13</sup>**

This fund records the activity of programs administered by DAODAS. These programs reduce the negative impact of alcohol and other drugs on constituents by planning and implementing comprehensive and effective programs of professional services. State and federal funding, Medicaid, client fees, ad valorem taxes, and other funding sources support these programs.

#### **Environmental Management : \$25,006,332<sup>14</sup>**

This fund records the operations of the County's solid waste disposal services including the incineration plant and the landfill. This fund also records the County's recycling operations including curbside collection, drop site collection, a materials recovery facility, and a yard waste/mulch facility. These services are funded through a County-wide user fee, tipping fees, sale of recyclables, sale of steam and electricity, grants, and other revenues.

#### **Facilities Management - Parking Garages : \$3,760,050**

This fund accounts for the operation, financing, and construction of County parking facilities.

#### **Revenue Collections : \$2,100,000**

This fund accounts for costs to collect the accommodations fee, business licenses, the hazardous material fee, stormwater fees, and the solid waste user fee.

#### **Technology Services – Public Safety Systems : \$589,310**

This fund accounts for the cost related to the implementation and maintenance of the Total Law System.

#### **Technology Services - Radio Communications : \$4,441,998**

This fund accounts for communications support to County agencies and external public safety agencies.

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<sup>12</sup> Does not reflect \$18,801,958 in budgeted increases in the ending fund balance

<sup>13</sup> Does not reflect \$15,907,990 in budgeted increases in the ending fund balance

<sup>14</sup> Does not reflect \$2,893,968 in budgeted increases in the ending fund balance

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# Description of Funds

## Charleston County

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### **INTERNAL SERVICE FUNDS : \$54,064,468**

These funds account for operations that provide services to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

### **Fleet Management/Procurement - Parts Warehouse : \$16,349,099**

This fund accounts for the purchase and maintenance of the County's vehicles. This fund also records the operations of the fleet parts warehouse.

### **Human Resources - Employee Benefits : \$27,714,000**

This fund accounts for the revenues and costs of providing health and life insurance to the County's employees and retirees.

### **Office Support Services/Technology Services - Records Management : \$1,963,685**

This fund accounts for centrally administered telephone systems, mail processing and delivery service, photocopying, postage metering service, and records management.

### **Safety & Risk Management - Safety/Workers' Compensation : \$6,071,361**

This fund records the operations of the County's safety program which reduces the impact of worker-related accidents. This fund also accounts for self-insured workers' compensation claims which are less than \$100,000. In addition, this fund accounts for workers' compensation insurance through the South Carolina Counties Workers' Compensation Trust.

### **Technology Services - Telecommunications : \$1,966,323**

This fund accounts for the maintenance and service of telephone systems, pagers, and cellular phones for County departments.

# Fund Balance Changes

## Charleston County

Charleston County defines fund balance as the cumulative total over time of revenues in excess of expenses in any established fund. The adequacy of the fund balance in all funds is reviewed on an annual basis. The table below summarizes the fund balance changes occurring in FY 2015.

Fund	Beginning Fund Balance	Ending Fund Balance	Net Change
General Funds	\$51.2	\$46.4	\$(4.8)
Debt Service Fund	17.2	15.1	(2.1)
Special Revenue Funds	52.1	41.3	(10.8)
Enterprise Funds	83.4	101.7	18.3
Internal Service Funds	16.8	16.5	(0.3)
<b>Total</b>	<b>\$220.7</b>	<b>\$221.0</b>	<b>\$0.3</b>

AMOUNTS IN MILLIONS

Charleston County uses the quantitative criteria established in GASB Statement No. 34 to identify major funds: total assets, liabilities, revenues, or expected expenditures/expenses of that individual fund are at least 10% of the corresponding total for all funds of that fund type and at least 5% of funds combined. The County's major funds per the last completed audit in FY 2013 were as follows:

Governmental	Proprietary (Enterprise)
General Fund	Environmental Management
Debt Service Fund	Parking Garages
Transportation Sales Tax Special Revenue Fund	
G.O.B. Capital Projects Fund *	

\* The FY 2015 operating budget does not include the G.O.B. Capital Projects Fund which is a project length budget.

The following discussion outlines the changes in the major funds and the collective non-major funds.

The **General Fund** is projected to use \$4.8 million or 9.3% of the \$51.2 million beginning fund balance. The County's financial policies state that additional funds "may be used to fund one-time capital expenditures or other one-time costs." The additional funds are determined after setting aside two months of the subsequent year's disbursements and the General Fund's share of the Rainy Day Fund. For the FY 2015 budget, \$4.8 million is used for facility projects and the replacement/upgrade of equipment/software as part of the County's commitment to preserve all County assets.

### Financial Policies

- *Financial Reserve Policy 4: Should there be an excess...fund balance, the excess may be used to fund one-time capital expenditures or other one-time costs.*



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# Fund Balance Changes

## Charleston County

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The **Debt Service Fund** is projected to use \$2.1 million or 12.3% of the \$17.2 million beginning fund balance. The County's financial policies state that a portion of the "debt service payments to be made in the next fiscal year" will be set aside in the Debt Service Fund's fund balance. After considering the restricted funds held by trustees and the set aside funds, the excess is used to fund the difference between revenues and expenditures in the FY 2015 budget. Charleston County also refinanced a portion of the debt service which allowed the County to delay a millage increase in FY 2015. The use of fund balance is anticipated to allow debt service millage to remain level until FY 2017.

### Financial Policies

- *Debt Management Policy 6: ...[set aside]a portion of the Debt Service Fund's fund balance equal to the pro-rata share of debt service payments to be made in the next fiscal year.*

The Transportation Sales Tax: Special Revenue Fund is comprised of three components: Greenbelts, Transit, and Roads. The operations portion of the **Transportation Sales Tax: Greenbelts Fund** is projected to use \$0.7 million or 4.5% of the \$16.0 million fund balance to pay for debt service. The Transportation Sales Tax: Greenbelt Fund generated a fund balance in the earlier years as revenues outpaced expenditures.

The operations portion of the **Transportation Sales Tax: Transit Fund** is projected to add \$0.6 million to fund balance because of improvements in revenue. The Transportation Sales Tax: Transit has a negative fund balance due to the program borrowing \$7.5 million from the Roads program.

The operations portion of the **Transportation Sales Tax: Roads Fund** is projected to use \$4.0 million or 19.4% of the beginning of the beginning \$20.8 million fund balance. The Transportation Sales Tax: Roads Fund is using fund balance for road projects. The Transportation Sales Tax: Roads Fund generated a fund balance in the earlier years as revenues outpaced expenditures.

In FY 2014, Charleston County issued a Special Source Revenue Bond to fund \$80 million for the South Aviation Road Project. Funds in addition to the project funds were borrowed to fund the scheduled principal and interest payments until the revenues dedicated for repayment are received. The **Transportation Development: Revenue Bond Debt Service Fund** is projected to use \$4.0 million or 34.9% of the \$11.4 million beginning fund balance.

The Department of Alcohol & Other Drug Abuse Services (DAODAS) operates an array of services in the Charleston Center. In FY 2015, Charleston County is anticipated to sell the Charleston Center building to the Medical University of South Carolina resulting in an increase in the **Department of Alcohol & Other Drug Abuse Services (DAODAS) Fund** by \$15.9 million or 253.4%. The County will continue to provide the services in rented space.

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# Fund Balance Changes

## Charleston County

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The operating portion of the **Environmental Management Fund** is projected to increase the beginning fund balance by \$2.9 million or 4.8%. The County strives to maintain no less than \$5 million in the available portion of the Environmental Management fund, while also setting aside funding for large capital projects planned in the future, such as the next lined landfill cell scheduled for FY 2018 and to pay debt service. The Environmental Management Fund made the final debt service payment during FY 2014.

The **non-major funds** are projected to use \$4.1 million or 9% of the \$44.1 million beginning fund balance.

The spreadsheet on pages D4-D5 provides an overall picture of the County's finances including the net increase/decrease in fund balance and the beginning and ending fund balance.

# Budget Analysis

## Charleston County

### OVERVIEW

During the preparation of the Fiscal Year (FY) 2015 budget, the County Administrator provided guidance for assembling an operational budget that included the following directives:

- ❖ Limit financial impact on taxpayer.
- ❖ Protect the County's level of financial security.
- ❖ Improve direct public safety services to the community.
- ❖ Maintain a qualified and highly motivated work force.
- ❖ Preserve County assets.
- ❖ Implement revenue enhancements.

The budget presented to County Council met these directives.

The FY 2015 Council Approved budget has available funds and disbursements (including budgeted changes in fund balance) for all operating funds which total \$447.7 million and reflect a \$12.4 million or 2.9 percent increase from the FY 2014 budget. The FY 2015 operating budget is summarized in Figure 1. Additionally, graphs are presented on pages D-4 and D-5 that represent the total available funds and the total disbursements for the County's annually appropriated operating funds. This budget does not include project-length budgets (i.e., Capital Projects Funds or grants) appropriated in previous years.

**Figure 1 - Summary of FY 2015 Operating Budget**  
(Expressed in Millions of Dollars)

Description	
Available Funds (Including Beginning Fund Balance)	\$ 649.2
Less Budgeted Disbursements	<u>428.2</u>
Nonspendable	63.3
Restricted: External	0.1
Restricted: Internal	100.4
Available	<u>57.2</u>
Ending Fund Balance	\$ <u>221.0</u>

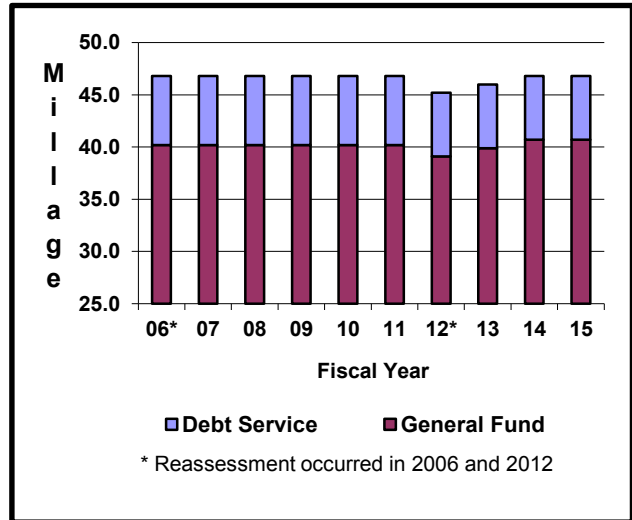
The millage rate for the County is comprised of the General Fund millage and the Debt Service millage. The General Fund millage remains constant at 40.7 mills for FY 2015. The Debt Service levy, used to pay interest and principal on funds borrowed for capital projects, is anticipated to remain constant from the FY 2014 rate at 6.1 mills. The combined operating and debt service levy is 46.8 mills.

# Budget Analysis

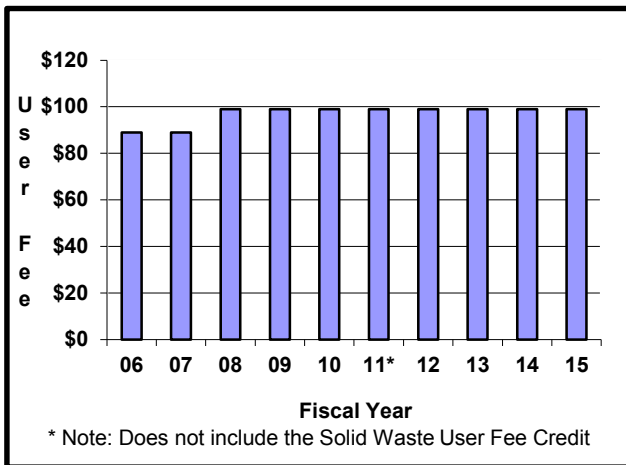
## Charleston County

Figure 2 presents a summary of the County's millage rates for FY 2015 and the prior nine years. For the owner of a \$250,000 home (four percent assessed property) the 46.8 mills equate to a tax of \$468. As allowed under State law, the County elected beginning in FY 1991 to reduce property taxes by levying a one percent Local Option Sales Tax (LOST). The Sales Tax credit for FY 2015 remains constant at \$215 for the \$250,000 homeowner. After applying the Sales Tax credit, the net tax is \$253, representing no change to the tax payer in FY 2015.

**Figure 2 - County Millage Rates**



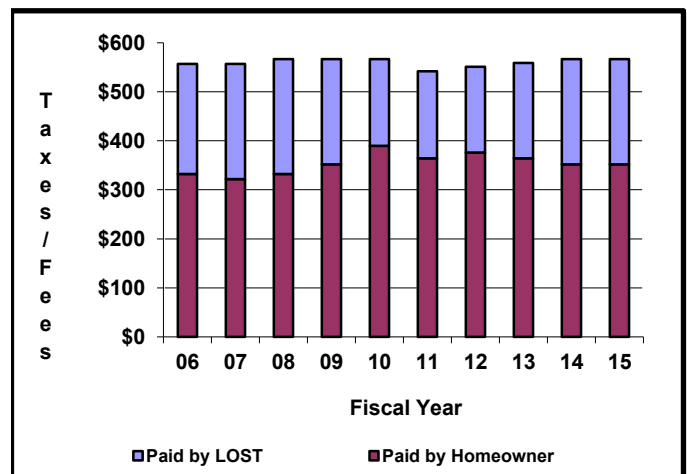
**Figure 3 - Solid Waste User Fee**



The Solid Waste Recycling and Disposal Fee of \$99 for a single-family residence remains unchanged from FY 2014. In FY 2011, user fee accounts charged the Annual Solid Waste Recycling and Disposal Fee received a \$25 one-time credit to be applied to the user fee bill. The one-time credit was not extended past FY 2011. Figure 3 presents a ten year history of the Solid Waste User Fee.

When the Solid Waste Recycling and Disposal Fee is included, the overall tax and fee bill for the owner of a \$250,000 home (four percent assessed property) amounts to \$352 representing no change from the current tax year. Figure 4 illustrates these amounts, as well as provides a ten-year history of the County's tax and fee bill paid by the homeowner, the LOST credit and by the Solid Waste User Fee credit.

**Figure 4 - Tax and Fee Bill**



# Budget Analysis

## Charleston County

There are 30 Full-Time Equivalents (FTEs) added in FY 2015, bringing the total number of FTEs employed by Charleston County to 2,472. The major additions in FTEs resulted from adding 15 FTEs to maintain high quality service levels in Emergency Medical Services, 5 FTEs by Facilities Management to maintain the new Consolidated Dispatch Center and the new Law Enforcement Center, and 5 FTEs to assist with the increased workload in Probate Courts, Human Resources, Procurement, and Public Works: Stormwater Drainage.

**Figure 5 – Full-Time Equivalents**

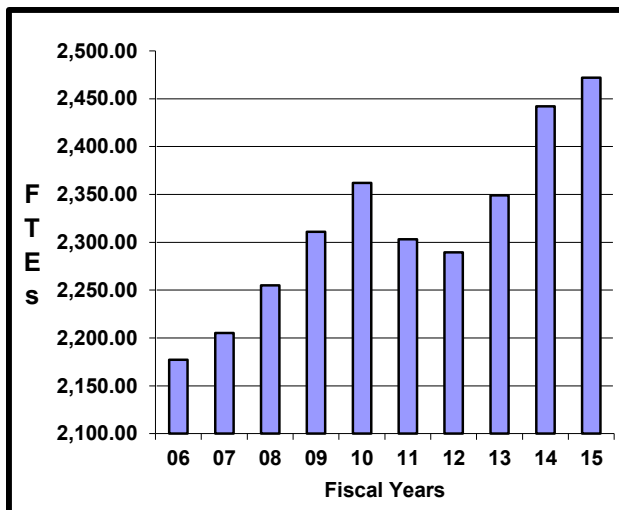


Figure 5 presents a summary of the County's FTEs for FY 2015 and the prior nine years. The FTEs for Charleston County had a steady increasing trend until FY 2011. The major reductions in FTEs resulted from cost saving actions during the recession, including voluntary retirement incentives, and transferring positions to the Council of Governments, a tri-county agency which provides assistance to local governments. The current trend is experiencing an increase as a result of the transition of employees from various entities to Charleston County for the new Consolidated Dispatch and converting part-time personnel working more than 32 hours a week to full-time positions.

## GENERAL FUND

### SUMMARY

The FY 2015 Council approved budgeted disbursements for the General Fund total \$195.9 million, a \$1.9 million or 1.0 percent increase from the FY 2014 budget. Budgeted funds available for the FY 2015 budget also total \$195.9 million. The General Fund millage is anticipated to be 40.7 mills.

Page D-34 shows a graphical representation of the County's General Fund budget. Page D-35 shows a fund statement which depicts the numerical summary of the General Fund budget.

### BEGINNING BALANCE

The General Fund beginning fund balance for FY 2015 is \$51.2 million. This fund balance includes a portion of the "Rainy Day Fund" which is an amount established and maintained by County Ordinance for catastrophes and two months operating disbursements. (See Figure 6 for additional detail.)

# Budget Analysis

# Charleston County

**Figure 6 - FY 2015 General Fund Beginning Balance**  
(Expressed in Thousands of Dollars)

Nonspendable (Inventory)	\$ 923
Restricted: Internal	
Encumbrances	1,500
Designated for PAYGO projects in FY 2015	6,260
Rainy Day Fund	3,888
Two months of Operating Expenditures	32,651
Available	<u>5,976</u>
Total	<u>\$ 51,198</u>

### Financial Policies

- *Financial Reserve Policy 1: ...strive to maintain a minimum ... fund balance in the General Fund between 1 ½ and 2 months.*
- *Financial Reserve Policy 3: ...maintain a Rainy Day fund... at no less than four percent of the General Fund disbursement.*

The Rainy Day fund was established in FY 1992 to strengthen the County's balance sheet and the County's disaster preparedness position. The fund is intended to equal no less than four percent of the General Fund disbursements as required by the Budget Ordinance. The combined total of the Rainy Day Funds in the General Fund and the Environmental Management Fund meet the four percent criteria. An internal restriction of fund balance has been established to equal two months of the following fiscal year's General Fund budget.

## REVENUES

General Fund budgeted revenues of \$189.6 million reflect an increase of \$3.8 million or 2.0 percent from FY 2014. Figure 7 shows the significant budget changes in revenues.

**Figure 7 - Major Changes in Revenues for the General Fund**  
(Expressed in Thousands of Dollars)

<u>Department/Division</u>	<u>FY 2014 Adjusted</u>	<u>FY 2015 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Property Tax Revenue	\$120,180	\$125,890	\$5,710	4.8%
Local Option Sales Tax	51,000	53,500	2,500	4.9%
RMC: Documentary Stamps	4,000	5,000	1,000	25.0%
Consolidated Dispatch: Local Govt Contribution	5,712	3,914	(1,798)	-31.5%
Detention Center: Federal Prisoners	3,550	1,740	(1,810)	-51.0%
Lost: Sales Tax Credit	(50,360)	(52,830)	(2,470)	4.9%

# Budget Analysis

## Charleston County

The County's largest revenue sources, the Property Tax and the Local Option Sales Tax, reflect a net increase of \$8.2 million. The net increase is due to increased projection of property value, aggressive pursuit of non-qualified four percent legal residencies, and improvement in the local economy resulting in increased sales tax projections. The increase in the revenue from the Local Option Sales Tax Credit, which is used to offset the amount property owners pay on their tax bill, also reflects improvements in the local economy.

The increase of \$1.0 million in RMC: Documentary Stamps is the result of the recent economic upswing and the resulting increase in property transfers in the County. During the recent national recession, the County experienced a slowdown in property sales. The County began seeing an increase in property sales in FY 2013, which is expected to continue into FY 2015.

The decrease of \$1.8 million in Consolidated Dispatch: Local Government Contribution, which reflects a planned reduction in agency fees over a two year transition period. Beginning in FY 2017, reimbursements from member agencies such as the City of Charleston, City of Isle of Palms, City of North Charleston, James Island Public Service District, St. Andrew's Public Service District, St. John's Fire District and Town of Mount Pleasant will discontinue.

Another change to General Fund revenue is a budgeted decrease of \$1.8 million in Detention Center: Federal Prisoners revenues which is symptomatic of the decline in the number of inmates in the Detention Center due to the County "holding" fewer federal prisoners. This reduction in prisoners results in a decrease in the amount of per diem reimbursement from the federal government.

### INTERFUND TRANSFERS IN

Approximately \$1.5 million is transferred to the General Fund from other funds, which represents an increase of \$1.0 million or 176.2 percent from the FY 2014 budget. The increase represents an increase in transfers from the Parking Garages (Enterprise Fund) and Revenue Collections (Enterprise Fund) due to an increase in available funds.

### EXPENDITURES

The FY 2015 approved budgeted expenditures for the General Fund total \$183.7 million, which represents an increase of \$4.3 million or 2.4 percent from the FY 2014 budget. Figure 8 shows the significant budget changes in expenditures for FY 2015.

**Figure 8 - Major Changes in Expenditures for the General Fund**  
(Expressed in Thousands of Dollars)

<u>Department/Division</u>	<u>FY 2014 Adjusted</u>	<u>FY 2015 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Sheriff: Law Enforcement	\$25,585	\$27,585	\$2,000	7.8%
Facilities Management	12,906	14,099	1,193	9.2%
Public Works: Field Operations	5,803	6,945	1,142	19.7%
Nondepartmental Operating	2,750	724	(2,026)	-73.7%

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# Budget Analysis

## Charleston County

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The \$2.0 million increase in the Sheriff: Law Enforcement operating expenditures represents the annualization of several full-time positions transferred from the Sheriff: Detention Center. The budgeted increase also represents additional appropriations to the Animal Shelter.

The budgeted increase in Facilities Management is caused by additional costs associated with the completion of the new Consolidated Dispatch Center and the Law Enforcement Center. Another major budgeted increase in the General Fund operating expenditure is \$1.1 million in Public Works: Field Operations, resulting from the transfer of 21 positions from Public Works: Stormwater Drainage and increased fuel costs for vehicles and heavy equipment used by the department.

The increases are offset by a budgeted \$2.0 million or 73.7 percent decrease to Nondepartmental Operating. This decrease reflects FY 2014 expenditures related to a one-time fixed Cost-of-living-adjustment (COLA) for certain employees.

### **INTERFUND TRANSFERS OUT**

Approximately \$12.3 million is transferred from the General Fund to various other funds. The transfers are decreased \$2.4 million or 16.2 percent from the prior fiscal year primarily due to a reduction in funds being transferred to the Capital Projects Fund.

### **FUND BALANCE**

The FY 2015 ending fund balance is projected to be \$46.4 million. Of this amount, \$32.7 million is set aside in an effort to maintain a two month buffer and is in addition to the \$3.9 million Rainy Day Fund for unexpected events. The County's policy is to use available fund balance to fund one-time expenditures. In FY 2015, Council authorized, in total, the use of \$6.3 million from fund balance for pay-as-you-go capital equipment and other one-time expenditures.

## **DEBT SERVICE FUND**

### **SUMMARY**

The FY 2015 approved budgeted disbursements for the Debt Service Fund total \$28.4 million which is a \$4.1 million or 17.1 percent increase from the FY 2014 budget. Budgeted funds available for FY 2015 also total \$28.4 million. The Debt Service Fund millage is anticipated to be 6.1 mills and represents no change from FY 2014.

Page D-36 displays a graphical representation of the County's Debt Service Fund budget. Page D-37 contains a fund statement which is a numerical summary of the Debt Service Fund.

### **REVENUES**

Debt Service Fund revenues total \$20.0 million and reflect an increase of \$0.8 million or 4.3 percent from FY 2014.



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# Budget Analysis

## Charleston County

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### **INTERFUND TRANSFERS IN**

Approximately \$6.2 million is transferred to the Debt Service Fund from other funds. The transfers increased \$1.2 million or 23.0 percent as a result of transferring funds from the Trident Technical College Debt Service to repay general obligation bonds borrowed for Trident Technical College's Aeronautical Training Facility.

### **EXPENDITURES**

The FY 2015 budgeted expenditures for the Debt Service Fund total \$28.4 million. This amount is a \$4.5 million or 19.1 percent increase from FY 2014 and represents the continued service of the County's outstanding debt obligations. The expenditures reflect the additional cost of the bond issue for the Trident Technical College's Aeronautical Training Facility and the planned discontinuation of a reimbursement from the Accommodations Tax: Local for tourist-related debt.

### **INTERFUND TRANSFERS OUT**

FY 2015 does not include a budgeted transfer out in the Debt Service Fund. In previous years, the County budgeted a transfer from the Debt Service Fund to the DAODAS Enterprise Fund for debt service payments. The debt related to DAODAS was paid off during a refinancing in FY 2014.

### **FUND BALANCE**

The FY 2015 ending fund balance is projected to be \$15.1 million, which represents a \$2.5 million or 14.0 percent decrease from FY 2014. This is a scheduled decrease to minimize and/or delay a tax increase.

## **SPECIAL REVENUE FUNDS**

### **SUMMARY**

The FY 2015 approved budgeted disbursements for the Special Revenue Funds total \$101.3 million (including budgeted increases in fund balance), a \$7.0 million or a 6.5 percent decrease from the FY 2014 budget. Budgeted funds available for FY 2015 also total \$101.3 million.

Page D-38 shows a graphical representation of the County's Special Revenue Fund budgets, while pages D-39 to D-75 contain fund statements reflecting numerical summaries of the budgets.

### **REVENUES**

The revenues for the Special Revenue Funds total \$85.9 million and reflect a \$3.7 million or 4.1 percent decrease from the FY 2014 budget. Figure 9 provides information on significant budgeted revenue changes.

# Budget Analysis

## Charleston County

**Figure 9 - Major Changes in Revenues for the Special Revenue Funds**  
(Expressed in Thousands of Dollars)

<u>Department/Division</u>	<u>FY 2014</u> <u>Adjusted</u>	<u>FY 2015</u> <u>Approved</u>	<u>Amount</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Transportation Development: Roads Program	\$28,315	\$31,383	\$3,068	10.8%
Accommodation Tax: Local	12,755	14,755	2,000	15.7%
Trident Technical College: Debt Service	1,537	3,049	1,512	98.4%
Transp. Sales Tax: Revenue Bond Debt Service	13,422	286	(13,136)	-97.9%

The Special Revenue Funds reflect an increase in sales tax revenues for the Transportation Development: Roads program. The budgeted increase for the sales tax funded revenues is tied to improvements in the local economy through increased consumer spending.

Another change to the Special Revenue Fund revenues is a budgeted increase of \$2.0 million or a 15.7 percent increase in Accommodations Tax: Local, reflecting the strong tourism economy in Charleston, SC – the 7<sup>th</sup> World’s Best City per “*Travel and Leisure*” May issue. The increases in the Special Revenue Fund operating revenues also reflect a 0.5 mill increase to fund the debt service for the Trident Technical College’s Aeronautical Training Facility. The additional mill results in an increase in the budgeted revenue for Trident Technical College: Debt Service of \$1.5 million or 98.4 percent.

These increases are offset by a reduction in debt proceeds that were designated by County Council for the repayment of the debt service in Transportation Sales Tax: Revenue Bond Debt Service. These funds will be utilized until multi-county park revenues are available.

### **INTERFUND TRANSFERS IN**

In total, approximately \$3.8 million is transferred into Special Revenue Funds from various other funds. The overall transfers are decreased \$2.4 million or 38.2 percent from the FY 2014 budget. The most significant decrease, in Transportation Sales Tax: Roads Debt Service, results from a decision by the County to use the premiums from any bond issuance toward the related debt service. This decrease represents a lower transfer from the bond fund to the operating fund in FY 2015 for the payment of the County’s outstanding debt obligations.

### **EXPENDITURES**

The FY 2015 budgeted expenditures for the Special Revenue Funds total \$83.2 million, which is a \$2.3 million or 2.9 percent increase from FY 2014. Figure 10 shows the significant budget change in expenditures.

# Budget Analysis

## Charleston County

**Figure 10 - Major Changes in Expenditures for the Special Revenue Funds**  
(Expressed in Thousands of Dollars)

<u>Department/Division</u>	<u>FY 2014 Adjusted</u>	<u>FY 2015 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Transp. Sales Tax: Revenue Bond Debt Service	\$2,016	\$4,269	\$2,253	111.8%
Accommodations Tax: Local	13,211	15,099	1,888	14.3%
Transportation Sales Tax: Agencies	9,630	8,062	(1,568)	-16.3%

The budgeted increase Transportation Sales Tax: Revenue Bond Debt Service reflects the scheduled principal and interest payments on the 2013 Special Source Revenue Bond. The debt service payment increased \$2.3 million or 111.8 percent to service the 2013 Special Source Revenue Bond issued to fund \$80 million for the South Aviation Road Project.

Another change to the Special Revenue Fund expenditures is a budgeted increase in Accommodations Tax: Local, which represents growth in transient room rentals in Charleston County. The increased operating expenditures reflect an increase in allocations to governmental entities and non-profit organizations.

The budgeted increases in the operating expenditures in the Special Revenue Fund are offset by a decrease in Transportation Sales Tax agencies due to increased contributions in FY 2014 to the Charleston Area Regional Transportation Authority (CARTA) for one-time costs and the Tricounty Link (LINK) for a one-time payment to assist with the repayment of a loan.

### **INTERFUND TRANSFERS OUT**

Approximately \$17.4 million is transferred from the Special Revenue Funds to various other funds. The transfers increased \$1.4 million in anticipation of the debt service for the Trident Technical College's Aeronautical Training Facility.

### **FUND BALANCE**

The FY 2015 ending fund balance is projected to be \$41.3 million, which reflects an \$8.3 million reduction primarily due to utilizing fund balance for debt service payments for the Transportation Sales Tax: Roads and the Transportation Sales Tax: Revenue Bond Debt Service. As revenues improve in the future, fund balance will no longer be needed for this purpose.

### **ENTERPRISE FUNDS**

#### **SUMMARY**

The FY 2015 approved budgeted disbursements for the Enterprise Funds total \$49.3 million. This is a \$5.2 million or 9.5 percent decrease from the FY 2014 budget. Funds available for FY 2015 also total \$49.3 million.

# Budget Analysis

## Charleston County

Page D-76 displays a graphical representation of the County's Enterprise Funds budgets, while pages D-77 to D-83 contain fund statements reflecting numerical summaries of the budgets.

### REVENUES

Revenues for the Enterprise Funds total \$63.7 million and reflect a \$17.7 million or 38.7 percent increase from the FY 2014 budget. Figure 11 provides information on significant budgeted revenue changes.

**Figure 11 - Major Changes in Revenues for the Enterprise Funds**  
(Expressed in Thousands of Dollars)

<u>Department/Division</u>	<u>FY 2014 Adjusted</u>	<u>FY 2015 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
DAODAS	\$8,480	\$25,646	\$17,166	202.4%

The revenue increase in Department of Alcohol and Other Drug Abuses Services (DAODAS) Fund reflects the anticipated revenue from the sale of the Charleston Center to the Medical University of South Carolina for \$17 million.

### INTERFUND TRANSFERS IN

Approximately \$3.9 million is transferred to the Enterprise Fund from other funds. The transfers in have not significantly changed from the FY 2014 budget.

### EXPENSES

The FY 2014 budgeted expenses for the Enterprise Funds total \$48.1 million which is a \$1.3 million or 2.6 percent decrease from FY 2014. Figure 12 shows the significant budget change in expenditures.

**Figure 12 - Major Changes in Expenditures for the Enterprise Funds**  
(Expressed in Thousands of Dollars)

<u>Department/Division</u>	<u>FY 2014 Adjusted</u>	<u>FY 2015 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
DAODAS	\$10,517	\$11,624	\$1,107	10.5%
Environmental Management	27,760	25,006	(2,754)	-9.9%

The significant changes from FY 2014 are a \$1.1 million or 10.5 percent increase in the DAODAS programs. This increase represents the beginning of a 25 year lease at the old Naval Hospital in North Charleston to consolidate social services in the County. The increase is offset by a budgeted decrease to the Environmental Management program, which represents paying off the 2004 Revenue Bond in FY 2014.

# Budget Analysis

## Charleston County

### INTERFUND TRANSFERS OUT

In total, approximately \$1.2 million is transferred from the Enterprise Fund to other funds. The overall transfers are decreased \$3.9 million from the FY 2014 budget. The decrease in transfers out represents Environmental Management's plans in FY 2014 to transfer funds to the Environmental Management Capital Improvement Program.

### FUND BALANCE

The Rainy Day fund was established in FY 1992 to strengthen the County's balance sheet and the County's disaster preparedness position. The fund is intended to equal no less than four percent of the General Fund disbursements as required by the Budget ordinance. In FY 2011, Council set aside a \$5.7 million dollar Rainy Day Fund in the Enterprise Fund Balance. This shift was possible due to trash and debris removal constituting the majority of the costs occurring after a natural disaster. The combined total of the Rainy Day Funds in the General Fund and the Environmental Management Fund meet the four percent criteria. The FY 2015 combined ending fund balance is projected to be \$101.7 million which reflects a \$14.0 million increase, with the majority of the increase due to the sale of the Charleston Center building.

## INTERNAL SERVICE FUNDS

### SUMMARY

The FY 2015 approved budgeted disbursements for the Internal Service Funds total \$54.1 million, which represents no significant change from the FY 2014 budget. Funds available for FY 2014 also total \$54.1 million.

Page D-84 shows a graphical representation of the County's Internal Service Funds budgets, while pages D-85 to D-89 contain fund statements reflecting numerical summaries of the budgets.

### REVENUES

Internal Service Funds revenues total \$50.8 million, a \$2.3 million or 4.9 percent increase from FY 2014. Figure 13 provides information on significant budgeted revenue changes.

**Figure 13 - Major Changes in Revenues for the Internal Service Funds**  
(Expressed in Thousands of Dollars)

<u>Department/Division</u>	<u>FY 2014 Adjusted</u>	<u>FY 2015 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Internal Services: Fleet Operations	\$9,772	\$11,100	\$1,328	13.6%
Human Resources: Employee Benefits	26,673	27,564	891	3.3%

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# Budget Analysis

## Charleston County

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The increase in Internal Services: Fleet revenues represent an increase in charges mainly due to the increased cost of fuel, parts and labor. In addition, Human Resources: Employee Benefits reflects an increase by the State of South Carolina to the health insurance rate for employers and employees.

### **INTERFUND TRANSFERS IN**

Approximately \$3.0 million is transferred to the Internal Service Funds from other funds. The transfers decreased \$2.3 million or 42.9 percent from the FY 2014 budget to reflect reduced funding for capital purchases in Fleet Management.

### **EXPENSES**

Internal Service Funds expenses total \$54.1 million which represents no significant changes from the FY 2014 budget.

### **FUND BALANCE**

The FY 2015 ending fund balance is projected to be \$ 16.5 million, which is similar to the FY 2014 balance.

# Major Revenue Sources

## Charleston County

Charleston County seeks to reduce the impact of governmental cost on the taxpayer, to provide for relatively stable and diversified revenue, and to equate the cost of services to revenue received.

### Financial Policies

- *Revenue Policy #1: ...strive to maintain a diversified and stable revenue system to aid in sheltering it from the impact of short-term fluctuations in any one revenue source.*

The revenue that Charleston County uses to fund its services and programs is generated from a balanced revenue stream, which consists of three main parts: property taxes, sales taxes and other revenue sources.

- Property Taxes
- Sales Taxes
- Intergovernmental
- Fines and Forfeitures
- Leases and Rentals
- Licenses and Permits
- Charges and Fees
- Interest
- Miscellaneous

The major revenue sources for Charleston County account for 74.1% of the \$410.0 million in total revenues for FY 2015.

	<b>FY 2015 Approved</b>	<b>Percentage of Total Revenue</b>
General Fund: Ad Valorem Taxes	\$129,550	31.6%
General Fund: Local Option Sales Tax	53,500	13.0%
General Fund: Local Government Fund	12,860	3.1%
Debt Service Fund: Ad Valorem Taxes	18,950	4.6%
Special Revenue Fund: Transportation Sales Tax	48,251	11.8%
Special Revenue Fund: Accommodations Tax – Local	14,750	3.6%
Enterprise Fund: User Fee	26,000	6.3%

*Amounts in the thousands*

The following pages include an analysis of major revenue sources approved through the annual budget process, including a trend analysis and explanation of the revenue estimation process for each. This analysis includes revenue sources from the General Fund, Debt Service Fund, Special Revenue Funds and Enterprise Funds.

A detailed schedule of the County's revenues is on page D-8 to D-15.

# Major Revenue Sources

## Charleston County

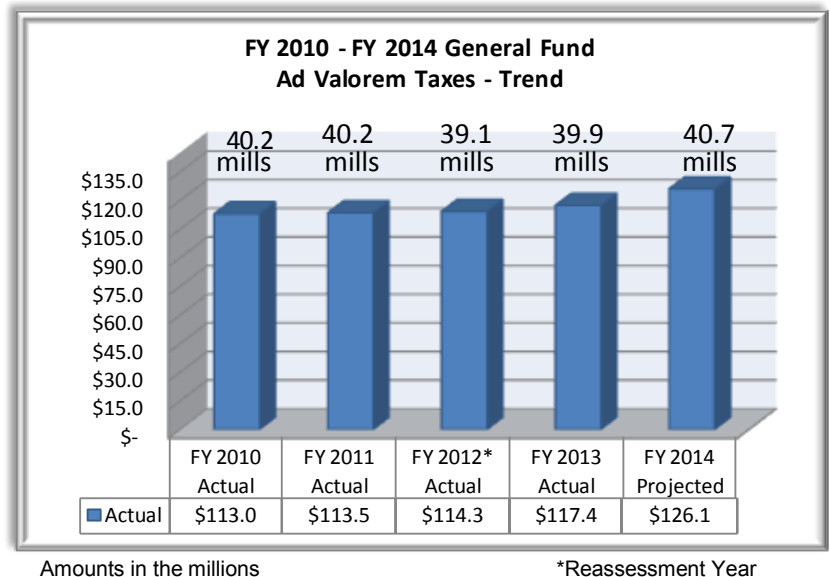
### General Fund Ad Valorem Taxes

#### Description

The County Assessor, the County Auditor, and the State calculate the taxable value of the County's real property, personal property and motor vehicles. The County Auditor applies the appropriate millage rates for the various taxing entities in the County to determine the ad valorem taxes. The Treasurer collects the ad valorem taxes for all of the taxing entities in the County and remits these collections in the following month. The real and personal property are billed annually in September and are due the following January. The motor vehicles are billed annually during the month when the taxpayer's license registration is due for renewal.

#### Trend

The County's portion of ad valorem taxes for the General Fund shows a consistent increasing trend, which reflects continued growth in the County's tax base. South Carolina Law requires that counties reassess properties every five years. The national recession and the State mandated reassessment in FY 2012 resulted in minimal growth in those years. However, the County expects the growth seen in FY 2014 to continue in the future.



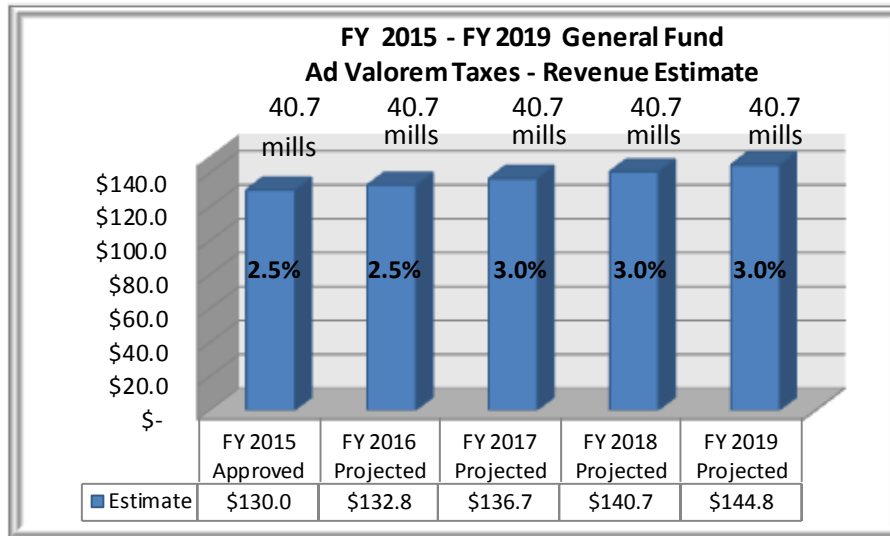
#### Revenue Estimates

The FY 2015 General Fund Ad Valorem Taxes estimate is based on the projection of appraised property value, review of Charleston County and national economic indicators, actual FY 2013 receipts, and FY 2014 year-to-date collection trends. The millage rate used in the estimate remains constant from the previous year and equates to \$162.80 per \$100,000 of appraised value for the homeowner. Also reflected are the County's efforts to aggressively pursue non-qualified four percent legal residencies, resulting in an additional \$0.6 million or 0.5 percent increase in FY 2015. The estimate also projects an additional \$3.3 million from an approximately 2.0 percent increase in the tax base.



# Major Revenue Sources

## Charleston County



Amounts in the millions

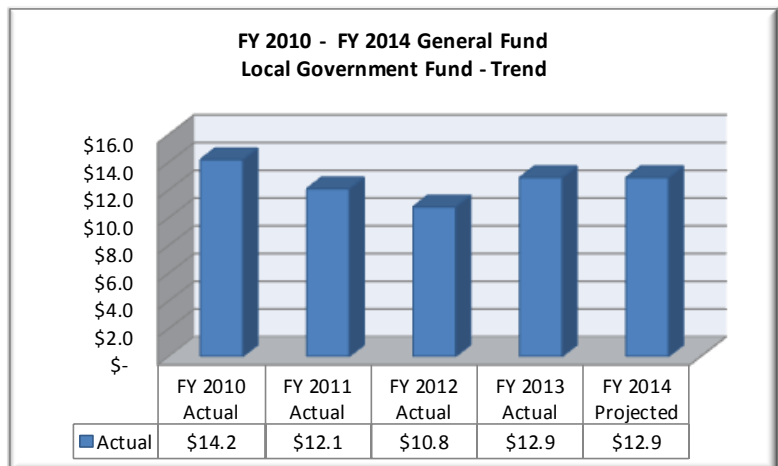
## General Fund Local Government Fund

### Description

The County receives funds from the State of South Carolina to subsidize its operations. This funding was created to reduce the pressure on property taxes and to provide a predictable source of revenue for county and municipal budgeting. In FY 1992, the Local Government Fund replaced and consolidated many other taxes allocated by the State. The State determines the Local Government Fund based on 4.5 percent of the State's General Fund revenues for the State's last completed fiscal year. Changes in the State's overall economy are not reflected in this revenue until two years after the change. However, the State has the authority to change the percentage used to calculate the aid provided to the County.

### Trend

Revenues from the Local Government Fund began showing a decreasing trend in FY 2009 as the national economic downturn began impacting the State's revenue collections and budget. As the State and local economy began seeing improvements late in FY 2012, the State increased the funding level to local governments in FY 2013. However, the allocation formula was not used as outlined in 1992. Part of the funding for FY 2013 and FY 2014 was noted by the State as one-time funds.



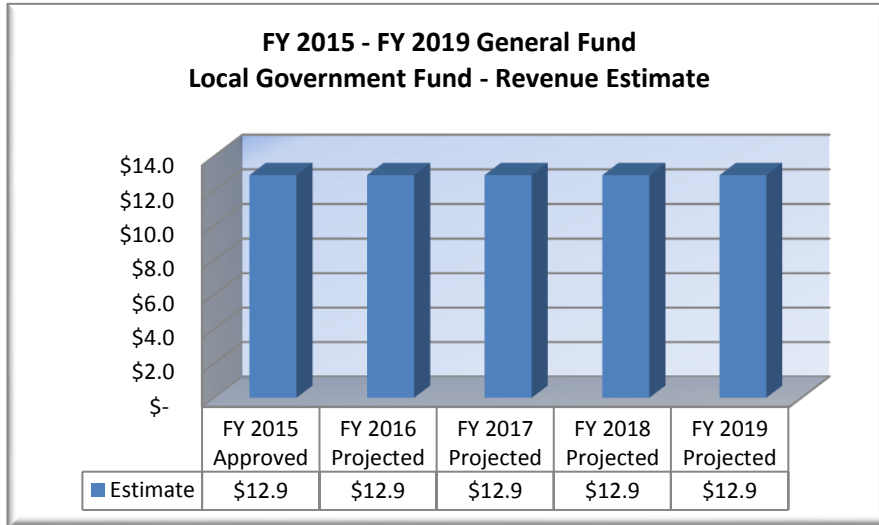
Amounts in the millions

# Major Revenue Sources

## Charleston County

### Revenue Estimate

The FY 2015 budgeted Local Government Fund is not expected to change from the FY 2014 projected amount with the same amount of one-time funding. The estimate is based on information provided by the State's proposed budget. There is uncertainty in calculating the on-going trend for this major revenue source because the State has stopped using the 4.5 percent of the State's General fund revenues as the formula for calculating the funds provided to local governments.



Amounts in the millions

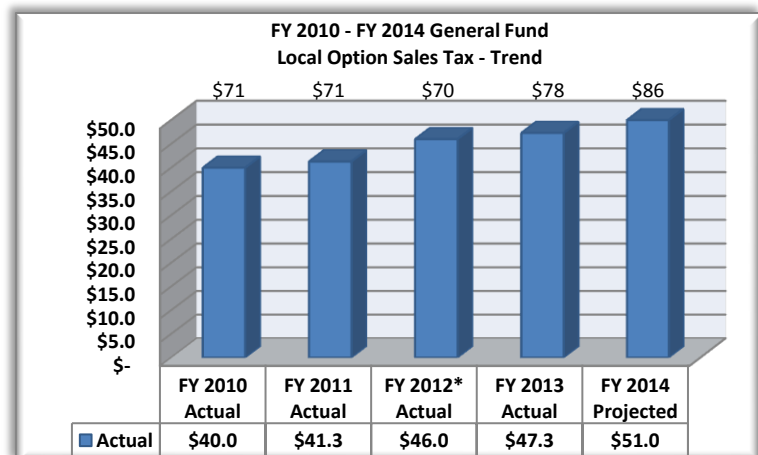
## General Fund Local Option Sales Tax

### Description

The citizens of Charleston County passed, by referendum, an additional one percent sales tax which took effect during FY 1991. According to State law, a portion of the sales tax revenues are designated to reduce local property taxes. Charleston County attempts to apply 100 percent of the Local Option Sales Tax revenues as credits against local property taxes.

### Trend

The Local Option Sales Tax (LOST) is directly tied to the level of consumer spending in Charleston County. The revenue from the LOST showed an increasing trend until the beginning of the recession in FY 2009 and continued to decline through FY 2010. The economy began improving in FY 2011, resulting in increased revenue for Local Option Sales Tax revenue.



Amounts in the millions

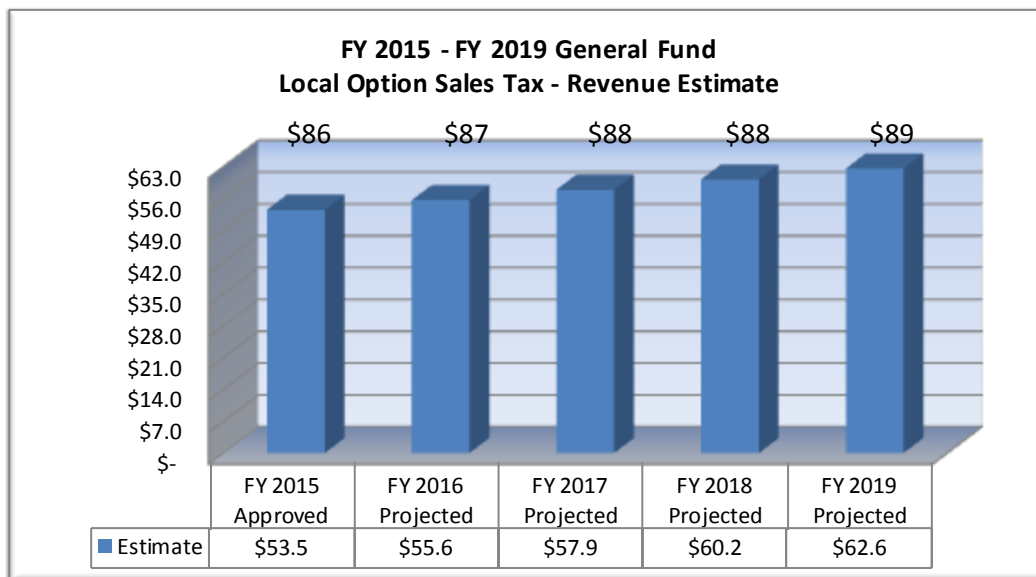
\*Reassessment Year

# Major Revenue Sources

## Charleston County

### Revenue Estimate

The budgeted revenues from the Local Option Sales Tax represent growth of five percent over the FY 2014 projections. The credit is determined by dividing the LOST revenue by the appraised property base. The revenue for FY 2015 equates to a credit of \$86 per \$100,000 of appraised value; this amount is constant from FY 2014. The FY 2015 LOST estimate is based on a review of Charleston County and national economic indicators, actual FY 2013 receipts, and FY 2014 year-to-date collection trends. Sales tax receipts are expected to continue to rise, reflecting improved economic conditions in Charleston County due to increased tourism and new industries in the area. As the economy stabilizes, the growth in the LOST revenue is expected to outpace the growth in property taxes. As a result, the LOST credit is anticipated to increase slightly.



Amounts in the millions

## Debt Service Fund Ad Valorem Taxes

### Description

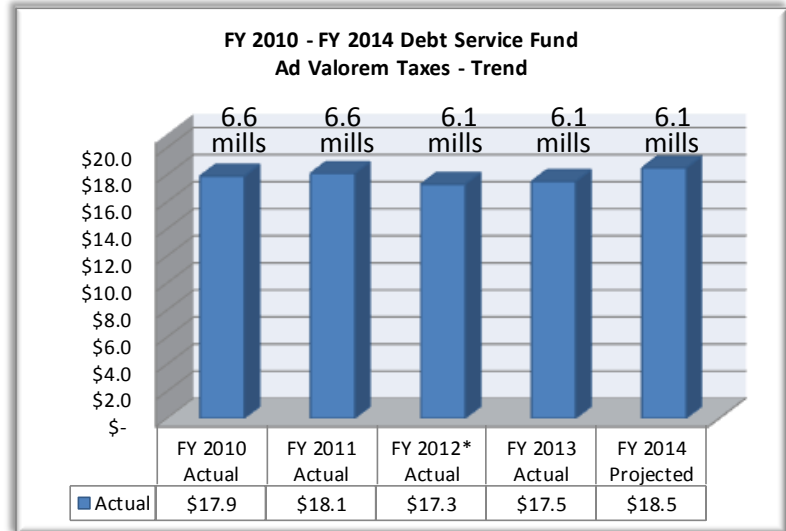
The County Assessor, the County Auditor, and the State calculate the taxable value of the County's real property, personal property and motor vehicles. The County Auditor applies the appropriate millage rates for the various taxing entities in the County to determine the ad valorem taxes. The Treasurer collects the ad valorem taxes for all of the taxing entities in the County and remits these collections in the following month. The real and personal property are billed annually in September and are due the following January. The motor vehicles are billed annually during the month when the taxpayer's license registration is due for renewal.

# Major Revenue Sources

## Charleston County

### Trend

The County's portion of ad valorem taxes for its Debt Service Fund remained steady, reflecting growth in the County's tax base. South Carolina Law requires that counties reassess properties every five years. The national recession and the State Mandated reassessment in FY 2012 resulted in minimal growth in those years. However, the County expects the growth seen in FY 2014 to continue in the future.

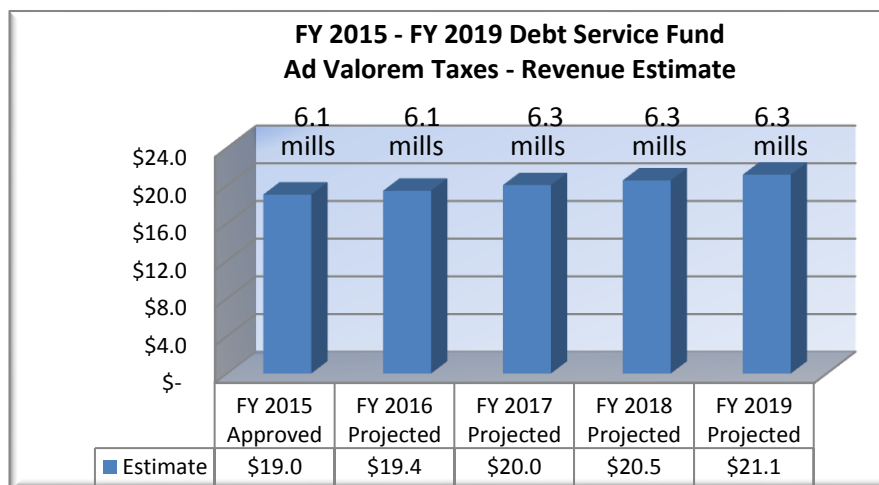


Amounts in the millions

\*Reassessment

### Revenue Estimate

The FY 2015 Debt Service Fund Ad Valorem Taxes estimate is based on a projection of the appraised property value, a review of Charleston County and national economic indicators, actual FY 2013 receipts, and FY 2014 year-to-date collection trends. The estimate includes approximately a 2.5 percent increase in the tax base. The County does not expect a millage increase until FY 2017, in which the millage is estimated to increase by 0.2 mills.



Amounts in the millions

## Special Revenue Fund Accommodations Tax - Local

### Description

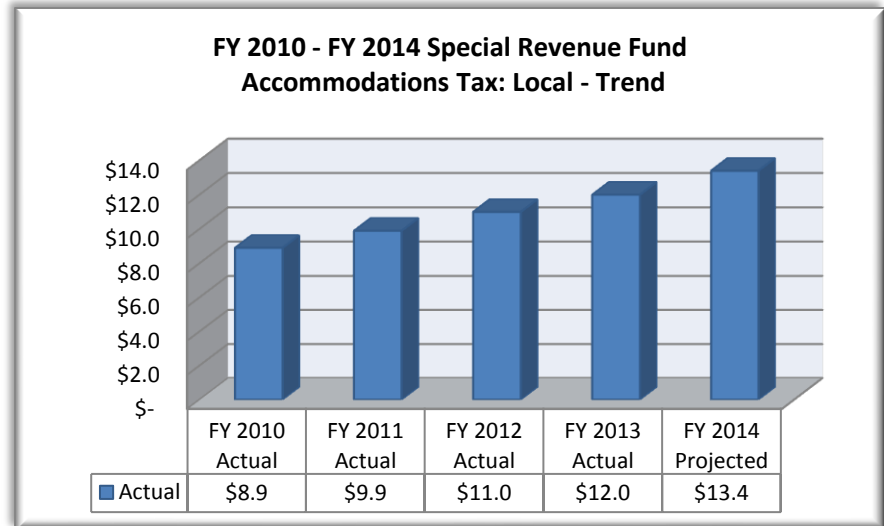
The Accommodations Tax - Local is a two percent charge for transient room rentals throughout the County. County Council enacted the Accommodations Tax - Local in FY 1994 to encourage and support area tourism. Collections of the Accommodations Tax - Local began on April 1, 1994, upon which its legitimacy was challenged in court. In November 1995, the State Supreme Court ruled in favor of the tax which is collected on a monthly basis.

# Major Revenue Sources

## Charleston County

### Trend

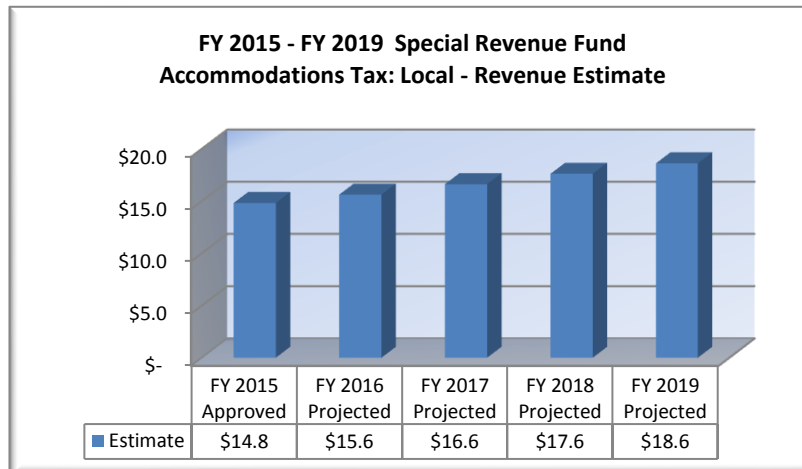
The revenues from the Accommodations Tax - Local had consistently shown an increasing trend until FY 2009 when the recession impacted tourism. The downward trend continued through FY 2010, but began showing improvement in FY 2011. The upward trend is expected to remain constant as tourism continues to grow in the Charleston area.



Amounts in the millions

### Revenue Estimate

The budgeted Accommodations Tax - Local reflects an estimated 10.4 percent increase from the FY 2014 projection. The Accommodations Tax - Local revenue estimate is based on a review of actual FY 2013 receipts, FY 2014 year-to-date collection trends and tourism information received from the Office of Tourism at the College of Charleston's Business School.



Amounts in the millions

## Special Revenue Fund Transportation Sales Tax

### Description

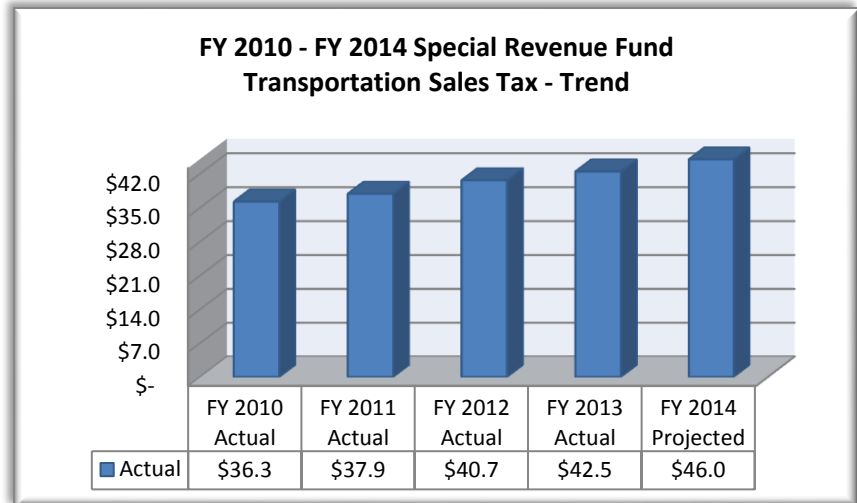
The citizens of Charleston County passed, by referendum, an additional one-half of one percent sales and use tax that took effect May 1, 2005 and will continue for 25 years or until \$1.3 billion is collected. According to the referendum, the sales tax revenues are designated to provide funds for transportation-related projects, mass transit, and greenbelts.

# Major Revenue Sources

## Charleston County

### Trend

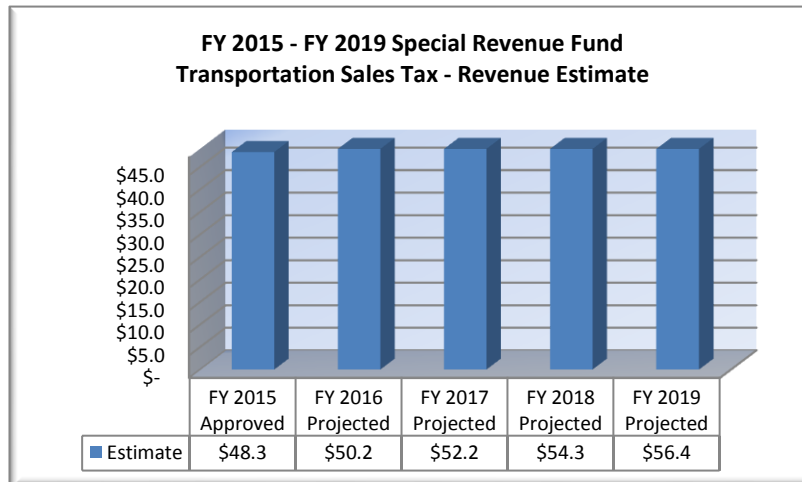
The revenues from the Transportation Sales Tax had a general trend of increasing through FY 2008. As a result of the nationwide recession, the revenue from the Transportation Sales Tax declined in FY 2009 and FY 2010. Consumer spending in the County began improving in FY 2011.



Amounts in the millions

### Revenue Estimate

The Transportation Sales Tax revenue estimate is based on a review of Charleston County and national economic indicators, actual 2013 receipts, and FY 2014 year-to-date collection trends. The Transportation Sales Tax shows approximately a 5.0 percent increase from the FY 2013 projection reflecting strong confidence in consumer spending in our local economy. This upward trend is expected to continue as the tax is directly tied to the level of consumer spending in Charleston County.



Amounts in the millions

## Enterprise Fund User Fee

### Description

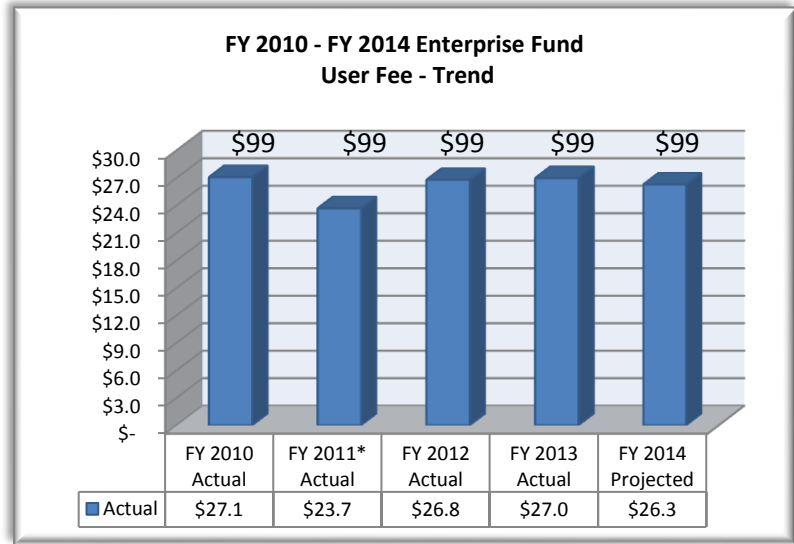
The County charges a user fee to real property owners, as well as certain commercial and governmental entities to provide funding for the County's recycling, solid waste, and disposal efforts. The Revenue Collections Department administers the billing and collection of this fee. The User Fee for residential property owners is included in the annual tax bill. The Revenue Collections Department calculates and bills the commercial entities on an annual basis.

# Major Revenue Sources

## Charleston County

### Trend

The revenues from the User Fee had shown a slightly increasing trend until FY 2011 when the County provided a one-time \$25 credit to the Solid Waste User Fee. The User Fee revenues reflected moderate growth in FY 2012 and FY 2013 as the number of residents and businesses in the County grew. In FY 2013, the revenue began declining due to the impact of the County's aggressive goal of 40% recycling.

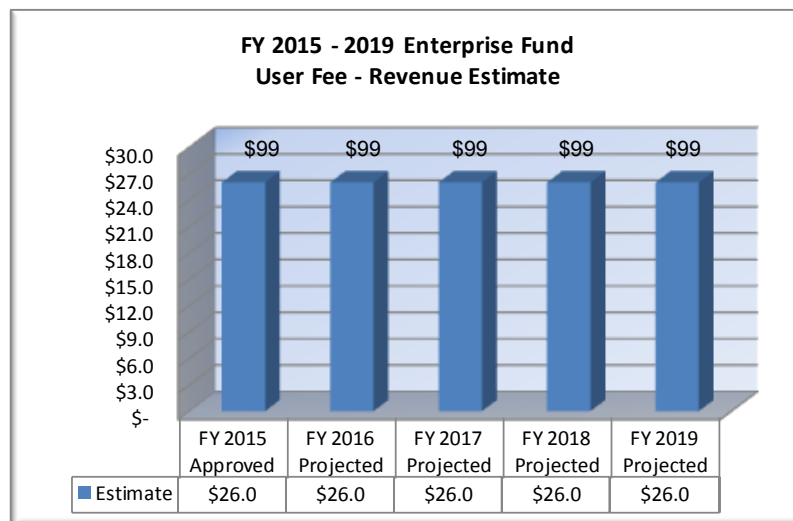


Amounts in millions

\*One-time \$25 credit

### Revenue Estimate

The FY 2014 User Fee estimate is based on monitoring the success of the recycling program, actual FY 2012 receipts, and FY 2013 year-to-date collection trends. The User Fee charge for residential properties has remained constant at \$99 for the last eight years. The FY 2015 revenue estimate reflects a reduction in the volume of commercial disposal due to the expanded recycling program. However, the County projects flat revenues as growth in population will offset the reduction in commercial fees.



Amounts in millions



**End Section**