

Management's Discussion and Analysis

As management of Charleston County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Charleston County for the fiscal year ended June 30, 2023. The Management Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, providing an overview of the County's financial activity, and identifying changes in the County'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 2 through 12 of this report, and the County's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at June 30, 2023 by \$520,409 (net position.) This is comprised of net investment in capital assets of \$238,817, restricted net position of \$157,806 and unrestricted net position of \$123,786.
- Charleston County's total net position increased by \$209,749 during the fiscal year ended June 30, 2023, with a \$210,132 increase resulting from governmental activities and a \$383 decrease resulting from business-type activities.
- As of the close of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$1,073,214, which is a \$84,645 increase from the prior year. Approximately 9.44 percent or \$101,347 of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) for the general fund was \$135,643 or approximately 50.68 percent of the total general fund disbursements. Unassigned fund balance of the general fund was \$101,546, or approximately 37.94 percent of total general fund disbursements.
- The County implemented GASB #68 and GASB #71 in the fiscal year ended June 30, 2015. These Statements require the County to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for their participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. The County's net pension liability at June 30, 2023 is \$275,442.
- The County implemented GASB No. 75 in fiscal year 2018. This Statement requires the County to recognize the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the Statement of Net Position) and present more extensive note disclosures. The County's OPEB liability at June 30, 2023 is \$52,857.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Charleston County's basic financial statements which are comprised of three sections:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains required supplementary and other supplementary financial information in addition to the basic financial statements.

Government-wide Financial Statements. Government-wide financial statements are designed to provide readers with a broad overview of the financial position of Charleston County and are similar to private sector financial statements. They include a Statement of Net Position and a Statement of Activities. These statements appear on pages 39 through 41 of this report.

The Statement of Net Position presents financial information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position.

The Statement of Activities follows the statement of net position and presents information showing how the County's net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in future fiscal periods.

Both statements distinguish between functions of Charleston County 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).

Governmental activities reported in the statements include general government, public safety, judicial, public works, health and welfare, economic development, culture and recreation, and education. Major business activities include Environmental Management (recycling and waste disposal) and Parking Garages. Other business-type activities include the Biological Science Center, Department of Alcohol and Other Drug Abuse Services (DAODAS), a countywide E-911 Communication System, Public Safety System, Radio Communications, and Revenue Collections.

Charleston County's government-wide financial statements include component units of the County. Component units can be blended or discretely presented. Component units are legally separate organizations for which the primary government is financially accountable and are presented as a separate column in the government-wide statements and as combining statements of net position and of activities in the fund financial statements. The focus of the statements is clearly on the primary government and the presentation allows the user to address the relative relationship with the component units. For those readers interested in more information on the component units, contact information is provided in Note I. B. on pages 65 through 66 of this report.

The government-wide financial statements for component units can be found on pages 58 through 61 of this report.

Fund Financial Statements. 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. Like other state and local governments, Charleston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Charleston County government can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds. Governmental funds, presented on pages 43 through 45, essentially account for the same functions as those reported under the governmental activities on the government-wide Statement of

Net Position and Statement of Activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Charleston County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison.

Governmental funds individually presented in Charleston County's statements include five major funds: the General Fund, the Debt Service Fund, the Transportation and Road Sales Tax Special Revenue Fund, the G.O.B. Capital Projects Fund, and the American Rescue Plan Act Fund. Although there are many smaller governmental funds in Charleston County government, they have been presented in a total column termed as "Other Governmental Funds". Combining statements for these other governmental funds have been presented on pages 160 through 163 of this report.

Proprietary Funds. Charleston County maintains and presents two different types of proprietary funds, enterprise and internal service, shown on pages 50 through 55 and pages 184 through 195 of this report.

Enterprise funds report in greater detail the same information presented as business-type activities in the government-wide financial statements for Environmental Management and Parking Garages. Biological Science Center, DAODAS, E-911 Communications, Public Safety System, Radio Communications, and Revenue Collections are presented in one total column termed as "Non-major Other Funds" but may be separately reviewed in the combining statements on pages 184 through 189.

Internal service funds (ISFs) are an accounting mechanism to accumulate and allocate costs internally for Charleston County Government. The County uses internal service funds to account for Fleet Management, Office Support Services, Workers' Compensation, Employee Benefits, and Telecommunications. See pages 191 through 195 of this report. ISFs have been eliminated on the Statement of Net Position.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Charleston County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 56 and 57 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 both government-wide and fund financial statements. Notes are presented on pages 63 through 144 of the report.

Other Information. Individual statements, which present more detailed views of non-major funds used in governmental and business-type funds, begin on page 160. Additional trend information about the County, which may be of interest to the reader, is found under the Statistical Section of this report, starting on page 203. As required by the State, the County also presents a Schedule of Fines, Assessments, and Surcharges Collected on page 181.

This report also presents required supplementary financial information concerning the County's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees and the proportionate share of the net pension liability. Required Supplementary Financial Information can be found starting on page 146.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Charleston County, assets and deferred outflows exceeded liabilities and deferred inflows by

\$520,409 at the close of fiscal year 2023. This was an increase of \$209,749 or 67.52 percent during fiscal year 2023.

A portion of the County's net position, \$238,817, is net investment in capital assets (e.g., land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities.

An additional portion of the County's net position, \$157,806, represents resources that are subject to external restrictions on how they may be used. These include funds for road projects, construction/purchase of capital assets, and debt service.

At the end of 2023, the County had positive balances in all categories of net position for the primary government.

Charleston County's Net Position
June 30, 2023
(Recapped from page 39)

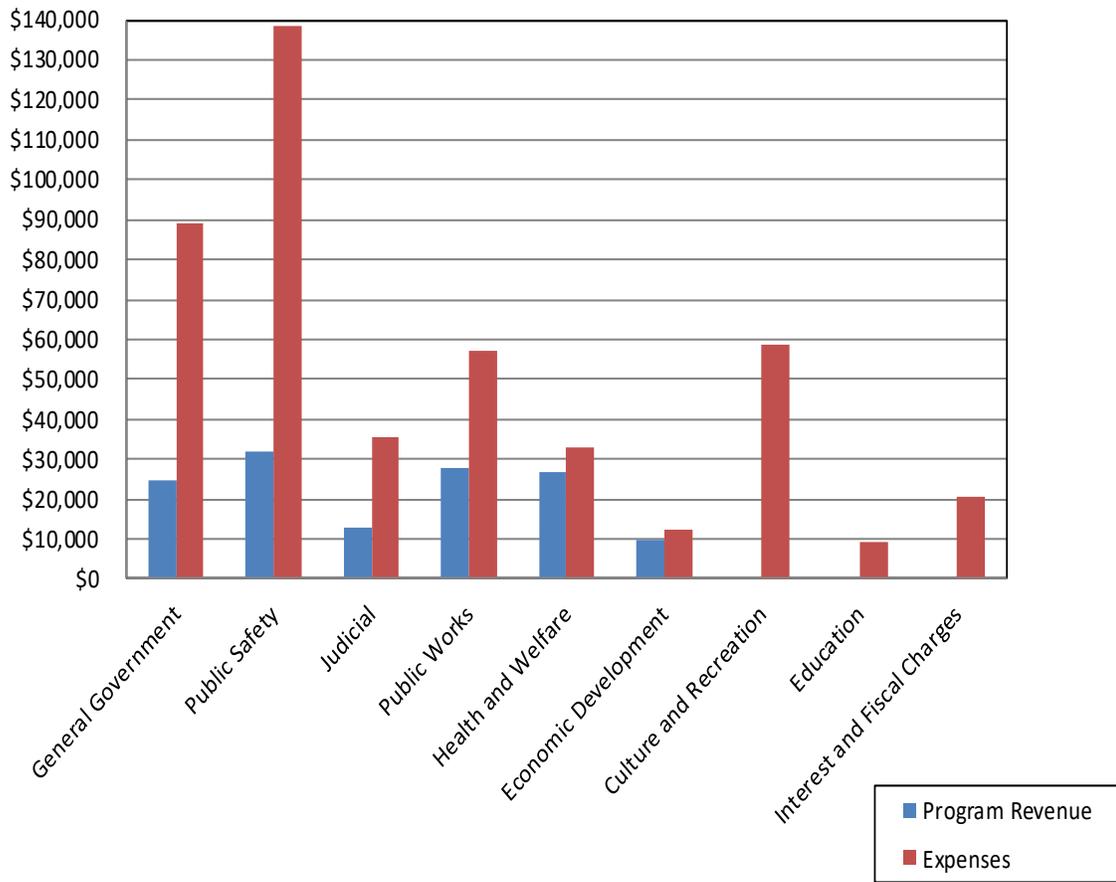
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
	Current, restricted and other assets	\$ 1,496,571	\$ 1,375,864	\$ 83,725	\$ 78,930	\$ 1,580,296
Capital and intangible assets	445,209	426,182	90,113	95,260	535,322	521,442
Total Assets	1,941,780	1,802,046	173,838	174,190	2,115,618	1,976,236
Total deferred outflows of resources	64,381	76,331	-	-	64,381	76,331
Long-term liabilities outstanding	1,178,725	1,283,785	42,932	42,085	1,221,657	1,325,870
Other liabilities	116,825	103,613	13,279	14,621	130,104	118,234
Total liabilities	1,295,550	1,387,398	56,211	56,706	1,351,761	1,444,104
Total deferred inflows of resources	305,862	296,362	1,967	1,441	307,829	297,803
Net Position:						
Investment in capital assets	170,928	146,331	67,889	72,807	238,817	219,138
Restricted for:						
Capital projects	93,384	83,724	-	-	93,384	83,724
Debt service	27,751	29,658	-	-	27,751	29,658
General government	116	112	-	-	116	112
Law enforcement	6,773	5,864	-	-	6,773	5,864
Judicial	3,194	3,396	-	-	3,194	3,396
Health and welfare assistance	175	130	-	-	175	130
Economic development	26,412	17,211	-	-	26,412	17,211
Unrestricted	76,016	(91,809)	47,771	43,236	123,787	(48,573)
Total net position	\$ 404,749	\$ 194,617	\$ 115,660	\$ 116,043	\$ 520,409	\$ 310,660

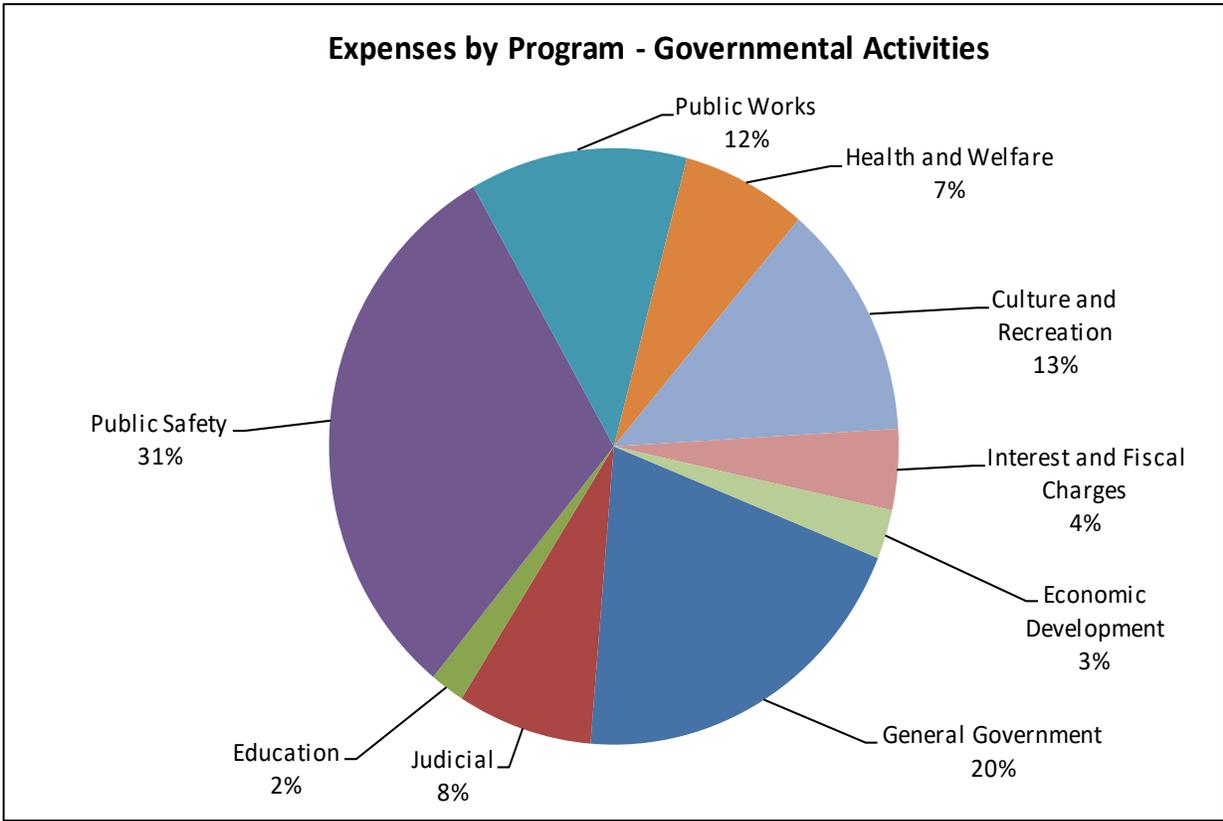
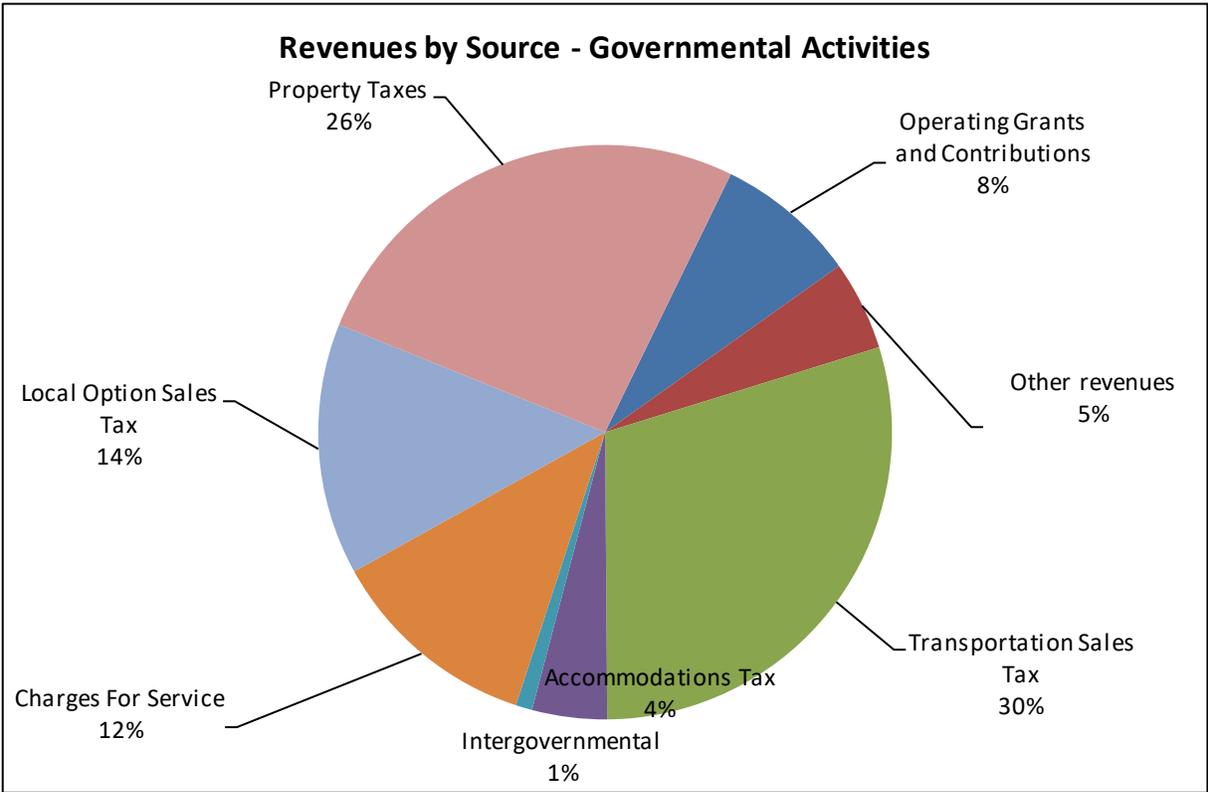
The County's net position increased by \$209,749 during fiscal year 2023. The governmental activities had an increase in net position of \$210,132. Overall revenues for the Governmental Activities increased 7.86 percent. The Business-Type activities had a decrease in net position of \$383. Overall expense for the Business-Type activities increased 5.86 percent.

County of Charleston, South Carolina
Changes in Net Position (Recapped from pages 40 and 41)
For the Fiscal Year Ended June 30, 2023

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	\$ 79,163	\$ 73,364	\$ 57,010	\$ 57,216	\$ 136,173	\$ 130,580
Operating grants and contributions	52,873	59,105	1,849	1,268	54,722	60,373
Capital grants	1,667	10	-	-	1,667	10
General Revenues:						
Property taxes	173,501	186,310	-	-	173,501	186,310
Other taxes and fees	326,273	282,540	1,393	1,218	327,666	283,758
State aid to political subdivisions	16,697	16,017	-	-	16,697	16,017
Unrestricted investments earnings	16,026	1,315	2,223	180	18,249	1,495
Miscellaneous	-	-	756	990	756	990
Gain on sale of capital assets	-	-	2,961	1,297	2,961	1,297
Total Revenues	666,200	618,661	66,192	62,169	732,392	680,830
Program Expenses						
Governmental Activities:						
General government	89,141	85,815	-	-	89,141	85,815
Public safety	138,647	125,170	-	-	138,647	125,170
Judicial	35,595	36,173	-	-	35,595	36,173
Public works	57,218	58,809	-	-	57,218	58,809
Health and welfare	32,960	43,286	-	-	32,960	43,286
Economic development	12,378	9,002	-	-	12,378	9,002
Culture and recreation	58,494	49,883	-	-	58,494	49,883
Education	9,075	8,569	-	-	9,075	8,569
Interest and fiscal charges	20,345	24,422	-	-	20,345	24,422
Business-Type Activities:						
Biological Science Center	-	-	246	21	246	21
DAODAS	-	-	10,301	9,528	10,301	9,528
E-911 communications	-	-	3,950	3,636	3,950	3,636
Environmental management	-	-	43,433	42,200	43,433	42,200
Parking garages	-	-	2,877	2,578	2,877	2,578
Public safety system	-	-	886	729	886	729
Radio communications	-	-	4,277	3,888	4,277	3,888
Revenue collections	-	-	2,820	2,399	2,820	2,399
Total Expenses	453,853	441,129	68,790	64,979	522,643	506,108
Excess (deficiency) of revenues before transfers over (under) expenses	212,347	177,532	(2,598)	(2,810)	209,749	174,722
Transfers	(2,215)	(2,137)	2,215	2,137	-	-
Increase in Net Position	210,132	175,395	(383)	(673)	209,749	174,722
Net position, beginning	194,617	19,222	116,043	116,716	310,660	135,938
Net Position, ending	\$ 404,749	\$ 194,617	\$ 115,660	\$ 116,043	\$ 520,409	\$ 310,660

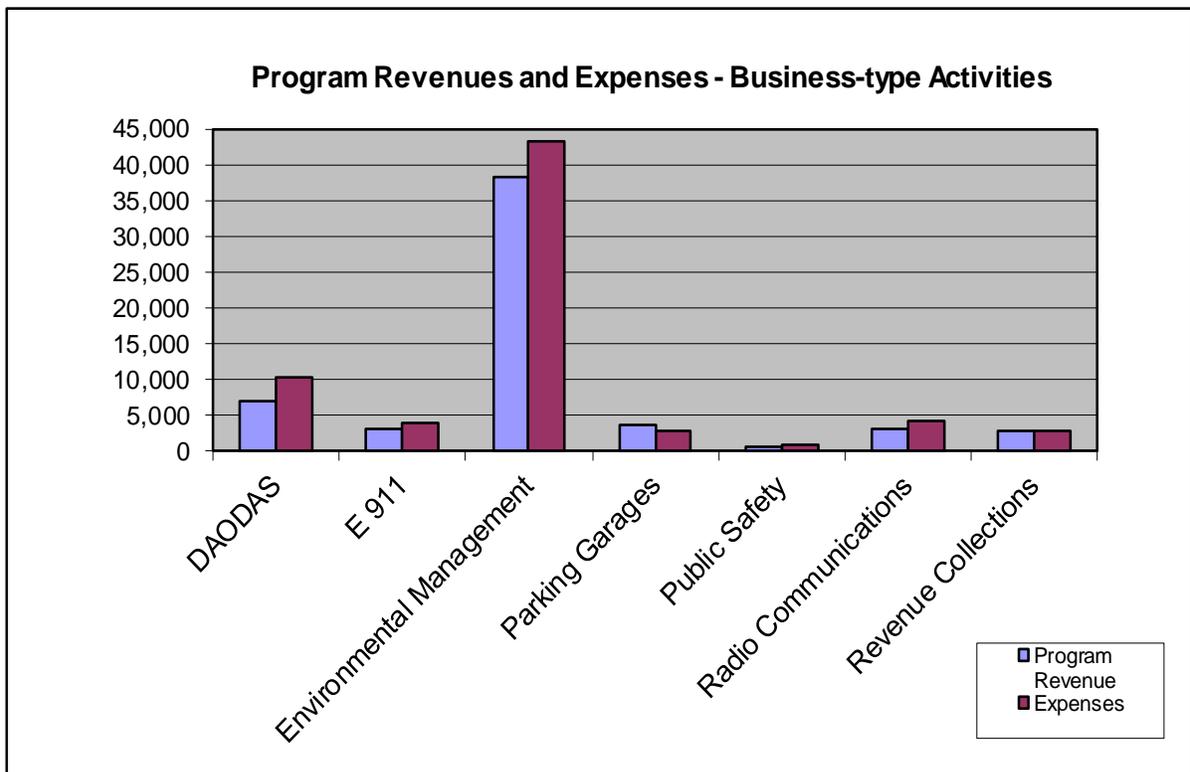
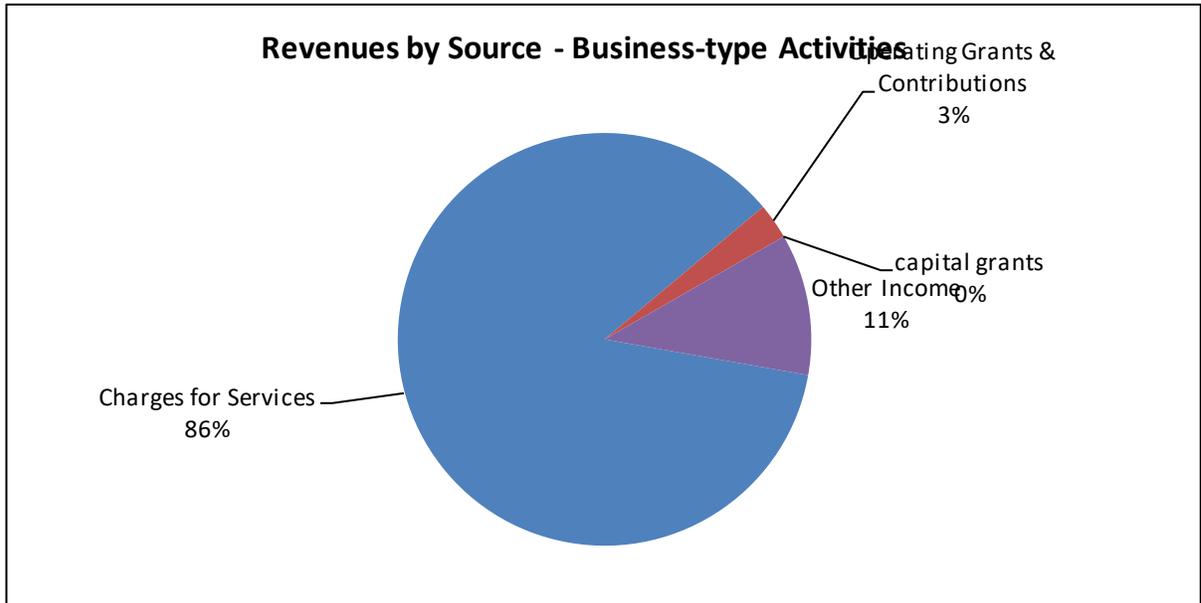
Program Revenues and Expenses - Governmental Activities





Business-type Activities. Business-type activities decreased the County's net position by \$383. The key elements of this decrease were:

- Overall, the business-type activities expenses increased \$3,811 (5.8 percent).
- Environmental management expenses increased by \$1,233 (2.9 percent). The majority of this increase is due to increase in operating costs.



Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$1,073,214, an increase of \$84,645 in comparison with the prior year. This increase is due to several factors including an increase in accommodations taxes collected, local option sales taxes and transportation sales taxes collected.

The ending fund balance of \$1,073,214 for the governmental funds is composed of five components: unassigned fund balance of \$101,347, assigned fund balance of \$34,096, committed fund balance of \$75,963, restricted fund balance of \$846,413 and non-spendable fund balance of \$15,395.

Unassigned fund balance accounts for approximately 9.44 percent or \$101,347 of the total fund balance. Unassigned fund balance is available for spending at Charleston County's discretion.

Assigned fund balance for the current fiscal year is \$34,096 or 3.18 percent of ending fund balance. Assigned fund balance includes \$3,791 which was encumbered at the end of fiscal year 2023. Assigned fund balances are intended to be used by Charleston County for specific purposes.

Committed fund balance is \$75,963 or 7.08 percent of ending fund balance and is comprised of the fund balances in the capital project funds. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of County Council.

The restricted fund balance totals \$846,413 or 78.86 percent of ending fund balance. The major restricted fund balances are for: 1) Capital and infrastructure projects of \$781,991, 2) debt service of \$27,751, 3) \$6,773 for law enforcement activities (primarily comprised of balances in the Sheriff's office), and 4) \$3,194 for judicial programs and assistance. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Non-spendable fund balance is \$15,395. Non-spendable fund balance accounts for inventories recorded in the general fund and prepaid assets recorded in the Transportation and Road Sales Tax fund.

General Fund. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$101,546 while total fund balance reached \$136,188. Unassigned fund balance is made up of two components: the rainy day fund and all other unassigned fund balance. The rainy day fund totals \$11,707. 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 disbursements. Unassigned fund balance represents 37.9 percent of total general fund disbursements, while total fund balance represents 50.88 percent of that same amount. This meets the County's financial policy of maintaining an unassigned fund balance of 2 months of expenditures. Excluding the rainy day fund from the calculation, unassigned fund balance is 33.57 percent of disbursements, which also meets the financial policy. There was an increase of \$1,749 in the total fund balance of the general fund during the current year. Highlights of the general fund were as follows:

Revenues were \$6,541 or 2.35 percent higher than the previous fiscal year.

- Local option sales taxes collected increased \$5,913 or 6.70 percent. This 1 percent tax is collected when goods are purchased. This growth is due to the increase in spending by our citizens and tourists.
- Interest income increased by \$41,897 or 1,118 percent. This increase is due to the overall state of

the economy.

- Service charges increased \$3,366 or 7.27 percent. EMS Service fees increased \$2,190 (15.93 percent) due to the increased number of responses. The EMS third party billing company has also increased their collection efforts and decreased the electronic filing rejections.

Expenditures increased by \$20,810 or 8.43 percent.

- Public Safety expenditures were up \$9,323 or 3.78 percent. This increase can be attributed to an increase in salaries, overtime paid, and related benefits paid.
- Culture and recreation expenditures increased by \$5,564 or 2.14 percent. The majority of this increase can be attributed to the increase of the Charleston County Library appropriation.

Debt Service Fund. The debt service fund balance is \$27,751 and is \$1,907 or 6.43 percent less than the prior fiscal year. This decrease is due to debt paid off in the prior year.

Transportation and Road Sales Tax Special Revenue Fund. This fund balance increased \$82,450 or 13.61 percent from the prior fiscal year. The new 2nd half cent Transportation Sales Tax was effective May 1, 2017. This increase is due to an increase in transportation sales taxes collected of \$10,826 or 6.65 percent higher than prior fiscal year. The expenditures in this fund increased \$35,888 or 47.27 percent from the prior fiscal year due to debt service payments on the referendum debt issued prior year for the 2nd half cent sales tax.

American Plan Rescue Act. The increase in this fund balance was \$115 from prior fiscal year the same as the revenue and expenditures were both \$114,603.

G.O.B. Capital Projects. This fund balance decreased \$23,660 or 26.32 percent from prior fiscal year due to the issuance of bonds in prior year.

Other Governmental Funds. The other governmental funds had an increase in fund balance of \$26,013 or 4.17 percent from the prior fiscal year. The Accommodations fund had an increase in fund balance of \$8,061 or 7.68 percent due to the increase in visitors to Charleston. The total expenditures for the other governmental funds decreased by \$3,299 or 2.74 percent.

Non-major Capital Projects Funds. The non-major capital projects funds reflect a total fund balance of \$9,716 and are shown on pages 163 and 167. The fund balance for the non-major capital projects funds increased \$3,759 in fiscal year 2023.

Non-major Special Revenue Funds. The non-major special revenue funds have a combined total fund balance of \$145,070, all is classified as restricted, except for a negative fund balance in the Disaster and Pandemic funds which is classified as unassigned. Non-major special revenue funds are shown on pages 160 through 162, and 164 through 166.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Total net position for the enterprise funds at June 30, 2023, is \$52,770 (before the elimination of internal service fund charges and indirect costs.) The major funds are environmental management and the parking garages with total net position of \$61,484. The non-major proprietary funds have total net position of \$(8,714). These funds include Biological Science Center, DAODAS, E-911 communications, radio communications, public safety systems, and revenue collections. See pages 50 through 55 and pages 184 through 189 for the proprietary funds statements.

As of the end of the current fiscal year, Charleston County's enterprise funds reported combined ending net position of \$52,770 (before internal eliminations), a decrease of \$6,453 or 10.89 percent in comparison with the prior year. The proprietary funds implemented GASB No. 75 during fiscal year 2018. Three of the non-major enterprise funds have negative net position. These negative net positions are primarily due to the OPEB and retirement expenses.

General Fund Budgetary Highlights

During fiscal year 2023, the Administrator made adjustments to the budget in accordance with the guidelines contained in the budget ordinance.

Actual revenues and transfers in were \$22,111 over the final budget. The most significant revenue variances are outlined below:

- Interest income was \$11,996 or 921 percent over budget due to the higher interest rates the County is earning.
- Permits and licenses were \$3,610 or 34.13 percent over budget due to the increase in permits and licenses issued. Building permits and plan review fees increased 17.23 percent.
- Service charges were \$4,222 or 13.84 percent over budget. EMS revenues increased 15.93 percent from prior year due to an increase in transports.

Actual expenditures and transfers out were \$8,290 under the final budgeted amounts. The most significant contributions to this variance were the following:

- Facilities Management was \$2,123 under budget and Technology Services was \$2,163 under budget. Facilities and Technology Services had projects they were unable to complete in 2023.

Capital Asset and Debt Administration

Capital Assets. Charleston County's net investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounted to \$535,322 (net of accumulated depreciation and amortization). This net investment in capital assets includes land, buildings, improvements, machinery and equipment, intangible assets, roads, bridges and drainage easements. The County's net investment in capital assets increased \$11,307 or 2.16 percent for the current year. The depreciation and amortization expense increased by \$2,524 or 8.6 percent.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and easements	\$ 45,028	\$ 44,417	\$ 5,415	\$ 5,544	\$ 50,443	\$ 49,961
Buildings	287,691	224,017	37,692	38,822	325,383	262,839
Improvements other than buildings	33,521	45,802	30,807	21,538	64,328	67,340
Machinery and equipment	54,225	41,348	11,303	13,263	65,528	54,611
Infrastructure	3,928	3,453	-	-	3,928	3,453
Intangible asset Right to use	3,724	3,040	4,055	3,648	7,779	6,688
Intangible asset SBITA	1,636	-	227	-	1,863	-
Construction in progress	15,456	64,105	614	12,445	16,070	76,550
Total	<u>\$ 445,209</u>	<u>\$ 426,182</u>	<u>\$ 90,113</u>	<u>\$ 95,260</u>	<u>\$ 535,322</u>	<u>\$ 521,442</u>

Additional information on the County's capital assets can be found in Note III. C. on pages 91 through 94 of this report.

Long-Term Debt. At the end of the current fiscal year, Charleston County had bonded debt outstanding of \$830,029 (including premiums). Of this amount, \$726,111 comprises debt backed by the full faith and credit of the government (general obligation bonds) and \$103,918 are Special Source Revenue Bonds to be repaid with FILOT payments.

In addition to the bonded debt, Charleston County signed a contract with the S.C. Infrastructure Bank to pay \$3,000 a year starting on January 1, 2004, for a period of 25 years as the County's commitment toward the Arthur Ravenel, Jr. Bridge over the Cooper River. As of June 30, 2023, this obligation is recorded at a net present value of \$12,730 using a discount rate of 5.7 percent. This is the same rate the Bank is repaying its loan from the federal government, using the money received from the County.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 708,195	\$ 799,398	\$ 17,916	\$ 18,772	\$ 726,111	\$ 818,170
Special source revenue bonds	103,918	110,790	-	-	103,918	110,790
Intergovernmental note payable	12,730	14,878	-	-	12,730	14,878
Total	\$ 824,843	\$ 925,066	\$ 17,916	\$ 18,772	\$ 842,759	\$ 943,838

The County's total bonded debt decreased by \$92,059 (11.25 percent) during the current fiscal year.

The County's GOBs were rated Aaa by Moody's Investors Service, AAA by Standard & Poor's Ratings Service, and AAA by Fitch Ratings.

South Carolina statutes limit the amount of general obligation (G.O.) debt a governmental entity may issue (without referendum) to 8 percent of its total assessed value. The current available G.O. debt limit for Charleston County is \$440,773. The outstanding debt at June 30, 2023 subject to the debt limitation is \$199. This would indicate that the County has not exceeded its limit.

The County implemented GASB Statement No. 96 *Subscriptions Based Information Technology Arrangements (SBITAs)* during the year ended June 30, 2023. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for SBITAs by governments. The statement provides uniform guidance for accounting and financial reporting for SBITA transactions. The guide will decrease diversity in the accounting and reporting for these transactions, thereby, increasing comparability in financial reporting among governments.

Additional information on the County's long-term debt can be found in Note III. I. on pages 99 through 116 of this report.

Economic Factors and Next Year's Budget Rates (2024)

The fiscal year 2024 General Fund budget is a balanced budget. Total disbursements and funds available total \$324.7MM, an increase of \$32.0MM or 10.9 percent from the prior year. The millage is 41.7, which is .5 mills higher than 2023. However, due to a decrease of .5 mills for Debt Service levies, the County's countywide millage rates resulted in a net zero change.

The General Fund's budgeted revenues for fiscal year 2024 increase \$29.4MM or 11.2 percent from 2023. The major changes for fiscal year 2024 are:

- Property Taxes represent a \$14.2MM or 14.8 percent increase due to rising property values and property sales.
- The next largest category of revenue, Sales Tax, includes a \$7.2MM or 7.5 percent increase resulting from more stringent sales tax collections from online sales, as well as increases in post-pandemic spending.
- Interest income reflects a \$3.7MM increase due to higher interest rates.

The General Fund's budgeted expenditures for fiscal year 2024 increase by \$32.2MM or 11.7 percent from the fiscal year 2023 budget. The major changes for fiscal year 2024 are:

- Rising personnel costs represent the most significant increase: Non-departmental includes funding for a 7.5 percent equity increase for most employees. The Sheriff: Detention Center (Adult) reflects a \$7.1MM or 19.1 percent increase predominantly due to the full-year cost of FY 2023 pay increases.
- The Library includes a \$4.7MM or 15.0 percent increase for personnel costs, library materials, and facilities maintenance costs.

Requests for Information

This financial report is designed to provide a general overview of Charleston County's finances for all those with an interest in the government's financing. Questions concerning any of the information should be addressed to the Finance Department, 4045 Bridge View Drive, Suite A225, North Charleston, SC 29405-7464.