

**CITY OF CHARLESTON,
SOUTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2015

WITH

REPORT OF INDEPENDENT AUDITORS

PREPARED BY:

**DEPARTMENT OF BUDGET, FINANCE & REVENUE
COLLECTIONS**

CITY OF CHARLESTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

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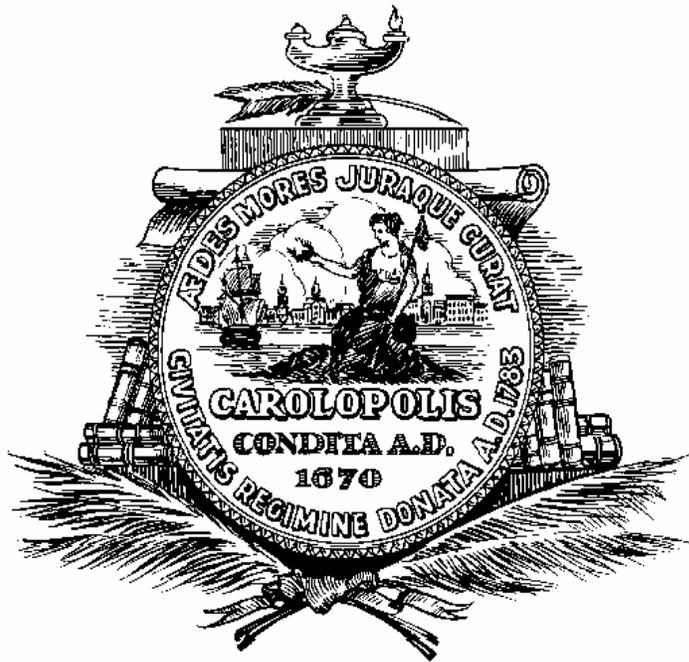
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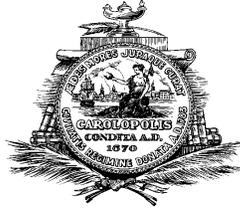
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INTRODUCTORY SECTION





JOHN J. TECKLENBURG
Mayor

City of Charleston
South Carolina
Department of Budget, Finance
and Revenue Collections

AMY K. WHARTON
Interim Chief Financial Officer

June 24, 2016

To the Honorable Mayor John J. Tecklenburg,
Members of City Council, and
Citizens of the City of Charleston:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. The report is to be audited by an independent firm of certified public accountants. Pursuant to that requirement, we are pleased to submit this Comprehensive Annual Financial Report for the City of Charleston's fiscal year ended December 31, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Charleston's financial statements for the year ended December 31, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

GOVERNMENT PROFILE

The City of Charleston is located on the southeastern coast of South Carolina and is the principal seaport for the state. First established in 1670, the settlement was moved to the peninsula formed by the convergence of the Ashley and Cooper Rivers in 1680. The City had a land area of only 6.12 square miles and did not extend its corporate limits until 1960, when a large area west of the Ashley River was annexed. In 1991, Daniel Island was annexed, adding 10 square miles. Currently, the City occupies 112 square miles spread over Charleston and Berkeley Counties and has 8 square miles of vital, bustling downtown, which is home to the City's central business district. Charleston is the second largest city in South Carolina. According to the 2010 Census, the population is 120,083 persons. As a result of both growth within the City and annexations, there has been a 24.2% increase in the population of the City since the 2000 Census.

The Mayor is the Chief Executive Officer of the City of Charleston, which operates under a strong mayor form of government. The Mayor is also the presiding officer of City Council, which consists of twelve council members who are elected for staggered four-year terms from single-member districts. The Mayor has no veto power, but casts a vote similar to those cast by each member of the Council. Regular meetings open to the public are held twice a month during the year, except for the months of June, July and August in which only one meeting is held each month. The Chief Financial Officer (CFO) supervises all financial matters for the City.

The City of Charleston provides a broad range of services that include:

- (1) Public Safety – law enforcement, fire protection and emergency preparedness
- (2) Municipal Court
- (3) Traffic and Transportation
- (4) Street, Sidewalk and Drainage Maintenance
- (5) Waste Disposal
- (6) Planning, Zoning and Urban Development
- (7) Code Enforcement
- (8) Business Support and Development
- (9) Park Development and Maintenance
- (10) Recreational Facilities and Program Initiatives
- (11) Children, Youth, Family, Senior and Disabled Citizens Programs
- (12) Tourism Management
- (13) Arts and Cultural Programs and Events

The City of Charleston is financially accountable for the City of Charleston Public Facilities Corporation, which, although a legally separate entity, is included in the financial data of the City as a blended component unit. Additional information on this and other related entities can be found in the notes to the financial statements (see Notes 1.A. and 16.) The following entities are related to the City of Charleston, but do not meet the requirements for inclusion in this report: Charleston Water Systems (legally named Commissioners of Public Works), Charleston Housing Authority, Charleston Citywide Local Development Corporation, Charleston Museum, Gibbes Museum of Art, and Charleston Area Regional Transportation Authority (CARTA).

City Council must approve the budget by December 31 of the preceding year. The Budget & Management Division, with input from the various City departments, prepares the budget, which is then presented to the Mayor and City Council for approval. Activities of the General Fund and enterprise funds are included in the annual budget, but enterprise funds adopt formal budgets for management control purposes only. A balanced budget is required. Budgetary controls are maintained to ensure compliance with legal provisions. Current appropriations in all funds are limited to the sum of available, unencumbered fund balances and revenues estimated to be received in the current budget year. The City maintains an encumbrance accounting system, a technique of accomplishing budgetary control.

LOCAL ECONOMY

The City is currently experiencing growth in its economy after the national economic downturn that began in 2008. Unemployment in the Charleston metropolitan area was 4.9% as of March 2016, after reaching a high of 10.2% in January of 2010. Trending consistently lower than the state average of 5.8%, Charleston County's April 2016 unemployment rate of 4.6% is lower than all but one of South Carolina's 46 counties. Average private sector weekly earnings for 2015 for Charleston County were 5.7% higher than the state average. Additionally, the average for 2015 increased 5% over 2014. Continued improvement in the regional economy is expected through 2016. The region has the 7th largest U.S. seaport (2014 rankings) in dollar value of cargo handled, one of our nation's most impressive medical hubs, a multi-billion dollar tourism industry, an established base of national and international manufacturers and a large military presence. *Forbes* ranked the Charleston Metro Area seventh in the nation recently for job growth. Recently, the *Milken Institute Review* listed Charleston 17th on their Best Performing Cities list. The list indexes U.S. metropolitan areas by how well they are creating and sustaining jobs and economic growth. *Forbes* magazine consistently ranks the region as one of the "Best Places for Business and Careers."

The Boeing Company is one of the area's largest employers with approximately 8,200 employees, ten times more than when the company first arrived in South Carolina. April 2012 marked the delivery of the first jet constructed in Boeing's \$750 million final assembly plant for the 787 Dreamliner adjacent to the Charleston International Airport. In 2014, the Boeing Research & Technology Center opened, which focuses on advanced manufacturing technology and composite fuselage manufacturing. Propulsion South Carolina, a new 225,000 square-foot facility that will produce engine components for the 737 MAX jet, also opened in 2014. Additionally in 2014, Boeing broke ground on a new 230,000 square-foot Decorative Paint Facility. Scheduled to open in late 2016, this facility will apply logos and graphics to finished 787 aircraft. Volvo broke ground on its first North American car plant in September of 2015. Due to open in 2018, the \$500 million factory will be built in Berkeley County and will produce up to 100,000 cars per year with 4,000 employees. Volvo cited the area's trained workforce and the Port of Charleston, with its overseas accessibility, as key factors in its final decision. Daimler AG also recently announced plans to expand its plant in North Charleston to build the popular Mercedes-Benz Sprinter cargo vans. Approximately 1,360 jobs will be added to its current workforce of 140. Daimler also cited workforce training and port access as key factors in the decision to add to its local operation.

As the fastest growing major U.S. port since 2011, the Port of Charleston continues to be a cornerstone of the area's economy. In its fiscal year 2015, the Port served 1,922 vessels, moving 1.4 million tons of non-containerized cargo and 1.095 million containers. In 2014, the Port of Charleston ranked 7th in the U.S. in dollar value of cargo handled at over \$71.3 million. South Carolina shipping firms are able to serve over 150 nations with top markets being North Europe and Northeast Asia. A U.S. Army Corps of Engineers study recommended the deepening of the harbor from 45 feet to 52 feet,

a project expected to cost \$509 million. In December of 2015, the Corps of Engineers and the State Ports Authority signed the Preconstruction Engineering and Design Agreement, and Congressional Authorization was recommended in January of 2016. At 52 feet, Charleston Harbor will be the deepest on the East Coast and will be accessible 24 hours a day without any tidal restrictions. Additionally, the State Ports Authority and the State of South Carolina plan to spend another \$1.7 billion on the ports and port-related infrastructure over the next 10 years. The improvements include a new container terminal, new dual access intermodal railhead, an interstate highway expansion and new port access road. In addition to its cargo activities, the Port of Charleston is also home to a thriving cruise ship industry, which contributes \$37 million annually to the area's economy, including more than 400 jobs and a boost to both retail sales and tourism.

Founded in 1824, the Medical University of South Carolina (MUSC), headquartered in downtown Charleston, continues to be the City's key employer with more than 12,000 employees, including 1,500 faculty members, a \$1.6 billion annual operating budget and a \$3.4 billion annual economic impact. MUSC is the state's primary teaching hospital and has gained worldwide exposure for its centers of excellence in cardiovascular care, cancer/oncology, the neurosciences, biotechnology, pediatrics, organ transplantation and psychiatry. A twenty-year expansion plan has resulted in significant capital infrastructure additions to the campus, including a state-of-the-art cardiovascular and digestive disease hospital and research facilities in the areas of Cancer Genomics and Bioengineering and Drug Discovery. In addition to its downtown campus, MUSC has many satellite facilities in the region.

Tourism is a vital part of the economy in Charleston with 5.15 million visitors in 2015. Charleston has recently received regional, national and worldwide recognition as a top city to visit. In 2015, for the fifth year in a row, *Condé Nast Traveler* ranked Charleston the "Top U.S. Travel Destination." Visitors to the Charleston area contribute an estimated \$3.68 billion annually to the area's economy resulting in an estimated 56,000 direct and indirect jobs and \$1.32 billion in total labor earnings. In the tri-county area, lodging sales for 2015 totaled \$787 million and admissions tax collections totaled \$6.89 million. Various tourism-based revenues such as the Hospitality Fee and the State and Local Accommodations Taxes provide funding to the City to support tourism-related services and facilities.

Formulating the 2016 budget required careful consideration in order to operate within projected revenues. Modest revenue growth is expected in 2016, mainly in the areas of property taxes, licenses, permits, sales taxes, and franchise fees. New construction has increased over the last four years, leading to growth in the property tax base and increased revenue from building permits. Additionally, the residential real estate market has improved, increasing the tax base as properties are sold at higher values. Business licenses revenues and sales tax revenues have benefitted from rebounding consumer spending. Vacant positions continue to be held open to generate savings, and will be filled only after approval by the Chief Financial Officer or Deputy Chief Financial Officer. For 2016, unassigned fund balance is not budgeted to be spent.

In August of 2015, Standard and Poor's (S&P) affirmed the City's **AAA** bond rating, the highest available for a general obligation bond issue. S&P cited the City's very strong economy, very strong budgetary flexibility, strong budgetary performance with diverse revenue stream, and very strong liquidity. Also in August of 2015, Moody's Investors Services affirmed the City's bond rating of **Aaa**, its highest rating, citing the City's solid financial position, satisfactory reserve levels, improved cash position, solid management, and manageable debt levels. Both agencies confirmed Charleston's outlook as "stable."

LONG-TERM FINANCIAL PLANNING

The City has long-range financial plans in the areas of capital projects, equipment replacement, cash management/investments and debt. The City's rolling five-year Capital Improvement Plan (CIP) is guided by the following policies: the CIP is updated annually and includes anticipated funding sources; projects funded by debt will be financed over a period not to exceed the useful life of the asset; assets will be preserved to protect capital investments and minimize future costs; funding of projects will be appropriately distributed between bonded debt and cash financing; and operating costs resulting from projects will be identified and included in future budgets. The CIP calls for \$324,884,917 of expenditures during 2016-2020.

Equipment replacement policies insure that there is adequate equipment and rolling stock for employees to effectively, efficiently and safely perform their duties. Vehicles are usually purchased through 3-year and 4-year lease purchase arrangements.

RELEVANT FINANCIAL POLICIES

The City's Mission and Values provide the basic framework for the construction of the annual budget each year. Over the last few years, a critical factor in the budget process has been the economy and its impact on City revenues, requiring the City to react with appropriate and fiscally responsible actions to balance its budget. At the same time, City staff is tasked with continuing to meet the needs of its citizens within the budget each year with the following emphasis:

- ▶ Strengthening our police and fire departments
- ▶ Continuing priority funding of core municipal services
- ▶ Maintaining strong funding for City sponsored infrastructure improvements
- ▶ Continuing our efforts to be an employer of choice

The City's policy is to maintain an unassigned fund balance in the General Fund at 20% of the General Fund budgeted expenditures for the following year. This policy was revised beginning in 2014; previously the target was 15%, with the goal of reaching 20% by December 2015. This target is considered necessary given the possibilities of naturally occurring events in this region that could disrupt normal revenue flows. As of December 31, 2015, the General Fund unassigned fund balance is \$31,377,010 or 20% of the 2016 budgeted General Fund expenditures.

MAJOR INITIATIVES

CAPITAL FACILITIES: The City of Charleston continues to improve existing facilities and build new ones designed to meet the service needs of its citizens. Maintenance projects ranging in cost from \$30,000 to \$750,000 are in progress or planned for existing or new facilities located in all parts of the City. Significant capital improvements include the following:

- Construction of the \$143.7 million Gaillard Center, which includes a world-class performance hall, an expanded exhibition center, and new city office space, began in 2012 and was completed in October of 2015. This civic space was funded through a 50/50 split between private donations and a variety of City revenue sources, including a bond issue, hospitality and accommodations tax revenues, and tax incremental financing (TIF) funding. The 2016 budget includes estimated operating costs for the facility, but also reflects savings in rent expense for City offices that can be consolidated into the new space.
- In 1984, the City prepared a Master Drainage Plan which identified stormwater projects in areas throughout the City. Projects are prioritized based on the cost of property damage caused by stormwater and other factors. The plan is reviewed and updated continually. Funding sources include the Stormwater Utility Fee and the Drainage Fund, federal grants, bonds, and TIF funding. Four major drainage improvement projects have already been completed: Ardmore, Calhoun East, Byrnes Downs and Church Creek. Projects which are currently underway or will be underway in the near future include:
 - U.S. 17/Spring/Fishburne Drainage Improvement Project Phases 2 through 5 - \$145,000,000
 - Market Street Drainage Improvement Project, Division III Surface Collection and Conveyance – \$6,400,000
 - Forest Acres Drainage Improvement Project – \$13,400,000
 - Calhoun West Drainage Improvement Project Study and Design Phase – \$6,400,000

Funding already secured for these projects includes a \$10,000,000 American Recovery and Reinvestment Act (ARRA) of 2009 Transportation Investment Generating Economic Recovery (TIGER) Grant and \$88,000,000 from the State Infrastructure Bank (SIB) for the U.S. 17/Spring/Fishburne project. Additionally, revenue bonds of \$46,725,000 were issued in June 2012 for funding of drainage projects. Future stormwater utility fee revenues are pledged towards payment of these bonds.

- Major restoration efforts are underway on Charleston’s iconic seawall, known as “The Battery.” Two phases have been completed – “The High Battery” and “The Turn.” The third phase is “The Low Battery”, along Murray Boulevard. Construction will begin in late 2016 or early 2017, and will be done in sections over approximately ten years. The estimated cost is \$45,000,000.

PARKING: In 2015, the City began updating all of the gate and revenue control equipment in its parking facilities. Once installation is complete, the City will have a centrally networked parking system that links together all facilities, allowing for increased efficiencies, improved reporting and revenue control, and improved communication, organization and customer service. This equipment upgrade will also include automation of the payment process, featuring both pay in lane and pay on foot technologies. Estimated cost in 2016 is approximately \$1.9 million. Phase 1 of an upgrade of the City’s 1,700 parking meters will begin in 2016 and will take two to three years. Once upgraded, meters will also accept credit and debit cards. All parking expenditures are budgeted in the Parking Facilities Enterprise Fund.

PUBLIC SAFETY: The City of Charleston continues to work to strengthen the police and fire departments. In July of 2015, the Charleston Fire Department was accredited by the Commission on Fire Accreditation International (CFAI) following a 4-day onsite peer evaluation. With this accreditation, CFD becomes one of 22 fire departments nationwide to earn accreditation and the Insurance Services Office (ISO) Class 1 rating. For 2016, funding for 18 firefighters to staff a future station in the Cainhoy area is budgeted beginning July 1. Until the new station is constructed, a temporary station will be utilized.

In late 2014, millage dedicated specifically to Public Safety infrastructure was passed effective for 2015. The property tax revenues generated by this 1.5 mill levy will be used to support a borrowing to build two new fire stations (Cainhoy and West Ashley), a new police forensic lab facility, and a new police substation (West Ashley). Additionally, property has been purchased to construct a replacement for Station 11 in West Ashley. This millage is separate from the general operating millage, but the General Fund will be impacted by the cost of staff and apparatus for the new fire stations once they are completed.

The Fire and Police departments have been awarded multiple grants over the years for both personnel and equipment that required matching funds, and eventually, full absorption of the continuing costs of these programs. The City is fully aware of the financial responsibility assumed in acceptance of grants, and it has a fully integrated budgetary plan associated with funding these programs upon expiration of the grant funding.

AWARDS AND ACKNOWLEDGEMENTS

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Charleston, SC, for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the twenty-sixth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

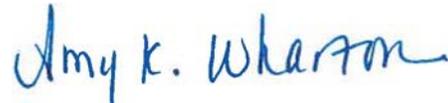
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2015. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award has been received by the City for the last sixteen consecutive years. Charleston is in the top tier of municipalities nationwide, holding both the Budget and Financial Reporting Awards in the same year.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated services of a highly qualified staff. The City of Charleston has such a staff in its Finance, Budget & Management, and Internal Audit divisions. We would like to express our appreciation to the personnel within these divisions for their professionalism and hard work. We also acknowledge the efforts of other City departments in following good financial management practices and providing information and assistance during the preparation of this report. Without the day-to-day efforts to maintain sound business practices within these departments, the City would not be in the strong financial position it finds itself in today.

Respectfully submitted,



Amy K. Wharton, CPA
Interim Chief Financial Officer



Donna Looms Emerson, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Charleston
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

CITY OF CHARLESTON, SOUTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

DECEMBER 31, 2015

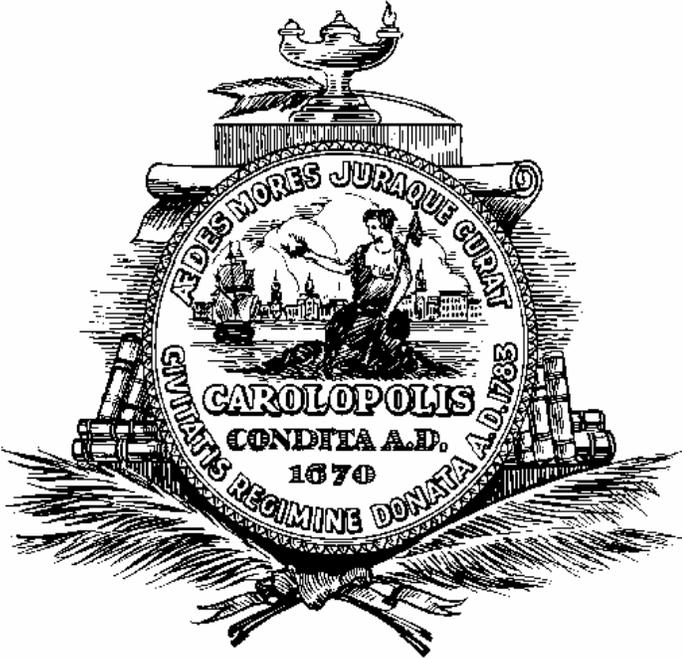
Elected Officials

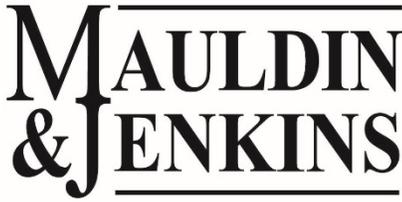
Mayor	Joseph P. Riley, Jr.
Mayor-Elect	John J. Tecklenburg
Councilmember (District 1)	Gary White, Jr.
Councilmember (District 2)	Rodney Williams
Councilmember (District 3)	James Lewis, Jr.
Councilmember (District 4)	Robert M. Mitchell
Councilmember (District 5)	Marvin D. Wagner
Councilmember (District 6)	William D. Gregorie
Councilmember (District 7)	Perry K. Waring
Councilmember (District 8)	Michael S. Seekings
Councilmember (District 9)	Aubry Alexander
Councilmember (District 10)	Dean C. Riegel
Councilmember (District 11)	William A. Moody, Jr.
Councilmember (District 12)	Kathleen G. Wilson

Appointed Officials

Chief Financial Officer	Stephen Bedard
Deputy Chief Financial Officer	Amy Wharton
Assistant Chief Financial Officer	Joleen Deames
Finance Director	Donna Looms Emerson
Chief Information Officer	Wes Ratterree
Clerk of Council/Tourism Director	Vanessa Turner-Maybank
Corporation Counsel	Charlton deSaussure
Fire Chief	Karen E. Brack
Housing & Community Development Director	Geona Shaw-Johnson
Human Resources and Organizational Development Director	Kay Cross
Internal Auditor	Robert Majernik
Livability and Tourism Director	Daniel Riccio
Municipal Court Chief Judge	Joseph S. Mendelsohn
Parks Director	Gerald F. Ebeling
Planning, Preservation and Sustainability Director	Jacob Lindsey
Police Chief	Gregory Mullen
Public Service Director	Laura Cabiness
Recreation Director	Laurie Yarbrough
Senior Advisor to the Mayor	Mary Ann Sullivan
Senior Advisor to the Mayor	Lawrence Thompson
Traffic and Transportation Director	Hernan Peña

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members of City Council
City of Charleston, South Carolina
Charleston, South Carolina**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Charleston, South Carolina (the "City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 17, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of January 1, 2015. These standards significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinion is not modified with respect to this matter.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 16), and the Schedule of Funding Progress – Other Postemployment Benefits – Defined Benefit Health Care Plan (on page 90), the Schedule of City's Proportionate Share of the Net Pension Liability (on page 91), and the Schedule of City Contributions (on page 92), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Accommodations Fee Fund, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Court Fines, Assessments and Surcharges is presented for purposes of additional analysis as required by the State of South Carolina, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Accommodations Fee Fund, and the Schedule of Court Fines, Assessments and Surcharges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Accommodations Fee Fund, and the Schedule of Court Fines, Assessments and Surcharges are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

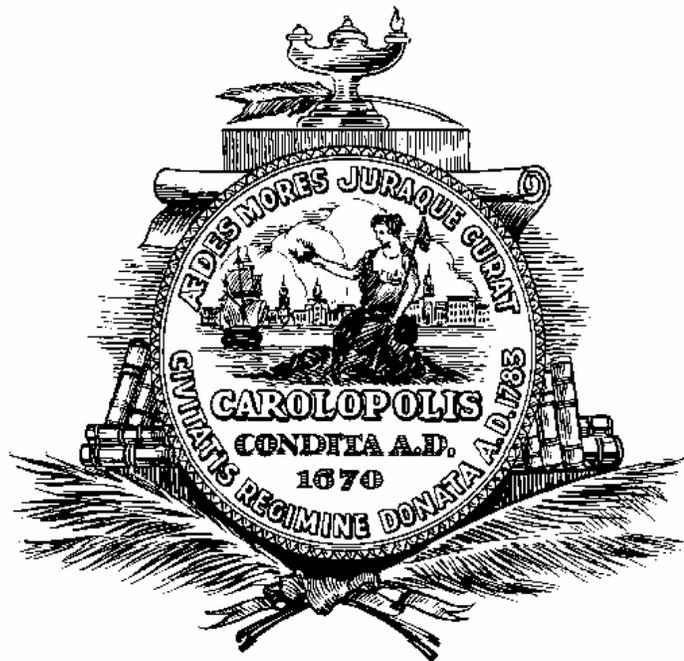
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
June 24, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)



**CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

As management of the City of Charleston, South Carolina (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. 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 in the preceding Introductory Section.

FINANCIAL HIGHLIGHTS

- ◆ The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required a restatement of beginning net position in the governmental activities and business-type activities in the amounts of \$124,244,745 and \$4,406,041, respectively. GASB 68 also required an end of year balance for net pension liability in the governmental activities and business-type activities of \$135,649,359 and \$4,737,448, respectively.
- ◆ The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2015, by \$716,502,966 (net position). The City's unrestricted net position deficit was \$(69,764,828).
- ◆ The City's total net position increased by \$65,894,291 during the fiscal year ended December 31, 2015, with a \$60,942,988 increase resulting from governmental activities and a \$4,951,303 increase resulting from business-type activities.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$231,454,502, an increase of \$20,514,154 from the prior year. Approximately 14 percent of the total amount, \$31,370,510, is available for spending at the City's discretion (*unassigned fund balance*).
- ◆ At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned* and *unassigned* components of *fund balance*) for the General Fund was \$50,974,907, or approximately 35 percent of 2015 total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the broad functions of general government, public safety, public service, urban and community development, culture and recreation, community promotions, health and welfare, and business development and assistance. The business-type activities of the City include Parking Facilities, the City Market and various other smaller enterprise funds including the Joseph P. Riley, Jr. Baseball Park and the Municipal Golf Course.

The government-wide financial statements can be found on pages 17 - 20 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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- ◆ **Governmental Funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both 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 between *governmental funds* and *governmental activities*.

The City maintains 26 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Capital Improvements Fund, the King Street Gateway TIF Fund, the Drainage Fund and the International African American Museum Fund, which are considered to be major funds. Data from the other 21 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21 -32 of this report.

CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

- ◆ **Proprietary Funds** – Proprietary (*enterprise*) funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Parking Facilities Fund and the City Market Fund, both of which are considered to be major funds of the City. Data from the remaining 5 enterprise funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary funds financial statements can be found on pages 33 - 37 of this report.

- ◆ **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement provides information for the Firemen's Insurance and Inspection Fund and the Mother Emanuel Hope Fund, two agency funds for which the City acts as custodian. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. A brief description of each fund and individual fund data for these agency funds is provided in the combining and individual fund statements and schedules section of this report.

The fiduciary fund financial statement can be found on page 38 of this report.

Notes to the Financial Statements – The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 - 89 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 90 - 92 of this report.

The combining and individual statements and schedules referred to earlier in connection with nonmajor funds are presented following the required supplementary information on pensions and OPEB, and can be found on pages 93 – 110 of this report. The Municipal Accommodations Fee Fund budgetary comparison schedule is also included therein. As required by the State, the City also presents a Schedule of Court Fines, Assessments and Surcharges found on page 111. Finally, the statistical section is presented on pages 112 – 140.

CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$716,502,966 at December 31, 2015.

By far the largest portion of the City's net position (97 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining portion is a deficit balance of \$(69,764,828) of unrestricted net position which is a decrease of \$127,659,306 from the prior year. This deficit occurred because of the implementation of GASB 68, as mentioned previously, which required a restatement of net position in the amount of \$128,650,786.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for its separate business-type activities, but only two of the three categories for the City as a whole, as well as for its separate governmental activities. At the end of the prior fiscal year, the City was able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

City of Charleston's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 277,802,268	\$ 269,949,254	\$ 17,843,311	\$ 14,698,502	\$ 295,645,579	\$ 284,647,756
Capital assets	716,845,189	660,694,601	110,603,555	100,091,179	827,448,744	760,785,780
Total assets	<u>994,647,457</u>	<u>930,643,855</u>	<u>128,446,866</u>	<u>114,789,681</u>	<u>1,123,094,323</u>	<u>1,045,433,536</u>
Total deferred outflows of resources	<u>9,644,125</u>	<u>344,684</u>	<u>255,293</u>	<u>8,357</u>	<u>9,899,418</u>	<u>353,041</u>
Long-term liabilities outstanding	339,737,427	192,317,851	37,036,835	24,436,484	376,774,262	216,754,335
Other liabilities	37,940,209	36,328,335	1,650,791	900,756	39,591,000	37,229,091
Total liabilities	<u>377,677,636</u>	<u>228,646,186</u>	<u>38,687,626</u>	<u>25,337,240</u>	<u>416,365,262</u>	<u>253,983,426</u>
Total deferred inflows of resources	<u>117,040</u>	<u>-</u>	<u>8,473</u>	<u>-</u>	<u>125,513</u>	<u>-</u>
Net position:						
Net investment in capital assets	616,320,503	569,363,048	78,518,134	75,855,108	694,838,637	645,218,156
Restricted	91,429,157	88,690,517	-	-	91,429,157	88,690,517
Unrestricted	(81,252,754)	44,288,788	11,487,926	13,605,690	(69,764,828)	57,894,478
Total net position	<u>\$ 626,496,906</u>	<u>\$ 702,342,353</u>	<u>\$ 90,006,060</u>	<u>\$ 89,460,798</u>	<u>\$ 716,502,966</u>	<u>\$ 791,803,151</u>

The City's overall net position improved and net position increased by \$65,894,291 or 10 percent during 2015. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

City of Charleston's Changes in Net Position

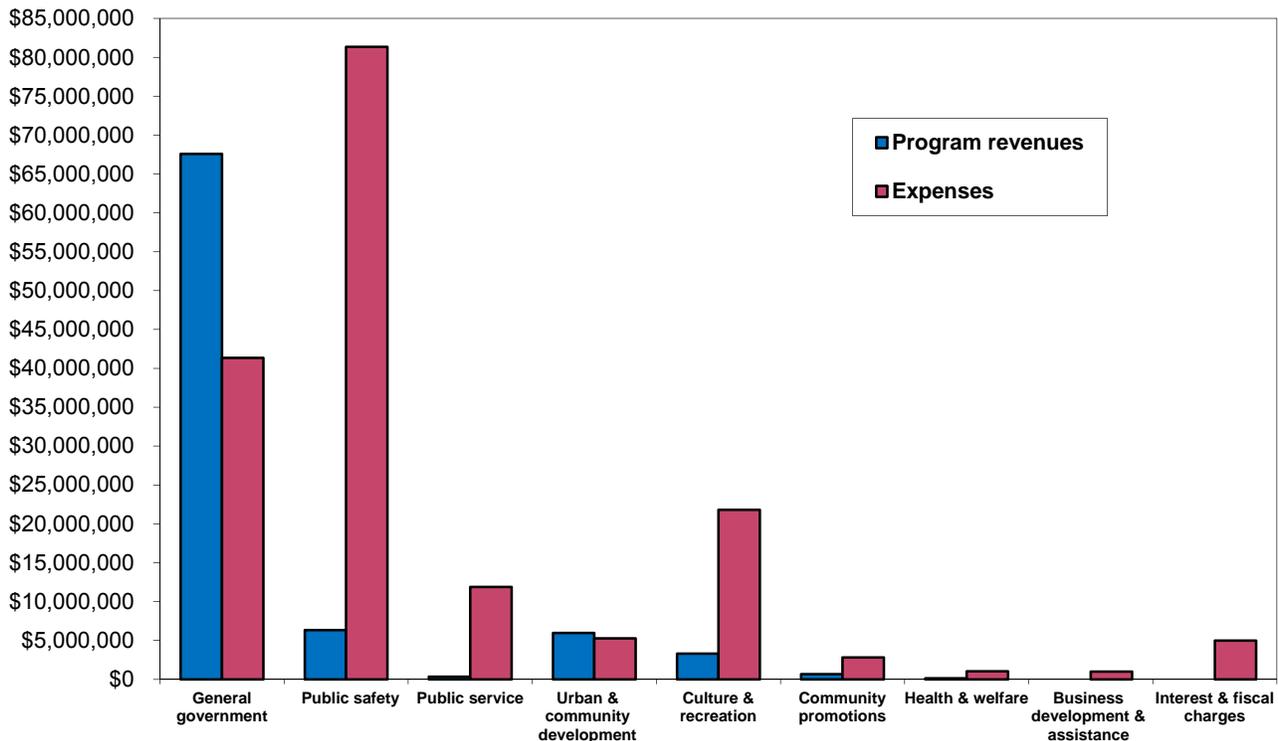
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES:						
Program revenues:						
Charges for services	\$ 46,972,767	\$ 45,407,719	\$27,746,439	\$27,259,411	\$ 74,719,206	\$ 72,667,130
Operating grants and contributions	4,669,386	3,923,808	21,668	6,916	4,691,054	3,930,724
Capital grants and contributions	32,677,746	36,868,142	1,405,000	228,438	34,082,746	37,096,580
General revenues:						
Property taxes, including tax increment financing districts	77,580,951	71,840,184	-	-	77,580,951	71,840,184
Other taxes and fees	41,950,733	39,993,313	-	-	41,950,733	39,993,313
Grants and contributions not restricted	20,487,113	20,806,527	-	-	20,487,113	20,806,527
Gain on disposal of capital assets	132,994	38,344	-	-	132,994	38,344
Other revenues	2,851,433	3,164,969	23,390	11,691	2,874,823	3,176,660
Total revenues	<u>227,323,123</u>	<u>222,043,006</u>	<u>29,196,497</u>	<u>27,506,456</u>	<u>256,519,620</u>	<u>249,549,462</u>
EXPENSES:						
General government	41,334,640	34,304,681	-	-	41,334,640	34,304,681
Public safety	81,342,331	79,413,258	-	-	81,342,331	79,413,258
Public service	11,868,769	12,153,890	-	-	11,868,769	12,153,890
Urban and community development	5,260,477	4,609,526	-	-	5,260,477	4,609,526
Culture and recreation	21,803,825	27,667,260	-	-	21,803,825	27,667,260
Community promotions	2,814,112	2,698,840	-	-	2,814,112	2,698,840
Health and welfare	1,035,748	880,118	-	-	1,035,748	880,118
Business development and assistance	996,690	970,846	-	-	996,690	970,846
Interest and fiscal charges	4,988,754	5,242,316	-	-	4,988,754	5,242,316
Parking Facilities	-	-	12,559,583	12,032,316	12,559,583	12,032,316
Joseph P. Riley, Jr. Baseball Park	-	-	1,527,880	1,239,119	1,527,880	1,239,119
Angel Oak	-	-	216,158	217,200	216,158	217,200
Charleston Visitor Center	-	-	968,642	987,425	968,642	987,425
City Market	-	-	1,911,049	1,806,764	1,911,049	1,806,764
Municipal Golf Course	-	-	1,791,108	1,653,005	1,791,108	1,653,005
Slave Mart Museum	-	-	205,563	194,737	205,563	194,737
Total expenses	<u>171,445,346</u>	<u>167,940,735</u>	<u>19,179,983</u>	<u>18,130,566</u>	<u>190,625,329</u>	<u>186,071,301</u>
Excess before transfers	55,877,777	54,102,271	10,016,514	9,375,890	65,894,291	63,478,161
Transfers	5,065,211	1,805,560	(5,065,211)	(1,805,560)	-	-
Increase in net position	<u>60,942,988</u>	<u>55,907,831</u>	<u>4,951,303</u>	<u>7,570,330</u>	<u>65,894,291</u>	<u>63,478,161</u>
Net position, beginning	702,342,353	646,434,522	89,460,798	81,890,468	791,803,151	728,324,990
Prior period adjustments (see Note 17 to the financial statements)	(136,788,435)	-	(4,406,041)	-	(141,194,476)	-
Net position, beginning as restated	<u>565,553,918</u>	<u>646,434,522</u>	<u>85,054,757</u>	<u>81,890,468</u>	<u>650,608,675</u>	<u>728,324,990</u>
Net position, ending	<u>\$ 626,496,906</u>	<u>\$ 702,342,353</u>	<u>\$ 90,006,060</u>	<u>\$ 89,460,798</u>	<u>\$ 716,502,966</u>	<u>\$ 791,803,151</u>

**CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

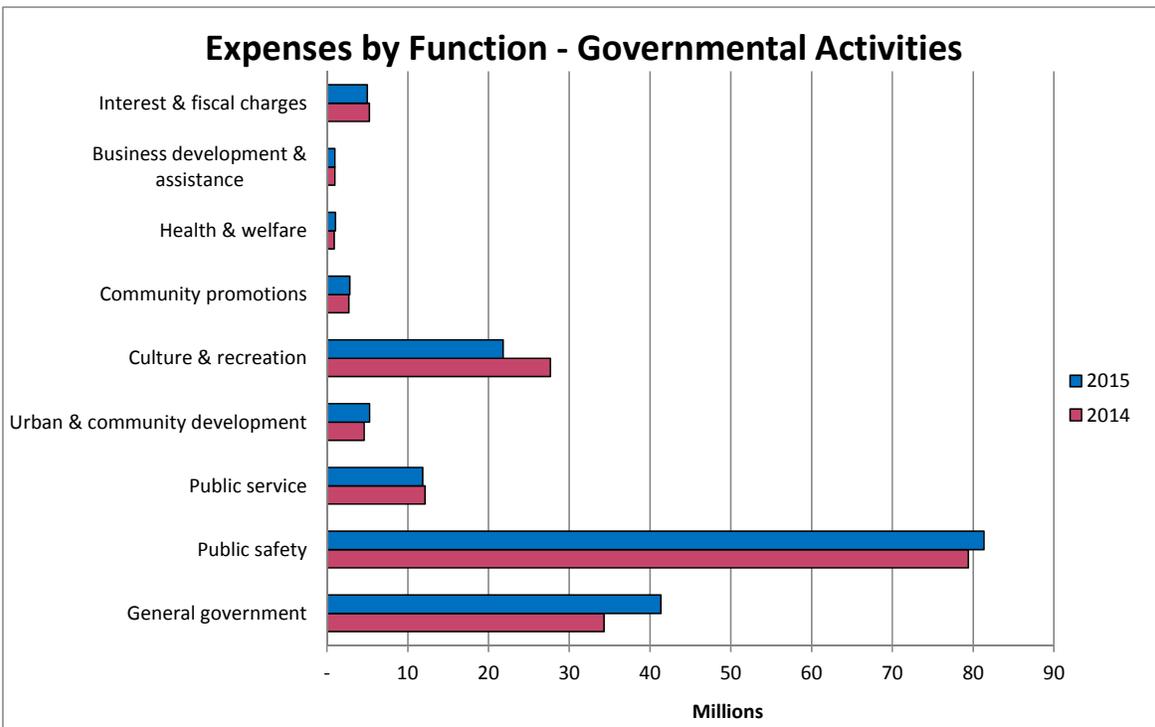
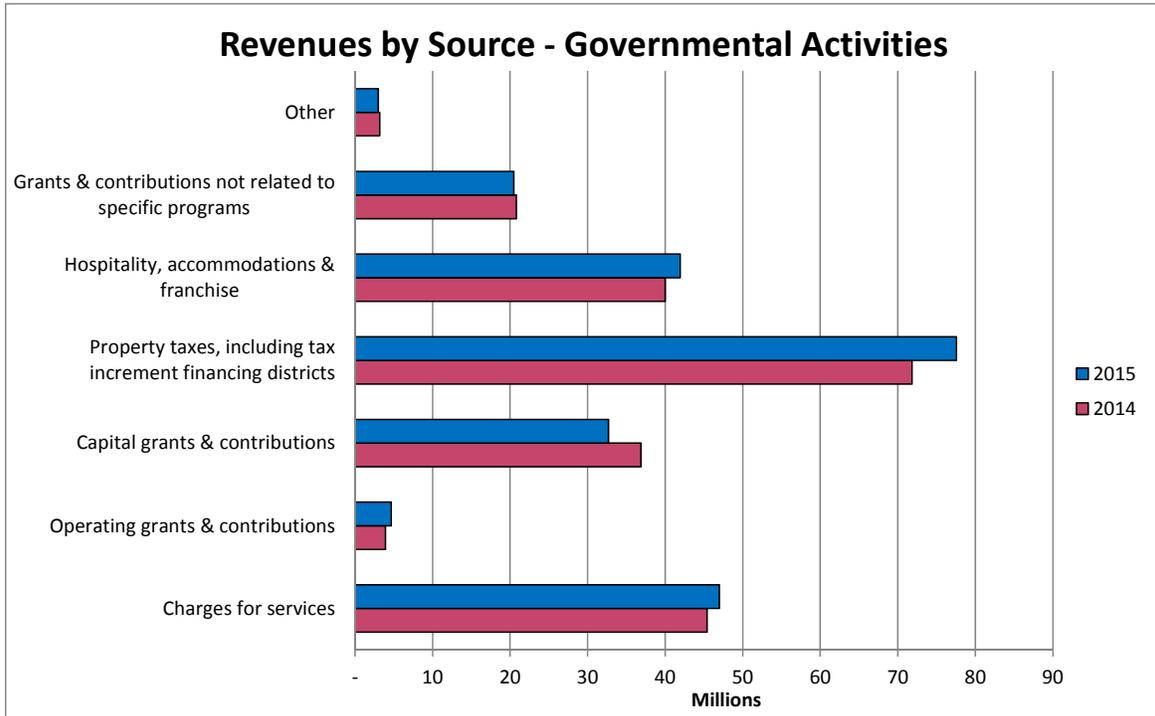
Governmental Activities. During the current fiscal year, governmental activities increased the City’s net position by \$60,942,988 from the prior year for an ending balance of \$626,496,906. This compares to a prior year increase of \$55,907,831, a difference of \$5,035,157. Key elements of this change are as follows:

- ◆ Capital grants and contributions decreased \$4,190,396 or 11 percent during the year. Support received for the Gaillard Center shrank by \$14,810,816 during 2015 as construction wrapped up. Offsetting that decline were increased federal grants and contributions totaling \$4,055,377 relating to the US Highway 17 Septima Clark drainage project. The City also received increased donations of infrastructure from developers (\$4,128,496) and land from the State (\$2,613,600) during 2015.
- ◆ General revenues and transfers increased \$10,419,538 or 8 percent during 2015 due to increased property tax revenues and transfers. Property tax revenues including tax increment financing districts were up 8 percent (\$5,740,767) as a result of an improving real estate market, a new 1.5 mill assessment for public safety infrastructure and several new commercial buildings being completed within the TIF districts. Transfers from business-type activities increased \$3,259,651 primarily as a result of the City’s plan to fund deficits associated with increased pension costs upon the implementation of GASB 68.
- ◆ General government expenses increased \$7,029,959 or 20 percent in 2015. Contributing to this increase were acquisitions of non-capital furniture and fixtures of \$2,498,280 for the Gaillard Center, new Municipal Building and 75 Calhoun Street. Operating expenses for the new Gaillard Complex also contributed \$895,136, along with increased depreciation expense of \$914,401 in 2015.
- ◆ Expenses for culture and recreation decreased \$5,863,435 or 21 percent in 2015. This decrease was largely due to one-time contributions in 2014 totaling \$5,000,000 in support of capital improvements at the Gibbes Museum of Art and the South Carolina Aquarium.

Program Revenues and Expenses – Governmental Activities



**CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**



Business-Type Activities. Business-type activities increased the City's net position in 2015 by \$4,951,303. This compares to a prior year increase of \$7,570,330. This \$2,619,027 fluctuation was largely due to an increase in transfers from business-type activities to governmental activities during 2015. Transfers of \$2,808,876 were made to facilitate the City's plan to fund deficits associated with increased pension costs upon the implementation of GASB 68.

CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by City Council.

At December 31, 2015, the City's governmental funds reported combined fund balances of \$231,454,502, an increase of \$20,514,154 in comparison with the prior year. Approximately 14 percent of this amount (\$31,370,510) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed* or *assigned* to indicate that it is 1) not in spendable form (\$13,306,311), 2) restricted for particular purposes (\$161,662,059), 3) committed for particular purposes (\$334,894), or 4) assigned for particular purposes (\$24,780,728).

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$31,377,010, while total fund balance increased to \$51,807,814. 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 General Fund expenditures. Unassigned fund balance represents approximately 21 percent of total General Fund expenditures, while total fund balance represents approximately 35 percent of that same amount.

The fund balance of the City's General Fund increased by 14 percent or \$6,285,169 during 2015. Highlights in the General Fund were as follows:

- ◆ Licenses, fees and permits increased \$2,806,311 or 6 percent during 2015. This increase is primarily a result of business licenses growing due to the improving economy. Franchise fees were also up as a result of approved electric rate hikes and modest growth in the customer base.
- ◆ Transfers in increased \$2,908,374 or 20 percent during 2015. This increase is primarily due to increased transfers from the Parking Facilities Fund in 2015, as transfers of \$2,808,876 were made to facilitate the City's plan to fund deficits associated with increased pension costs upon the implementation of GASB 68.
- ◆ Transfers out increased \$1,901,541 or 40 percent during 2015. This increase primarily related to transfers to the Capital Improvements Fund to help fund various construction projects, the largest of which was \$1,100,000 to fund improvements at 75 Calhoun Street.
- ◆ Prior year payments to refunding bond escrow agent of \$(4,560,000) and refunding bonds issued of \$4,375,000 were both the result of a 2014 refunding bond issued to take advantage of lower interest rates.

CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

Capital Improvements Fund. This major fund accounts for capital projects funded primarily by various general obligation bonds and a portion of the hospitality and accommodations fees, as well as assets purchased under the City's lease purchase program. Grants and contributions also funded acquisitions during the current year. Fund balance decreased by 47 percent or \$7,528,868. Donations and settlements decreased by \$14,952,674 (56 percent) to a total of \$11,863,381 in 2015, primarily due to reduced 2015 contributions in the amount of \$11,696,644 (\$26,507,460 in 2014) from a private donor towards the renovation of the Gaillard Center. Capital outlay of \$34,444,054 in 2015 was 50 percent less than that of 2014 (\$69,519,664), as construction wound down on the Gaillard Center and Municipal Building with combined costs of \$20,079,079 in 2015 (\$52,685,858 in 2014.) Other financing sources in 2015 decreased \$37,909,262, primarily due to the 2014 issuance of a \$22,000,000 general obligation bond to help fund capital projects, as well as decreased transfers relating to funding for the Gaillard Center and Municipal Building, Gadsdenboro Park and Colonial Lake.

King Street Gateway TIF. This major fund accounts for various capital projects that are primarily funded by special redevelopment bonds, property taxes from this tax increment financing (TIF) district and special assessments levied on property owners in the district. During 2015 fund balance decreased by 13 percent or \$(6,561,671), as compared to a 26 percent decrease for 2014 of \$(17,140,641). The largest change in this fund was in other financing uses, as a result of decreased transfers related to funding of the Gaillard Municipal Building. Transfers out in 2015 decreased \$11,699,810 (68 percent) to a total of \$5,507,348.

Drainage. This major fund accounts for stormwater management and other drainage infrastructure. Funding sources are primarily from tax revenues from the two mills assessed on real and personal property, certain business licenses and transfers from stormwater utility fees. Grants and contributions likewise funded acquisitions during the current year. The City also issued \$46,725,000 of stormwater revenue bonds in 2012. During 2015 fund balance decreased by \$(1,055,779), as compared to a prior year decrease of \$(2,216,789). Capital outlay increased \$4,798,238 in 2015 (from \$4,930,684 in 2014), primarily as a result of starting the next phase of the US Highway 17 Septima Clark Parkway drainage improvement project. Federal grants increased \$2,327,954, and donations and settlements increased \$1,727,423 during 2015, also a result of this project. Other financing sources, specifically transfers in, additionally increased \$1,589,857 in 2015. The 2015 transfer of \$1,867,885 from the King Street Gateway TIF Fund was a federal grant match for the US Highway 17 Septima Clark project.

International African American Museum. This major fund accounts for the activities to construct a new museum dedicated to African American history and identity. Funding sources include municipal accommodations fees, hospitality fees and a state grant. The City also issued a \$5,000,000 accommodations tax revenue bond in 2014. During 2015 fund balance decreased \$(812,073) or 18 percent from the prior year balance of \$4,445,333. During 2015 capital outlay totaled \$1,267,315 (an increase of \$736,795 over 2014). Other financing sources decreased \$4,935,000 in 2015, primarily as a result of the prior year \$5,000,000 bond issuance.

Proprietary Funds

The City of Charleston's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City's enterprise operations include the following funds: Angel Oak, Charleston Visitor Center, City Market, Joseph P. Riley, Jr. Baseball Park, Municipal Golf Course, Parking Facilities and Slave Mart Museum. The major funds are the Parking Facilities Fund and the City Market Fund. At the end of the current fiscal year, the City's proprietary funds reported total ending net position of \$90,006,060, of which \$11,487,926 is unrestricted. The balance of net position is classified as net investment in capital assets.

CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

Parking Facilities Fund. Net position increased in the Parking Facilities Fund by 7 percent or \$4,736,231. The fund received capital contributions during 2015 of \$1,422,031. This was the result of a donation of land related to the City's acquisition of the Mid-town parking garage. Transfers out from the Parking Facilities Fund increased by \$3,556,123 in 2015 to \$8,436,236. The majority of the increased transfers (\$2,808,876) were made to facilitate the City's plan to fund deficits associated with increased pension costs upon the implementation of GASB 68.

City Market Fund. Net position of this fund increased in 2015 by \$145,298 or 7 percent to \$2,199,630. There were no significant variances in this fund during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget. For 2015 there was a \$4,483,486 increase in appropriations between the original and final amended budget for the General Fund. This increase resulted from a budget amendment in the amount of \$3,329,304. The amendment added funding for various capital improvement projects, which include the Jack Adams Tennis Center, 75 Calhoun Renovation, Freedom Park and Higgins Pier. The remaining difference between the original and final budgeted amounts for the General Fund consisted of \$1,154,182 of prior year outstanding encumbrances that were reappropriated, as well as transfers within or between departments.

Final Budget Compared to Actual Results. Actual 2015 General Fund revenues were more than the amount budgeted by 1.5 percent or \$2,032,142, while total expenditures were less than the amount budgeted by 3.9 percent or \$5,902,217. Total net other financing sources were greater than budgeted by 35.7 percent or \$2,985,349, due to higher transfers in to facilitate the City's plan to fund deficits associated with increased pension costs upon the implementation of GASB 68 (\$2,808,876).

The most significant budget to actual revenue variance involved licenses, fees and permits, which were over budget by 4.3 percent or \$2,021,045. This variance is primarily a result of higher than expected growth in business licenses and building permits, which were the result of increased construction starts and continuing growth in the economy.

Within current expenditures, the largest variance is in Public Safety, which was below budget by \$2,852,946, with most of these savings achieved in the Police Department (\$2,124,367). Fuel savings of \$702,942 resulted from lower than expected gasoline prices. Additionally, savings from vacant positions equaled \$686,443, while healthcare savings equaled \$438,689. The healthcare savings resulted from both lower than expected healthcare costs citywide, as well as additional savings from the vacant positions.

The Public Service function was under budget by \$1,277,477, which can be attributed primarily to healthcare cost savings of \$496,048, savings in gas, oil and lubricants of \$498,009, and planned sidewalk projects in the historic district of \$291,497 that were not completed in 2015. The Culture and Recreation function was also under budget by \$986,425 with healthcare savings of \$448,982 and fuel savings of \$149,448. Additionally, repairs and maintenance spending was under budget by \$203,300 due to certain projects that were not completed in 2015.

CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$827,448,744 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, machinery and equipment, works of art, drainage systems, and bridges and tunnels, as well as streets and sidewalks. (See Notes 1.I. and 9 to the financial statements). The total increase in the City's investment in capital assets from 2014 to 2015 was approximately 9 percent.

Major capital asset events during the current fiscal year included the following:

- ◆ Approximately \$20.1 million was spent towards renovation and construction of the Gaillard Center and the new municipal building.
- ◆ Approximately \$10.4 million was spent on the Midtown parking garage.
- ◆ Developers contributed streets, sidewalks and land totaling approximately \$12.8 million.
- ◆ Approximately \$9.0 million was spent towards the US Highway 17 Septima Clark Street drainage project.

Other significant additions during 2015 included work on Colonial Lake renovations, Spring/Cannon Streetscape, the International African American Museum, and Gadsdenboro Park; as well as land for the Meeting Street Academy; land donated by the South Carolina Department of Transportation; and acquisitions of equipment in the police, fire and public service departments.

City of Charleston's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and improvements	\$ 102,457,411	\$ 92,731,848	\$ 11,442,208	\$ 10,037,208	\$ 113,899,619	\$ 102,769,056
Building and improvements	325,767,641	178,767,454	96,950,506	88,685,362	422,718,147	267,452,816
Machinery and equipment	23,196,042	22,655,297	1,286,701	1,153,354	24,482,743	23,808,651
Works of art	334,250	334,250	55,000	55,000	389,250	389,250
Construction in progress	28,530,707	138,408,859	869,140	160,255	29,399,847	138,569,114
Infrastructure	236,559,138	227,796,893	-	-	236,559,138	227,796,893
Total	\$ 716,845,189	\$ 660,694,601	\$ 110,603,555	\$ 100,091,179	\$ 827,448,744	\$ 760,785,780

Additional information on the City's capital assets is provided in Note 9 to the financial statements.

CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$203,176,245. Of this amount, \$67,375,101 is comprised of debt backed by the full faith and credit of the government; \$36,848,504 is comprised of special redevelopment bonds secured by proceeds from the incremental increase in the tax base related to these properties, as well as parking fees generated by garages located within the districts; \$64,118,336 is comprised of revenue bond debt secured by pledges of parking fees, operating revenues of the City Market, State and City accommodations taxes, and the revenues of the Stormwater system; and \$34,834,304 is comprised of installment purchase revenue bonds secured by certain public safety capital assets. The remainder of the City's long-term obligations is comprised of notes payable, capital leases, pension-related debt, claims and judgments, and compensated absences.

The City's total debt increased by \$160,019,927 (74 percent) during the current fiscal year. This significant increase is primarily the result of the City implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of this implementation, the City is reporting a net pension liability of \$140,386,807 as of December 31, 2015. The City also issued \$31,270,000 of installment purchase revenue bonds during 2015. Decreases were due to regularly scheduled principal reductions on existing outstanding debt.

In addition to the above, the City also financed new capital leases totaling \$5,795,750 during the year; this was an increase of \$682,456 in new equipment financing as compared to the prior year.

Standard & Poor's and Moody's Investors Service have assigned and reaffirmed ratings of "AAA" and "Aaa", respectively, for the City's general obligation bonds. Standard & Poor's and Moody's Investors Service assigned and reaffirmed ratings of "AA+" and "Aa2", respectively, to the City's 2012 Stormwater System revenue bonds. Standard & Poor's and Moody's Investors Service assigned ratings of "AA+" and "Aa1", respectively, to the City's 2015 installment purchase revenue bonds.

Under State law, the City is authorized to issue general obligation bonds (not subject to voter approval) in a principal amount not greater than 8 percent of total assessed value of all taxable property. As of December 31, 2015, Charleston's 8 percent general obligation debt capacity (amount remaining available without a referendum) was \$34,195,437, up from \$22,683,457 in 2014 reflecting the increased limit available due to higher assessment values.

City of Charleston's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 53,084,704	\$ 55,884,704	\$ 14,290,397	\$ 15,138,946	\$ 67,375,101	\$ 71,023,650
Special redevelopment bonds	36,848,504	40,921,562	-	-	36,848,504	40,921,562
Revenue bonds	57,084,173	60,181,339	7,034,163	8,459,313	64,118,336	68,640,652
Certificates of participation	-	1,558,483	-	597,109	-	2,155,592
Installment purchase revenue bonds	24,097,167	-	10,737,137	-	34,834,304	-
Total bonded debt	171,114,548	158,546,088	32,061,697	24,195,368	203,176,245	182,741,456
Notes	10,414,500	11,567,827	-	-	10,414,500	11,567,827
Capital leases	10,519,897	9,897,573	23,724	49,060	10,543,621	9,946,633
Net pension liability	135,649,359	-	4,737,448	-	140,386,807	-
Claims and judgments	5,388,908	5,764,799	-	-	5,388,908	5,764,799
Compensated absences	6,650,215	6,541,564	213,966	192,056	6,864,181	6,733,620
Total	<u>\$ 339,737,427</u>	<u>\$ 192,317,851</u>	<u>\$ 37,036,835</u>	<u>\$ 24,436,484</u>	<u>\$ 376,774,262</u>	<u>\$ 216,754,335</u>

More detailed information on the City's long-term debt is provided in Note 10 to the financial statements.

CITY OF CHARLESTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The approved 2016 budget was passed in December of 2015 and totaled \$155,132,989 in General Fund revenues and \$160,309,567 in General Fund expenditures, with the \$5,176,578 difference funded by transfers in from the enterprise funds that have budgeted surpluses.

The following economic factors currently affect the City and were considered in developing the 2016 fiscal year budget:

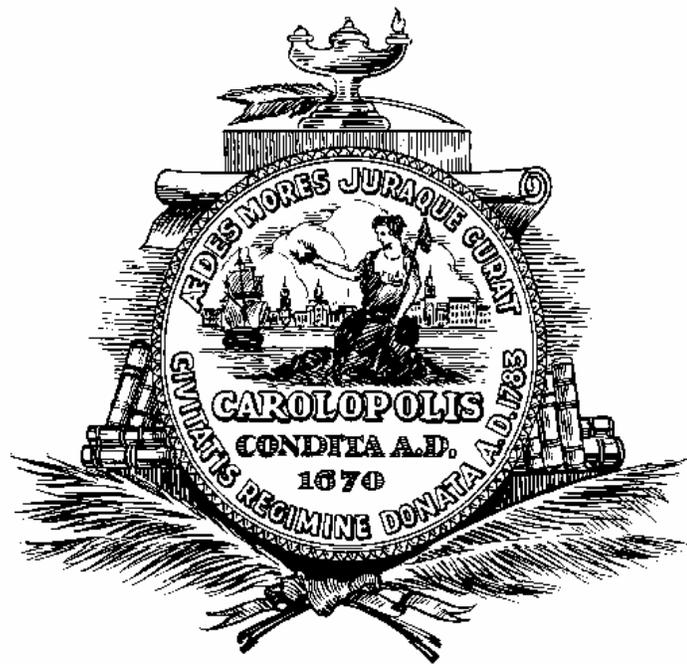
- ◆ Unemployment in the Charleston metropolitan area reached a high of 10.2 percent in 2010, but has since declined to 4.5 percent in December of 2015, lower than the state average of 5.5 percent.
- ◆ Property tax millage for 2016 remains the same as 2015 at 78.1 mills for the General Fund. (Drainage Fund millage for 2016 increases to 4 mills from 2 mills in 2015. Public safety infrastructure millage remains at 1.5 mills for 2016, which will also be segregated from the General Fund.) Property tax revenue includes a projected increase of 3 percent in assessed values in both Charleston County and Berkeley County for real and personal property. This increase is expected because of continued improvement in the real estate market, with more home sales and construction starts than in recent years. Growth in total assessed value for vehicles is estimated at 3.3 percent.
- ◆ The General Fund 2016 budget is 1.6 percent higher than the final 2015 budget for revenues and 1.6 percent higher for expenditures. Areas of increase include property taxes, permits, business licenses, local option sales tax and franchise taxes. All of these revenue increases result from natural growth and improvements in the economy.
- ◆ The 2016 expenditure budget continues to focus on the following: strengthening the police and fire departments, funding of core municipal services, maintaining strong funding of City-sponsored infrastructure improvements and efforts to be an employer of choice. Significant expenditure increases in 2016 include 18 firefighter positions for the new Cainhoy fire company, continued funding for a change in the Police Department pay plan made in mid-2015, and costs associated with new public safety technology, including body-worn cameras for police officers. Debt service costs increased due to a scheduled principal payment for the \$22 million general obligation bond issued in 2014 to fund fire station construction and a new municipal office building. Other cost increases for 2016 include \$1,533,542 for a 2 percent cost-of-living adjustment. Additionally, the budget includes an increase of \$540,000 for emergency expenses.

At December 31, 2015 unassigned fund balance in the General Fund was \$31,377,010. In an effort to meet the City's fund balance policy, unassigned fund balance was not budgeted in 2016.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Charleston's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Budget, Finance and Revenue Collections by mail at P.O. Box 304, Charleston, South Carolina 29402. You may also visit the City website at www.charleston-sc.gov.

BASIC FINANCIAL STATEMENTS



CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 70,826,509	\$ 16,200,908	\$ 87,027,417
Investments	136,578	-	136,578
Receivables, net of allowances			
Property taxes	44,296,898	-	44,296,898
Accounts	5,175,003	522,895	5,697,898
Other	3,087,667	1,834,151	4,921,818
Due from federal government	890,067	-	890,067
Due from state and local governments	25,279,320	13,704	25,293,024
Interest receivable	90,073	-	90,073
Internal balances	794,534	(794,534)	-
Inventories, at cost	3,208	57,164	60,372
Prepaid items	324,070	9,023	333,093
Property held for sale	401,941	-	401,941
Notes receivable			
Due within one year	621,207	-	621,207
Due in more than one year	11,532,054	-	11,532,054
Restricted cash and cash equivalents	112,293,527	-	112,293,527
Mortgages receivable, net of allowance	1,744,499	-	1,744,499
Other postemployment benefits asset	305,113	-	305,113
Capital assets			
Nondepreciable	204,529,255	12,366,348	216,895,603
Depreciable, net of accumulated depreciation	512,315,934	98,237,207	610,553,141
Total assets	<u>994,647,457</u>	<u>128,446,866</u>	<u>1,123,094,323</u>
Deferred outflows of resources			
Deferred loss on bond refunding	294,372	-	294,372
Pension	9,349,753	255,293	9,605,046
Total deferred outflows of resources	<u>9,644,125</u>	<u>255,293</u>	<u>9,899,418</u>

(Continued)

CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Governmental Activities	Business- type Activities	Total
Liabilities			
Accounts payable	\$ 19,029,891	\$ 1,092,391	\$ 20,122,282
Accrued salaries and related benefits	5,552,991	108,669	5,661,660
Accrued interest payable	2,166,013	348,761	2,514,774
Other accrued liabilities	1,106,195	35,080	1,141,275
Deposits	23,830	65,629	89,459
Assets held for others	331,334	-	331,334
Due to state and local governments	3,194,548	-	3,194,548
Unearned revenue	6,535,407	261	6,535,668
Noncurrent liabilities			
Due within one year	25,306,974	3,943,829	29,250,803
Due in more than one year	314,430,453	33,093,006	347,523,459
Total liabilities	377,677,636	38,687,626	416,365,262
Deferred inflows of resources			
Pension	117,040	8,473	125,513
Net position			
Net investment in capital assets	616,320,503	78,518,134	694,838,637
Restricted for			
Debt service	5,888,753	-	5,888,753
Capital and infrastructure projects	69,610,273	-	69,610,273
Tourism activities	12,194,802	-	12,194,802
Small business assistance	722,863	-	722,863
Housing services/community development	2,318,581	-	2,318,581
Law enforcement	639,487	-	639,487
Cultural activities	37,579	-	37,579
Recreation and community programs	16,819	-	16,819
Unrestricted	(81,252,754)	11,487,926	(69,764,828)
Total net position	\$ 626,496,906	\$ 90,006,060	\$ 716,502,966

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 41,334,640	\$ 37,804,824	\$ 280,481	\$ 29,479,734	\$ 26,230,399	\$ -	\$ 26,230,399
Public safety	81,342,331	4,978,068	1,225,977	134,028	(75,004,258)	-	(75,004,258)
Public service	11,868,769	248,498	96,397	-	(11,523,874)	-	(11,523,874)
Urban and community development	5,260,477	608,710	2,542,782	2,822,092	713,107	-	713,107
Culture and recreation	21,803,825	2,672,380	384,680	241,892	(18,504,873)	-	(18,504,873)
Community promotions	2,814,112	660,287	-	-	(2,153,825)	-	(2,153,825)
Health and welfare	1,035,748	-	139,069	-	(896,679)	-	(896,679)
Business development and assistance	996,690	-	-	-	(996,690)	-	(996,690)
Interest and fiscal charges	4,988,754	-	-	-	(4,988,754)	-	(4,988,754)
Total governmental activities	171,445,346	46,972,767	4,669,386	32,677,746	(87,125,447)	-	(87,125,447)
Business-type activities							
Parking facilities	12,559,583	22,693,239	-	1,405,000	-	11,538,656	11,538,656
City Market	1,911,049	2,206,855	-	-	-	295,806	295,806
Angel Oak	216,158	197,900	7,964	-	-	(10,294)	(10,294)
Charleston Visitor Center	968,642	338,323	-	-	-	(630,319)	(630,319)
J. P. Riley Jr. Baseball Park	1,527,880	319,582	-	-	-	(1,208,298)	(1,208,298)
Municipal Golf Course	1,791,108	1,607,079	13,704	-	-	(170,325)	(170,325)
Slave Mart Museum	205,563	383,461	-	-	-	177,898	177,898
Total business-type activities	19,179,983	27,746,439	21,668	1,405,000	-	9,993,124	9,993,124
Total government	\$ 190,625,329	\$ 74,719,206	\$ 4,691,054	\$ 34,082,746	(87,125,447)	9,993,124	(77,132,323)

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(Continued)

General revenues

Taxes			
Property, net of tax increment financing districts	68,307,179	-	68,307,179
Tax increment financing districts	9,273,772	-	9,273,772
Hospitality	14,119,918	-	14,119,918
Accommodations	13,100,912	-	13,100,912
Franchise	14,729,903	-	14,729,903
Penalties	428,954	-	428,954
Grants and contributions not restricted to specific programs	20,487,113	-	20,487,113
Unrestricted revenue from use of money and property	2,301,227	23,390	2,324,617
Gain on sale of real estate	132,994	-	132,994
Miscellaneous	121,252	-	121,252
Transfers	<u>5,065,211</u>	<u>(5,065,211)</u>	<u>-</u>
Total general revenues and transfers	<u>148,068,435</u>	<u>(5,041,821)</u>	<u>143,026,614</u>
Change in net position	60,942,988	4,951,303	65,894,291
Net position			
Beginning of year, as restated	<u>565,553,918</u>	<u>85,054,757</u>	<u>650,608,675</u>
End of year	<u>\$ 626,496,906</u>	<u>\$ 90,006,060</u>	<u>\$ 716,502,966</u>

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>General</u>	<u>Capital Improvements</u>	<u>King Street Gateway TIF</u>
Assets			
Cash and cash equivalents	\$ 13,641,001	\$ 5,599,895	\$ 4,066,656
Investments	-	136,578	-
Receivables, net of allowances:			
Property taxes	34,654,656	-	4,718,337
Accounts	-	-	-
Other	1,793,198	822,831	-
Due from federal government	70,206	-	-
Due from state and local governments	16,399,986	42,247	325,000
Notes receivable	40,000	-	-
Property held for resale	-	-	-
Due from other funds	779,085	-	-
Inventories	3,208	-	-
Security deposits	-	-	-
Prepaid items	33,718	-	-
Advances to other funds	794,534	-	-
Restricted cash and cash equivalents	104,608	14,358,983	34,691,903
Mortgages receivable, net of allowance	-	-	-
Total assets	<u>\$ 68,314,200</u>	<u>\$ 20,960,534</u>	<u>\$ 43,801,896</u>

See Notes to Financial Statements.

<u>Drainage</u>	<u>International African American Museum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 17,151,690	\$ 392,633	\$ 29,974,634	\$ 70,826,509
-	-	-	136,578
1,096,490	-	3,827,415	44,296,898
-	-	5,175,003	5,175,003
-	-	471,638	3,087,667
-	-	819,861	890,067
4,007,838	718,947	3,785,302	25,279,320
-	-	12,113,261	12,153,261
-	-	301,941	301,941
-	-	-	779,085
-	-	-	3,208
-	-	11,418	11,418
-	-	6,500	40,218
-	-	-	794,534
31,512,692	8,546,463	23,078,878	112,293,527
-	-	1,744,499	1,744,499
<u>\$ 53,768,710</u>	<u>\$ 9,658,043</u>	<u>\$ 81,310,350</u>	<u>\$ 277,813,733</u>

(Continued)

CITY OF CHARLESTON, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>General</u>	<u>Capital Improvements</u>	<u>King Street Gateway TIF</u>
Liabilities			
Accounts payable	\$ 3,385,634	\$ 10,783,942	\$ 491,946
Assets held for others	202,399	-	-
Accrued salaries, wages, and benefits	5,468,936	-	-
Claims and judgments payable	908,661	-	-
Other accrued liabilities	674,940	54,722	-
Deposits	23,830	-	-
Due to state and local governments	3,116,341	75,156	-
Due to other funds	-	-	-
Unearned revenue	205,460	1,151,000	-
Total liabilities	<u>13,986,201</u>	<u>12,064,820</u>	<u>491,946</u>
Deferred inflows of resources			
Unavailable revenue	<u>2,520,185</u>	<u>277,375</u>	<u>388,969</u>
Fund balances			
Nonspendable			
Long-term receivables	-	-	-
Property homeownership	-	-	-
Inventories and prepaid items	36,926	-	-
Advances to other funds	794,534	-	-
Endowment	-	-	-
Restricted			
Small business assistance	-	-	-
Law enforcement	-	-	-
Tourism activities	-	-	-
Cultural activities	-	-	-
Housing services and community development	-	-	-
Recreation and community programs	1,447	-	-
Debt service	-	321,201	3,643,972
Capital and infrastructure projects	-	8,297,138	39,277,009
Committed			
Debt service	-	-	-
Assigned			
Cultural activities	-	-	-
Community services	-	-	-
Housing services and community development	-	-	-
Capital and infrastructure projects	15,143,452	-	-
Purchases on order	1,245,569	-	-
Postemployment benefits - pension	2,808,876	-	-
Postemployment benefits - other	400,000	-	-
Unassigned	31,377,010	-	-
Total fund balances	<u>51,807,814</u>	<u>8,618,339</u>	<u>42,920,981</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 68,314,200</u>	<u>\$ 20,960,534</u>	<u>\$ 43,801,896</u>

See Notes to Financial Statements.

<u>Drainage</u>	<u>International African American Museum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,126,429	\$ 305,836	\$ 936,104	\$ 19,029,891
-	-	128,935	331,334
7,465	-	76,590	5,552,991
-	-	-	908,661
-	-	376,533	1,106,195
-	-	-	23,830
-	-	3,051	3,194,548
-	-	779,085	779,085
-	5,000,000	178,924	6,535,384
<u>3,133,894</u>	<u>5,305,836</u>	<u>2,479,222</u>	<u>37,461,919</u>
<u>624,491</u>	<u>718,947</u>	<u>4,367,345</u>	<u>8,897,312</u>
-	-	12,116,410	12,116,410
-	-	301,941	301,941
-	-	6,500	43,426
-	-	-	794,534
-	-	50,000	50,000
-	-	722,863	722,863
-	-	639,487	639,487
-	-	12,194,802	12,194,802
-	-	37,579	37,579
-	-	2,318,581	2,318,581
-	-	15,372	16,819
2,524,252	-	1,242,127	7,731,552
47,486,073	3,633,260	39,306,896	138,000,376
-	-	334,894	334,894
-	-	382,250	382,250
-	-	56,621	56,621
-	-	151,204	151,204
-	-	4,592,756	19,736,208
-	-	-	1,245,569
-	-	-	2,808,876
-	-	-	400,000
-	-	(6,500)	31,370,510
<u>50,010,325</u>	<u>3,633,260</u>	<u>74,463,783</u>	<u>231,454,502</u>
<u>\$ 53,768,710</u>	<u>\$ 9,658,043</u>	<u>\$ 81,310,350</u>	<u>\$ 277,813,733</u>

CITY OF CHARLESTON, SOUTH CAROLINA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION DECEMBER 31, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Total governmental fund balances \$ 231,454,502

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds (capital assets of \$859,750,643; net of accumulated depreciation of \$142,905,454). 716,845,189

Other long-term assets are not available to pay for current period expenditures and therefore are not reported or are deferred in the funds.

Property taxes	\$	2,347,738	
Franchise fees receivable		49,019	
Notes receivable		865,000	
Sale of real estate		690,513	
Grants		692,899	
Court fines		702,148	
Deferred interest receivable on note		27,046	
Interest on notes receivable		90,073	
Donated and grant related property held for resale		100,000	
Deferred revenue related to Charleston County School District		2,265,100	
Other receivables		1,257,849	
OPEB asset		305,113	
			9,392,498

Disbursements for maintenance agreements reflected in the funds cover periods extending beyond year-end. 272,434

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Notes payable	\$	(10,414,500)	
General obligation bonds		(52,215,000)	
Net pension liability		(126,416,646)	
Revenue bonds		(53,182,286)	
Installment purchase revenue bonds		(21,218,279)	
Redevelopment bonds		(36,848,504)	
Capital leases payable		(10,519,897)	
Claims and judgments payable		(4,480,247)	
Compensated absences payable		(6,650,215)	
Accrued interest		(2,166,013)	
Unamortized deferred loss on refunding		294,372	
Unamortized premiums on debt issuance		(7,650,479)	
			(331,467,694)

The funds reflect multi-year real estate rental agreements for which revenues are deferred and amortized over the period of the agreement in the statement of net position. (23)

Net position of governmental activities \$ 626,496,906

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Capital Improvements</u>	<u>King Street Gateway TIF</u>
Revenues			
Taxes			
Property, net of tax increment financing districts	\$ 65,009,361	\$ -	\$ -
Tax increment financing districts	-	-	5,863,477
Other	-	-	-
Licenses, fees and permits	48,500,585	-	-
Fines and forfeitures	1,321,572	-	-
Intergovernmental-federal	369,552	-	-
Intergovernmental-state and local-other			
Local option sales tax	17,360,070	-	-
Other	4,051,893	-	-
Charges for services	2,659,117	-	-
Revenues from use of money and property	1,594,124	44,783	133,628
Donations and settlements	411,158	11,863,381	-
Other	676,698	7,447	-
Total revenues	<u>141,954,130</u>	<u>11,915,611</u>	<u>5,997,105</u>
Expenditures			
Current			
General government	31,605,211	2,451,596	1,157
Public safety	74,961,042	7,438	-
Public service	10,871,819	-	-
Urban and community development	2,789,071	-	-
Culture and recreation	15,706,878	749,538	-
Community promotions	760,667	-	-
Health and welfare	841,646	-	-
Business development and assistance	942,425	-	-
Capital outlay	-	34,444,054	3,484,094
Debt service			
Principal retirement	7,033,042	-	2,978,757
Interest and fiscal charges	1,514,627	-	587,420
Bond issuance costs	-	-	-
Total expenditures	<u>147,026,428</u>	<u>37,652,626</u>	<u>7,051,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,072,298)</u>	<u>(25,737,015)</u>	<u>(1,054,323)</u>
Other financing sources (uses)			
Transfers in	17,492,257	12,565,546	-
Transfers out	(6,714,450)	(153,149)	(5,507,348)
Insurance recoveries	338,567	-	-
Proceeds from sale of capital assets	241,093	-	-
Proceeds from sale of property held for resale	-	-	-
Installment purchase revenue bonds issued	-	-	-
Capital leases issued	-	5,795,750	-
Premium on bonds issued	-	-	-
Total other financing sources (uses)	<u>11,357,467</u>	<u>18,208,147</u>	<u>(5,507,348)</u>
Net change in fund balances	6,285,169	(7,528,868)	(6,561,671)
Fund balance - beginning of year, as restated	<u>45,522,645</u>	<u>16,147,207</u>	<u>49,482,652</u>
Fund balance - end of year	<u>\$ 51,807,814</u>	<u>\$ 8,618,339</u>	<u>\$ 42,920,981</u>

See Notes to Financial Statements.

<u>Drainage</u>	<u>International African American Museum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,084,370	\$ -	\$ 1,433,783	\$ 68,527,514
-	-	3,316,769	9,180,246
-	-	20,267,164	20,267,164
575,463	-	7,957,854	57,033,902
12,406	-	37,550	1,371,528
2,327,954	-	3,151,455	5,848,961
-	-	-	17,360,070
-	792,302	5,833,981	10,678,176
-	-	241,055	2,900,172
29,665	1,184	487,065	2,290,449
1,727,423	-	486,253	14,488,215
29,064	-	692,415	1,405,624
<u>6,786,345</u>	<u>793,486</u>	<u>43,905,344</u>	<u>211,352,021</u>
492,023	-	2,705,376	37,255,363
-	-	1,328,035	76,296,515
-	-	77,850	10,949,669
-	-	2,589,970	5,379,041
-	3,129	4,723,051	21,182,596
-	-	2,048,895	2,809,562
-	-	167,152	1,008,798
-	-	-	942,425
9,728,922	1,267,315	5,479,024	54,403,409
1,450,000	275,813	5,555,747	17,293,359
1,927,375	124,302	887,636	5,041,360
-	-	249,945	249,945
<u>13,598,320</u>	<u>1,670,559</u>	<u>25,812,681</u>	<u>232,812,042</u>
<u>(6,811,975)</u>	<u>(877,073)</u>	<u>18,092,663</u>	<u>(21,460,021)</u>
5,841,260	65,000	4,349,431	40,313,494
(122,807)	-	(22,733,498)	(35,231,252)
-	-	12,547	351,114
37,743	-	6,140,384	6,419,220
-	-	228,682	228,682
-	-	21,218,279	21,218,279
-	-	-	5,795,750
-	-	2,878,888	2,878,888
<u>5,756,196</u>	<u>65,000</u>	<u>12,094,713</u>	<u>41,974,175</u>
(1,055,779)	(812,073)	30,187,376	20,514,154
<u>51,066,104</u>	<u>4,445,333</u>	<u>44,276,407</u>	<u>210,940,348</u>
<u>\$ 50,010,325</u>	<u>\$ 3,633,260</u>	<u>\$ 74,463,783</u>	<u>\$ 231,454,502</u>

CITY OF CHARLESTON, SOUTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Net change in fund balances - total governmental funds \$ 20,514,154

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$	57,984,430	
Depreciation expense		(13,965,785)	44,018,645

In the Statement of Activities, the gain on disposal of capital assets is reported. Conversely, governmental funds generally do not report any gain or loss on disposal of capital assets.

Net book value of disposed capital assets (2,782,974)

In the Statement of Activities, revenue from infrastructure assets contributed to the City by real estate developers is reported. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.

12,863,735

In the Statement of Activities, revenue from capital assets contributed to the City by private citizens or other governments is reported. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.

179,280

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	(126,812)	
Franchise taxes		(28,833)	
Sale of real estate		(16,894)	
Court fines		(116,601)	
State aid to subdivisions		(1,142,957)	
Grant revenues		645,758	
Interest income		15,069	
Other		1,097,684	326,414

(Continued)

CITY OF CHARLESTON, SOUTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Expenditures under maintenance agreements that cover periods extending beyond year end are deferred and amortized over the agreement period in the Statement of Net Position. \$ 166,277

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Bonds issued	\$	(21,218,279)	
Capital lease financing		(5,795,750)	
Principal repayments		17,293,359	
Premiums on debt issued		(2,878,888)	
Amortization of refunding losses		(50,312)	
Amortization of issuance premiums		562,100	(12,087,770)

Accrued interest income on loans to other entities does not result in current financial resources and, therefore, is not reported as revenues in the governmental funds. 64,573

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The net changes are as follows:

Compensated absences	\$	(112,893)	
OPEB asset		(152,790)	
Claims and judgments		407,171	
Interest expense		(288,933)	
Net pension liability		(2,171,901)	(2,319,346)

Change in net position of governmental activities \$ 60,942,988

CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues				
Property taxes	\$ 64,735,000	\$ 64,735,000	\$ 65,009,361	\$ 274,361
Licenses, fees and permits	46,479,540	46,479,540	48,500,585	2,021,045
Fines and forfeitures	1,682,850	1,682,850	1,321,572	(361,278)
Intergovernmental - federal	202,518	202,518	369,552	167,034
Intergovernmental - state and local				
Local option sales tax	17,493,000	17,493,000	17,360,070	(132,930)
Other	4,130,824	4,130,824	4,051,893	(78,931)
Charges for service	2,790,237	2,790,237	2,659,117	(131,120)
Revenue from use of money and property	1,516,969	1,516,969	1,594,124	77,155
Donations and settlements	302,500	302,500	411,158	108,658
Other	588,550	588,550	676,698	88,148
Total revenues	139,921,988	139,921,988	141,954,130	2,032,142
Expenditures				
Current				
General government				
Budget, finance and revenue collections	3,753,825	3,706,258	3,662,927	(43,331)
Procurement	478,430	477,672	468,047	(9,625)
Permit center	263,590	126,285	102,428	(23,857)
Safety management	235,822	238,480	209,147	(29,333)
City Hall	123,750	123,750	139,531	15,781
116 Meeting Street	56,250	56,250	45,366	(10,884)
Gallery at Waterfront Park	80,150	80,150	67,292	(12,858)
Gaillard complex	450,413	450,413	895,136	444,723
R. M. Greenberg Municipal Building	255,379	255,379	246,960	(8,419)
50 Broad Street	20,550	20,550	17,216	(3,334)
City Council	915,835	933,336	925,000	(8,336)
Records management	152,020	155,356	180,876	25,520
Municipal court	1,839,008	1,851,173	1,807,141	(44,032)
Mayor's office	756,769	819,409	818,137	(1,272)
Internal audit	170,035	172,781	170,430	(2,351)
Corporation counsel	1,405,546	1,364,685	1,357,145	(7,540)
Prosecutors' office	374,206	373,919	395,918	21,999
Human resources	1,276,229	1,264,578	1,299,402	34,824
Information technology	5,139,858	5,779,989	5,408,183	(371,806)
Electrical	3,955,803	4,009,347	3,945,146	(64,201)
Facilities maintenance	1,578,459	1,618,382	1,585,921	(32,461)
GIS	528,762	565,744	516,097	(49,647)
Employee benefits	4,839,768	4,340,105	3,367,022	(973,083)
General insurance	2,283,213	2,283,213	2,209,153	(74,060)
Non-departmental	(1,259,428)	1,181,889	1,765,590	583,701
Total general government	29,674,242	32,249,093	31,605,211	(643,882)

(Continued)

CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Expenditures (Continued)				
Current (continued)				
Public safety				
Police	\$ 44,756,526	\$ 44,995,016	\$ 42,870,649	\$ (2,124,367)
Fire	27,597,931	27,946,649	27,677,245	(269,404)
Engineering	541,419	428,640	403,659	(24,981)
Inspections	1,247,434	1,222,206	1,191,578	(30,628)
Livability	811,504	847,784	773,792	(73,992)
Traffic and transportation	2,223,684	2,373,693	2,044,119	(329,574)
Total public safety	<u>77,178,498</u>	<u>77,813,988</u>	<u>74,961,042</u>	<u>(2,852,946)</u>
Public service				
Public service administration	456,362	462,856	493,996	31,140
Streets and sidewalks	2,353,368	1,943,896	1,477,469	(466,427)
Sanitation	6,761,854	6,138,615	5,854,398	(284,217)
Fleet management	3,604,241	3,603,929	3,045,956	(557,973)
Total public service	<u>13,175,825</u>	<u>12,149,296</u>	<u>10,871,819</u>	<u>(1,277,477)</u>
Urban and community development				
Housing and community development	728,426	738,984	740,408	1,424
Planning	1,048,963	1,031,824	1,019,930	(11,894)
Design and preservation	799,058	765,728	744,815	(20,913)
Civic design center	371,324	301,525	283,918	(17,607)
Total urban and community development	<u>2,947,771</u>	<u>2,838,061</u>	<u>2,789,071</u>	<u>(48,990)</u>
Culture and recreation				
Cultural affairs	595,203	587,030	579,592	(7,438)
Recreation	7,358,609	7,046,710	6,855,378	(191,332)
Maritime Center	691,378	693,711	498,619	(195,092)
Dock Street Theatre	617,193	557,464	558,258	794
Parks	7,710,642	7,061,118	6,482,838	(578,280)
Construction	671,270	640,526	628,793	(11,733)
Parks maintenance projects	84,585	106,744	103,400	(3,344)
Total culture and recreation	<u>17,728,880</u>	<u>16,693,303</u>	<u>15,706,878</u>	<u>(986,425)</u>
Community promotions				
Tourism	525,018	560,386	563,136	2,750
Programs	191,650	191,650	197,531	5,881
Total community promotions	<u>716,668</u>	<u>752,036</u>	<u>760,667</u>	<u>8,631</u>
Health and welfare				
Public information	176,365	180,990	180,792	(198)
Children's services	195,775	207,808	212,179	4,371
Assistance programs	452,675	448,675	448,675	-
Total health and welfare	<u>824,815</u>	<u>837,473</u>	<u>841,646</u>	<u>4,173</u>

(Continued)

CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Expenditures (continued)				
Current (continued)				
Business development and assistance				
Business development	\$ 757,053	\$ 714,763	\$ 635,689	\$ (79,074)
Youth programs	115,125	100,273	89,410	(10,863)
Business services	332,860	232,538	217,326	(15,212)
Total business development and assistance	<u>1,205,038</u>	<u>1,047,574</u>	<u>942,425</u>	<u>(105,149)</u>
Debt service				
Principal retirement	7,036,019	7,036,019	7,033,042	(2,977)
Interest and fiscal charges	1,511,802	1,511,802	1,514,627	2,825
Total debt service	<u>8,547,821</u>	<u>8,547,821</u>	<u>8,547,669</u>	<u>(152)</u>
Total expenditures	<u>151,999,558</u>	<u>152,928,645</u>	<u>147,026,428</u>	<u>(5,902,217)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,077,570)</u>	<u>(13,006,657)</u>	<u>(5,072,298)</u>	<u>7,934,359</u>
Other financing sources (uses)				
Transfers in	14,929,914	14,929,914	17,492,257	2,562,343
Transfers out	(3,003,397)	(6,557,796)	(6,714,450)	(156,654)
Insurance recoveries	-	-	338,567	338,567
Proceeds from sale of capital assets	-	-	241,093	241,093
Total other financing sources (uses)	<u>11,926,517</u>	<u>8,372,118</u>	<u>11,357,467</u>	<u>2,985,349</u>
Net change in fund balance	<u>(151,053)</u>	<u>(4,634,539)</u>	<u>6,285,169</u>	<u>10,919,708</u>
Fund balance				
Beginning of year	<u>45,522,645</u>	<u>45,522,645</u>	<u>45,522,645</u>	<u>-</u>
End of year	<u>\$ 45,371,592</u>	<u>\$ 40,888,106</u>	<u>\$ 51,807,814</u>	<u>\$ 10,919,708</u>

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015**

	Business-type Activities			Total
	Enterprise Funds			
	Parking Facilities	City Market	Nonmajor Enterprise Funds	
Assets				
Current assets				
Cash and cash equivalents	\$ 11,635,592	\$ 1,948,789	\$ 2,616,527	\$ 16,200,908
Accounts receivable	345,941	176,954	-	522,895
Other receivables	1,513,838	-	320,313	1,834,151
Due from state and local governments	-	-	13,704	13,704
Inventories, at cost	-	-	57,164	57,164
Prepaid items	-	-	9,023	9,023
Total current assets	13,495,371	2,125,743	3,016,731	18,637,845
Noncurrent assets				
Capital assets				
Land	8,506,888	-	2,935,320	11,442,208
Works of art	-	55,000	-	55,000
Construction in progress	850,577	-	18,563	869,140
Buildings and improvements	96,806,886	6,234,390	25,478,119	128,519,395
Machinery and equipment	2,027,914	-	1,217,801	3,245,715
Less accumulated depreciation	(20,427,795)	(1,533,293)	(11,566,815)	(33,527,903)
Net capital assets	87,764,470	4,756,097	18,082,988	110,603,555
Total assets	101,259,841	6,881,840	21,099,719	129,241,400
Deferred outflows of resources				
Pension	135,778	-	119,515	255,293
Total deferred outflows of resources	135,778	-	119,515	255,293
Liabilities				
Current liabilities				
Accounts payable	464,393	308,312	319,686	1,092,391
Accrued salaries and related benefits	56,848	-	51,821	108,669
Accrued interest payable	272,239	76,522	-	348,761
Other accrued liabilities	-	-	35,080	35,080
General obligation bonds payable	850,000	-	-	850,000
Installment purchase revenue bonds payable	1,480,000	-	-	1,480,000
Revenue bonds payable	1,176,583	276,892	-	1,453,475
Capital leases payable	-	-	13,008	13,008
Compensated absences payable	71,234	-	76,112	147,346
Deposits	12,226	47,503	5,900	65,629
Unearned revenue	-	-	261	261
Total current liabilities	4,383,523	709,229	501,868	5,594,620

(Continued)

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2015

	Business-type Activities Enterprise Funds			Total
	Parking Facilities	City Market	Nonmajor Enterprise Funds	
Liabilities (continued)				
Long-term liabilities				
Net pension liability	\$ 2,519,621	\$ -	\$ 2,217,827	\$ 4,737,448
General obligation bonds payable	13,440,397	-	-	13,440,397
Installment purchase revenue bonds payable	9,257,137	-	-	9,257,137
Revenue bonds payable	1,607,707	3,972,981	-	5,580,688
Capital leases payable	-	-	10,716	10,716
Advance from other funds	-	-	794,534	794,534
Compensated absences payable	35,645	-	30,975	66,620
Total long-term liabilities	<u>26,860,507</u>	<u>3,972,981</u>	<u>3,054,052</u>	<u>33,887,540</u>
Total liabilities	<u>31,244,030</u>	<u>4,682,210</u>	<u>3,555,920</u>	<u>39,482,160</u>
Deferred inflows of resources				
Pension	4,506	-	3,967	8,473
Total deferred inflows of resources	<u>4,506</u>	<u>-</u>	<u>3,967</u>	<u>8,473</u>
Net position				
Net investment in capital assets	59,952,646	506,224	18,059,264	78,518,134
Unrestricted	10,194,437	1,693,406	(399,917)	11,487,926
Total net position	<u>\$ 70,147,083</u>	<u>\$ 2,199,630</u>	<u>\$ 17,659,347</u>	<u>\$ 90,006,060</u>

CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2015**

	Business-type Activities			Total
	Enterprise Funds			
	Parking Facilities	City Market	Nonmajor Enterprise Funds	
Operating revenues				
Sales and services	\$ 22,691,952	\$ 1,562,741	\$ 2,159,942	\$ 26,414,635
Revenues from use of monies and property	-	644,114	682,878	1,326,992
Intergovernmental-federal	-	-	13,704	13,704
Donations	-	-	7,964	7,964
Other	1,287	-	3,525	4,812
Total operating revenues	<u>22,693,239</u>	<u>2,206,855</u>	<u>2,868,013</u>	<u>27,768,107</u>
Operating expenses				
Cost of sales and services	-	-	473,295	473,295
Personnel services	5,649,969	536,715	1,685,693	7,872,377
Utilities	499,810	120,380	374,061	994,251
Rent	2,095,310	-	-	2,095,310
Repairs and maintenance	777,866	132,801	616,256	1,526,923
Supplies	353,161	75,276	169,400	597,837
Other operating expenses	1,044,209	501,581	644,103	2,189,893
Depreciation and amortization	1,366,205	308,969	751,986	2,427,160
Total operating expenses	<u>11,786,530</u>	<u>1,675,722</u>	<u>4,714,794</u>	<u>18,177,046</u>
Operating income (loss)	<u>10,906,709</u>	<u>531,133</u>	<u>(1,846,781)</u>	<u>9,591,061</u>
Nonoperating revenues (expenses)				
Investment income	23,390	-	-	23,390
Interest expense	(771,297)	(235,327)	(1,310)	(1,007,934)
Gain (loss) on disposition of capital assets	(1,756)	-	6,753	4,997
Total nonoperating revenues (expenses)	<u>(749,663)</u>	<u>(235,327)</u>	<u>5,443</u>	<u>(979,547)</u>
Income (loss) before contributions and transfers	<u>10,157,046</u>	<u>295,806</u>	<u>(1,841,338)</u>	<u>8,611,514</u>
Contributions and transfers				
Capital contributions	1,422,031	-	-	1,422,031
Transfers in	1,593,390	-	2,086,563	3,679,953
Transfers out	(8,436,236)	(150,508)	(175,451)	(8,762,195)
Total contributions and transfers	<u>(5,420,815)</u>	<u>(150,508)</u>	<u>1,911,112</u>	<u>(3,660,211)</u>
Change in net position	4,736,231	145,298	69,774	4,951,303
Total net position				
Beginning of year, as restated	65,410,852	2,054,332	17,589,573	85,054,757
End of year	<u>\$ 70,147,083</u>	<u>\$ 2,199,630</u>	<u>\$ 17,659,347</u>	<u>\$ 90,006,060</u>

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
DECEMBER 31, 2015**

	Business-type Activities			Total
	Enterprise Funds			
	Parking Facilities	City Market	Nonmajor Enterprise Funds	
Cash flows from operating activities				
Cash received from customers and users	\$ 22,011,174	\$ 2,066,488	\$ 2,841,328	\$ 26,918,990
Cash paid to suppliers	(4,480,083)	(654,565)	(2,087,800)	(7,222,448)
Cash paid to employees	(5,580,957)	(536,715)	(1,627,943)	(7,745,615)
Net cash provided by (used in) operating activities	<u>11,950,134</u>	<u>875,208</u>	<u>(874,415)</u>	<u>11,950,927</u>
Cash flows from noncapital financing activities				
Transfers in	1,593,390	-	2,086,563	3,679,953
Transfers out	(8,436,236)	(150,508)	(175,451)	(8,762,195)
Net cash provided by (used in) noncapital financing activities	<u>(6,842,846)</u>	<u>(150,508)</u>	<u>1,911,112</u>	<u>(5,082,242)</u>
Cash flows from capital and related financing activities				
Proceeds from disposal of capital assets	-	-	6,753	6,753
Acquisition and construction of capital assets	(11,511,456)	-	(7,805)	(11,519,261)
Principal payments on general obligation bonds payable	(800,000)	-	-	(800,000)
Proceeds from issuance of installment purchase revenue bonds payable	10,737,137	-	-	10,737,137
Principal payments on revenue bonds payable	(1,162,161)	(262,989)	-	(1,425,150)
Principal payments on capital leases payable	-	-	(25,336)	(25,336)
Principal payments on certificates of participation payable	(594,165)	-	-	(594,165)
Interest paid	(744,316)	(239,901)	(1,310)	(985,527)
Net cash used in capital and related financing activities	<u>(4,074,961)</u>	<u>(502,890)</u>	<u>(27,698)</u>	<u>(4,605,549)</u>
Cash flows from investing activities				
Interest received	23,390	-	-	23,390
Net cash provided by investing activities	<u>23,390</u>	<u>-</u>	<u>-</u>	<u>23,390</u>
Net increase in cash and cash equivalents	1,055,717	221,810	1,008,999	2,286,526
Cash and cash equivalents				
Beginning of year	10,579,875	1,726,979	1,607,528	13,914,382
End of year	<u>\$ 11,635,592</u>	<u>\$ 1,948,789</u>	<u>\$ 2,616,527</u>	<u>\$ 16,200,908</u>

(Continued)

CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
DECEMBER 31, 2015**

	Business-type Activities			Total
	Enterprise Funds			
	Parking Facilities	City Market	Nonmajor Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 10,906,709	\$ 531,133	\$ (1,846,781)	\$ 9,591,061
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	1,366,205	308,969	751,986	2,427,160
(Increase) decrease in current assets:				
Accounts receivable	22,375	(140,367)	-	(117,992)
Other receivables	(704,440)	-	(11,747)	(716,187)
Due from state and local governments	-	-	(13,704)	(13,704)
Prepaid items	-	-	(681)	(681)
Inventories	-	-	(9,719)	(9,719)
Deferred outflows of resources	(5,121)	-	(4,509)	(9,630)
Increase (decrease) in current liabilities:				
Accounts payable	290,273	175,473	193,553	659,299
Accrued salaries and related benefits	7,230	-	11,400	18,630
Other accrued liabilities	-	-	7,187	7,187
Compensated absences payable	15,158	-	6,752	21,910
Unearned revenue	-	-	(1,234)	(1,234)
Deposits	1,635	-	(1,025)	610
Net pension liability	237,964	-	209,460	447,424
Deferred inflows of resources	(187,854)	-	(165,353)	(353,207)
Total adjustments	<u>1,043,425</u>	<u>344,075</u>	<u>972,366</u>	<u>2,359,866</u>
Net cash provided by (used in) operating activities	<u>\$ 11,950,134</u>	<u>\$ 875,208</u>	<u>\$ (874,415)</u>	<u>\$ 11,950,927</u>
Schedule of noncash capital and related financing activities				
Contributions of capital assets	\$ 1,422,031	\$ -	\$ -	\$ 1,422,031
Decrease in outstanding debt obligations due to amortization of premiums	51,493	-	-	51,493

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,415,684
Liabilities	
Accounts payable	\$ 1,415,684

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The **City of Charleston, South Carolina** (the City), a political subdivision of the State of South Carolina, was incorporated August 13, 1783. On September 21, 1976, the City issued a charter adopting the Council-Mayor form of government. The City provides a full range of services to its citizens including fire and police protection, sanitation, public improvements, parks, recreation, cultural, economic development, planning, parking facilities, golf course and general administration. The City is a municipal corporation governed by an elected mayor and a twelve-member council.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Charleston (the primary government) and its component unit. The blended component unit discussed below is included in the City's reporting entity because of the significant influence and financial relationship with the City.

The **City of Charleston Public Facilities Corporation** is a single purpose corporate entity, established in 1993, which has a leasehold interest in certain City facilities. Its Board is comprised of several employees of the City. The Corporation previously issued \$30,000,000 of financing using certificates of participation which have since been paid off. During 2015 \$31,270,000 of installment purchase revenue bonds were issued to finance the construction of a parking garage and public safety infrastructure. The assets, debt and related accounts of the parking garage are reported in a proprietary fund, which accounts for parking garage operations. All other assets, debts and activities are reported in the governmental activities.

B. Government-wide and Fund Financial Statements

Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements, but interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The City reports the following major governmental funds:

1. The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The **Capital Improvements Fund**, a capital projects fund, accounts for various capital projects primarily funded by various General Obligation Bonds, a portion of the Hospitality and Accommodations Fees, transfers from the General Fund, Land Sales Fund and King Street Gateway TIF Fund, and assets purchased under the City's lease purchase program. Contributions have also funded acquisitions during recent years.
3. The **King Street Gateway TIF Fund**, a capital projects fund, accounts for various projects in the King Street Gateway Tax Increment Financing District, primarily funded by special redevelopment bonds, property taxes, special assessments levied on property owners in the district and transfers from the Land Sales Fund.
4. The **Drainage Fund**, a capital projects fund, accounts for stormwater management and other drainage infrastructure. Funding sources are primarily from tax revenues from the two mills assessed on real and personal property, certain business licenses, transfers of stormwater utility fees, federal grants, and stormwater revenue bonds.
5. The **International African American Museum Fund**, a capital projects fund, accounts for the activities to construct a new museum dedicated to African American history and identity. Funding sources are primarily from revenue bonds and state grants.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

1. The **Parking Facilities Fund** accounts for the operation and maintenance of the on and off-street parking lots and garages owned and/or operated by the City.
2. The **City Market Fund** accounts for the rental and maintenance of the Market Street public market.

In addition, the City reports the following nonmajor fund types:

The **Special Revenue Funds** account for revenue sources that are restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, other special purpose fees, and economic development.

The **Capital Project Funds** account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The **Debt Service Funds** account for the resources accumulated and payments made for principal and interest on long-term debt in governmental funds.

The **Permanent Fund** is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. All of the City's proprietary funds are enterprise funds.

The **Agency Funds** are used to account for the collection and disbursement of monies by the City on behalf of others.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; this period is extended to 120 days for grant reimbursements. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and certain claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital leases for acquisitions are reported as other financing sources.

Agency funds, unlike all other types of funds, report only assets and liabilities, and therefore cannot be said to have a measurement focus.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available. This includes property taxes and special assessments, investment earnings, fines and forfeitures, certain charges for services and state-levied locally shared taxes. Sales and use and hospitality taxes are recorded when the underlying transaction is made. When revenue from grants, entitlements and donations are received in advance, revenue recognition is deferred until qualifying expenditures are made. Special assessments paid early are deferred until they are legally due. Other revenues, including permits, licenses, some franchise fees and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property and franchise taxes, sales and hospitality taxes, special assessments, fines and forfeitures, grants, entitlements and donations.

Amounts reported as *program revenues* in the government-wide financial statements include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The City's business-type activities accounted for in proprietary funds are chiefly parking, facilities rental, tourism-related activities and concessions, and operation of a municipal golf course. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents and Deposits

The "deposits" classification is used only in the notes, not on the face of the Statement of Net Position, Balance Sheet or Statement of Cash Flows. Deposits include only cash on hand, pooled money market funds and certificates of deposit.

The City considers cash and cash equivalents for cash flow purposes to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

E. Inventories and Prepaid Items

The City's inventories are valued at cost, which approximates market, using the average cost method. The consumption method of accounting is used to record inventories under which the cost of inventory is recorded as an expenditure when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Notes and Mortgages Receivable and Allowance for Loan Losses

Amounts loaned to others, which were funded by federal or state grants, are recorded as mortgages receivable. Notes receivable, secured by property, are stated at unpaid principal balances net of an allowance for loan losses. An allowance for loan losses is increased by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experiences, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay the loan, estimated value of any underlying collateral and current economic conditions.

G. Receivables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

In the governmental fund financial statements, "advances to other funds" are offset equally by nonspendable fund balance, which indicates they do not constitute expendable available financial resources and therefore are not available for appropriation.

Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 - three percent, February 1 – an additional seven percent, March 16 - an additional five percent. On March 16, unpaid property tax bills are turned over to the delinquent tax office and the properties are subject to sale. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The taxpayer must provide proof of payment to the South Carolina Department of Motor Vehicles before that agency will renew the vehicle license.

Property taxes are assessed and collected by Charleston County and Berkeley County under joint billing and collection agreements. The City recognizes property taxes in the period for which they are levied and available for financing current expenditures. Property taxes receivable represent delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible, plus taxes levied on the assessed value of real and personal property, as of January 1, 2015. All net property taxes receivable at year end, except those collected within 60 days, are recorded as unavailable revenue and thus not recognized as revenue until collected in the governmental funds.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

The City's restricted accounts are established to account for assets restricted for specific purposes, typically by outside parties or legal agreement. Certain bond indentures require the establishment of an account to hold 1) maximum annual principal and interest payments, unless a surety bond was provided, and 2) the next succeeding principal and accrued interest payment.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., drainage systems, roads, bridges, sidewalks and similar items), are reported in the governmental activities in the government-wide financial statements. Capital assets other than infrastructure are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the acquisition cost, construction cost or value of donated infrastructure assets is capitalized and reported in the government-wide financial statements regardless of their amounts. In the initial capitalization of such networks and subsystems the City chose to include all items with an initial cost of \$500,000 or greater. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Proprietary fund interest expense and amortization are capitalized for related construction in progress. For tax-exempt debt, related interest costs subject to capitalization are netted against the interest earned on invested proceeds until the construction phase of the project is completed. Net interest expense and amortization are not capitalized in the governmental funds unless the assets are anticipated to be transferred to the proprietary funds upon completion.

All reported capital assets except land and certain infrastructure assets are depreciated. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

Infrastructure	15-100 years
Buildings and improvements	20-80 years
Machinery and equipment	3-20 years

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, and gains or losses on refunding and defeasance, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported as liabilities, net of the applicable bond premium or discount. Deferred gains or losses on refunding and defeasance are reported as deferred inflows or outflows of resources. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City had two components that qualified for reporting in this category: deferred loss on bond refunding and items related to pension.

Deferred loss on bond refunding:

A deferred loss on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is reported in the government-wide Statement of Net Position. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

Pension items:

There are four items that comprise the deferred amounts related to the City's pension. The first item, experience losses, results from periodic studies by the actuary of the retirement plan, which adjusts the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members.

The second item, differences between projected investment return on pension investments and actual return on those investments, is deferred and amortized against pension expense over a five year period, resulting in recognition as a deferred outflow of resources.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows and Deferred Inflows of Resources (Continued)

The third item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions. These changes are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability during the year ended December 31, 2016.

The fourth item results from contributions made by the City to the pension plan before year end, but subsequent to the measurement date of the City's net pension liability. These are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability during the year ended December 31, 2016.

Deferred inflows of resources

In addition to liabilities, the Statement of Net Position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City had two components that qualified for reporting in this category: unavailable revenue and an item related to the City's pension.

Unavailable revenue:

Unavailable revenue arises only under the modified accrual basis of accounting and is reported only in the governmental funds balance sheet. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Pension item:

Experience gains relating to the City's retirement plan are recorded in the Statement of Net Position under the heading "Pension." Experience gains result from periodic studies by the actuary of the Retirement Plan, which adjust the net pension liability for actual experience for certain trend information that was previously assumed. These gains are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining lives of the plan members.

L. Claims and Judgments

All claims and judgments are accrued in the government-wide and proprietary fund financial statements when they are both 1) probable that a liability has been incurred, and 2) the loss can be reasonably estimated. The City records claims and judgments for governmental funds under the modified accrual basis of accounting. This method provides that claims and judgments are reported as fund expenditures and liabilities when due and payable.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

It is the City's policy to allow employees to accumulate unused annual leave and compensatory hours. If an employee has completed their probationary period, accumulated unused annual leave is payable upon termination - no more than two times the number of annual leave days the employee is eligible to earn due to the employee's years of service. Non-exempt employees can accumulate compensatory hours for work over the regular work schedule. In no case may an employee accrue more than 40 compensatory hours, which must be used before using annual leave.

All vacation and compensatory pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only to the extent they have matured, for example, as a result of employee resignations and retirements.

N. Net Position and Fund Balances

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution or passage of an ordinance. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. City Council delegates the authority to classify fund balance as "assigned" to the Mayor per the City's financial policy.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Net Position and Fund Balances (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

The City policy targets General Fund unassigned fund balance at a minimum of 20% of annual budgeted expenditures for the following year.

Net Position – Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenditures/expenses during the reported period. Actual results could differ from those estimates.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS and PORS’ fiduciary net position have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Subsequent Events

In preparing these financial statements, the City’s management has evaluated events and transactions for potential recognition or disclosure through June 24, 2016, the date the financial statements were available for issuance. See Note 18 for additional information.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Municipal Accommodations Fee Fund. The budgets must be adopted at public meetings by an ordinance that requires three readings by City Council with an interval of not fewer than six days between first and second readings. Supplemental appropriations require the same public hearing process that the original appropriation ordinance requires. Annual budgets are also adopted for all enterprise funds, but are not required to be reported. Capital project funds budgets are prepared on a project-length basis, with budgetary control achieved through the approval of contracts in excess of \$40,000 by Council. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and state statutes) and sometimes span a period of more than one fiscal year. Formal budgetary policies are not employed for the debt service funds because effective budgetary control is alternatively achieved through bond indenture provisions

The General Fund appropriation ordinance for expenditures is prepared by function, department and division, whereas the Municipal Accommodations Fee appropriation ordinance is prepared by project or function. Expenditures may not legally exceed appropriations at the fund level. Management may not amend the total appropriations in a budgeted fund without approval of Council. Budget transfers are allowed within and between departments, provided that budget transfers in excess of \$40,000 must be submitted to and approved by the Ways & Means Committee. However, management is also authorized in emergency situations and for increased efficiency in the administration of government to transfer funds from one department, division or administrative function to another without the approval of Council.

While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance is expected within the next fiscal year) are re-appropriated and become part of the subsequent year's budget.

For 2015 there was a \$4,483,486 increase in appropriations between the original and final amended budget for the General Fund. This increase primarily resulted from a budget amendment in the amount of \$3,329,304. The changes between the General Fund original and final budget also included management's increases and decreases within and between departments and encumbrances carried over from the prior year of \$1,154,182. There was no supplementary appropriation or budget amendment for the Municipal Accommodations Fee Fund.

B. Encumbrances

Encumbrances are recorded in order to reserve that portion of the applicable appropriation and are employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as assigned fund balance since they do not constitute expenditures or liabilities. Unencumbered amounts lapse at year end, while approved outstanding encumbrances are re-appropriated as part of the following year's budget. At year end, General Fund encumbrances were \$1,245,569. No encumbrances were outstanding in other governmental funds.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

C. Deficit Net Position

The Charleston Visitor Center, a nonmajor enterprise fund, had a deficit net position at December 31, 2015 of \$514,461 due to the restatement of beginning net position for implementation of Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*. This deficit is expected to be funded through future transfers from the General Fund.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2015 are summarized as follows:

Statement of Net Position	
Cash and cash equivalents	\$ 87,027,417
Investments	136,578
Restricted cash and cash equivalents	112,293,527
Statement of Fiduciary Assets and Liabilities	
Cash and cash equivalents	1,415,684
	\$ 200,873,206

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. Deposits of the City are subject to South Carolina state statutes for custodial credit risk. The statutes provide that banks accepting deposits of funds from local governmental units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, and political subdivisions of South Carolina, the Federal National Mortgage Association (FNMA), the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation (FLMC). In accordance with the aforementioned statute, the City's policies require deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) Insurance. Deposited funds may be invested in demand or time deposits, continuously and fully secured with direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. As of December 31, 2015, all of the City’s deposits were covered by federal depository insurance or by collateral held in the pledging financial institutions’ trust departments in the City’s name.

See below for additional information regarding investment credit risk as of December 31, 2015.

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Credit Rating</u>
Commercial stocks	\$ 136,578	0.07%	N/A
Local Government Investment Pool	72,842,640	36.26%	N/A
Carrying value of cash in banks and on hand	127,893,988	63.67%	
	\$ 200,873,206	100.00%	

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy to address custodial credit risk.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy follows state statutes concerning allowable investments, but does not specifically address interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted investment policies in accordance with state statutes, which authorize them to invest in the following:

1. Obligations of the United States and agencies thereof;
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
3. General obligations of the State of South Carolina or any of its political units;
4. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
5. Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
6. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina state statutes authorize the City to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The investment in the South Carolina Local Government Investment Pool is valued at fair market value.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4. RECEIVABLES

Receivables as of December 31, 2015 for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Improvements</u>	<u>King Street Gateway TIF</u>	<u>Drainage</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental</u>
Receivables:						
Taxes	\$ 37,982,764	\$ -	\$ 4,718,337	\$ 1,152,821	\$ 3,842,875	\$ 47,696,797
Accounts	-	-	-	-	6,408,647	6,408,647
Other	<u>2,048,267</u>	<u>822,831</u>	<u>-</u>	<u>-</u>	<u>581,405</u>	<u>3,452,503</u>
Gross receivables	40,031,031	822,831	4,718,337	1,152,821	10,832,927	57,557,947
Less: allowance for uncollectible:						
Taxes	(3,328,108)	-	-	(56,331)	(15,460)	(3,399,899)
Accounts	-	-	-	-	(1,233,644)	(1,233,644)
Other	<u>(255,069)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,767)</u>	<u>(364,836)</u>
Net receivables	<u>\$ 36,447,854</u>	<u>\$ 822,831</u>	<u>\$ 4,718,337</u>	<u>\$ 1,096,490</u>	<u>\$ 9,474,056</u>	<u>\$ 52,559,568</u>

	<u>Parking Facilities</u>	<u>City Market</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise</u>
Receivables:				
Accounts	\$ 345,941	\$ 176,954	\$ -	\$ 522,895
Other	<u>1,513,838</u>	<u>-</u>	<u>320,313</u>	<u>1,834,151</u>
Gross Receivables	1,859,779	176,954	320,313	2,357,046
Less: allowance for uncollectible:				
Accounts	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 1,859,779</u>	<u>\$ 176,954</u>	<u>\$ 320,313</u>	<u>\$ 2,357,046</u>

**CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2015, was as follows:

Due to/from other funds:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 779,085	\$ -
Nonmajor Governmental Funds	-	779,085
	<u>\$ 779,085</u>	<u>\$ 779,085</u>

Advances to/from other funds:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 794,534	\$ -
Nonmajor Enterprise Funds	-	794,534
	<u>\$ 794,534</u>	<u>\$ 794,534</u>

Interfund balances largely result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6. NOTES AND MORTGAGES RECEIVABLE

Notes Receivable

<p>In 1996 the City sold properties known as the Riviera Theatre to Charleston Center, LLC. The first five years of the seller-financed note were secured by a mortgage required monthly interest payments, and the remaining nineteen years require monthly principal and interest payments.</p>	\$ 1,327,749
<p>In 2005, the City sold a parcel of land to the Charleston School of Law for a down payment of \$10,000 and a seller-financed note secured by a mortgage bearing interest at the lesser of 5.0% or one point under prime rate, due in 2017.</p>	865,000
<p>In 2007 the City issued a note to the Housing Authority of the City of Charleston (the Authority) for the purpose of expanding its subsidized housing program. The City issued a 2007 General Obligation Bond in the amount of \$10,000,000 to fund the note. The bond was refinanced during 2014 and the note was restructured to match the bond. The note is payable semi-annually, with interest rates between 4% and 5%. Principal payments are due annually in amounts from \$335,000 to \$675,000, between 2015 and 2032. The proceeds from the note payments will service the City's general obligation bond payments.</p>	8,730,000
<p>In 2013 the City issued a note to the Housing Authority of the City of Charleston (the Authority) for the purpose of expanding its subsidized housing program. The City issued a note in the amount of \$700,000 with an interest rate of 2.5%. Monthly interest payments commenced June 2014 with monthly payments of principal and interest totaling \$2,866 beginning in December 2014. A balloon payment of \$406,687 is due in December of 2029.</p>	690,512
<p>In 2014 the City issued a promissory note secured by a mortgage on real property to Hampstead St. Andrews Gardens Partners, L.P. for the purpose of expanding low income housing. The note bears interest at 4%. Annual payments will begin upon completion of construction and will consist of the lesser of \$36,791 or 25% of available cash flow as defined in the note, with any deferred amounts added to subsequent payments, which are still subject to cash flow. Any outstanding amounts of principal and interest are due in full November 2034.</p>	500,000
<p>In 2014 the City accepted a promissory note relating to past due rents secured by a mortgage on real property and a personal guarantee. Monthly payments of \$2,500 will begin upon final disposition of a zoning litigation case. The entire outstanding balance and accrued interest shall be due and payable in full in July 2016.</p>	40,000
Notes receivable - Governmental Funds Balance Sheet	12,153,261
Current portion of notes receivable - Statement of Net Position	(621,207)
Noncurrent portion of notes receivable - Statement of Net Position	\$ 11,532,054

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6. NOTES AND MORTGAGES RECEIVABLE (CONTINUED)

Mortgages receivable

In its capacity as a subrecipient of a federally funded community development block grant, the City issues mortgages to qualified low-income individuals for housing purchases or renovations. At December 31, 2015, \$2,174,104 of such mortgages were outstanding, less an allowance for uncollectible balances of \$429,605, leaving a balance of \$1,744,499, as reflected in the Statement of Net Position and the Governmental Funds Balance Sheet.

NOTE 7. UNAVAILABLE AND UNEARNED REVENUES

Governmental funds report *unavailable revenue* in the fund financial statement in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2015, the various components of *unavailable* and *unearned revenue* reported were as follows:

	Total Governmental Funds	Governmental Activities
<u>Unavailable:</u>		
Property taxes receivable	\$ 2,347,738	\$ -
Installment note receivable	865,000	-
Interest on note	27,046	-
Property exchanges with Charleston		
County School District	2,265,100	-
Sale of real estate	690,513	-
Franchise fees	49,019	-
Court fines	702,148	-
Grant revenue	692,899	-
Other	1,257,849	-
Total unavailable	\$ 8,897,312	\$ -
<u>Unearned:</u>		
Contributions and grants recorded prior to meeting all eligibility requirements	\$ 6,483,052	\$ 6,483,052
Cultural festival entry fees	52,332	52,332
Unearned rent revenue	-	23
Total unearned revenues	\$ 6,535,384	\$ 6,535,407

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2015, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 17,492,257	\$ 6,714,450
Capital Improvements Fund	12,565,546	153,149
King Street Gateway TIF Fund	-	5,507,348
Drainage Fund	5,841,260	122,807
International African American Museum Fund	65,000	-
Nonmajor Governmental Funds	4,349,431	22,733,498
Parking Facilities Fund	1,593,390	8,436,236
City Market Fund	-	150,508
Nonmajor Enterprise Funds	2,086,563	175,451
	<u>\$ 43,993,447</u>	<u>\$ 43,993,447</u>

Transfers are used 1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and 2) to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9. CAPITAL ASSETS

Capital asset activity for the City's governmental activities for the year ended December 31, 2015, is as follows:

	<u>January 1, 2015</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>December 31, 2015</u>
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 85,874,284	\$ 10,405,059	\$ 679,496	\$ 95,599,847
Improvements	6,857,564	-	-	6,857,564
Works of art	334,250	-	-	334,250
Infrastructure	66,671,877	6,535,010	-	73,206,887
Construction in progress	138,408,859	41,704,449	151,582,601	28,530,707
Total capital assets not being depreciated	<u>298,146,834</u>	<u>58,644,518</u>	<u>152,262,097</u>	<u>204,529,255</u>
Capital assets being depreciated				
Infrastructure	203,371,847	6,397,822	-	209,769,669
Buildings and improvements	222,722,499	151,398,099	6,769	374,113,829
Machinery and equipment	69,818,940	6,169,606	4,650,656	71,337,890
Total assets being depreciated	<u>495,913,286</u>	<u>163,965,527</u>	<u>4,657,425</u>	<u>655,221,388</u>
Accumulated depreciation				
Infrastructure	(42,246,831)	(4,170,587)	-	(46,417,418)
Buildings and improvements	(43,955,045)	(4,393,879)	(2,736)	(48,346,188)
Machinery and equipment	(47,163,643)	(5,401,319)	(4,423,114)	(48,141,848)
Total accumulated depreciation	<u>(133,365,519)</u>	<u>(13,965,785)</u>	<u>(4,425,850)</u>	<u>(142,905,454)</u>
Total capital assets being depreciated, net	<u>362,547,767</u>	<u>149,999,742</u>	<u>231,575</u>	<u>512,315,934</u>
Governmental activities capital assets, net	<u>\$ 660,694,601</u>	<u>\$ 208,644,260</u>	<u>\$ 152,493,672</u>	<u>\$ 716,845,189</u>

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the City's business-type activities for the year ended December 31, 2015, is as follows:

	<u>January 1, 2015</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>December 31, 2015</u>
<u>Business-type activities</u>				
Capital assets not being depreciated				
Land	\$ 10,037,208	\$ 1,405,000	\$ -	\$ 11,442,208
Works of art	55,000	-	-	55,000
Construction in progress	160,255	815,727	106,842	869,140
Total capital assets not being depreciated	<u>10,252,463</u>	<u>2,220,727</u>	<u>106,842</u>	<u>12,366,348</u>
Capital assets being depreciated				
Buildings and improvements	118,074,257	10,445,138	-	128,519,395
Machinery and equipment	2,913,849	382,178	50,312	3,245,715
Total assets being depreciated	<u>120,988,106</u>	<u>10,827,316</u>	<u>50,312</u>	<u>131,765,110</u>
Accumulated depreciation				
Buildings and improvements	(29,388,895)	(2,179,994)	-	(31,568,889)
Machinery and equipment	(1,760,495)	(247,166)	(48,647)	(1,959,014)
Total accumulated depreciation	<u>(31,149,390)</u>	<u>(2,427,160)</u>	<u>(48,647)</u>	<u>(33,527,903)</u>
Total capital assets being depreciated, net	<u>89,838,716</u>	<u>8,400,156</u>	<u>1,665</u>	<u>98,237,207</u>
Business-type activities capital assets, net	<u>\$ 100,091,179</u>	<u>\$ 10,620,883</u>	<u>\$ 108,507</u>	<u>\$ 110,603,555</u>

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the City as follows:

<u>Governmental activities</u>	
General government	\$ 7,127,611
Public safety	4,131,446
Public service	823,047
Urban and community development	70,533
Culture and recreation	1,738,382
Health and welfare	17,769
Business development and assistance	56,997
Total governmental activities depreciation	<u>\$ 13,965,785</u>
<u>Business-type activities</u>	
J.P. Riley, Jr. Baseball Park	\$ 623,593
Municipal Golf Course	107,083
Parking Facilities	1,366,205
City Market	308,969
Charleston Visitor Center	4,150
Slave Mart Museum	17,160
Total business-type activities depreciation	<u>\$ 2,427,160</u>

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10. LONG-TERM DEBT

The City has the following forms of long-term indebtedness as of December 31, 2015:

General Obligation Bonds - The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental fund and proprietary fund activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. The primary sources of revenue for repayment of bonds reported in the governmental activities are property taxes and proceeds from the payment on a note receivable. Parking fees are the primary sources for payment of general obligation bonds reported in the business-type (proprietary) funds. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Special Redevelopment Bonds - These bonds were issued to finance the construction of Waterfront Park and the redevelopment of the King Street Gateway and the Charleston Neck districts. Proceeds from the incremental increase in the tax base related to these properties will be used to repay the debt.

Revenue Bonds - The City's revenue bonds were used to finance construction, renovation and purchase of real estate, as well as to provide support for capital improvements at the Gibbes Museum of Art and the South Carolina Aquarium. Revenue bonds have been issued for both governmental and proprietary fund activities. The 1997 revenue bonds are reported in the proprietary funds since they are expected to be repaid from revenues, primarily parking fees, which are generated by proprietary fund activities. The 2000 and 2014 revenue bonds are secured by both State of South Carolina accommodations taxes and City hotel accommodations taxes. The 2010 revenue bonds are also secured by both State and City accommodations taxes, as well as operating revenues of the City Market. The 2012 revenue bonds are secured by the net revenues of the Stormwater system.

Installment Purchase Revenue Bonds - The City's installment purchase revenue bonds were issued to finance construction and renovation of a parking garage and public safety infrastructure. The City issued \$26,270,000 (2015-A) and \$5,000,000 (2015-B) of installment purchase revenue bonds during 2015 with interest rates ranging from 3.25% to 5.0% (2015-A) and 0.63% to 2.25% (2015-B). The proceeds and repayments for the 2015-A issue are split between Public Safety Infrastructure (80.77%) and Parking (19.23%). The 2015-B proceeds were for Parking. The bonds are secured by an interest in public safety facilities. Proceeds from parking and a separate millage to support public safety infrastructure will be used to repay the debt.

Notes Payable - These obligations represent the notes payable that are not general obligations of the City. Repayment is budgeted in the General Fund and the Other Special Revenue Fund.

Capital Lease Obligations - The City uses notes and leases to finance the purchase of various equipment. Repayment is budgeted in the General Fund, the Stormwater Utility Special Revenue Fund, and the Municipal Golf Course Proprietary Fund.

Net Pension Liability - See Note 12 for additional information.

Claims and Judgments Payable - These include obligations for workers' compensation, health and dental insurance, probable litigation, liabilities and other obligations. General Fund revenues not appropriated for other payments are used to fund these obligations. See Note 14.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10. LONG-TERM DEBT (CONTINUED)

Compensated Absences Payable - These obligations represent accumulated annual leave and compensatory time benefits which were not funded by the current or prior years' revenue resources. These obligations are primarily funded by the General Fund.

The following is a summary of long-term debt activity for the year ended December 31, 2015:

	<u>January 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2015</u>	<u>Due within one year</u>
<u>Governmental activities</u>					
Bonds					
General obligation	\$ 54,860,000	\$ -	\$ 2,645,000	\$ 52,215,000	\$ 3,645,000
Plus deferred amounts for issuance premiums	<u>1,024,704</u>	-	<u>155,000</u>	<u>869,704</u>	-
Total general obligation	<u>55,884,704</u>	-	<u>2,800,000</u>	<u>53,084,704</u>	<u>3,645,000</u>
Special redevelopment	<u>40,921,562</u>	-	<u>4,073,058</u>	<u>36,848,504</u>	<u>4,150,351</u>
Revenue	<u>55,880,000</u>	-	<u>2,697,714</u>	<u>53,182,286</u>	<u>2,329,872</u>
Plus deferred amounts for issuance premiums	<u>4,301,339</u>	-	<u>399,452</u>	<u>3,901,887</u>	-
Total revenue	<u>60,181,339</u>	-	<u>3,097,166</u>	<u>57,084,173</u>	<u>2,329,872</u>
Installment purchase revenue	-	<u>21,218,279</u>	-	<u>21,218,279</u>	-
Plus deferred amounts for issuance premiums	-	<u>2,878,888</u>	-	<u>2,878,888</u>	-
Total installment purchase revenue	-	<u>24,097,167</u>	-	<u>24,097,167</u>	-
Certificates of Participation	<u>1,550,835</u>	-	<u>1,550,835</u>	-	-
Plus deferred amounts for issuance premiums	<u>7,648</u>	-	<u>7,648</u>	-	-
Total Certificates of Participation	<u>1,558,483</u>	-	<u>1,558,483</u>	-	-
Notes	<u>11,567,827</u>	-	<u>1,153,327</u>	<u>10,414,500</u>	<u>1,639,232</u>
Capital leases	<u>9,897,573</u>	<u>5,795,750</u>	<u>5,173,426</u>	<u>10,519,897</u>	<u>4,804,573</u>
Net pension liability	<u>119,784,496</u>	<u>25,599,970</u>	<u>9,735,107</u>	<u>135,649,359</u>	-
Claims and judgments	<u>5,764,799</u>	<u>16,310,770</u>	<u>16,686,661</u>	<u>5,388,908</u>	<u>3,792,693</u>
Compensated absences	<u>6,541,564</u>	<u>5,231,980</u>	<u>5,123,329</u>	<u>6,650,215</u>	<u>4,945,253</u>
Total long-term liabilities	<u>\$ 312,102,347</u>	<u>\$ 77,035,637</u>	<u>\$ 49,400,557</u>	<u>\$ 339,737,427</u>	<u>\$ 25,306,974</u>

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10. LONG-TERM DEBT (CONTINUED)

	<u>January 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2015</u>	<u>Due within one year</u>
<u>Business-type activities</u>					
Bonds					
General obligation	\$ 14,850,000	\$ -	\$ 800,000	\$ 14,050,000	\$ 850,000
Plus deferred amounts for issuance premiums	288,946	-	48,549	240,397	-
Total general obligation	<u>15,138,946</u>	<u>-</u>	<u>848,549</u>	<u>14,290,397</u>	<u>850,000</u>
Revenue	<u>8,459,313</u>	<u>-</u>	<u>1,425,150</u>	<u>7,034,163</u>	<u>1,453,475</u>
Installment purchase revenue	-	10,051,721	-	10,051,721	1,480,000
Plus deferred amounts for issuance premiums	-	685,416	-	685,416	-
Total installment purchase revenue	<u>-</u>	<u>10,737,137</u>	<u>-</u>	<u>10,737,137</u>	<u>1,480,000</u>
Certificates of Participation	594,165	-	594,165	-	-
Plus deferred amounts for issuance premiums	2,944	-	2,944	-	-
Total Certificates of Participation	<u>597,109</u>	<u>-</u>	<u>597,109</u>	<u>-</u>	<u>-</u>
Capital leases	<u>49,060</u>	<u>-</u>	<u>25,336</u>	<u>23,724</u>	<u>13,008</u>
Net pension liability	<u>4,290,024</u>	<u>748,579</u>	<u>301,155</u>	<u>4,737,448</u>	<u>-</u>
Compensated absences	<u>192,056</u>	<u>168,559</u>	<u>146,649</u>	<u>213,966</u>	<u>147,346</u>
Total long-term liabilities	<u>\$ 28,726,508</u>	<u>\$ 11,654,275</u>	<u>\$ 3,343,948</u>	<u>\$ 37,036,835</u>	<u>\$ 3,943,829</u>

The beginning balances of long-term debt have been adjusted to reflect the recording of the net pension liability. See Note 17 for additional information.

**CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 10. LONG-TERM DEBT (CONTINUED)

Bonds Payable

There are a number of limitations and restrictions contained in the various bond indentures. Management believes the City is in compliance with all significant limitations and restrictions.

The City Council has authorized the issuance of a not to exceed amount of \$12,500,000 Accommodations Tax Revenue Bonds relating to the construction of the International African American Museum (IAAM). As of December 31, 2015, only \$5,000,000 of bonds had been issued.

The following is a summary of each long-term bond obligation of the City at December 31, 2015:

Year Issued	Primary Use of Funds	Interest Rates and Payment Dates	Annual Principal Payments	Maturity	Original Issue	Outstanding at 12/31/15
<u>Governmental activities</u>						
<i>General Obligation Bonds</i>						
2010	Property Acquisition for Capital Project	2.0% - 2.1% 3/1 and 9/1	\$100,000 to \$700,000	2012 to 2016	\$ 1,900,000	\$ 700,000
2010	Parks and Capital Projects	2.875% - 4.0% 3/1 and 9/1	\$1,100,000 to \$2,750,000	2017 to 2025	17,100,000	17,100,000
2014	Capital Projects	2.0% - 3.5% 3/1 and 9/1	\$1,150,000 to \$2,005,000	2016 to 2029	22,000,000	22,000,000
2014	Refunding of 2005 and 2007 bonds	2.0% - 5.0% 3/1 and 9/1	\$450,000 to \$1,245,000	2015 to 2032	13,210,000	12,415,000
Plus deferred amounts for issuance premiums					1,109,564	869,704
<i>Total General Obligation Bonds</i>					55,319,564	53,084,704

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10. LONG-TERM DEBT (CONTINUED)

Year Issued	Primary Use of Funds	Interest Rates and Payment Dates	Annual Principal Payments	Maturity	Original Issue	Outstanding at 12/31/15
<i>Special Redevelopment Bonds</i>						
2005	Refunding Waterfront Park	4.9% 2/1 and 8/1	\$270,000 to \$273,000	2006 to 2016	\$ 3,000,000	\$ 270,000
2013	Charleston Neck Tax Increment Bonds	2.45% 3/1 and 9/1	\$801,661 to \$1,071,850	2014 to 2026	12,100,000	10,477,039
2013	King Street Gateway TIF	2.02% 3/1 and 9/1	\$2,919,778 to \$3,495,568	2014 to 2023	<u>32,000,000</u>	<u>26,101,465</u>
<i>Total Special Redevelopment Bonds</i>					<u>47,100,000</u>	<u>36,848,504</u>
<i>Revenue Bonds</i>						
2012	Revenue Bond Stormwater/Drainage	3.0% - 5.0% 1/1 and 7/1	\$1,345,000 to \$3,420,000	2014 to 2033	46,725,000	43,930,000
2014	Accom. Tax Revenue Bond IAAM	2.43% 3/1 and 9/1	\$275,813 to \$392,940	2015 to 2029	5,000,000	4,724,187
2014	Accom. Tax Revenue Bond Gibbes and Aquarium	1.80% 3/1 and 9/1	\$467,821 to \$539,930	2015 to 2024	5,000,000	4,528,099
Plus deferred amounts for issuance premiums					<u>5,138,601</u>	<u>3,901,887</u>
<i>Total Revenue Bonds</i>					<u>61,863,601</u>	<u>57,084,173</u>
<i>Installment Purchase Revenue Bonds</i>						
2015	Public Safety	3.25% - 5.0% 3/1 and 9/1	\$807,700 to \$2,435,216	2019 to 2030	21,218,279	21,218,279
Plus deferred amounts for issuance premiums					<u>2,878,888</u>	<u>2,878,888</u>
<i>Total Installment Purchase Revenue Bonds</i>					<u>24,097,167</u>	<u>24,097,167</u>
Total Bonds					<u><u>\$ 188,380,332</u></u>	<u><u>\$ 171,114,548</u></u>

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10. LONG-TERM DEBT (CONTINUED)

The following is a summary of each long-term bond obligation of the business-type activities of the City at December 31, 2015:

Year Issued	Primary Use of Funds	Interest Rates and Payment Dates	Annual Principal Payments	Maturity	Original Issue	Outstanding at 12/31/15
<i>Business-type activities</i>						
<i>General Obligation Bonds</i>						
2009	Purchase of Parking Garage	2.0% - 4.0% 3/1 and 9/1	\$550,000 to \$2,800,000	2010 to 2023	\$ 18,100,000	\$ 14,050,000
Plus deferred amounts for issuance premiums					<u>594,298</u>	<u>240,397</u>
<i>Total General Obligation Bonds</i>					<u>18,694,298</u>	<u>14,290,397</u>
<i>Revenue Bonds</i>						
1997	Parking Garage Construction	6.95% for 5 yrs LIBOR + 1 after Monthly	\$314,300 to \$1,346,533	2000 to 2018	16,493,220	2,784,290
2010	City Market Renovation	6.2% 3/1 and 9/1	\$20,442 to \$171,662	2010 to 2030	2,100,000	1,755,229
2010	City Market Renovation	4.84% 3/1 and 9/1	\$164,580 to \$306,466	2011 to 2025	<u>3,400,000</u>	<u>2,494,644</u>
<i>Total Revenue Bonds</i>					<u>21,993,220</u>	<u>7,034,163</u>
<i>Installment Purchase Revenue Bonds</i>						
2015A	Parking Installment Purchase Revenue Bond	3.25% - 5.0% 3/1 and 9/1	\$192,300 to \$579,785	2019 to 2030	5,051,721	5,051,721
2015B	Parking Installment Purchase Revenue Bond	0.63% - 2.25% 3/1 and 9/1	\$560,000 to \$1,505,000	2016 to 2019	5,000,000	5,000,000
Plus deferred amounts for issuance premiums					<u>685,416</u>	<u>685,416</u>
<i>Total Installment Purchase Revenue Bonds</i>					<u>10,737,137</u>	<u>10,737,137</u>
Total Bonds					<u>\$ 51,424,655</u>	<u>\$ 32,061,697</u>

**CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 10. LONG-TERM DEBT (CONTINUED)

Notes Payable

Notes payable from governmental activities at December 31, 2015 are as follows:

Description	Outstanding
<p>In 2007, the City renewed and increased a financing agreement bearing interest at 5.54%, secured by a lien on building improvements. This agreement was refinanced in March 2013 to obtain an interest rate of 1.79%. Required quarterly payments range from \$234,406 to \$269,278. The agreement matures in 2023.</p>	\$ 7,614,608
<p>In 2008, the City entered into a financing agreement bearing interest of 4.69%, secured by a lien on building improvements. The agreement required quarterly payments of \$77,266 beginning in 2010 and maturing in 2024. This agreement was refinanced in February 2013 to obtain an interest rate of 1.79%. Quarterly payments of \$67,435 began in 2013 and mature in 2024.</p>	2,237,606
<p>In 2006, the City entered into a financing agreement bearing interest at 6%, collateralized by real property. The agreement was refinanced in 2010 reducing the interest rate to 3.8% and extending the term effective February 2011. Payments remain at \$11,000 with a balloon payment due March 2016 in the amount of \$545,540.</p>	<u>562,286</u>
<p>Total notes payable</p>	<u><u>\$ 10,414,500</u></u>

**CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 10. LONG-TERM DEBT (CONTINUED)

Capital Leases Payable

Governmental activities

The City has entered into several capital lease agreements with payment terms varying from 36 to 48 months and interest rates varying from .84% to 1.287%, secured by various vehicles, computer hardware and other equipment.

Equipment	\$ 17,618,620
Less accumulated depreciation	<u>(5,052,218)</u>
Carrying value	<u><u>\$ 12,566,402</u></u>

Amortization expense for equipment under capital leases is included in depreciation expense.

The remaining lease payments as of December 31, 2015, are as follows:

<u>Year Ending</u>	
2016	\$ 4,908,395
2017	3,318,905
2018	1,887,751
2019	<u>591,453</u>
Total minimum lease payments	10,706,504
Less amount representing interest	<u>(186,607)</u>
Present value of capital lease payments	<u><u>\$ 10,519,897</u></u>

Total interest on assets under capital leases for the year ended December 31, 2015 was \$123,011.

Business-type activities

The City has entered into two capital lease agreements with payment terms of 37 to 60 months and interest rates varying from 1.934% to 5.493%. At year end the carrying values of assets acquired through capital leases are as follows:

Equipment	\$ 73,729
Less accumulated depreciation	<u>(43,569)</u>
Carrying value	<u><u>\$ 30,160</u></u>

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10. LONG-TERM DEBT (CONTINUED)

Amortization expense for equipment under capital leases is included in depreciation expense. Remaining lease payments as of December 31, 2015 are as follows:

<u>Year Ending</u>	
2016	\$ 13,282
2017	4,533
2018	4,533
2019	<u>1,889</u>
Total minimum lease payments	24,237
Less amount representing interest	<u>(513)</u>
Present value of capital lease payments	<u>\$ 23,724</u>

Total interest paid on assets under capital leases for the year ended December 31, 2015 was \$1,105.

Debt Service Requirements to Maturity

At December 31, 2015, future debt service requirements for bonds were as follows:

Governmental activities

Year Ending	Bonds							
	General Obligation		Special Redevelopment		Revenue		Installment Purchase Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 3,645,000	\$ 1,621,581	\$ 4,150,351	\$ 794,006	\$ 2,329,872	\$ 2,059,349	\$ -	\$ 930,900
2017	3,745,000	1,535,156	3,962,352	701,936	2,480,348	1,978,173	-	974,197
2018	3,865,000	1,418,307	4,046,099	618,190	2,561,149	1,883,797	-	974,197
2019	4,010,000	1,293,269	4,131,628	532,660	2,667,281	1,776,665	807,700	974,197
2020	4,145,000	1,173,044	4,218,977	445,312	2,778,752	1,664,569	1,332,705	933,812
2021-2025	23,155,000	3,805,307	15,267,246	915,567	15,163,499	6,481,375	8,121,424	3,574,830
2026-2030	8,315,000	805,358	1,071,851	26,260	15,351,385	3,671,327	10,956,450	1,357,653
2031-2034	1,335,000	41,537	-	-	9,850,000	585,962	-	-
Subtotal	52,215,000	11,693,559	36,848,504	4,033,931	53,182,286	20,101,217	21,218,279	9,719,786
Plus net premium	869,704	-	-	-	3,901,887	-	2,878,888	-
Total	<u>\$ 53,084,704</u>	<u>\$ 11,693,559</u>	<u>\$ 36,848,504</u>	<u>\$ 4,033,931</u>	<u>\$ 57,084,173</u>	<u>\$ 20,101,217</u>	<u>\$ 24,097,167</u>	<u>\$ 9,719,786</u>

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10. LONG-TERM DEBT (CONTINUED)

Business-type activities

Year Ending	Bonds					
	General Obligation		Revenue		Installment Purchase Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 850,000	\$ 518,750	\$ 1,453,475	\$ 273,671	\$ 1,480,000	\$ 287,237
2017	900,000	490,250	1,493,366	234,428	1,455,000	291,273
2018	1,000,000	454,500	713,430	197,761	1,505,000	271,630
2019	1,500,000	404,500	323,238	179,652	752,300	244,540
2020	2,000,000	343,250	340,374	162,516	317,295	222,325
2021-2025	7,800,000	480,000	1,992,996	521,453	1,933,577	851,108
2026-2030	-	-	717,284	116,365	2,608,549	323,235
Subtotal	14,050,000	2,691,250	7,034,163	1,685,846	10,051,721	2,491,348
Plus net premium	240,397	-	-	-	685,416	-
Total	<u>\$ 14,290,397</u>	<u>\$ 2,691,250</u>	<u>\$ 7,034,163</u>	<u>\$ 1,685,846</u>	<u>\$ 10,737,137</u>	<u>\$ 2,491,348</u>

At December 31, 2015, future debt service requirements for governmental activities notes payable are as follows:

Year Ending	Principal	Interest
2016	\$ 1,639,232	\$ 174,407
2017	1,097,646	149,737
2018	1,145,898	129,766
2019	1,180,491	109,023
2020	1,215,902	87,656
2021-2024	4,135,331	131,283
Total	<u>\$ 10,414,500</u>	<u>\$ 781,872</u>

Legal Debt Limit

The City's borrowing power is restricted by the State Constitution. This constitution provides that a local unit cannot at any time have total debt outstanding in an amount that exceeds 8 percent of its assessed property value. Excluded from the limitation are: special revenue bonds; bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing on December 1, 1977, the effective date of amendment of Article X of the Constitution of South Carolina pertaining to bonded debt. The City's legal debt margin at December 31, 2015, was \$34,195,437.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 11. OPERATING LEASES

The City is committed under various noncancelable operating leases for office space, parking lots and certain equipment. Operating lease expenditures for the year ended December 31, 2015, were approximately \$2.1 million. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2016	\$ 2,069,181
2017	1,745,116
2018	1,636,145
2019	1,557,958
2020	6,434,988
2021-2025	4,248,815
2026-2030	163,940
2031-2035	176,924
2036-2038	52,410
Total	<u>\$ 18,085,477</u>

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS

Retirement Plan

Overview:

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (State Fiscal Accountability Authority effective July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement System's Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina, and, therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Plan Description:

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

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

Membership:

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

South Carolina Retirement System - Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election.

An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

South Carolina Police Officers Retirement System – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Benefits:

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

South Carolina Retirement System – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active or retired members of employees who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1 percent or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

South Carolina Police Officers Retirement System - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1 percent or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

Required employee contribution rates for the year ended December 31, 2015 are as follows:

South Carolina Retirement System

- 8.00% of earnable compensation from January 1st through June 30th
- 8.16% of earnable compensation from July 1st through December 31st

South Carolina Police Officers Retirement System

- 8.41% of earnable compensation from January 1st through June 30th
- 8.74% of earnable compensation from July 1st through December 31st

Required employer contribution rates for the year ended December 31, 2015 are as follows:

South Carolina Retirement System

- 10.75% of earnable compensation from January 1st through June 30th
- 10.91% of earnable compensation from July 1st through December 31st
- Employer incidental death benefit: 0.15% of earnable compensation

South Carolina Police Officers Retirement System

- 13.01% of earnable compensation from January 1st through June 30th
- 13.34% of earnable compensation from July 1st through December 31st
- Employer incidental death benefit: 0.20% of earnable compensation
- Employer accidental death program: 0.20% of earnable compensation

**CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability:

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2014. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2014 actuarial valuations, using membership data as of July 1, 2014, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by the systems' consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2015, the net pension liability amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 163,188,271	\$ 93,003,849	\$ 70,184,422	57.0%
PORS	198,136,517	127,934,132	70,202,385	64.6%

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

As of June 30, 2015, the change in the net pension liability for the SCRS Plan is calculated as follows:

Total pension liability	
Service cost	\$ 2,754,008
Interest	11,649,947
Difference between actual and expected experience	(165,181)
Benefit payments	<u>(10,012,256)</u>
Net change in total pension liability	4,226,518
Total pension liability - beginning June 30, 2014	<u>158,961,753</u>
Total pension liability - ending June 30, 2015	<u>163,188,271</u>
Plan fiduciary net position	
Contributions - employer	3,783,825
Contributions - member	2,650,054
Refunds of contributions to members	(351,944)
Retirement benefits	(9,585,765)
Death benefits	(74,547)
Net investment income	1,384,601
Administrative expense	(46,457)
Net transfers to affiliated systems	<u>(4,918)</u>
Net change in Plan fiduciary net position	(2,245,151)
Plan fiduciary net position - beginning June 30, 2014	<u>95,249,000</u>
Plan fiduciary net position - ending June 30, 2015	<u>93,003,849</u>
Net pension liability	<u>\$ 70,184,422</u>

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

As of June 30, 2015, the change in the net pension liability for the PORs Plan is calculated as follows:

Total pension liability	
Service cost	\$ 4,963,693
Interest	14,022,095
Difference between actual and expected experience	218,095
Benefit payments	<u>(11,093,569)</u>
Net change in total pension liability	8,110,314
Total pension liability - beginning June 30, 2014	<u>190,026,203</u>
Total pension liability - ending June 30, 2015	<u>198,136,517</u>
Plan fiduciary net position	
Contributions - employer	5,361,438
Contributions - member	3,441,804
Refunds of contributions to members	(562,172)
Retirement benefits	(10,412,077)
Death benefits	(119,320)
Net investment income	1,890,923
Administrative expense	(62,359)
Net transfers to affiliated systems	<u>34,166</u>
Net change in Plan fiduciary net position	(427,597)
Plan fiduciary net position - beginning June 30, 2014	<u>128,361,729</u>
Plan fiduciary net position - ending June 30, 2015	<u>127,934,132</u>
Net pension liability	<u>\$ 70,202,385</u>

Actuarial Assumptions and Methods:

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014 valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014 valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the fourth quarter 2013. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Short-Term	5.0%		
Cash	2.0%	1.9%	0.04%
Short duration	3.0%	2.0%	0.06%
Domestic Fixed Income	13.0%		
Core fixed income	7.0%	2.7%	0.19%
Mixed Credit	6.0%	3.8%	0.23%
Global Fixed Income	9.0%		
Global fixed income	3.0%	2.8%	0.08%
Emerging markets debt	6.0%	5.1%	0.31%
Global Public Equity	31.0%	7.1%	2.20%
Global Tactical Asset Allocation	10.0%	4.9%	0.49%
Alternatives	32.0%		
Hedge funds (low beta)	8.0%	4.3%	0.34%
Private debt	7.0%	9.9%	0.69%
Private equity	9.0%	9.9%	0.89%
Real estate (broad market)	5.0%	6.0%	0.30%
Commodities	3.0%	5.9%	0.18%
			<hr/>
		Total expected real return	6.00%
		Inflation for actuarial purposes	2.75%
		Total expected nominal return	<hr/> <hr/> 8.75%

Discount Rate:

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Discount Rate (Continued):

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
SCRS	\$ 88,482,501	\$ 70,184,422	\$ 54,848,305
PORS	95,632,124	70,202,385	47,469,696
Total	\$ 184,114,625	\$ 140,386,807	\$ 102,318,001

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended December 31, 2015, the City recognized pension expense of \$3,835,851 for the SCRS plan and \$5,339,331 for the PORS plan. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 1,246,938	\$ 125,513
Net difference between projected and actual earnings on pension plan investments	469,780	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	124,519	-
Employer contributions subsequent to the measurement date	1,940,891	-
Total	\$ 3,782,128	\$ 125,513

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

PORS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,391,419	\$ -
Net difference between projected and actual earnings on pension plan investments	768,133	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	979,490	-
Employer contributions subsequent to the measurement date	<u>2,683,876</u>	<u>-</u>
Total	<u>\$ 5,822,918</u>	<u>\$ -</u>

City contributions subsequent to the measurement date of \$1,940,891 and \$2,683,876 for the SCRS plan and the PORS plan, respectively, and changes in proportion and differences between employer contributions and proportionate share of contributions of \$124,519 and \$979,490 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	<u>SCRS</u>	<u>PORS</u>
2016	\$ 300,474	\$ 218,319
2017	300,474	218,319
2018	(127,829)	156,867
2019	1,118,086	1,566,047

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Pension Plan Fiduciary Net Position:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Deferred Compensation Plans

Internal Revenue Code Section 457 Plan

The City offers its employees a deferred compensation plan, through the State of South Carolina, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to the employee or his beneficiaries until termination, retirement, death, disability or an approved hardship.

All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The plan is administered by the State of South Carolina.

Internal Revenue Code Section 401(k) Plan

The City also offers its employees participation in a deferred compensation plan, through the State of South Carolina, created in accordance with Internal Revenue Code Section 401(k). The 401(k) plan has the same eligibility requirements as the 457 plan, although the withdrawal provisions are more lenient under the 401(k). All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The funds are administered by the State of South Carolina.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 13. COMMITMENTS, CONTINGENCIES AND LITIGATION

Commitments

The City had various contractual commitments of approximately \$42.4 million at December 31, 2015 for construction, drainage, streetscape and various parks and recreational projects.

1. Marine Science Museum - A marine science museum, commonly referred to as the South Carolina Aquarium, was officially opened to public visitation on May 19, 2000. The land on which the Aquarium was constructed is leased rent-free from the National Parks Service through 2045. The building was constructed by and is owned by the City.

A separate South Carolina Aquarium Corporation (SCA), a not-for-profit corporation, has been formed, which does not qualify as a component unit of the City. During 1997 the City entered into an agreement with the SCA whereby the SCA will lease the Aquarium from the City rent-free through July 2045. This lease is expected to be extended for an additional 50 years. The SCA will be responsible for all operations and related costs, and construction and funding of interior exhibits. SCA will pay to the City 50% of any remaining cash flow after operating expenses, debt service, depreciation reserve provisions and a cumulative \$2 million operating shortfall reserve. No funds were received by the City in 2015.

2. Charleston Maritime Center and PRC Agreement - During 1995 the City entered into a master lease with the Charleston County Parks and Recreation Commission (PRC). In 1997, a revised agreement was established which provides that, in the event the City desires to sell the Charleston Maritime Center (Center) within fifty years, the City grants a right of first refusal to PRC, at the offered price less \$1,500,000. If PRC declines its right to purchase, \$1,500,000 shall be paid to PRC from the proceeds. If the City elects to lease the special events pier in a manner to deny public use within the fifty years, the City shall pay PRC the \$1,500,000 plus interest. The City's intention is to retain and operate the Center within the terms of the Agreement and in a manner to avoid the return of PRC's contribution of \$1,500,000. Accordingly, the potential obligation to repay the contribution, or possible impairment of the asset value, has not been recorded, as it is unlikely that such events will occur.

3. Daniel Island - The City has entered into an agreement with The Daniel Island Company, Inc. and related entities, whereby the parties commit to certain planned development of Daniel Island. The City has committed to the establishment of various public safety, public service, recreation and other governmental services, including the development of several parks and the building of certain municipal facilities.

Contingencies and Litigation

1. Grants - Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the General Fund or other applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 13. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

Contingencies and Litigation (Continued)

2. Litigation - The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of their operations. In the opinion of management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not materially affect the City's financial position.

3. Unemployment Compensation - The City makes payments to the South Carolina Employment Security Commission on a reimbursement basis for costs incurred in the administration of the state unemployment compensation statutes. Claims incurred but not reported at December 31, 2015 are not significant.

NOTE 14. RISK MANAGEMENT

The City establishes liabilities for claims and judgments based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability. Adjustments to claim liabilities are charged or credited to expense in the period in which they are made.

1. Health and Dental Insurance - The City is self-insured for medical, dental and prescription coverage within certain individual employee limits and an aggregate limit of \$18,335,575 for all medical and pharmacy payments in 2015 plus claims incurred during 2015 and subsequently paid. Health claims are handled by an administrator and the stop-loss provision is incurred as of December 31, 2015. The incurred but not reported (IBNR) claims are estimated by the City's management.

2. Workers' Compensation Insurance - The City self-insures workers' compensation and general liability programs. The City accounts for the workers' compensation program in the General Fund to the extent of available financial resources. Claims liability in excess of available financial resources is recorded in the Statement of Net Position. The specific stop-loss and aggregate retention provisions for workers' compensation are \$1,000,000 and \$7,157,225, respectively.

3. Other Claims and Judgments - The City is exposed to various other risks of loss and maintains coverage with the South Carolina Insurance Reserve Fund (SCIRF), a self-sustaining, public entity risk pool, for certain property damage, tort and general liability, for which premiums are paid. Additional funding is provided by Federal Emergency Management Agency (FEMA) in the case of certain disasters.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 14. RISK MANAGEMENT (CONTINUED)

Property and casualty coverage policies are accounted for in the General Fund, as well as other insurance policies, such as surety bond coverage and miscellaneous floaters. Funds are expended based on premium amounts and administrative charges. The City had no significant reductions in insurance coverage during the year. The limits of liability for tort actions not specifically exempt by the South Carolina Government Tort Claims Act are \$600,000 per occurrence. For those risks covered by insurance, claims did not exceed coverage during the past three years.

Changes in the balance of liabilities for claims and judgments during the last two years were as follows:

	<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
Health and Dental	2015	\$ 1,450,000	\$ 14,641,723	\$ (14,641,723)	\$ 1,450,000
Insurance	2014	1,450,000	14,952,723	(14,952,723)	1,450,000
Workers' Compensation	2015	4,172,607	1,663,734	(2,037,798)	3,798,543
Insurance	2014	4,917,637	1,255,960	(2,000,990)	4,172,607
Other Claims and	2015	142,192	5,313	(7,140)	140,365
Judgments	2014	144,141	5,191	(7,140)	142,192
Total Claims and	2015	5,764,799	16,310,770	(16,686,661)	5,388,908
Judgments	2014	6,511,778	16,213,874	(16,960,853)	5,764,799

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City's defined benefit postemployment healthcare plan (the Plan) provides medical and dental insurance to eligible retirees under the Medicare eligible age of 65. Employees become eligible when the employee qualifies for retirement benefits under the SCRS or PORS and has 15 years of service with the City. Information regarding SCRS and PORS eligibility may be obtained from the Comprehensive Annual Financial Report of the Plan. The Plan is approved each year by City Council; the contribution requirements of the City and plan members are established and amended by Council. These contributions are neither guaranteed nor mandatory. Council has retained the right to unilaterally modify its payments toward retiree health care benefits.

As of January 1, 2015, the measurement date for the plan year 2015, there were 1,550 covered participants; 115 members are retirees receiving benefits and 1,435 are active participants.

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer irrevocable trust administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

**CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funding Policy

The City contributes a fixed dollar amount indexed each year by the Consumer Price Index (CPI). In 2015, the City contributed, on a monthly basis \$400 for retiree-only healthcare coverage and \$881 for retiree family healthcare coverage. For the healthcare plan, the retiree contributes the balance between the actuarially calculated costs less the fixed dollar amount. The retiree pays 100% of the actuarially calculated dental costs. The health and dental plans pay a percentage of allowed charges after the plan's deductible. For 2015, the retiree healthcare contribution was \$254.

The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is based on a level percent of payroll increasing annually at 3.5%.

Annual OPEB Cost and Funded Status and Funding Progress

The following table shows the components of the City's annual required contribution for 2015.

Normal cost	\$ 1,144,438
30 year amortization of unfunded accrued liability (UAL)	<u>806,962</u>
Total annual required contribution	<u><u>\$ 1,951,400</u></u>

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution (ARC)	\$ 1,951,400
Interest on prior year obligation	(2,727)
Adjustment to the ARC	2,119
Administrative fees	<u>21,325</u>
Annual OPEB cost (expense)	1,972,117
Contributions made (92% of annual cost)	<u>(1,819,327)</u>
Decrease in OPEB obligation	152,790
Net OPEB obligation (asset) - beginning of year	<u>(457,903)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (305,113)</u></u>

Contributions included \$600,000 paid by the City to the Plan to pre-fund benefits and \$1,219,327 made by the City through payment of covered participants' explicit and implicit subsidized benefits.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Annual OPEB Cost and Funded Status and Funding Progress (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB asset for 2015, 2014, and 2013, were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
12/31/2013	\$ 2,402,071	101%	\$ 58,159
12/31/2014	1,764,325	123%	457,903
12/31/2015	1,972,117	92%	305,113

At December 31, 2015, the actuarial accrued liability for benefits (AAL) was \$28,163,747, with \$12,125,661 in Plan assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,038,086. The funded ratio (actuarial value of plan assets/AAL) was 43 percent. The covered payroll (annual payroll of active employees covered by the plan) was \$76.3 million, and the ratio of the UAAL to the covered payroll was 21 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City uses the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8%. The trend rate will decrease in 0.5% steps until it reaches 5% after six years. Both rates included a 4% inflation assumption. The asset valuation method used is market value. The ORBET trust's actuarial consultants intend to use a smoothing method over a 5 year period with the assumed investment rate of return. The Plan's UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2015, was 21 years.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 16. RELATED PARTY

Commissioners of Public Works of the City of Charleston, SC (CPW), also known as Charleston Water Systems, provides water and wastewater services to the citizens of the City and certain surrounding areas, generally excluding the larger municipalities. CPW is dependent on the City for substantial approval for all bond issuances and provides financial benefit to the City in the form of a subsidy in lieu of taxes.

During the year ended December 31, 2015, CPW contributed \$1,095,000 to the City. The City reports the payment as revenue from state and local governments, while CPW reports it as an intergovernmental fee expense.

NOTE 17. CHANGES IN ACCOUNTING PRINCIPLES/RESTATEMENTS

During the year ended December 31, 2015, the City determined that restatements to beginning net position of the Governmental Activities, the Business-type Activities, the Parking Facilities Fund, and the Nonmajor Enterprise Funds were required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, through which accounting for pension plans and the related disclosure requirements were modified. These Statements require the City to restate its financial statements to recognize its proportionate share of the plans' net pension liability, record deferred outflows and inflows of resources, and report pension expense based on an actuarial valuation, rather than actual contributions.

In addition, the City determined that a restatement to beginning net position of the Governmental Activities was required to correct an error in the December 31, 2014 financial report. The City receives a utility franchise fee in March of each year. In the past, this fee has been treated as revenue for the preceding year. During the year ended December 31, 2015, management of the City determined that the amount received represents revenue for the year in which it is received instead of the preceding year, resulting in an overstatement of revenues of the Governmental Activities in the amount of \$12,543,690 as of December 31, 2014. This restatement had no effect on the change in fund balance for the Governmental Funds.

In addition, the City determined that a restatement to beginning fund balance of the Nonmajor Governmental Funds was required to correct an error in the December 31, 2014 financial report. In previous years, the City had not recorded certain long-term receivables and property held for resale at the fund level as required by Generally Accepted Accounting Principles. This resulted in an understatement of fund balance of the Nonmajor Governmental Funds in the amount of \$2,078,785 as of December 31, 2014. This restatement had no effect to the Governmental Activities beginning net position.

CITY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 17. CHANGES IN ACCOUNTING PRINCIPLES/RESTATEMENTS (CONTINUED)

The effects of these restatements are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning net position, January 1, 2015, as previously reported	\$ 702,342,353	\$ 89,460,798	\$ 791,803,151
Adjustment to record franchise fee revenue in the proper period	(12,543,690)	-	(12,543,690)
Changes in accounting principles due to the implementation of GASB Statements No. 68 and 71	<u>(124,244,745)</u>	<u>(4,406,041)</u>	<u>(128,650,786)</u>
Beginning net position, January 1, 2015, as restated	<u>\$ 565,553,918</u>	<u>\$ 85,054,757</u>	<u>\$ 650,608,675</u>

	<u>Parking Facilities</u>	<u>Nonmajor Enterprise Funds</u>
Beginning net position, January 1, 2015, as previously reported	\$ 67,754,212	\$ 19,652,254
Changes in accounting principles due to the implementation of GASB Statements No. 68 and 71	<u>(2,343,360)</u>	<u>(2,062,681)</u>
Beginning net position, January 1, 2015, as restated	<u>\$ 65,410,852</u>	<u>\$ 17,589,573</u>

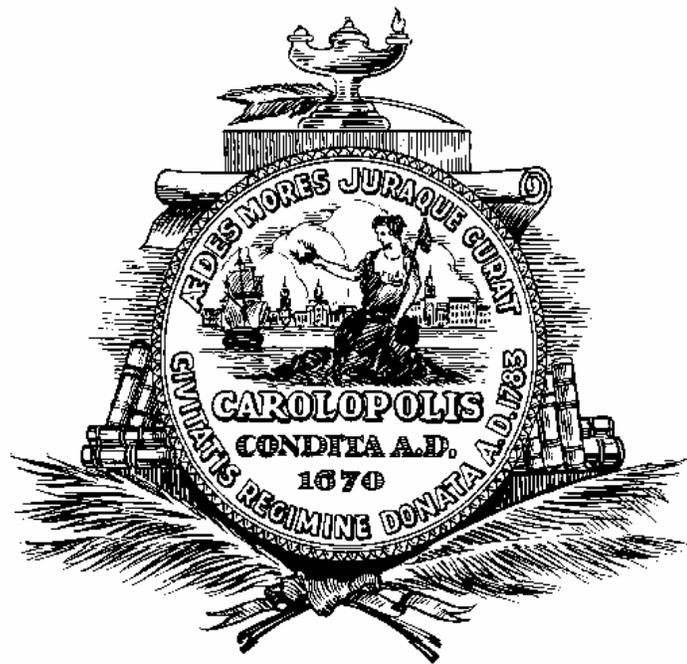
	<u>Nonmajor Governmental Funds</u>
Beginning fund balance, January 1, 2015, as previously reported	\$ 42,197,622
Adjustment to record long-term receivables at the fund level	1,953,653
Adjustment to record property held for resale at the fund level	<u>125,132</u>
Beginning fund balance, January 1, 2015, as restated	<u>\$ 44,276,407</u>

NOTE 18. SUBSEQUENT EVENTS

Subsequent to December 31, 2015, the following material transactions occurred:

- In April 2016, the City entered into lease purchase agreements in the amounts of \$1,400,000 and \$3,981,996, bearing interest at 1.1713 percent and 1.2434 percent, and maturing in April 2019 and April 2020 respectively. The proceeds are to be used for the purchase of vehicles and equipment.
- In April 2016, the City issued General Obligation Refunding Bonds in the amount of \$12,715,000 bearing interest at 1.44 percent. The maturity date is March 1, 2023. The bonds were issued to defease the outstanding obligations of the Series 2009 General Obligation Bonds.

REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF CHARLESTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POSTEMPLOYMENT BENEFITS – DEFINED BENEFIT HEALTH CARE PLAN
YEAR ENDED DECEMBER 31, 2015**

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
2011	1/1/2011	\$ 8,414,461	\$ 28,603,000	\$ 20,188,539	29%	\$ 47,800,000	42%
2012	1/1/2013	9,080,200	32,873,325	23,793,125	28%	61,500,000	39%
2013	1/1/2013	9,778,813	32,873,325	23,094,512	30%	70,400,000	33%
2014	1/1/2015	11,286,121	25,117,946	13,831,825	45%	73,700,000	19%
2015	1/1/2015	12,125,661	28,163,747	16,038,086	43%	76,300,000	21%

**CITY OF CHARLESTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31**

South Carolina Retirement System	2015
City's proportion of the net pension liability	0.370064%
City's proportionate share of the net pension liability	\$ 70,184,422
City's covered-employee payroll	\$ 34,730,487
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	202.1%
Plan fiduciary net position as a percentage of the total pension liability	57.0%

South Carolina Police Officers Retirement System	2015
City's proportion of the net pension liability	3.22104%
City's proportionate share of the net pension liability	\$ 70,202,385
City's covered-employee payroll	\$ 39,857,162
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.1%
Plan fiduciary net position as a percentage of the total pension liability	64.6%

The above schedules will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedules are disclosed in Note 12 to the financial statements.

**CITY OF CHARLESTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31**

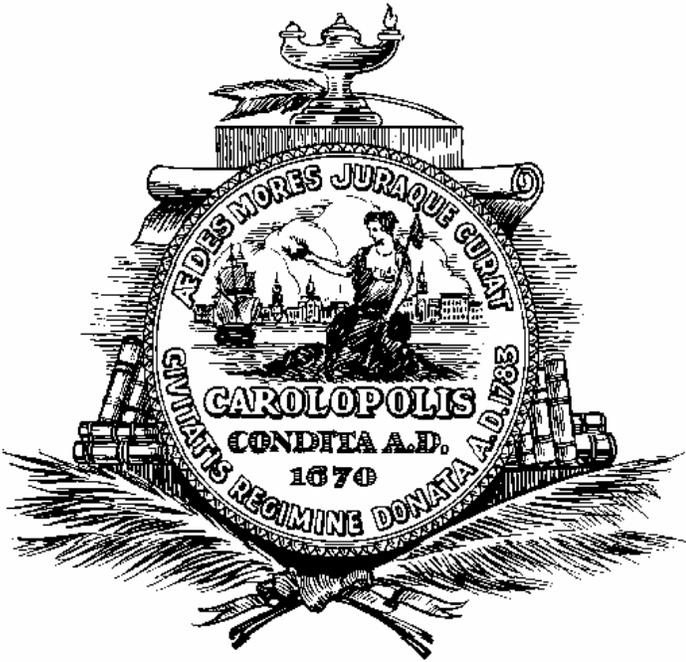
South Carolina Retirement System	<u>2015</u>
Actuarially determined contribution	\$ 3,782,077
Contributions in relation to the actuarially determined contribution	<u>3,782,077</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 34,730,487
Contributions as a percentage of covered-employee payroll	10.89%

South Carolina Police Officers Retirement System	<u>2015</u>
Actuarially determined contribution	\$ 5,351,150
Contributions in relation to the actuarially determined contribution	<u>5,351,150</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 39,857,162
Contributions as a percentage of covered-employee payroll	13.43%

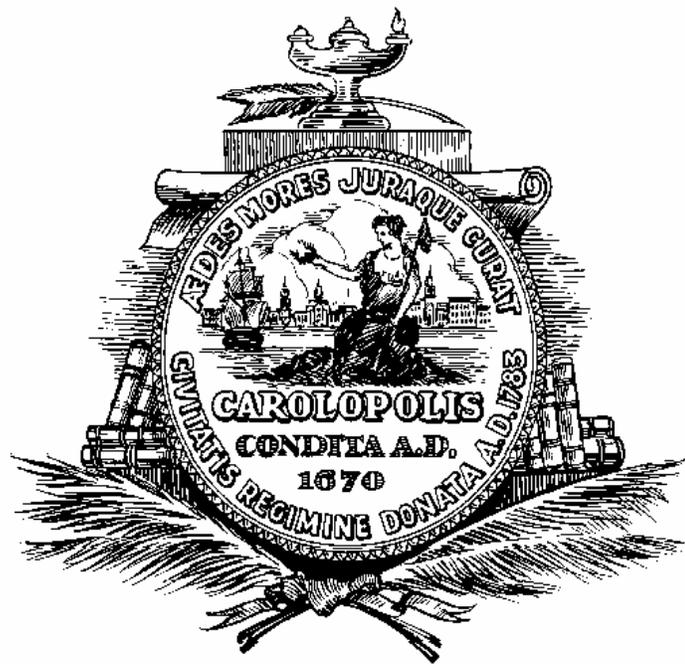
The above schedules will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedules are disclosed in Note 12 to the financial statements.

SUPPLEMENTARY FINANCIAL INFORMATION



Combining and Individual Fund Financial Statements



CITY OF CHARLESTON, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Accommodations Tax Fund accounts for the City's share of the 2 percent statewide tax on lodging allocated from the State of South Carolina for promotion of tourism and tourism-related activities and facilities.

Housing and Urban Development Fund accounts for monies the City receives from the Department of Housing and Urban Development. This includes Community Development Block Grants; HOME, Housing Opportunities for Persons with AIDS (HOPWA), Lead Paint Hazard Control and Section 108 Loan programs; and other Special Economic Development Initiative grants expended by the City to revitalize and restore the City's urban areas.

Cultural Festivals and Events Fund accounts for the grants, private donations, and user fee revenues, and various program and general expenses of the annual Piccolo Spoleto, MOJA and other festivals.

Hospitality Fee Fund accounts for the 2% fee on the gross proceeds of prepared food and beverage sales. The funds are transferred to the General Fund and various other funds to offset the costs of tourism-related services and to fund various tourism-related capital projects. The fees are also used to provide operational funding to several tourism-related entities and facilities.

Justice Department Grants Fund accounts for the activities of various grants received from the Department of Justice for law enforcement activities.

Municipal Accommodations Fee Fund became effective in March 1996. Ordinances established two separate 1% fees to be imposed on the gross proceeds derived from the transient rental of accommodations within the City. The fees are used to defray the cost of capital improvements and operating costs beneficial to the tourism industry and to provide property tax relief.

SCE&G Non-Standard Service Fund accounts for funds used to finance special equipment and/or facilities and special landscaping or screening of facilities within the City, particularly in historic areas.

Seized and Forfeited Assets Fund accounts for property seized during narcotics investigation activities which is pending disposition or has been forfeited to the City by the courts.

Stormwater Utility Fund accounts for the maintenance of stormwater management, sediment control, flood control, and facilities. Funding for the Stormwater Utility fund is derived from user fees, which are based on equivalent residential units of \$6.00.

Impact Fee Fund accounts for funds received on new developments to be used for environmental and public safety services.

Land Sales Fund accounts for the purchase and sale of property and the subsequent transfer of the proceeds from the sales, primarily to fund various capital projects.

Other Special Revenue Fund accounts for various grants or other restricted revenues and related expenditures not included under the above funds.

**CITY OF CHARLESTON, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Certificates of Participation Fund accounts for the construction costs that were funded with certificates of participation issued by the City of Charleston Public Facilities Corporation, a nonprofit corporation whose principal purpose is to facilitate the financing of public capital projects. The fund also accounts for the proceeds of a mortgage receivable due from one of the constructed projects. The following projects were constructed:

Alexander Auditorium Garage - a five level, 560-space parking facility to serve the Gaillard Municipal Center, Charleston County School District Office, the Charleston County Library, and the Marine Science Museum.

Joseph P. Riley, Jr. Baseball Park - a 6,000-seat (expandable to 10,000 seats) Class "A" baseball facility.

Fire Stations - construction and upfitting of new fire stations.

R.M. Greenberg Municipal Building – renovation of the Lockwood Drive Police, Traffic and Transportation, and Department of Motor Vehicles complex and construction of a 36,368 square foot addition to the facility.

Market Head Hall - renovation of the Market Head Hall.

Parks Department Headquarters - renovation of former Coke Building at 823 Meeting Street for use as Parks Department main offices.

Parks - development of a tennis center at Ft. Johnson Road Park, improvement of Honey Hill Park, expansion of ball field facilities at James Island Recreation Center and continued development of other parks.

Riviera Theater - acquisition and renovation of the art deco Riviera Theater for use as a retail space and conference rooms to be used by Charleston Place.

Administrative Costs - bond principal and interest payments, issuance costs, and related professional and bank handling fees.

Charleston Neck TIF Fund accounts for tax increment financing proceeds for the Charleston Neck Redevelopment Project Area Tax Increment Financing District (the TIF District). The fund also accounts for the proceeds of special redevelopment bonds issued for public infrastructure projects within the TIF District.

Public Safety Infrastructure Fund accounts for public safety infrastructure improvements. Funding sources are primarily from tax revenues from the one and a half mills assessed on real and personal property and proceeds from installment purchase revenue bonds.

**CITY OF CHARLESTON, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

DEBT SERVICE FUNDS

Debt service funds are used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Governor's Park Fund accounts for the debt related to the construction of a tennis facility on Daniel Island for the annual Volvo Car Open Tournament.

Waterfront TIF Fund accounts for the tax increment financing proceeds and debt service payments for the Cooper River Waterfront Redevelopment Project.

Energy Performance Fund accounts for the debt related to energy performance projects throughout various City facilities.

Affordable Housing Fund accounts for the debt related to affordable housing projects. The fund also accounts for a related note receivable from the Housing Authority of the City of Charleston.

Other Debt Service Fund accounts for the debt related to contributions in support of capital improvements at the Gibbes Museum of Art and the South Carolina Aquarium.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Irish Memorial Endowment Fund accounts for the endowment for the Irish Memorial Park, whose earnings are restricted to expenditures for park maintenance and upkeep.

CITY OF CHARLESTON, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue			
	Accommodations Tax	Housing & Urban Development	Cultural Festivals and Events	Hospitality Fee
Assets				
Cash and cash equivalents	\$ 890,361	\$ -	\$ 465,708	\$ 7,174,893
Receivables, net of allowances				
Property taxes	-	-	-	-
Accounts	-	-	-	2,040,480
Other	550	186,188	2,036	6,206
Due from federal government	-	719,407	-	-
Due from state and local governments	1,185,870	-	-	-
Notes receivable	-	-	-	-
Property held for resale	-	256,102	-	-
Security deposits	-	-	11,418	-
Prepaid items	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Mortgages receivable, net of allowance	-	1,744,499	-	-
Total assets	\$ 2,076,781	\$ 2,906,196	\$ 479,162	\$ 9,221,579
Liabilities				
Accounts payable	\$ 355,761	\$ 273,164	\$ 40,778	\$ 140,000
Assets held for others	-	-	-	-
Accrued salaries, wages, and benefits	-	-	3,732	3,697
Other accrued liabilities	-	3,387	70	-
Due to state and local governments	-	-	-	-
Due to other funds	-	53,379	-	-
Unearned revenue	-	-	52,332	-
Total liabilities	355,761	329,930	96,912	143,697
Deferred inflows of resources				
Unavailable revenue	-	1,583	-	-
Fund balances				
Nonspendable:				
Long-term receivables	-	-	-	-
Property homeownership	-	256,102	-	-
Endowment	-	-	-	-
Inventories and prepaid items	-	-	-	-
Restricted:				
Small business assistance	-	-	-	-
Law enforcement	-	-	-	-
Tourism activities	1,721,020	-	-	9,077,882
Cultural activities	-	-	-	-
Housing services and community development	-	2,318,581	-	-
Recreation and community programs	-	-	-	-
Debt service	-	-	-	-
Capital and infrastructure projects	-	-	-	-
Committed:				
Debt service	-	-	-	-
Assigned:				
Cultural activities	-	-	382,250	-
Community services	-	-	-	-
Housing services and community development	-	-	-	-
Capital and infrastructure projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,721,020	2,574,683	382,250	9,077,882
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,076,781	\$ 2,906,196	\$ 479,162	\$ 9,221,579

Special Revenue					
Justice Department Grants	Municipal Accommodations Fee	SCE&G Non- Standard Service	Seized & Forfeited Assets	Stormwater Utility	Impact Fee
\$ 40	\$ 3,048,087	\$ 5,665,797	\$ 846,209	\$ -	\$ 982,303
-	-	-	-	-	-
-	-	-	-	116,332	-
-	-	49,561	-	-	-
94,236	-	-	-	-	-
16,492	847,187	-	-	562,135	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,500	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 110,768</u>	<u>\$ 3,895,274</u>	<u>\$ 5,715,358</u>	<u>\$ 846,209</u>	<u>\$ 684,967</u>	<u>\$ 982,303</u>
\$ 22,378	\$ -	\$ -	\$ 9,829	\$ 78,074	\$ -
-	-	-	128,935	-	-
17,691	-	-	-	47,006	-
30	-	-	-	98	347,849
-	-	-	21	-	-
70,669	-	-	67,937	559,789	-
-	-	18,041	-	-	-
<u>110,768</u>	<u>-</u>	<u>18,041</u>	<u>206,722</u>	<u>684,967</u>	<u>347,849</u>
-	-	49,019	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,500	-
-	-	-	-	-	-
-	-	-	639,487	-	-
-	1,216,213	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,679,061	5,648,298	-	-	634,454
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(6,500)	-
<u>-</u>	<u>3,895,274</u>	<u>5,648,298</u>	<u>639,487</u>	<u>-</u>	<u>634,454</u>
<u>\$ 110,768</u>	<u>\$ 3,895,274</u>	<u>\$ 5,715,358</u>	<u>\$ 846,209</u>	<u>\$ 684,967</u>	<u>\$ 982,303</u>

(Continued)

CITY OF CHARLESTON, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2015

	Special Revenue		Capital Projects		
	Other Special Revenue	Land Sales	Certificates of Participation	Charleston Neck TIF	Public Safety Infrastructure
Assets					
Cash and cash equivalents	\$ 1,689,801	\$ 6,037,518	\$ 1,236,129	\$ 118,109	\$ -
Receivables, net of allowances		-			
Property taxes	-	-	-	1,770,667	811,447
Accounts	753,091	2,265,100	-	-	-
Other	51	27,046	-	200,000	-
Due from federal government	6,218	-	-	-	-
Due from state and local governments	336,157	116,251	-	50,000	636,374
Notes receivable	-	2,055,512	1,327,749	-	-
Property held for resale	45,839	-	-	-	-
Security deposits	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	2,233,878	20,845,000
Mortgages receivable, net of allowance	-	-	-	-	-
Total assets	\$ 2,831,157	\$ 10,501,427	\$ 2,563,878	\$ 4,372,654	\$ 22,292,821
Liabilities					
Accounts payable	\$ 10,620	\$ 5,500	\$ -	\$ -	\$ -
Assets held for others	-	-	-	-	-
Accrued salaries, wages, and benefits	4,464	-	-	-	-
Other accrued liabilities	25,099	-	-	-	-
Due to state and local governments	3,030	-	-	-	-
Due to other funds	-	-	-	-	27,311
Unearned revenue	108,551	-	-	-	-
Total liabilities	151,764	5,500	-	-	27,311
Deferred inflows of resources					
Unavailable revenue	24,837	3,847,659	-	323,216	30,225
Fund balances					
Nonspendable:					
Long-term receivables	-	2,055,512	1,327,749	-	-
Property homeownership	45,839	-	-	-	-
Endowment	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Restricted:					
Small business assistance	722,863	-	-	-	-
Law enforcement	-	-	-	-	-
Tourism activities	179,687	-	-	-	-
Cultural activities	37,579	-	-	-	-
Housing services and community development	-	-	-	-	-
Recreation and community programs	15,372	-	-	-	-
Debt service	-	-	-	962,058	-
Capital and infrastructure projects	1,445,391	-	1,236,129	3,087,380	22,235,285
Committed:					
Debt service	-	-	-	-	-
Assigned:					
Cultural activities	-	-	-	-	-
Community services	56,621	-	-	-	-
Housing services and community development	151,204	-	-	-	-
Capital and infrastructure projects	-	4,592,756	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,654,556	6,648,268	2,563,878	4,049,438	22,235,285
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,831,157	\$ 10,501,427	\$ 2,563,878	\$ 4,372,654	\$ 22,292,821

		Debt Service			Permanent Fund		
Governor's Park	Waterfront TIF	Energy Performance	Affordable Housing	Other Debt Service	Irish Memorial Endowment	Total Nonmajor Governmental Funds	
\$ -	\$ 1,431,636	\$ 334,894	\$ 3,149	\$ -	\$ 50,000	\$ 29,974,634	
-	1,245,301	-	-	-	-	3,827,415	
-	-	-	-	-	-	5,175,003	
-	-	-	-	-	-	471,638	
-	-	-	-	-	-	819,861	
-	34,836	-	-	-	-	3,785,302	
-	-	-	8,730,000	-	-	12,113,261	
-	-	-	-	-	-	301,941	
-	-	-	-	-	-	11,418	
-	-	-	-	-	-	6,500	
-	-	-	-	-	-	23,078,878	
-	-	-	-	-	-	1,744,499	
<u>\$ -</u>	<u>\$ 2,711,773</u>	<u>\$ 334,894</u>	<u>\$ 8,733,149</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 81,310,350</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 936,104	
-	-	-	-	-	-	128,935	
-	-	-	-	-	-	76,590	
-	-	-	-	-	-	376,533	
-	-	-	-	-	-	3,051	
-	-	-	-	-	-	779,085	
-	-	-	-	-	-	178,924	
-	-	-	-	-	-	2,479,222	
-	90,806	-	-	-	-	4,367,345	
-	-	-	8,733,149	-	-	12,116,410	
-	-	-	-	-	-	301,941	
-	-	-	-	-	50,000	50,000	
-	-	-	-	-	-	6,500	
-	-	-	-	-	-	722,863	
-	-	-	-	-	-	639,487	
-	-	-	-	-	-	12,194,802	
-	-	-	-	-	-	37,579	
-	-	-	-	-	-	2,318,581	
-	-	-	-	-	-	15,372	
-	280,069	-	-	-	-	1,242,127	
-	2,340,898	-	-	-	-	39,306,896	
-	-	334,894	-	-	-	334,894	
-	-	-	-	-	-	382,250	
-	-	-	-	-	-	56,621	
-	-	-	-	-	-	151,204	
-	-	-	-	-	-	4,592,756	
-	-	-	-	-	-	(6,500)	
-	2,620,967	334,894	8,733,149	-	50,000	74,463,783	
<u>\$ -</u>	<u>\$ 2,711,773</u>	<u>\$ 334,894</u>	<u>\$ 8,733,149</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 81,310,350</u>	

CITY OF CHARLESTON, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue			
	Accommodations Tax	Housing & Urban Development	Cultural Festivals and Events	Hospitality Fee
Revenues				
Taxes				
Property, net of tax increment financing districts	\$ -	\$ -	\$ -	\$ -
Tax increment financing districts	-	-	-	-
Other	-	-	-	14,119,918
Licenses, fees and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental-federal	-	2,075,433	-	-
Intergovernmental-state and local-other	5,442,417	-	68,504	-
Charges for services	-	-	-	-
Revenues from use of money and property	2,108	62,599	700	16,315
Donations and settlements	-	25,200	146,692	-
Other	-	7	636,453	-
Total revenues	<u>5,444,525</u>	<u>2,163,239</u>	<u>852,349</u>	<u>14,136,233</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	137,474
Public service	-	-	-	-
Urban and community development	-	2,132,228	-	-
Culture and recreation	1,995,000	-	1,041,878	1,643,076
Community promotions	1,969,225	-	-	79,670
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	76,357
Interest and fiscal charges	-	-	-	3,341
Bond issue costs	-	-	-	-
Total expenditures	<u>3,964,225</u>	<u>2,132,228</u>	<u>1,041,878</u>	<u>1,939,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,480,300</u>	<u>31,011</u>	<u>(189,529)</u>	<u>12,196,315</u>
Other financing sources (uses)				
Transfers in	-	-	354,000	-
Transfers out	(1,140,102)	(401,096)	-	(7,427,459)
Insurance recoveries	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from sale of property held for resale	-	228,682	-	-
Installment purchase revenue bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Total other financing sources (uses)	<u>(1,140,102)</u>	<u>(172,414)</u>	<u>354,000</u>	<u>(7,427,459)</u>
Net change in fund balances	340,198	(141,403)	164,471	4,768,856
Fund balances				
Beginning of year, as restated	<u>1,380,822</u>	<u>2,716,086</u>	<u>217,779</u>	<u>4,309,026</u>
End of year	<u>\$ 1,721,020</u>	<u>\$ 2,574,683</u>	<u>\$ 382,250</u>	<u>\$ 9,077,882</u>

Special Revenue

Justice Department Grants	Municipal Accommodations Fee	SCE&G Non- Standard Service	Seized & Forfeited Assets	Stormwater Utility	Impact Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	6,147,246	-	-	-	-
-	-	556,249	-	6,528,803	-
-	-	-	37,550	-	-
497,884	-	-	22,088	67,945	-
-	-	-	-	-	-
-	-	-	-	-	241,055
-	6,664	996	1,178	2,830	1,670
-	-	-	-	19,683	-
-	-	28,833	6,510	1,716	-
<u>497,884</u>	<u>6,153,910</u>	<u>586,078</u>	<u>67,326</u>	<u>6,620,977</u>	<u>242,725</u>
-	30,702	-	-	2,662,359	-
659,999	-	-	185,662	-	-
-	-	-	-	-	77,850
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
32,179	-	-	-	149,010	-
-	-	-	-	462,415	-
-	-	-	-	13,762	-
-	-	-	-	-	-
<u>692,178</u>	<u>30,702</u>	<u>-</u>	<u>185,662</u>	<u>3,287,546</u>	<u>77,850</u>
<u>(194,294)</u>	<u>6,123,208</u>	<u>586,078</u>	<u>(118,336)</u>	<u>3,333,431</u>	<u>164,875</u>
194,294	-	-	-	122,807	-
-	(4,472,790)	-	-	(3,498,375)	-
-	-	-	-	12,547	-
-	-	-	-	29,590	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>194,294</u>	<u>(4,472,790)</u>	<u>-</u>	<u>-</u>	<u>(3,333,431)</u>	<u>-</u>
-	1,650,418	586,078	(118,336)	-	164,875
-	2,244,856	5,062,220	757,823	-	469,579
<u>\$ -</u>	<u>\$ 3,895,274</u>	<u>\$ 5,648,298</u>	<u>\$ 639,487</u>	<u>\$ -</u>	<u>\$ 634,454</u>

(Continued)

CITY OF CHARLESTON, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue		Capital Projects		
	Other Special Revenue	Land Sales	Certificates of Participation	Charleston Neck TIF	Public Safety Infrastructure
Revenues					
Taxes					
Property, net of tax increment financing districts	\$ -	\$ -	\$ -	\$ -	\$ 1,433,783
Tax increment financing districts	-	-	-	1,947,817	-
Other	-	-	-	-	-
Licenses, fees and permits	872,802	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental-federal	488,105	-	-	-	-
Intergovernmental-state and local-other	323,060	-	-	-	-
Charges for services	-	-	-	-	-
Revenues from use of money and property	46,932	37,106	78,383	4,230	16,967
Donations and settlements	44,678	-	-	200,000	-
Other	18,896	-	-	-	-
Total revenues	<u>1,794,473</u>	<u>37,106</u>	<u>78,383</u>	<u>2,152,047</u>	<u>1,450,750</u>
Expenditures					
Current					
General government	-	9,767	2,548	-	-
Public safety	344,900	-	-	-	-
Public service	-	-	-	-	-
Urban and community development	108,186	-	-	349,556	-
Culture and recreation	43,097	-	-	-	-
Community promotions	-	-	-	-	-
Health and welfare	167,152	-	-	-	-
Capital outlay	133,163	5,117,372	47,300	-	-
Debt service					
Principal retirement	-	-	1,550,835	821,301	-
Interest and fiscal charges	-	-	77,533	276,809	-
Bond issue costs	-	-	-	-	249,945
Total expenditures	<u>796,498</u>	<u>5,127,139</u>	<u>1,678,216</u>	<u>1,447,666</u>	<u>249,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>997,975</u>	<u>(5,090,033)</u>	<u>(1,599,833)</u>	<u>704,381</u>	<u>1,200,805</u>
Other financing sources (uses)					
Transfers in	89,989	-	1,628,377	-	-
Transfers out	(474,734)	(1,342,272)	(78,383)	-	(3,062,687)
Insurance recoveries	-	-	-	-	-
Proceeds from sale of capital assets	-	6,110,794	-	-	-
Proceeds from sale of property held for resale	-	-	-	-	-
Installment purchase revenue bonds issued	-	-	-	-	21,218,279
Premium on bonds issued	-	-	-	-	2,878,888
Total other financing sources (uses)	<u>(384,745)</u>	<u>4,768,522</u>	<u>1,549,994</u>	<u>-</u>	<u>21,034,480</u>
Net change in fund balances	<u>613,230</u>	<u>(321,511)</u>	<u>(49,839)</u>	<u>704,381</u>	<u>22,235,285</u>
Fund balances					
Beginning of year, as restated	2,041,326	6,969,779	2,613,717	3,345,057	-
End of year	<u>\$ 2,654,556</u>	<u>\$ 6,648,268</u>	<u>\$ 2,563,878</u>	<u>\$ 4,049,438</u>	<u>\$ 22,235,285</u>

Debt Service					Permanent Fund		Total Nonmajor Governmental Funds
Governor's Park	Waterfront TIF	Energy Performance	Affordable Housing	Other Debt Service	Irish Memorial Endowment		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,433,783	
-	1,368,952	-	-	-	-	3,316,769	
-	-	-	-	-	-	20,267,164	
-	-	-	-	-	-	7,957,854	
-	-	-	-	-	-	37,550	
-	-	-	-	-	-	3,151,455	
-	-	-	-	-	-	5,833,981	
-	-	-	-	-	-	241,055	
1,090	191	-	207,106	-	-	487,065	
-	-	-	-	-	50,000	486,253	
-	-	-	-	-	-	692,415	
<u>1,090</u>	<u>1,369,143</u>	<u>-</u>	<u>207,106</u>	<u>-</u>	<u>50,000</u>	<u>43,905,344</u>	
-	-	-	-	-	-	2,705,376	
-	-	-	-	-	-	1,328,035	
-	-	-	-	-	-	77,850	
-	-	-	-	-	-	2,589,970	
-	-	-	-	-	-	4,723,051	
-	-	-	-	-	-	2,048,895	
-	-	-	-	-	-	167,152	
-	-	-	-	-	-	5,479,024	
500,000	273,000	1,044,938	355,000	471,901	-	5,555,747	
22,500	23,614	188,071	206,676	75,330	-	887,636	
-	-	-	-	-	-	249,945	
<u>522,500</u>	<u>296,614</u>	<u>1,233,009</u>	<u>561,676</u>	<u>547,231</u>	<u>-</u>	<u>25,812,681</u>	
(521,410)	1,072,529	(1,233,009)	(354,570)	(547,231)	50,000	18,092,663	
179,723	-	1,233,010	-	547,231	-	4,349,431	
-	(835,600)	-	-	-	-	(22,733,498)	
-	-	-	-	-	-	12,547	
-	-	-	-	-	-	6,140,384	
-	-	-	-	-	-	228,682	
-	-	-	-	-	-	21,218,279	
-	-	-	-	-	-	2,878,888	
<u>179,723</u>	<u>(835,600)</u>	<u>1,233,010</u>	<u>-</u>	<u>547,231</u>	<u>-</u>	<u>12,094,713</u>	
(341,687)	236,929	1	(354,570)	-	50,000	30,187,376	
<u>341,687</u>	<u>2,384,038</u>	<u>334,893</u>	<u>9,087,719</u>	<u>-</u>	<u>-</u>	<u>44,276,407</u>	
\$ -	\$ 2,620,967	\$ 334,894	\$ 8,733,149	\$ -	\$ 50,000	\$ 74,463,783	

CITY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL ACCOMMODATIONS FEE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>
Revenues			
Other taxes	\$ 6,000,000	\$ 6,147,246	\$ 147,246
Revenues from use of money and property	3,200	6,664	3,464
Total revenues	<u>6,003,200</u>	<u>6,153,910</u>	<u>150,710</u>
Expenditures			
General government	<u>30,000</u>	<u>30,702</u>	<u>(702)</u>
Excess of revenues over expenditures	5,973,200	6,123,208	150,008
Other financing uses			
Transfers out	<u>(6,270,000)</u>	<u>(4,472,790)</u>	<u>1,797,210</u>
Net changes in fund balance	(296,800)	1,650,418	1,947,218
Fund balance			
Beginning of year	<u>2,244,856</u>	<u>2,244,856</u>	<u>-</u>
End of year	<u>\$ 1,948,056</u>	<u>\$ 3,895,274</u>	<u>\$ 1,947,218</u>

**CITY OF CHARLESTON, SOUTH CAROLINA
NONMAJOR PROPRIETARY FUNDS**

The Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private businesses, when the intent is for the cost of providing goods and services to be recovered, in whole or in part, through user charges; or where the City Council has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability or other purposes.

Angel Oak accounts for the operation and maintenance of the City-owned park containing a gift shop and historic tree which is located on Johns Island.

Charleston Visitor Center accounts for the operation and maintenance of the City-owned and operated tourism information center and gift shop.

Joseph P. Riley, Jr. Baseball Park accounts for the operations and maintenance of the City-owned and operated baseball park. This facility is the home for the Charleston RiverDogs, which is a Class A Minor League Baseball team of the New York Yankees.

Municipal Golf Course accounts for the operation and maintenance of the Charleston Municipal Golf Course on James Island.

Slave Mart Museum accounts for the operation and maintenance of a learning center, museum, and gift shop located on Chalmers Street.

CITY OF CHARLESTON, SOUTH CAROLINA

**COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2015**

	<u>Angel Oak</u>	<u>Charleston Visitor Center</u>	<u>J.P. Riley, Jr. Baseball Park</u>	<u>Municipal Golf Course</u>	<u>Slave Mart Museum</u>	<u>Total</u>
Assets						
Current assets						
Cash and cash equivalents	\$ 83,696	\$ 71,291	\$ 1,911,970	\$ 112,940	\$ 436,630	\$ 2,616,527
Other receivables	-	-	304,837	-	15,476	320,313
Due from state and local governments	-	-	-	13,704	-	13,704
Inventories, at cost	12,012	18,875	-	20,888	5,389	57,164
Prepaid items	-	-	-	9,023	-	9,023
Total current assets	<u>95,708</u>	<u>90,166</u>	<u>2,216,807</u>	<u>156,555</u>	<u>457,495</u>	<u>3,016,731</u>
Noncurrent assets						
Capital assets						
Land	127,900	-	2,600,000	142,264	65,156	2,935,320
Construction in progress	-	-	-	18,563	-	18,563
Buildings and improvements	-	-	21,474,246	3,145,876	857,997	25,478,119
Machinery and equipment	-	234,270	617,398	366,133	-	1,217,801
Less accumulated depreciation	-	(99,208)	(10,090,654)	(1,206,444)	(170,509)	(11,566,815)
Total noncurrent assets	<u>127,900</u>	<u>135,062</u>	<u>14,600,990</u>	<u>2,466,392</u>	<u>752,644</u>	<u>18,082,988</u>
Total assets	<u>223,608</u>	<u>225,228</u>	<u>16,817,797</u>	<u>2,622,947</u>	<u>1,210,139</u>	<u>21,099,719</u>
Deferred Outflows of Resources						
Pension	3,782	36,687	3,782	71,104	4,160	119,515
Total deferred outflows of resources	<u>3,782</u>	<u>36,687</u>	<u>3,782</u>	<u>71,104</u>	<u>4,160</u>	<u>119,515</u>
Liabilities						
Current liabilities						
Accounts payable	22,235	52,397	172,375	57,975	14,704	319,686
Accrued salaries and related benefits	1,573	15,379	2,167	29,126	3,576	51,821
Other accrued liabilities	-	68	-	35,012	-	35,080
Capital leases payable	-	-	-	13,008	-	13,008
Compensated absences payable	2,628	20,626	2,613	48,515	1,730	76,112
Deposits	-	5,900	-	-	-	5,900
Unearned revenue	-	-	-	261	-	261
Total current liabilities	<u>26,436</u>	<u>94,370</u>	<u>177,155</u>	<u>183,897</u>	<u>20,010</u>	<u>501,868</u>
Noncurrent liabilities						
Net pension liability	70,184	680,789	70,184	1,319,467	77,203	2,217,827
Capital leases payable	-	-	-	10,716	-	10,716
Advance from other funds	-	-	-	794,534	-	794,534
Compensated absences payable	2,744	-	6,561	21,670	-	30,975
Total noncurrent liabilities	<u>72,928</u>	<u>680,789</u>	<u>76,745</u>	<u>2,146,387</u>	<u>77,203</u>	<u>3,054,052</u>
Total liabilities	<u>99,364</u>	<u>775,159</u>	<u>253,900</u>	<u>2,330,284</u>	<u>97,213</u>	<u>3,555,920</u>
Deferred Inflows of Resources						
Pension	126	1,217	126	2,360	138	3,967
Total deferred inflows of resources	<u>126</u>	<u>1,217</u>	<u>126</u>	<u>2,360</u>	<u>138</u>	<u>3,967</u>
Net Position						
Net investment in capital assets	127,900	135,062	14,600,990	2,442,668	752,644	18,059,264
Unrestricted (deficit)	-	(649,523)	1,966,563	(2,081,261)	364,304	(399,917)
Total net position	<u>\$ 127,900</u>	<u>\$ (514,461)</u>	<u>\$ 16,567,553</u>	<u>\$ 361,407</u>	<u>\$ 1,116,948</u>	<u>\$ 17,659,347</u>

CITY OF CHARLESTON, SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Angel Oak	Charleston Visitor Center	J.P. Riley, Jr. Baseball Park	Municipal Golf Course	Slave Mart Museum	Total
Operating revenues						
Sales and services	\$ 196,722	\$ 301,686	\$ -	\$ 1,278,396	\$ 383,138	\$ 2,159,942
Revenues from use of monies and property	1,100	36,605	319,020	326,153	-	682,878
Intergovernmental-federal	-	-	-	13,704	-	13,704
Donations	7,964	-	-	-	-	7,964
Other	78	32	562	2,530	323	3,525
Total operating revenues	<u>205,864</u>	<u>338,323</u>	<u>319,582</u>	<u>1,620,783</u>	<u>383,461</u>	<u>2,868,013</u>
Operating expenses						
Cost of sales and services	85,872	131,580	-	232,116	23,727	473,295
Personnel services	53,202	537,516	57,568	972,478	64,929	1,685,693
Utilities	2,363	110,681	212,088	40,738	8,191	374,061
Repairs and maintenance	848	26,073	522,519	64,314	2,502	616,256
Supplies	839	28,886	3,434	133,708	2,533	169,400
Other operating expenses	73,034	129,756	108,678	246,114	86,521	644,103
Depreciation and amortization	-	4,150	623,593	107,083	17,160	751,986
Total operating expenses	<u>216,158</u>	<u>968,642</u>	<u>1,527,880</u>	<u>1,796,551</u>	<u>205,563</u>	<u>4,714,794</u>
Operating income (loss)	<u>(10,294)</u>	<u>(630,319)</u>	<u>(1,208,298)</u>	<u>(175,768)</u>	<u>177,898</u>	<u>(1,846,781)</u>
Nonoperating revenues (expenses)						
Interest expense	-	-	-	(1,310)	-	(1,310)
Gain on disposition of capital assets	-	-	-	6,753	-	6,753
Total nonoperating revenues, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,443</u>	<u>-</u>	<u>5,443</u>
Income (loss) before transfers	<u>(10,294)</u>	<u>(630,319)</u>	<u>(1,208,298)</u>	<u>(170,325)</u>	<u>177,898</u>	<u>(1,841,338)</u>
Transfers						
Transfers in	28,387	639,439	1,248,021	170,716	-	2,086,563
Transfers out	-	(9,120)	(39,724)	(391)	(126,216)	(175,451)
Total transfers	<u>28,387</u>	<u>630,319</u>	<u>1,208,297</u>	<u>170,325</u>	<u>(126,216)</u>	<u>1,911,112</u>
Change in net position	18,093	-	(1)	-	51,682	69,774
Net position, beginning of year, as restated	<u>109,807</u>	<u>(514,461)</u>	<u>16,567,554</u>	<u>361,407</u>	<u>1,065,266</u>	<u>17,589,573</u>
Net position, end of year	<u>\$ 127,900</u>	<u>\$ (514,461)</u>	<u>\$ 16,567,553</u>	<u>\$ 361,407</u>	<u>\$ 1,116,948</u>	<u>\$ 17,659,347</u>

CITY OF CHARLESTON, SOUTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Angel Oak	Charleston Visitor Center	J.P. Riley, Jr. Baseball Park	Municipal Golf Course	Slave Mart Museum	Total Nonmajor Enterprise Funds
Cash flows from operating activities						
Cash received from customers and users	\$ 205,864	\$ 338,323	\$ 322,143	\$ 1,605,845	\$ 369,153	\$ 2,841,328
Cash paid to suppliers	(151,218)	(401,010)	(715,087)	(699,454)	(121,031)	(2,087,800)
Cash paid to employees	(51,304)	(527,603)	(51,163)	(937,728)	(60,145)	(1,627,943)
Net cash provided by (used in) operating activities	<u>3,342</u>	<u>(590,290)</u>	<u>(444,107)</u>	<u>(31,337)</u>	<u>187,977</u>	<u>(874,415)</u>
Cash flows from noncapital financing activities						
Transfers in	28,387	639,439	1,248,021	170,716	-	2,086,563
Transfers out	-	(9,120)	(39,724)	(391)	(126,216)	(175,451)
Net cash provided by (used in) noncapital financing activities	<u>28,387</u>	<u>630,319</u>	<u>1,208,297</u>	<u>170,325</u>	<u>(126,216)</u>	<u>1,911,112</u>
Cash flows from capital and related financing activities						
Proceeds from disposal of capital assets	-	-	-	6,753	-	6,753
Acquisition and construction of capital assets	-	-	-	(7,805)	-	(7,805)
Principal payments on capital leases	-	-	-	(25,336)	-	(25,336)
Interest paid	-	-	-	(1,310)	-	(1,310)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,698)</u>	<u>-</u>	<u>(27,698)</u>
Net increase in cash and cash equivalents	31,729	40,029	764,190	111,290	61,761	1,008,999
Cash and cash equivalents						
Beginning of year	51,967	31,262	1,147,780	1,650	374,869	1,607,528
End of year	<u>\$ 83,696</u>	<u>\$ 71,291</u>	<u>\$ 1,911,970</u>	<u>\$ 112,940</u>	<u>\$ 436,630</u>	<u>\$ 2,616,527</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (10,294)	\$ (630,319)	\$ (1,208,298)	\$ (175,768)	\$ 177,898	\$ (1,846,781)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	-	4,150	623,593	107,083	17,160	751,986
(Increase) decrease in:						
Other receivables	-	-	2,561	-	(14,308)	(11,747)
Due from state and local governments	-	-	-	(13,704)	-	(13,704)
Prepaid items	-	-	-	(681)	-	(681)
Inventories	(2,195)	(867)	-	(3,895)	(2,762)	(9,719)
Deferred outflows of resources	(143)	(1,384)	(143)	(2,682)	(157)	(4,509)
Increase (decrease) in:						
Accounts payable	13,937	27,792	131,632	14,986	5,206	193,553
Accrued salaries and related benefits	429	3,164	609	4,895	2,303	11,400
Other accrued liabilities	(4)	66	-	7,126	(1)	7,187
Compensated absences payable	216	(5,406)	4,543	6,296	1,103	6,752
Unearned revenue	-	-	-	(1,234)	-	(1,234)
Deposits	-	(1,025)	-	-	-	(1,025)
Net pension liability	6,628	64,297	6,628	124,616	7,291	209,460
Deferred inflows of resources	(5,232)	(50,758)	(5,232)	(98,375)	(5,756)	(165,353)
Total adjustments	<u>13,636</u>	<u>40,029</u>	<u>764,191</u>	<u>144,431</u>	<u>10,079</u>	<u>972,366</u>
Net cash provided by (used in) operating activities	<u>\$ 3,342</u>	<u>\$ (590,290)</u>	<u>\$ (444,107)</u>	<u>\$ (31,337)</u>	<u>\$ 187,977</u>	<u>\$ (874,415)</u>

CITY OF CHARLESTON, SOUTH CAROLINA
AGENCY FUNDS

Agency funds are custodial in nature (assets equal liabilities) and, thus, do not represent the measurement or results of operations.

The Fireman's Insurance and Inspection Fund accounts for the receipt and disbursement of funds received from the State relating to the payment of one percent of the premiums received from all insurance companies collecting fire insurance premiums on properties within South Carolina.

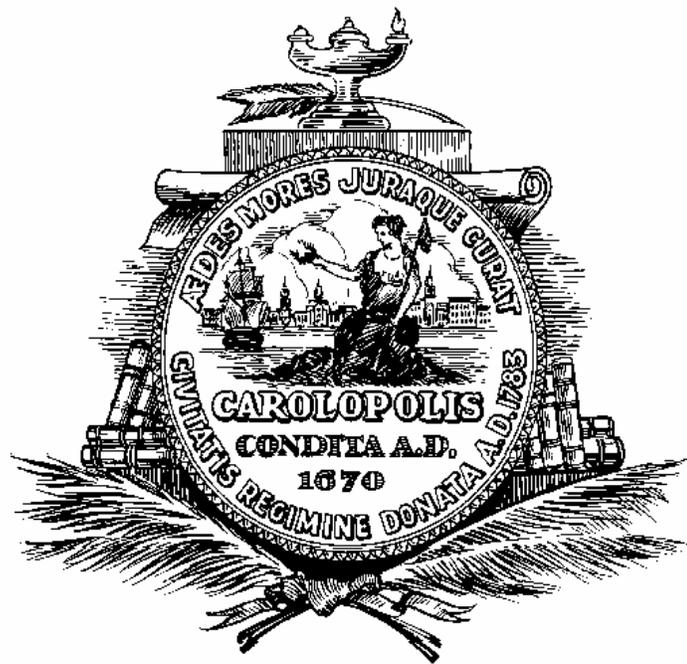
The Mother Emanuel Hope Fund accounts for the receipt and disbursement of funds received from donations for the victims of the Emanuel AME Church tragedy.

CITY OF CHARLESTON, SOUTH CAROLINA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
Firemen's Insurance and Inspection Fund				
Assets				
Cash and cash equivalents	\$ 852,235	\$ 801,357	\$ 817,291	\$ 836,301
Liabilities				
Accounts payable	\$ 852,235	\$ 801,357	\$ 817,291	\$ 836,301
Mother Emanuel Hope Fund				
Assets				
Cash and cash equivalents	\$ -	\$ 3,384,816	\$ 2,805,433	\$ 579,383
Liabilities				
Accounts payable	\$ -	\$ 3,384,816	\$ 2,805,433	\$ 579,383
Totals				
Assets				
Cash and cash equivalents	\$ 852,235	\$ 4,186,173	\$ 3,622,724	\$ 1,415,684
Liabilities				
Accounts payable	\$ 852,235	\$ 4,186,173	\$ 3,622,724	\$ 1,415,684

OTHER FINANCIAL INFORMATION

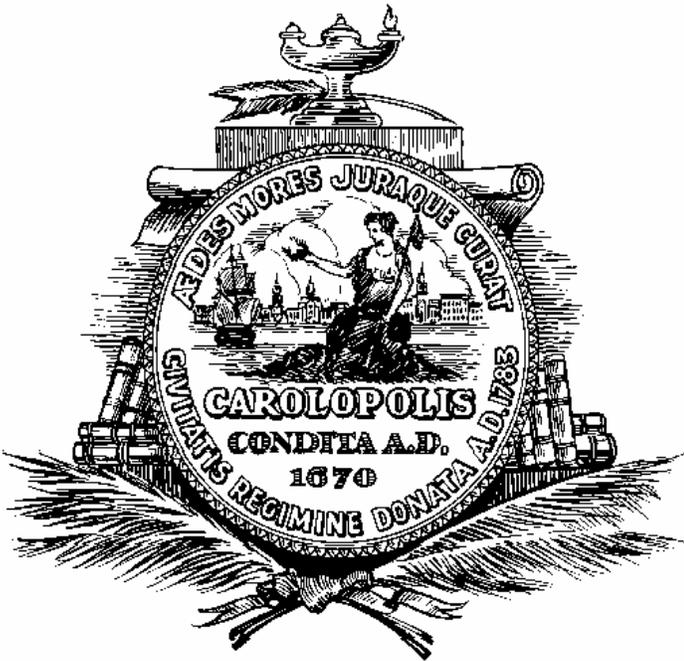


CITY OF CHARLESTON, SOUTH CAROLINA

SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES FOR THE YEAR ENDED DECEMBER 31, 2015

Revenues	
Collections	
Fines and assessments	\$ 932,105
Surcharges	<u>37,880</u>
Total collections	969,985
Remitted to State Treasurer	
Assessments	<u>865,699</u>
Revenues retained by the City	104,286
Expenditures	
Salaries and fringe benefits	
Coordinators - Victim Advocate Program	\$ 153,900
Automobile expense	5,226
Automotive equipment	43,449
Non-capital computer equipment	2,246
Victim expense	2,803
Memberships, dues and publications	2,600
Office supplies	438
Travel and training	3,400
Telephone	<u>2,433</u>
Total program expenses	<u>216,495</u>
Excess (deficiency) of revenues over expenditures before carryforward	(112,209)
Funds unused and carried forward from 2014	<u>44,077</u>
Excess (deficiency) of revenues over expenditures	<u><u>\$ (68,132)</u></u>

**STATISTICAL SECTION
(UNAUDITED)**



**CITY OF CHARLESTON, SOUTH CAROLINA
 STATISTICAL SECTION
 FOR THE YEAR ENDED DECEMBER 31, 2015**

This section of the City of Charleston, South Carolina’s comprehensive annual financial report presents detailed trend and other information as a context for understanding what the information in the basic financial statements, notes to the basic financial statements, required supplementary information and other supplementary information says about the City’s overall financial health.

Page

Financial Trends..... 113 – 117

These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

Revenue Capacity 118 – 123

These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.

Debt Capacity 124 – 130

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information 131 and 132

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

Operating Information..... 133 – 135

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

Bond Information 136 – 140

These schedules present information on the City’s principal and interest requirements to maturity for bonds for business-type, governmental and government-wide activities.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF CHARLESTON, SOUTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$292,544	\$327,288	\$366,510	\$391,363	\$413,524	\$440,438	\$479,834	\$499,166	\$569,363	\$616,321
Restricted	23,509	33,746	39,816	46,933	58,812	68,741	71,821	99,363	88,690	91,429
Unrestricted	59,284	55,665	36,957	23,101	32,580	34,801	41,843	47,906	44,289	(81,253)
Total governmental activities net position	<u>\$375,337</u>	<u>\$416,699</u>	<u>\$443,283</u>	<u>\$461,397</u>	<u>\$504,916</u>	<u>\$543,980</u>	<u>\$593,498</u>	<u>\$646,435</u>	<u>\$702,342</u>	<u>\$626,497</u>
Business-type activities										
Net investment in capital assets	\$ 56,558	\$ 63,918	\$ 65,448	\$ 68,745	\$ 70,167	\$ 73,915	\$ 73,522	\$ 74,646	\$ 75,855	\$ 78,518
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,832	3,154	2,864	5,356	9,149	10,400	12,677	7,244	13,606	11,488
Total business-type activities net position	<u>\$ 65,390</u>	<u>\$ 67,072</u>	<u>\$ 68,312</u>	<u>\$ 74,101</u>	<u>\$ 79,316</u>	<u>\$ 84,315</u>	<u>\$ 86,199</u>	<u>\$ 81,890</u>	<u>\$ 89,461</u>	<u>\$ 90,006</u>
Total government										
Net investment in capital assets	\$349,102	\$391,206	\$431,958	\$460,108	\$483,691	\$514,353	\$553,356	\$573,812	\$645,218	\$694,839
Restricted	23,509	33,746	39,816	46,933	58,812	68,741	71,821	99,363	88,690	91,429
Unrestricted	68,116	58,819	39,821	28,457	41,729	45,201	54,520	55,150	57,895	(69,765)
Total government net position	<u>\$440,727</u>	<u>\$483,771</u>	<u>\$511,595</u>	<u>\$535,498</u>	<u>\$584,232</u>	<u>\$628,295</u>	<u>\$679,697</u>	<u>\$728,325</u>	<u>\$791,803</u>	<u>\$716,503</u>

CITY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 26,598	\$ 35,091	\$ 40,621	\$ 34,921	\$ 37,406	\$ 38,084	\$ 37,345	\$ 37,729	\$ 34,305	\$ 41,334
Public safety	52,070	56,519	63,258	62,917	67,293	68,390	70,124	73,474	79,413	81,342
Public service	10,498	11,070	12,631	11,461	11,065	11,980	11,327	11,195	12,154	11,869
Urban and community development	4,289	6,085	9,724	16,393	8,128	6,682	5,900	6,532	4,610	5,260
Culture and recreation	16,904	18,325	19,057	16,821	16,323	16,657	18,561	19,407	27,667	21,804
Community promotions	1,499	1,634	1,907	1,583	1,658	2,998	2,063	2,635	2,699	2,814
Health and welfare	879	970	1,006	915	664	849	749	910	880	1,036
Business development and assistance	299	334	357	699	446	1,031	911	1,017	971	997
Interest and fiscal charges	3,668	3,593	4,971	4,519	3,821	3,372	4,025	4,526	5,242	4,989
Total governmental activities	<u>116,704</u>	<u>133,621</u>	<u>153,532</u>	<u>150,229</u>	<u>146,804</u>	<u>150,043</u>	<u>151,005</u>	<u>157,425</u>	<u>167,941</u>	<u>171,445</u>
Business-type activities:										
Parking Facilities	8,964	10,050	11,499	11,094	10,706	11,041	11,476	11,435	12,032	12,560
J.P. Riley, Jr. Baseball Park	948	984	927	967	943	937	991	1,061	1,239	1,528
Angel Oak	175	196	184	193	202	209	206	211	217	216
Charleston Visitor Center	820	952	1,011	905	776	773	892	959	987	969
City Market	102	101	370	810	1,152	1,478	1,771	1,787	1,807	1,911
Municipal Auditorium	1,377	1,415	1,583	1,424	1,332	1,422	1,074	-	-	-
Municipal Golf Course	1,645	1,817	1,819	1,924	1,643	1,760	1,796	1,658	1,653	1,791
Slave Mart Museum	113	136	191	153	163	170	176	175	195	205
Total business-type expenses	<u>14,144</u>	<u>15,651</u>	<u>17,584</u>	<u>17,470</u>	<u>16,917</u>	<u>17,790</u>	<u>18,382</u>	<u>17,286</u>	<u>18,130</u>	<u>19,180</u>
Total expenses	<u>\$ 130,848</u>	<u>\$ 149,272</u>	<u>\$ 171,116</u>	<u>\$ 167,699</u>	<u>\$ 163,721</u>	<u>\$ 167,833</u>	<u>\$ 169,387</u>	<u>\$ 174,711</u>	<u>\$ 186,071</u>	<u>\$ 190,625</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 30,632	\$ 33,748	\$ 34,622	\$ 33,161	\$ 31,573	\$ 32,204	\$ 32,473	\$ 33,495	\$ 35,860	\$ 37,805
Public safety	4,494	4,778	4,376	3,274	3,625	3,620	3,610	4,661	4,872	4,978
Culture and recreation	2,968	3,000	3,143	2,592	2,928	2,880	2,849	2,910	2,924	2,672
Other activities	1,175	1,195	1,177	1,040	1,085	1,216	1,331	1,382	1,752	1,518
Operating grants and contributions	5,213	6,110	5,551	7,392	10,213	7,682	6,808	4,633	3,924	4,669
Capital grants and contributions	11,316	23,478	21,024	8,053	18,857	18,760	23,013	21,645	36,868	32,678
Total governmental activities program revenues	<u>55,798</u>	<u>72,309</u>	<u>69,893</u>	<u>55,512</u>	<u>68,281</u>	<u>66,362</u>	<u>70,084</u>	<u>68,726</u>	<u>86,200</u>	<u>84,320</u>
Business-type activities:										
Charges for services:										
Parking Facilities	14,033	14,176	14,993	16,187	16,685	17,735	19,244	20,675	22,486	22,693
City Market	564	564	816	1,497	1,548	1,675	2,047	2,113	2,161	2,207
Other activities	3,071	3,333	3,277	2,966	2,816	3,116	3,102	2,845	2,612	2,846
Operating grants and contributions	-	-	7	8	9	14	10	9	7	22
Capital grants and contributions	1,388	857	-	2,050	7	86	117	-	228	1,405
Total business-type activities program revenues	<u>19,056</u>	<u>18,930</u>	<u>19,093</u>	<u>22,708</u>	<u>21,065</u>	<u>22,626</u>	<u>24,520</u>	<u>25,642</u>	<u>27,494</u>	<u>29,173</u>
Total program revenues	<u>\$ 74,854</u>	<u>\$ 91,239</u>	<u>\$ 88,986</u>	<u>\$ 78,220</u>	<u>\$ 89,346</u>	<u>\$ 88,988</u>	<u>\$ 94,604</u>	<u>\$ 94,368</u>	<u>\$ 113,694</u>	<u>\$ 113,493</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense)/revenue										
Governmental activities	\$ (60,906)	\$ (61,312)	\$ (83,639)	\$ (94,717)	\$ (78,523)	\$ (83,681)	\$ (80,921)	\$ (88,699)	\$ (81,741)	\$ (87,125)
Business-type activities	4,912	3,279	1,509	5,238	4,148	4,836	6,138	8,356	9,364	9,993
Total net expense	<u>\$ (55,994)</u>	<u>\$ (58,033)</u>	<u>\$ (82,130)</u>	<u>\$ (89,479)</u>	<u>\$ (74,375)</u>	<u>\$ (78,845)</u>	<u>\$ (74,783)</u>	<u>\$ (80,343)</u>	<u>\$ (72,377)</u>	<u>\$ (77,132)</u>
General Revenues and Other Changes										
Governmental activities:										
Taxes										
Property, net of tax increment financing districts	\$ 43,730	\$ 46,097	\$ 54,868	\$ 57,218	\$ 56,597	\$ 57,347	\$ 62,884	\$ 62,127	\$ 64,342	\$ 68,307
Tax increment financing districts	6,685	7,336	8,601	10,447	10,172	11,009	11,492	6,930	7,498	9,274
Hospitality	9,100	9,633	9,551	9,200	9,804	10,605	11,482	12,395	13,237	14,120
Accommodations	7,288	8,087	8,160	6,886	7,000	8,375	9,586	10,932	12,175	13,101
Franchise	6,499	6,823	7,382	11,637	12,512	12,551	13,001	13,688	14,581	14,730
Penalties	213	325	307	440	471	303	405	526	346	429
Grants and contributions not restricted to specific programs	16,704	17,069	16,144	15,809	15,054	16,650	18,567	19,946	20,807	20,487
Unrestricted revenue from use of money and property	3,539	4,268	2,256	1,635	1,655	2,027	2,181	2,242	2,678	2,301
Gain (loss) on disposition of assets	5,130	1,158	2,439	55	9,670	3,188	(11)	-	38	133
Miscellaneous	216	13	197	19	128	817	332	169	141	121
Transfers	609	1,865	318	(515)	(1,021)	(127)	770	12,680	1,806	5,065
Total governmental activities	<u>99,713</u>	<u>102,674</u>	<u>110,223</u>	<u>112,831</u>	<u>122,042</u>	<u>122,745</u>	<u>130,689</u>	<u>141,635</u>	<u>137,649</u>	<u>148,068</u>
Business-type activities:										
Unrestricted revenue from use of money and property	230	254	48	36	39	36	22	16	12	23
Gain (loss) on disposition of assets	7,139	13	1	-	7	-	(3,368)	-	-	-
Transfers	(609)	(1,865)	(318)	515	1,021	127	(770)	(12,680)	(1,806)	(5,065)
Total business-type activities	<u>6,760</u>	<u>(1,598)</u>	<u>(269)</u>	<u>551</u>	<u>1,067</u>	<u>163</u>	<u>(4,116)</u>	<u>(12,664)</u>	<u>(1,794)</u>	<u>(5,042)</u>
Total government	<u>\$ 106,473</u>	<u>\$ 101,076</u>	<u>\$ 109,954</u>	<u>\$ 113,382</u>	<u>\$ 123,109</u>	<u>\$ 122,908</u>	<u>\$ 126,573</u>	<u>\$ 128,971</u>	<u>\$ 135,855</u>	<u>\$ 143,026</u>
Change in Net Position										
Governmental activities	\$ 38,807	\$ 41,362	\$ 26,584	\$ 18,114	\$ 43,519	\$ 39,064	\$ 49,768	\$ 52,936	\$ 55,908	\$ 60,943
Business-type activities	11,672	1,681	1,240	5,789	5,215	4,999	2,022	(4,308)	7,570	4,951
Total change in net position	<u>\$ 50,479</u>	<u>\$ 43,043</u>	<u>\$ 27,824</u>	<u>\$ 23,903</u>	<u>\$ 48,734</u>	<u>\$ 44,063</u>	<u>\$ 51,790</u>	<u>\$ 48,628</u>	<u>\$ 63,478</u>	<u>\$ 65,894</u>

Table 3

CITY OF CHARLESTON, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011*	2012	2013	2014	2015
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ 46	\$ 85	\$ 160	\$ 832
Restricted	-	-	-	-	-	2	12	19	17	1
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	2,034	8,347	15,462	14,753	19,598
Unassigned	-	-	-	-	-	20,445	21,355	27,356	30,593	31,377
Reserved	104	182	92	41	50	-	-	-	-	-
Unreserved	27,298	28,282	24,842	23,414	23,572	-	-	-	-	-
Total general fund	<u>\$ 27,402</u>	<u>\$ 28,464</u>	<u>\$ 24,934</u>	<u>\$ 23,455</u>	<u>\$ 23,622</u>	<u>\$ 22,521</u>	<u>\$ 29,760</u>	<u>\$ 42,922</u>	<u>\$ 45,523</u>	<u>\$ 51,808</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,327	\$ 11,851	\$ 11,047	\$ 10,714	\$ 12,475
Restricted	-	-	-	-	-	67,025	136,191	145,090	144,854	161,661
Committed	-	-	-	-	-	12,936	407	410	335	335
Assigned	-	-	-	-	-	25,108	19,839	11,033	7,436	5,183
Unassigned	-	-	-	-	-	(99)	(44)	-	-	(7)
Reserved	21,801	32,510	27,027	19,027	36,137	-	-	-	-	-
Unreserved, reported in:										
Debt service funds	1,468	1,539	1,335	1,616	1,737	-	-	-	-	-
Special revenue funds	20,873	30,757	22,226	17,496	31,671	-	-	-	-	-
Capital project funds	28,509	35,006	38,712	40,854	43,894	-	-	-	-	-
Total all other governmental funds	<u>\$ 72,651</u>	<u>\$ 99,812</u>	<u>\$ 89,300</u>	<u>\$ 78,993</u>	<u>\$ 113,439</u>	<u>\$ 117,297</u>	<u>\$ 168,244</u>	<u>\$ 167,580</u>	<u>\$ 163,339</u>	<u>\$ 179,647</u>

*As of December 31, 2011, fund balance classifications changed with the implementation of GASB 54.

Table 4

CITY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 64,312	\$ 67,337	\$ 75,910	\$ 79,960	\$ 80,459	\$ 82,050	\$ 90,402	\$ 88,155	\$ 90,581	\$ 97,975
Licenses, fees and permits	41,538	44,821	44,910	43,559	45,073	48,506	49,104	51,763	55,461	57,034
Fines and forfeitures	1,639	1,847	2,158	2,018	1,805	1,778	1,646	1,798	1,602	1,372
Intergovernmental	25,203	26,261	36,151	32,136	29,901	31,922	37,242	28,861	29,866	33,887
Charges for services	1,861	1,910	2,027	2,188	2,342	3,002	3,022	3,027	3,176	2,900
Revenues from use of money and property	4,172	4,590	2,435	1,886	2,167	2,285	2,369	2,446	2,828	2,290
Donations and settlements	455	3,107	4,813	1,271	2,155	5,224	8,052	16,191	27,427	14,488
Other	2,080	2,282	2,171	1,713	2,787	3,169	1,790	1,555	1,584	1,406
Total revenues	141,260	152,155	170,575	164,731	166,689	177,936	193,627	193,796	212,525	211,352
Expenditures										
General government	25,042	31,556	36,972	30,528	29,365	32,081	32,206	33,093	34,307	37,255
Public safety	50,045	53,092	60,113	59,206	63,428	65,648	67,693	70,644	76,070	76,297
Public service	10,476	10,439	11,901	10,706	10,198	11,289	10,514	10,299	11,430	10,950
Urban and community development	4,446	7,190	11,109	16,722	8,478	6,669	6,330	7,103	4,987	5,379
Culture and recreation	16,196	17,611	18,459	16,116	16,934	18,151	17,400	18,511	25,699	21,183
Community promotions	1,496	1,632	1,900	1,582	1,655	1,723	2,057	2,637	2,696	2,810
Health and welfare	860	950	985	898	646	805	662	810	858	1,009
Business development and assistance	299	334	357	663	660	724	864	960	907	942
Capital outlay	30,439	21,893	41,127	29,151	15,209	23,470	41,414	73,244	80,776	54,403
Debt service										
Principal	12,228	16,420	12,907	23,196	11,698	27,439	11,871	36,556	16,029	17,293
Interest	3,668	3,618	4,366	4,024	3,721	3,371	3,092	4,674	5,501	5,041
Other charges	-	788	16	180	83	62	416	222	561	250
Total expenditures	155,195	165,523	200,212	192,972	162,075	191,432	194,519	258,753	259,821	232,812
Excess of revenues over (under) expenditures	(13,935)	(13,368)	(29,637)	(28,241)	4,614	(13,496)	(892)	(64,957)	(47,296)	(21,460)
Other financing sources (uses)										
Transfers in	27,694	26,349	29,380	22,223	20,627	33,295	34,708	51,450	52,142	40,313
Transfers out	(26,924)	(23,886)	(29,053)	(22,738)	(21,648)	(33,422)	(33,938)	(38,892)	(50,337)	(35,231)
Insurance recoveries	142	151	176	365	235	286	250	343	262	351
GO bonds issued	-	10,000	-	-	19,000	-	-	-	22,000	-
Refunding bonds issued	-	-	-	-	-	5,706	-	-	13,210	-
Payments to refunding bond escrow agent	-	-	-	-	-	-	-	-	(13,210)	-
Spec. redevpt. bonds issued	-	10,000	-	15,600	-	13,600	-	44,100	-	-
Revenue bonds issued	-	-	-	-	-	-	46,725	-	10,000	-
Installment purchase revenue bonds issued	-	-	-	-	-	-	-	-	-	21,218
Premium on bonds issued	-	10	-	-	70	-	5,139	-	1,039	2,879
Discount on bonds issued	-	(125)	-	-	-	-	-	-	-	-
Bond anticipation note issuance	-	-	1,875	-	-	-	-	-	-	-
Note issuance	1,350	12,831	4,574	-	-	-	-	13,821	-	-
Payments to refund/refinance debt	-	-	-	(1,875)	-	(5,684)	-	-	-	-
Capital lease issuance	7,129	3,703	4,028	2,850	1,418	2,018	5,737	5,748	5,113	5,796
Sale of capital assets	6,874	2,557	4,615	30	10,297	454	456	201	4,180	6,419
Sale of property held for resale	-	-	-	-	-	-	-	685	1,256	229
Total other financing sources (uses)	16,265	41,590	15,595	16,455	29,999	16,253	59,077	77,456	45,655	41,974
Net change in fund balances	\$ 2,330	\$ 28,222	\$ (14,042)	\$ (11,786)	\$ 34,613	\$ 2,757	\$ 58,185	\$ 12,499	\$ (1,641)	\$ 20,514
Debt service as a percentage of noncapital expenditures	13.2%	14.0%	11.1%	16.7%	10.6%	18.5%	9.8%	22.3%	12.2%	12.8%

Table 5

CITY OF CHARLESTON, SOUTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Tax Increment Financing Districts	Hospitality Tax	Accommodations Tax	Franchise Tax	Penalties	Total
2006	\$ 43,730	\$ 6,685	\$ 9,100	\$ 7,288	\$ 6,499	\$ 213	\$ 73,515
2007	46,097	7,336	9,633	8,087	6,823	325	78,301
2008	54,868	8,601	9,551	8,160	7,382	307	88,869
2009	57,218	10,447	9,200	6,886	11,637	440	95,828
2010	56,597	10,172	9,804	7,000	12,512	471	96,556
2011	57,347	11,009	10,605	8,375	12,551	303	100,190
2012	62,884	11,491	11,482	9,586	13,001	405	108,849
2013	62,127	6,930	12,396	10,932	13,688	526	106,599
2014	64,342	7,498	13,237	12,175	14,581	346	112,179
2015	68,307	9,274	14,120	13,101	14,730	429	119,961

Table 6

**CITY OF CHARLESTON, SOUTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)**

Fiscal Year	Property Tax	Tax Increment Financing Districts	Hospitality Tax	Accommodations Tax	Total
2006	\$ 44,958	\$ 6,717	\$ 9,100	\$ 3,537	\$ 64,312
2007	46,893	6,917	9,633	3,894	67,337
2008	54,107	8,376	9,551	3,876	75,910
2009	57,106	10,286	9,200	3,367	79,959
2010	56,620	10,283	9,804	3,751	80,458
2011	56,668	10,701	10,605	4,076	82,050
2012	63,396	10,923	11,482	4,601	90,402
2013	62,460	8,132	12,396	5,169	88,157
2014	64,115	7,479	13,237	5,751	90,582
2015	68,528	9,180	14,120	6,147	97,975

Table 7

**CITY OF CHARLESTON, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property	Personal Property	Motor Vehicles	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Actual Tax Value
Charleston County:							
2006	\$ 602,763,367	\$ 52,099,992	\$ 40,479,587	\$ 695,342,946	75.8	\$ 13,062,266,996	5.32%
2007	626,792,778	57,129,356	42,596,085	726,518,219	75.8	13,622,635,924	5.33%
2008	683,709,170	66,907,570	47,049,130	797,665,870	79.1	14,902,607,044	5.35%
2009	705,878,049	69,287,420	45,432,656	820,598,125	79.1	15,353,812,321	5.34%
2010	699,368,898	73,486,960	40,043,727	812,899,585	79.1	15,238,613,354	5.33%
2011	770,749,733	68,792,590	38,946,986	878,489,309	78.8	16,538,759,636	5.31%
2012	779,203,499	68,914,626	35,552,190	883,670,315	78.8	16,699,084,003	5.29%
2013	777,201,272	60,272,200	49,399,738	886,873,210	82.3	16,903,267,844	5.25%
2014	801,252,925	65,042,980	47,449,443	913,745,348	82.3	17,349,867,906	5.27%
2015	888,302,403	74,386,660	51,228,550	1,013,917,613	81.6	19,195,219,806	5.28%
Berkeley County:							
2006	\$ 61,601,080	\$ 2,955,250	\$ 4,325,150	\$ 68,881,480	75.8	\$ 1,152,413,282	5.98%
2007	69,506,550	3,134,460	4,551,820	77,192,830	75.8	1,351,300,025	5.71%
2008	90,471,360	3,995,880	4,882,360	99,349,600	79.1	1,720,749,665	5.77%
2009	99,309,770	4,852,690	5,088,670	109,251,130	79.1	2,092,543,095	5.22%
2010	98,178,510	4,954,280	4,550,640	107,683,430	79.1	2,107,248,673	5.11%
2011	94,581,860	4,882,390	5,966,660	105,430,910	78.8	2,070,233,075	5.09%
2012	96,024,730	7,018,760	6,004,430	109,047,920	78.8	2,131,742,854	5.12%
2013	97,842,000	7,499,040	7,016,960	112,358,000	82.3	2,196,887,361	5.11%
2014	108,569,540	7,064,320	8,013,860	123,647,720	82.3	2,438,178,860	5.07%
2015	112,153,700	7,383,960	9,337,540	128,875,200	81.6	2,589,288,128	4.98%

Source: Charleston and Berkeley County Auditors

Note 1 Property was last reassessed in 2015 for Charleston County and in 2014 for Berkeley County. Tax rates are per \$1,000 of assessed value.

Note 2 In 1989, the State passed legislation that exempted business inventory from property tax. The assessed value of the exempted inventory for 1990 was \$6,275,150. In place of the property tax, the State now pays the City, through State shared revenues, the amount of tax that was received in 1988. This amount is frozen for all future years at the 1988 level. This amount has not been included in the above values.

Note 3 Under SC law all real property is appraised at actual market value and then adjusted to reflect the county-wide composite average of appraised value to sales for the prior year, to arrive at assessed value. This value of both real estate and personal property is then adjusted to a taxable value of between 4% and 10.5%, depending on the type of property. This is used to determine the legal debt margin.

Table 8

**CITY OF CHARLESTON, SOUTH CAROLINA
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Rate per \$1,000 of Assessed Value)**

Fiscal Year	Overlapping Rates												
	City of Charleston				Charleston County					Berkeley County			
	Operating	Drainage	Public Safety Infra-Structure	Total Direct Rate	Charleston County Government	Parks & Recreation Commission	Trident Technical College	School Board	Total	Berkeley County Government	Trident Technical College	School Board	Total
2006	73.8	2.0	0.0	75.8	46.8	5.6	2.0	106.4	160.8	50.0	3.5	185.0	238.5
2007	73.8	2.0	0.0	75.8	46.8	5.6	2.0	113.6	168.0	51.0	3.5	191.6	246.1
2008	77.1	2.0	0.0	79.1	46.8	5.6	2.0	122.6	177.0	51.0	3.5	191.6	246.1
2009	77.1	2.0	0.0	79.1	46.8	5.6	2.0	126.6	181.0	50.0	3.5	186.9	240.4
2010	77.1	2.0	0.0	79.1	46.8	5.6	2.0	126.6	181.0	50.0	3.5	186.9	240.4
2011	76.8	2.0	0.0	78.8	45.2	5.4	2.4	126.5	179.5	50.0	3.5	186.9	240.4
2012	76.8	2.0	0.0	78.8	46.0	5.4	2.4	126.5	180.3	50.0	3.5	186.9	240.4
2013	80.3	2.0	0.0	82.3	46.8	5.4	2.4	126.5	181.1	49.8	3.8	201.9	255.4
2014	80.3	2.0	0.0	82.3	46.8	5.4	2.9	126.5	181.6	50.5	3.4	207.9	261.8
2015	78.1	2.0	1.5	81.6	50.8	5.6	2.9	126.7	186.0	50.5	3.4	224.9	278.8

Overlapping rates are those of local and county governments that apply to property owners within the City of Charleston. Not all overlapping rates apply to all City of Charleston property owners.

These tax rates do not reflect the impact of the Local Option Sales Tax, which began July 1, 1991. Revenues from the 1% Local Option Sales Tax are applied as credits to the tax bills. The credit is calculated on the appraised value of the property. The rates above also do not reflect property tax relief to homeowners available from the state to partially offset school board millage.

Beginning in 2007, SC State Law limits the amount a municipality may increase its millage rate to an amount based on the prior year average of the monthly Consumer Price Indexes, plus a percentage increase based on population. This limitation may be increased upon a two-thirds vote of the governing body for certain purposes including a prior year deficiency, catastrophic events, a court order or decree, certain taxpayer closures, and compliance with federal or state regulations.

Table 9

**CITY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
DECEMBER 31, 2015**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric and Gas	\$ 21,702,650	1	1.89%	\$ 11,812,200	1	1.53%
Charleston Center Hotel, LLC	5,759,770	2	0.50%	6,175,880	3	0.80%
HSRE-DC Campus Center, LLC	3,531,420	3	0.31%			
Kinder Morgan Operating, LP	3,186,832	4	0.28%	3,144,496	5	0.41%
BellSouth Telecomm (Southern Bell)	3,162,340	5	0.28%	6,633,230	2	0.86%
Meeting Street Realty Company, LLC	3,139,580	6	0.27%			
TS Talison Row, LLC	2,819,340	7	0.25%			
Avenues at Verdier Pointe, LLC	2,423,140	8	0.21%			
Charleston Financial Center, LLC	2,361,180	9	0.21%			
Grace Hospitality, LLC	2,299,920	10	0.20%			
2070 Sam Rittenberg Blvd (formerly Charleston Joint Venture/Citadel Mall)				4,106,870	4	0.53%
American Commercial				3,081,330	6	0.40%
Rhodia				2,670,170	7	0.35%
Evening Post Publishing Co.				2,641,690	8	0.34%
Charleston Mills House Hotel				1,570,564	9	0.20%
Duck Pond, LLC				1,332,590	10	0.17%
Totals	<u>\$ 50,386,172</u>		<u>4.40%</u>	<u>\$ 43,169,020</u>		<u>5.59%</u>

Source: Charleston and Berkeley County Treasurers' Offices

Table 10

**CITY OF CHARLESTON, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year (a)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
CHARLESTON COUNTY:						
2006	\$ 42,057,524	\$ 40,618,701	96.6%	\$ 1,438,376	\$ 42,057,077	100.0%
2007	44,573,318	42,179,585	94.6%	2,393,023	44,572,608	100.0%
2008	52,076,517	48,885,147	93.9%	3,183,055	52,068,202	100.0%
2009	55,081,247	51,545,102	93.6%	3,480,358	55,025,460	99.9%
2010	54,552,350	51,610,985	94.6%	2,845,661	54,456,646	99.8%
2011	58,559,315	55,575,957	94.9%	2,819,698	58,395,655	99.7%
2012	58,203,685	55,676,869	95.7%	2,301,337	57,978,206	99.6%
2013	60,633,061	55,319,739	91.2%	4,993,782	60,313,521	99.5%
2014	62,448,587	56,630,389	90.7%	5,321,443	61,951,832	99.2%
2015	67,856,178	27,718,838 (b)	(b)	(b)	27,718,838	(b)
BERKELEY COUNTY:						
2006	\$ 5,532,378	\$ 5,361,202	96.9%	\$ 169,308	\$ 5,530,510	100.0%
2007	5,942,047	5,647,618	95.0%	287,377	5,934,995	99.9%
2008	7,245,368	6,793,733	93.8%	443,097	7,236,830	99.9%
2009	8,258,598	7,697,317	93.2%	553,071	8,250,388	99.9%
2010	8,123,821	7,702,326	94.8%	406,768	8,109,094	99.8%
2011	7,918,372	7,523,081	95.0%	380,260	7,903,341	99.8%
2012	7,519,180	7,272,381	96.7%	236,908	7,509,289	99.9%
2013	8,002,494	7,723,106	96.5%	268,232	7,991,338	99.9%
2014	8,699,741	8,400,576	96.6%	276,499	8,677,075	99.7%
2015	9,155,171	6,135,760 (b)	(b)	(b)	6,135,760	(b)

(a) Net of local option sales tax credits, includes two mills for drainage. Starting in 2015, also includes one and a half mills for public safety infrastructure.

(b) 2015 taxes became delinquent March 16, 2016. The due date for automobiles is staggered and is billed throughout the succeeding year.

**CITY OF CHARLESTON, SOUTH CAROLINA
STORMWATER SYSTEM CONTINUING DISCLOSURE
DECEMBER 31, 2015**

NUMBER OF CUSTOMERS

Set forth below is a table showing the Stormwater System's average number of customers for Fiscal Years 2011 through 2015:

<u>Year</u>	<u>Average Number of Customers</u>
2011	38,109
2012	38,476
2013	39,310
2014	40,218
2015	41,181

LARGEST ACCOUNTS

Set forth below is a table based upon unaudited results of operations showing the ten largest customers of the Stormwater System for Fiscal Year 2015:

<u>Customer</u>	<u>Revenue</u>	<u>Percentage of Stormwater Fees</u>
City of Charleston	\$120,281	1.87%
S.C. State Ports Authority	73,975	1.15%
Medical University of South Carolina	63,649	0.99%
College of Charleston	42,417	0.66%
Charleston Housing Authority	34,074	0.53%
Bon Secours-St. Francis Hospital	24,656	0.38%
Bishop Gadsden Episcopal Community	24,137	0.37%
Wal-Mart Stores Inc.	24,133	0.37%
Concord West of the Ashley	22,896	0.36%
Ashley Oaks Apartments	22,680	0.35%
	<u>\$452,898</u>	<u>7.03%</u>

FEE STRUCTURE

Pursuant to the Stormwater Ordinance, the System is funded in part from monthly fees (the "Stormwater Fee") imposed upon all owners of developed property (other than properties that are designated for homestead exemptions) in the City. Stormwater Fees are established as a function of the assumed amount of impervious surface area (such as streets, parking lots, sidewalks and roofs) for developed property. All developed properties in the City have been classified as (i) single family residential, (ii) multi-family residential or (iii) non-residential.

Monthly fees for all developed property, whether occupied or vacant, are as follows:

- a) single family residential property is charged a fee of the base rate, which is currently \$6.00 per month (the "Base Rate"), times one equivalent residential unit (ERU) of 2,200 square feet regardless of the size of the parcel or the improvements;
- b) multi-family residential property is charged a fee of 75% of the Base Rate for each dwelling unit; and
- c) non-residential property is charged the Base Rate per ERU. The minimum fee for any nonresidential property is the Base Rate. The City may make adjustments to the fee amount for nonresidential properties for which private stormwater facilities exist.

Table 12

CITY OF CHARLESTON, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities									Business-Type Activities					Total Government	Percentage of Personal Income [1]	Per Capita [1]
	General Obligation Bonds	Special Redevelopment Bonds	Certificates of Participation	Revenue Bonds	Installment Purchase Revenue Bonds	Notes	Bond Anticipation Notes	Capital Leases	Intergovernmental Agreement	General Obligation Bonds	Certificates of Participation	Revenue Bonds	Installment Purchase Revenue Bonds	Capital Leases			
2006	\$ 30,864	\$ 12,756	\$ 11,751	\$ 4,700	\$ -	\$ 5,481	\$ -	\$ 12,149	\$ -	\$ 10,708	\$ 4,355	\$ 11,979	\$ -	\$ -	\$ 104,743	2.81%	\$ 884
2007	36,008	20,925	10,659	4,175	-	15,385	-	10,585	-	9,085	3,965	11,230	-	-	122,017	3.02%	1,006
2008	32,085	19,301	9,506	3,650	-	19,381	1,875	9,625	-	7,389	3,548	10,392	-	26	116,778	2.70%	944
2009	28,039	23,239	8,309	3,125	-	18,037	-	8,126	-	24,198	3,112	9,420	-	190	125,795	2.79%	1,010
2010	43,603	21,533	7,077	2,600	-	17,329	-	5,560	1,125	21,631	2,660	13,853	-	136	137,107	3.14%	1,092
2011	40,001	17,827	5,800	2,075	-	16,405	-	3,800	750	18,840	2,187	12,521	-	110	120,316	2.75%	980
2012	37,108	15,122	4,452	53,414	-	14,756	-	6,790	375	16,692	1,684	11,207	-	110	161,710	3.46%	1,287
2013	34,994	44,916	3,067	52,461	-	13,828	-	9,096	-	15,940	1,175	9,852	-	54	185,383	3.65%	1,440
2014	55,885	40,922	1,558	60,181	-	11,568	-	9,898	-	15,139	597	8,459	-	49	204,256	3.73%	1,529
2015	53,085	36,848	-	57,084	24,097	10,415	-	10,520	-	14,290	-	7,034	10,737	24	224,134	3.95%	1,631

125 [1] See the Schedule of Demographic and Economic Statistics in Table 17 for personal income and population status.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Above amounts are reflected net of unamortized premiums.

CITY OF CHARLESTON, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property [1]</u>	<u>Per Capita [2]</u>
2006	\$ 41,572	\$ 7	\$ 41,565	0.29%	\$ 351
2007	45,093	8	45,085	0.30%	372
2008	39,474	-	39,474	0.24%	319
2009	52,237	-	52,237	0.30%	419
2010	65,235	-	65,235	0.38%	520
2011	58,842	-	58,842	0.32%	479
2012	53,801	-	53,801	0.29%	428
2013	50,934	-	50,934	0.27%	396
2014	71,024	-	71,024	0.36%	532
2015	67,375	-	67,375	0.31%	490

[1] See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property in Table 7 for property value data.

[2] Population data can be found in the Schedule of Demographic and Economic Statistics in Table 17.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Amounts above are reflected net of unamortized premiums.

CITY OF CHARLESTON, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2015
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Charleston County School District	\$ 329,010	27.70%	\$ 91,136
Charleston County	564,130	27.70%	156,264
Charleston County Parks and Recreation	38,033	27.70%	10,535
Berkeley County	45,324	15.85%	7,184
Berkeley County School District	556,608	15.85%	88,222
Subtotal: overlapping debt			<u>353,341</u>
City of Charleston direct debt		100.00%	<u>192,049</u>
Total direct and overlapping debt			<u><u>\$ 545,390</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by Charleston and Berkeley County. Overlapping debt data provided by governmental units.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Charleston. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

Table 15

CITY OF CHARLESTON, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 61,648	\$ 64,807	\$ 72,271	\$ 74,890	\$ 74,149	\$ 79,216	\$ 79,919	\$ 80,441	\$ 83,493	\$ 91,925
Total net debt applicable to limit	<u>20,650</u>	<u>17,885</u>	<u>17,580</u>	<u>33,416</u>	<u>48,495</u>	<u>46,365</u>	<u>43,985</u>	<u>41,410</u>	<u>60,810</u>	<u>57,730</u>
Legal debt margin	<u>\$ 34,355</u>	<u>\$ 40,998</u>	<u>\$ 46,922</u>	<u>\$ 54,691</u>	<u>\$ 41,474</u>	<u>\$ 25,654</u>	<u>\$ 35,934</u>	<u>\$ 39,031</u>	<u>\$ 22,683</u>	<u>\$ 34,195</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>33.50%</u>	<u>27.60%</u>	<u>24.33%</u>	<u>44.62%</u>	<u>65.40%</u>	<u>58.53%</u>	<u>55.04%</u>	<u>51.48%</u>	<u>72.83%</u>	<u>62.80%</u>

Legal Debt Margin Calculation for Fiscal Year 2015:

Assessed value	\$ 1,142,793
Plus: merchants' inventory	6,275
Total assessed value	<u>\$ 1,149,068</u>
Debt limit (8% of total assessed value)	<u>\$ 91,925</u>
Debt applicable to limit:	
General obligation bonds	66,380
Less: Referendum bonds	<u>(8,650)</u>
Total debt applicable to limit	<u>57,730</u>
Legal debt margin	<u>\$ 34,195</u>

Note: Title 5, Chapter 21, Article I of the Code of Laws of the State of South Carolina, 1976 states that the constitutional debt limit of a municipality may not exceed 8 percent of the locality's assessed valuation. Debt in excess of the limit must be authorized by a majority of qualified electors.

Table 16

**CITY OF CHARLESTON, SOUTH CAROLINA
PLEGGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Parking Revenue Bond						
Fiscal Year	Parking Revenue [1]	Less: Operating Expenses [5]	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 14,032,420	\$ 6,330,631	\$ 7,701,789	\$ 732,223	\$ 704,168	5.36
2007	14,176,014	7,660,834	6,515,180	748,668	731,769	4.40
2008	14,993,098	9,307,432	5,685,666	838,186	577,210	4.02
2009	16,187,038	8,439,919	7,747,119	971,858	318,187	6.01
2010	16,685,230	8,281,147	8,404,083	1,046,680	199,331	6.74
2011	17,734,668	8,842,921	8,891,747	1,077,939	138,763	7.31
2012	19,243,587	9,404,096	9,839,491	1,088,503	142,558	7.99
2013	20,675,007	9,439,118	11,235,889	1,117,283	103,309	9.21
2014	22,486,577	10,056,548	12,430,029	1,143,381	70,800	10.24
2015	22,693,239	10,420,325	12,272,914	1,162,161	54,056	10.09

City Market Revenue Bonds						
Fiscal Year	Revenue [2]	Less: Operating Expenses [5]	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010 [a]	\$ 5,974,849	\$ 1,061,905	\$ 4,912,944	\$ 20,443	\$ 71,662	53.34
2011	6,983,234	1,188,510	5,794,724	254,259	203,130	12.67
2012	7,757,389	1,216,101	6,541,288	225,377	277,513	13.01
2013	8,367,565	1,249,038	7,118,527	237,266	261,502	14.27
2014	8,367,565	1,249,038	7,118,527	249,793	248,756	14.28
2015	8,801,799	1,366,753	7,435,046	262,989	235,327	14.92

Accommodations Tax Revenue Bonds						
Fiscal Year	Revenue [3]	Less: Operating Expenses [5]	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 3,716,616	\$ 1,880,786	\$ 1,835,830	\$ 525,000	\$ 418,522	1.95
2007	4,134,119	2,692,946	1,441,173	525,000	376,470	1.60
2008	4,188,749	3,012,582	1,176,167	525,000	334,418	1.37
2009	3,623,809	2,084,407	1,539,402	525,000	292,131	1.88
2010	3,861,389	2,037,090	1,824,299	525,000	250,312	2.35
2011	4,295,885	2,380,389	1,915,496	525,000	117,000	2.98
2012	4,936,512	3,095,760	1,840,752	525,000	93,375	2.98
2013	5,644,834	3,413,058	2,231,776	525,000	69,750	3.75
2014	6,206,867	3,990,883	2,215,984	525,000	46,125	3.88
2015	6,594,944	3,998,056	2,596,888	1,247,714	222,132	1.77

Stormwater Revenue Bonds						
Fiscal Year	Revenue [6]	Less: Operating Expenses [5]	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2013	\$ 8,898,348	\$ 3,289,125	\$ 5,609,223	\$ 1,345,000	\$ 1,996,725	1.68
2014	8,944,015	3,627,991	5,316,024	1,450,000	1,956,375	1.56
2015	11,011,423	3,154,382	7,857,041	1,575,000	1,898,375	2.26

Special Redevelopment Bonds						
Fiscal Year	Revenue [4]	Less: Operating Expenses [5]	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 7,817,120	\$ 169,249	\$ 7,647,871	\$ 1,705,726	\$ 626,551	3.28
2007	10,190,674	535,538	9,655,136	1,705,726	591,485	4.20
2008 [b]	9,906,540	2,961,435	6,945,105	1,705,726	1,203,932	2.39
2009 [c]	11,597,890	9,027,412	2,570,478	1,705,726	937,516	0.97
2010	10,489,992	546,141	9,943,851	1,705,726	806,832	3.96
2011	10,863,562	60,334	10,803,228	3,705,726	495,115	2.57
2012	11,008,877	109,206	10,899,671	2,705,726	557,564	3.34
2013 [c]	8,234,458	56,140	8,178,318	2,205,725	537,589	2.98
2014	7,608,531	1,985	7,606,546	3,994,439	1,017,907	1.52
2015	13,081,532	350,713	12,730,819	4,073,058	855,382	2.58

(Continued)

**CITY OF CHARLESTON, SOUTH CAROLINA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

- [1] Revenue for the Parking Revenue Bond includes revenue for all parking facilities.
- [2] Revenue for the City Market Revenue Bond includes all City Market revenues, as well as a portion of revenues from state and municipal accommodations taxes.
- [3] Revenue for the Accommodation Tax Revenue Bonds includes revenues from state and municipal accommodations taxes for the Daniel Island Tennis Center, International African-American Museum, and Gibbes Museum/South Carolina Aquarium bonds.
- [4] Revenue for the Special Redevelopment Bonds includes revenues from the King Street Gateway TIF, Waterfront TIF and Charleston Neck TIF funds.
- [5] Details regarding the City's outstanding debt can be found in Note 10 to the current financial statements. Operating expenses do not include principal and interest, depreciation, amortization or capital outlay.
- [6] Revenue for the Stormwater Revenue Bonds includes all revenue from the stormwater/drainage system excluding grants. Bonds were issued during 2012; however, no debt service payments were due until 2013.
-
- [a] In 2010 the City issued revenue bonds for the renovation of the City Market in the amount of \$5,500,000.
- [b] The Charleston Neck TIF fund is included beginning with 2008.
- [c] The 2011 \$13,600,000 Charleston Neck TIF Bond was paid off and partly refinanced with the 2013 \$12,100,000 bond. Operating expenses for the Charleston Neck TIF in 2009 include \$9,009,397 of expenditures related to construction of infrastructure-related items that have been or will be donated back to the City in the future. The 2002 \$15,600,000 2002 King Street Gateway TIF bond matured in 2013; a new bond was taken out in the amount of \$32,000,000 in 2013.

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

Fiscal Year	Population [a]	Personal Income (expressed in thousands)	Per Capita Personal Income [b]	Median Age [c]	Unemployment Rate [c]
2006	118,492	\$ 3,728,706	\$ 31,468	35.2	4.7%
2007	121,247	4,035,828	33,286	35.7	5.0%
2008	123,737	4,325,722	34,959	35.7	7.4%
2009	124,593	4,500,798	36,124	35.7	7.4%
2010	125,533	4,363,025	34,756	35.7	9.7%
2011	122,782	4,382,581	35,694	35.7	9.7%
2012	125,691	4,680,356	37,237	36.3	6.3%
2013	128,700	5,076,443	39,444	32.3	6.5%
2014	133,579	5,470,461	40,953	32.8	5.4%
2015	137,447	5,677,248	41,305	33.2	4.9%

Data sources:

- [a] City of Charleston Department of Planning, Preservation and Sustainability
- [b] Bureau of Economic Analysis, US Department of Commerce
- [c] Charleston Metro Chamber of Commerce

Table 18

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total Metro Employment	Employees	Rank	Percentage of Total Metro Employment
¹ Joint Base Charleston	22,000	1	12.22%			
Medical University of SC (MUSC)	13,000	2	7.22%	7,550	2	2.60%
Boeing Charleston	8,200	3	4.56%			
Charleston County School District	5,300	4	2.95%	5,150	4	1.77%
Roper St. Francis Healthcare	5,134	5	2.85%	2,900	6	1.00%
JEM Restaurant Group	3,000	6	1.67%			
Charleston County	2,500	7	1.39%	2,300	8	0.79%
Wal-Mart Stores	2,300	8	1.28%	2,150	9	0.74%
College of Charleston	2,000	9	1.11%			
City of Charleston	1,576	10	0.88%			
¹ US Navy				16,200	1	5.58%
¹ Charleston Air Force Base				5,600	3	1.93%
Berkley County School District				3,400	5	1.17%
Piggly Wiggly Carolina				2,500	7	0.86%
Robert Bosch Corp				2,100	10	0.72%
Total	<u>65,010</u>		<u>36.13%</u>	<u>49,850</u>		<u>17.16%</u>

¹ In 2010 all military installations were combined to form Joint Base Charleston.

Sources: County of Charleston
Charleston Metro Chamber of Commerce, Center for Business Research

Table 19

**CITY OF CHARLESTON, SOUTH CAROLINA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	146.12	157.17	174.08	175.81	176.66	175.32	178.40	180.60	180.36	187.56
Public Safety										
Police										
Officers	373.00	382.00	382.00	382.00	382.00	383.00	412.00	429.00	437.00	438.00
Civilians	141.12	151.13	139.12	143.12	137.62	140.83	148.83	115.83	116.83	116.83
Fire										
Firefighters and Officers	246.00	252.00	267.00	278.00	301.00	296.00	296.00	296.00	319.00	326.00
Civilians	13.00	19.74	20.74	20.74	12.75	14.00	16.00	16.00	20.00	22.00
Engineering and Inspection	37.00	39.00	42.00	42.00	32.00	32.00	32.00	32.00	32.00	32.00
Livability	-	-	-	-	12.00	12.00	12.00	12.00	15.00	16.00
Traffic & Transportation	25.00	26.00	26.00	26.00	26.00	25.00	25.00	25.00	25.00	24.00
Public Service										
Administrative	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Streets	37.00	37.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Sanitation	132.00	138.00	141.00	141.00	138.00	136.00	136.00	136.00	108.00	107.00
Fleet	16.00	16.00	16.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Urban and Community Development	44.22	47.65	46.98	43.98	43.98	43.98	37.27	35.64	35.64	34.72
Culture and Recreation	249.86	251.48	252.38	255.70	269.88	268.40	279.09	294.63	297.95	299.38
Community Promotions	7.79	7.68	7.64	7.64	7.64	7.64	7.64	7.64	7.64	7.64
Health and Welfare	4.05	4.06	4.06	4.06	4.06	4.17	4.17	4.17	5.17	5.17
Business Development and Assistance	10.93	11.75	11.75	10.54	9.54	9.54	13.14	13.14	13.14	12.14
Angel Oak	2.00	2.00	2.50	2.50	2.50	2.50	2.88	2.88	2.88	2.88
J.P. Riley, Jr. Baseball Park	1.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Market	2.06	2.06	1.70	-	-	-	-	-	-	-
Charleston Visitor Center	13.10	13.34	13.34	13.34	13.34	13.34	13.34	13.34	14.00	14.00
Municipal Golf Course	21.95	23.20	23.70	23.70	23.70	23.75	23.75	23.75	23.20	23.04
Municipal Auditorium	19.81	19.13	19.13	19.13	19.13	17.50	7.00	-	-	-
Slave Mart Museum	2.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Parking Facilities	11.00	12.00	37.00	38.00	38.00	41.00	41.00	41.00	42.00	42.00
Total	1,560.01	1,621.39	1,672.12	1,690.26	1,712.80	1,708.97	1,749.51	1,742.62	1,758.81	1,774.36

Source: City of Charleston Budget Office

Table 20

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	5,552	9,461	6,802	8,004	7,157	7,109	7,293	9,822	9,891	8,515
Calls for service	194,880	198,704	230,077	223,434	247,122	341,782	389,253	415,962	340,665	280,175
Fire										
Calls for service	6,064	9,611	15,004	15,899	12,469	14,009	16,383	17,133	19,030	21,169
Hazmat drills individual and team	968	474	198	508	232	NA	NA	NA	NA	NA
Hazmat team drills	NA	NA	NA	NA	NA	20	50	479	678	91
Fire prevention demonstrations	289	249	199	201	188	211	307	327	3,294	1,820
Smoke detectors installed	261	348	251	249	124	212	202	257	157	283
Traffic and Transportation										
Signs fabricated	877	1,094	1,548	1,680	1,561	1,614	924	895	1,043	1,172
Linear footage of markings installed	81,900	67,542	76,490	47,730	70,620	53,179	25,958	28,576	68,860	13,797
Traffic studies performed	201	139	194	161	281	193	202	52	54	81
Traffic calming devices installed	38	39	53	36	27	11	5	8	13	18
Inspections										
Building permits issued	5,423	5,507	4,355	3,979	4,007	4,228	4,296	4,724	4,831	5,463
Streets and Sidewalks										
Potholes repaired	2,077	1,858	1,168	3,476	4,003	2,162	1,182	1,229	1,923	3,849
Linear feet of sidewalks repaired (including by contractor starting in 2010)	8,780	7,578	8,318	7,066	20,668	18,628	8,805	29,760	22,536	30,876
Linear footage of ditches cleaned	406,694	537,467	781,739	695,981	809,193	710,391	1,185,908	440,701	919,420	994,152
Linear footage of pipes cleaned	558,716	575,651	399,123	692,630	636,943	682,743	503,290	432,300	375,723	565,796
Sanitation										
Tons of refuse collected	35,333	37,922	36,217	32,436	37,930	37,034	37,661	36,488	34,295	35,862
Tons of trash collected	25,497	22,837	24,451	21,588	20,779	20,931	19,207	20,819	20,589	24,081
Planning, Preservation & Sustainability										
Number of property acres annexed	735	1,000	307	178	22	86	91	156	983	291
Number of Commercial Corridor Design Review Board applications	639	500	709	399	371	466	404	205	247	230
Number of Board of Architectural Review applications	1,989	2,000	1,899	1,702	1,586	1,517	1,464	1,748	2,059	1,998
Culture and Recreation										
Facility permits approved	1,146	1,193	1,179	1,139	1,522	4,831	5,669	3,617	2,275	2,237
Participants - youth sports	24,252	20,098	29,472	32,390	31,457	36,489	33,497	44,183	43,603	44,931
Participants - adult sports	15,656	19,148	18,103	19,678	25,182	14,229	13,744	14,188	15,948	18,618
Participants - tennis	8,834	9,029	10,094	11,985	12,670	13,668	13,939	13,042	15,181	17,782
Participants - aquatics	60,818	51,881	61,447	65,517	81,402	71,673	83,452	85,147	81,558	78,518

NA = Not available.

Source: Various City departments
Performance measures from City Budget Books

Note: In 2013 and earlier years, fire prevention demonstrations were the responsibility of the Fire Marshal's office.
In 2014 they became the responsibility of fire station personnel.
In 2015, the number of special team training drills in the Fire Department was reduced by converting to monthly team drills instead of weekly shift drills.

Table 21

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Stations/facilities	35	35	35	36	35	35	35	35	35	35
Patrol units	342	348	352	362	369	385	414	450	476	466
Fire										
Stations	18	19	19	19	19	19	19	19	20	20
Engines/trucks	27	27	28	28	28	28	28	25	30	30
Public Service										
Streets										
Miles of streets	656	664	664	676	682	684	690	698	709	723
Street lights	9,541	10,719	11,091	11,176	11,538	11,806	12,159	12,945	13,447	13,570
Sanitation										
Collection trucks	31	32	33	34	34	35	35	32	30	32
Trucks/scows	26	26	23	23	23	25	25	24	24	24
Culture and Recreation										
Park acreage	1,200	1,346	1,410	1,500	1,500	1,500	1,806	1,806	1,806	1,809
Parks	95	100	120	120	120	120	120	120	120	120
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	77	77	77	77	83	83	83	83	83	83
Community centers	4	4	4	4	5	5	5	7	7	7

Source: Various City departments

CITY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS TO MATURITY

BUSINESS-TYPE ACTIVITIES
DECEMBER 31, 2015

DUE DATES	1997	2009	2010	2010	2015	2015	TOTALS
	\$16,493,220 (Parking) REVENUE BOND	\$18,100,000 (Parking) GEN OBL BOND	\$2,100,000 (City Market) REVENUE BOND	\$3,400,000 (City Market) REVENUE BOND	\$5.051M (Parking) INSTALLMENT PURCHASE REV BOND	\$5M (Parking) INSTALLMENT PURCHASE REV BOND	
	Monthly	3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	
PRINCIPAL ONLY							
2016	\$ 1,176,583	\$ 850,000	\$ 77,616	\$ 199,277	\$ -	\$ 1,480,000	\$ 3,783,476
2017	1,201,826	900,000	82,502	209,038	-	1,455,000	3,848,366
2018	405,881	1,000,000	87,697	219,278	-	1,505,000	3,217,856
2019	-	1,500,000	93,218	230,020	192,300	560,000	2,575,538
2020	-	2,000,000	99,087	241,287	317,295	-	2,657,669
2021	-	2,500,000	105,326	253,107	339,410	-	3,197,843
2022	-	2,500,000	111,957	265,505	361,524	-	3,238,986
2023	-	2,800,000	119,006	278,511	385,562	-	3,583,079
2024	-	-	126,499	292,155	410,561	-	829,215
2025	-	-	134,464	306,466	436,521	-	877,451
2026	-	-	142,930	-	464,405	-	607,335
2027	-	-	151,929	-	493,250	-	645,179
2028	-	-	161,494	-	524,979	-	686,473
2029	-	-	171,662	-	546,132	-	717,794
2030	-	-	89,842	-	579,782	-	669,624
TOTALS	\$ 2,784,290	\$ 14,050,000	\$ 1,755,229	\$ 2,494,644	\$ 5,051,721	\$ 5,000,000	\$ 31,135,884
PRINCIPAL AND INTEREST							
2016	\$ 1,224,257	\$ 1,368,750	\$ 185,255	\$ 317,635	\$ 221,632	\$ 1,545,605	\$ 4,863,134
2017	1,224,904	1,390,250	185,255	317,635	231,940	1,514,333	4,864,317
2018	408,301	1,454,500	185,255	317,635	231,940	1,544,690	4,142,321
2019	-	1,904,500	185,255	317,635	424,240	572,600	3,404,230
2020	-	2,343,250	185,255	317,635	539,620	-	3,385,760
2021	-	2,762,000	185,255	317,635	545,870	-	3,810,760
2022	-	2,662,000	185,255	317,635	551,014	-	3,715,904
2023	-	2,856,000	185,255	317,635	556,975	-	3,915,865
2024	-	-	185,255	317,635	562,696	-	1,065,586
2025	-	-	185,255	317,634	568,129	-	1,071,018
2026	-	-	185,255	-	574,186	-	759,441
2027	-	-	185,255	-	579,811	-	765,066
2028	-	-	185,255	-	586,878	-	772,133
2029	-	-	185,255	-	592,282	-	777,537
2030	-	-	92,628	-	598,628	-	691,256
TOTALS	\$ 2,857,462	\$ 16,741,250	\$ 2,686,198	\$ 3,176,349	\$ 7,365,841	\$ 5,177,228	\$ 38,004,328

Note: These amounts are also included in the following schedules. The total principal amounts above are before the application of deferred amounts for issuance premiums, if any.

CITY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS TO MATURITY

GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015

	2005 \$3M SPECIAL REDEV BOND (REFUNDING)	2010 \$1.9M GEN OBL BOND	2010 \$17.1M GEN OBL BOND	2012 \$46.725M DRAINAGE REV BOND	2013 \$12.1M CHAS NECK TIF SPEC REDEV	2013 \$32M KING ST GATEWAY TIF SPEC REDEV
DUE DATES	2-1/8-1	3-1/9-1	3-1/9-1	1-1/7-1	3-1/9-1	3-1/9-1
PRINCIPAL ONLY						
2016	\$ 270,000	\$ 700,000	\$ -	\$ 1,575,000	\$ 841,423	\$ 3,038,928
2017	-	-	1,100,000	1,710,000	862,038	3,100,314
2018	-	-	1,250,000	1,775,000	883,158	3,162,941
2019	-	-	1,500,000	1,865,000	904,796	3,226,832
2020	-	-	1,750,000	1,960,000	926,963	3,292,014
2021	-	-	2,000,000	2,055,000	949,674	3,358,513
2022	-	-	2,000,000	2,160,000	972,941	3,426,355
2023	-	-	2,250,000	2,265,000	996,778	3,495,568
2024	-	-	2,500,000	2,380,000	1,021,199	-
2025	-	-	2,750,000	2,500,000	1,046,218	-
2026	-	-	-	2,575,000	1,071,851	-
2027	-	-	-	2,650,000	-	-
2028	-	-	-	2,730,000	-	-
2029	-	-	-	2,870,000	-	-
2030	-	-	-	3,010,000	-	-
2031	-	-	-	3,160,000	-	-
2032	-	-	-	3,270,000	-	-
2033	-	-	-	3,420,000	-	-
TOTALS	\$ 270,000	\$ 700,000	\$ 17,100,000	\$ 43,930,000	\$ 10,477,039	\$ 26,101,465
PRINCIPAL AND INTEREST						
2016	\$ 280,069	\$ 714,700	\$ 624,187	\$ 3,441,875	\$ 1,098,110	\$ 3,566,178
2017	-	-	1,724,187	3,511,175	1,098,111	3,566,177
2018	-	-	1,842,563	3,497,600	1,098,111	3,566,178
2019	-	-	2,053,500	3,496,600	1,098,111	3,566,177
2020	-	-	2,250,250	3,495,975	1,098,111	3,566,178
2021	-	-	2,438,125	3,490,600	1,098,111	3,566,178
2022	-	-	2,365,125	3,490,225	1,098,111	3,566,178
2023	-	-	2,542,125	3,484,600	1,098,111	3,559,902
2024	-	-	2,710,000	3,483,475	1,098,111	-
2025	-	-	2,860,000	3,506,475	1,098,111	-
2026	-	-	-	3,505,350	1,098,110	-
2027	-	-	-	3,501,975	-	-
2028	-	-	-	3,473,975	-	-
2029	-	-	-	3,473,975	-	-
2030	-	-	-	3,466,975	-	-
2031	-	-	-	3,486,425	-	-
2032	-	-	-	3,467,550	-	-
2033	-	-	-	3,481,987	-	-
TOTALS	\$ 280,069	\$ 714,700	\$ 21,410,062	\$ 62,756,812	\$ 12,079,219	\$ 28,523,146

Note: These amounts are also included on the following table.

The total principal amounts above are before the application of deferred amounts for issuance premiums, if any.

Table 23

2014 \$22M GEN OBL BOND	2014 \$13.21M GEN OBL BOND (REFUNDING)	2014 \$5M IAAM REV BOND	2014 \$5M GIBBES & AQUARIUM REV BOND	2015 \$21.21M INSTALLMENT PURCHASE REV BOND	TOTALS
3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	
\$ 1,945,000	\$ 1,000,000	\$ 287,051	\$ 467,821	\$ -	\$ 10,125,223
1,590,000	1,055,000	294,069	476,279	-	10,187,700
1,495,000	1,120,000	301,258	484,891	-	10,472,248
1,315,000	1,195,000	308,623	493,658	807,700	11,616,609
1,150,000	1,245,000	316,168	502,584	1,332,705	12,475,434
1,870,000	450,000	323,898	511,671	1,425,591	12,944,347
2,005,000	470,000	331,816	520,923	1,518,476	13,405,511
1,885,000	490,000	339,928	530,342	1,619,439	13,872,055
1,770,000	510,000	348,239	539,930	1,724,440	10,793,808
1,675,000	530,000	356,752	-	1,833,479	10,691,449
1,250,000	550,000	365,474	-	1,950,596	7,762,921
1,300,000	590,000	374,409	-	2,071,751	6,986,160
1,350,000	610,000	383,562	-	2,205,021	7,278,583
1,400,000	625,000	392,940	-	2,293,868	7,581,808
-	640,000	-	-	2,435,213	6,085,213
-	660,000	-	-	-	3,820,000
-	675,000	-	-	-	3,945,000
-	-	-	-	-	3,420,000
\$ 22,000,000	\$ 12,415,000	\$ 4,724,187	\$ 4,528,099	\$ 21,218,279	\$ 163,464,069
\$ 2,527,475	\$ 1,400,219	\$ 400,115	\$ 547,231	\$ 930,900	\$ 15,531,059
2,137,125	1,418,844	400,115	547,231	974,197	15,377,162
2,011,275	1,429,469	400,115	547,231	974,197	15,366,739
1,803,175	1,446,594	400,115	547,231	1,781,897	16,193,400
1,613,525	1,454,269	400,115	547,231	2,266,517	16,692,171
2,293,975	642,319	400,115	547,231	2,292,768	16,769,422
2,370,850	652,531	400,115	547,231	2,314,373	16,804,739
2,192,500	659,894	400,115	547,231	2,339,412	16,823,890
2,022,675	664,894	400,115	547,227	2,363,441	13,289,938
1,876,000	669,294	400,115	-	2,386,259	12,796,254
1,406,344	673,094	400,115	-	2,411,701	9,494,714
1,415,688	695,994	400,115	-	2,435,327	8,449,099
1,421,781	697,994	400,115	-	2,465,010	8,458,875
1,424,500	694,469	400,121	-	2,487,706	8,480,771
-	690,494	-	-	2,514,360	6,671,829
-	690,994	-	-	-	4,177,419
-	685,543	-	-	-	4,153,093
-	-	-	-	-	3,481,987
\$ 26,516,888	\$ 15,266,909	\$ 5,601,616	\$ 4,925,075	\$ 30,938,065	\$ 209,012,561

CITY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS TO MATURITY

GOVERNMENT-WIDE
DECEMBER 31, 2015

	1997	2005	2009	2010	2010	2010	2010	2012
	\$16,493,220	\$3M	\$18.1M	\$2.1M	\$3.4M	\$1.9M	\$17.1M	\$46.725M
	REVENUE BOND AQUARIUM GARAGE	SPECIAL REDEV BOND (REFUNDING)	GEN OBL BOND	CITY MARKET REV BOND	CITY MARKET REV BOND	GEN OBL BOND	GEN OBL BOND	DRAINAGE REV BOND
DUE DATES	MONTHLY	2-1/8-1	3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	1-1/7-1
PRINCIPAL ONLY								
2016	\$ 1,176,583	\$ 270,000	\$ 850,000	\$ 77,616	\$ 199,277	\$ 700,000	\$ -	\$ 1,575,000
2017	1,201,826	-	900,000	82,502	209,038	-	1,100,000	1,710,000
2018	405,881	-	1,000,000	87,697	219,278	-	1,250,000	1,775,000
2019	-	-	1,500,000	93,218	230,020	-	1,500,000	1,865,000
2020	-	-	2,000,000	99,087	241,287	-	1,750,000	1,960,000
2021	-	-	2,500,000	105,326	253,107	-	2,000,000	2,055,000
2022	-	-	2,500,000	111,957	265,505	-	2,000,000	2,160,000
2023	-	-	2,800,000	119,006	278,511	-	2,250,000	2,265,000
2024	-	-	-	126,499	292,155	-	2,500,000	2,380,000
2025	-	-	-	134,464	306,466	-	2,750,000	2,500,000
2026	-	-	-	142,930	-	-	-	2,575,000
2027	-	-	-	151,929	-	-	-	2,650,000
2028	-	-	-	161,494	-	-	-	2,730,000
2029	-	-	-	171,662	-	-	-	2,870,000
2030	-	-	-	89,842	-	-	-	3,010,000
2031	-	-	-	-	-	-	-	3,160,000
2032	-	-	-	-	-	-	-	3,270,000
2033	-	-	-	-	-	-	-	3,420,000
	<u>\$ 2,784,290</u>	<u>\$ 270,000</u>	<u>\$ 14,050,000</u>	<u>\$ 1,755,229</u>	<u>\$ 2,494,644</u>	<u>\$ 700,000</u>	<u>\$ 17,100,000</u>	<u>\$ 43,930,000</u>
PRINCIPAL AND INTEREST								
2016	\$ 1,224,257	\$ 280,069	\$ 1,368,750	\$ 185,255	\$ 317,635	\$ 714,700	\$ 624,187	\$ 3,441,875
2017	1,224,904	-	1,390,250	185,255	317,635	-	1,724,187	3,511,175
2018	408,301	-	1,454,500	185,255	317,635	-	1,842,563	3,497,600
2019	-	-	1,904,500	185,255	317,635	-	2,053,500	3,496,600
2020	-	-	2,343,250	185,255	317,635	-	2,250,250	3,495,975
2021	-	-	2,762,000	185,255	317,635	-	2,438,125	3,490,600
2022	-	-	2,662,000	185,255	317,635	-	2,365,125	3,490,225
2023	-	-	2,856,000	185,255	317,635	-	2,542,125	3,484,600
2024	-	-	-	185,255	317,635	-	2,710,000	3,483,475
2025	-	-	-	185,255	317,634	-	2,860,000	3,506,475
2026	-	-	-	185,255	-	-	-	3,505,350
2027	-	-	-	185,255	-	-	-	3,501,975
2028	-	-	-	185,255	-	-	-	3,473,975
2029	-	-	-	185,255	-	-	-	3,473,975
2030	-	-	-	92,628	-	-	-	3,466,975
2031	-	-	-	-	-	-	-	3,486,425
2032	-	-	-	-	-	-	-	3,467,550
2033	-	-	-	-	-	-	-	3,481,987
TOTALS	<u>\$ 2,857,462</u>	<u>\$ 280,069</u>	<u>\$ 16,741,250</u>	<u>\$ 2,686,198</u>	<u>\$ 3,176,349</u>	<u>\$ 714,700</u>	<u>\$ 21,410,062</u>	<u>\$ 62,756,812</u>

Note: The total principal amounts above are before the application of deferred amounts for issuance premiums, if any.

Table 24

2013	2013	2014	2014	2014	2014	2015	2015	
\$12.1M	\$32M	\$22M	\$13.21M	\$5M	\$5M	\$26.27M	\$5M	
CHAS NECK TIF	KING ST	GEN OBL	GEN OBL	IAAM	GIBBES &	INSTALLMENT	INSTALLMENT	
SPEC REDEV	GATEWAY TIF	BOND	BOND	REV BOND	AQUARIUM	PURCHASE	PURCHASE	
BOND	SPEC REDEV		(REFUNDING)		REV BOND	REV BOND	REV BOND	
3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	3-1/9-1	TOTALS
\$ 841,423	\$ 3,038,928	\$ 1,945,000	\$ 1,000,000	\$ 287,051	\$ 467,821	\$ -	\$ 1,480,000	\$ 13,908,699
862,038	3,100,314	1,590,000	1,055,000	294,069	476,279	-	1,455,000	14,036,066
883,158	3,162,941	1,495,000	1,120,000	301,258	484,891	-	1,505,000	13,690,104
904,796	3,226,832	1,315,000	1,195,000	308,623	493,658	1,000,000	560,000	14,192,147
926,963	3,292,014	1,150,000	1,245,000	316,168	502,584	1,650,000	-	15,133,103
949,674	3,358,513	1,870,000	450,000	323,898	511,671	1,765,000	-	16,142,189
972,941	3,426,355	2,005,000	470,000	331,816	520,923	1,880,000	-	16,644,497
996,778	3,495,568	1,885,000	490,000	339,928	530,342	2,005,000	-	17,455,133
1,021,199	-	1,770,000	510,000	348,239	539,930	2,135,000	-	11,623,022
1,046,218	-	1,675,000	530,000	356,752	-	2,270,000	-	11,568,900
1,071,851	-	1,250,000	550,000	365,474	-	2,415,000	-	8,370,255
-	-	1,300,000	590,000	374,409	-	2,565,000	-	7,631,338
-	-	1,350,000	610,000	383,562	-	2,730,000	-	7,965,056
-	-	1,400,000	625,000	392,940	-	2,840,000	-	8,299,602
-	-	-	640,000	-	-	3,015,000	-	6,754,842
-	-	-	660,000	-	-	-	-	3,820,000
-	-	-	675,000	-	-	-	-	3,945,000
-	-	-	-	-	-	-	-	3,420,000
\$ 10,477,039	\$ 26,101,465	\$ 22,000,000	\$ 12,415,000	\$ 4,724,187	\$ 4,528,099	\$ 26,270,000	\$ 5,000,000	\$ 194,599,953
\$ 1,098,110	\$ 3,566,178	\$ 2,527,475	\$ 1,400,219	\$ 400,115	\$ 547,231	\$ 1,152,532	\$ 1,545,605	\$ 20,394,193
1,098,111	3,566,177	2,137,125	1,418,844	400,115	547,231	1,206,137	1,514,333	20,241,479
1,098,111	3,566,178	2,011,275	1,429,469	400,115	547,231	1,206,137	1,544,690	19,509,060
1,098,111	3,566,177	1,803,175	1,446,594	400,115	547,231	2,206,137	572,600	19,597,630
1,098,111	3,566,178	1,613,525	1,454,269	400,115	547,231	2,806,137	-	20,077,931
1,098,111	3,566,178	2,293,975	642,319	400,115	547,231	2,838,637	-	20,580,181
1,098,111	3,566,178	2,370,850	652,531	400,115	547,231	2,865,388	-	20,520,644
1,098,111	3,559,902	2,192,500	659,894	400,115	547,231	2,896,387	-	20,739,755
1,098,111	-	2,022,675	664,894	400,115	547,227	2,926,137	-	14,355,524
1,098,111	-	1,876,000	669,294	400,115	-	2,954,388	-	13,867,272
1,098,110	-	1,406,344	673,094	400,115	-	2,985,887	-	10,254,155
-	-	1,415,688	695,994	400,115	-	3,015,138	-	9,214,165
-	-	1,421,781	697,994	400,115	-	3,051,888	-	9,231,008
-	-	1,424,500	694,469	400,121	-	3,079,988	-	9,258,308
-	-	-	690,494	-	-	3,112,988	-	7,363,085
-	-	-	690,994	-	-	-	-	4,177,419
-	-	-	685,543	-	-	-	-	4,153,093
-	-	-	-	-	-	-	-	3,481,987
\$ 12,079,219	\$ 28,523,146	\$ 26,516,888	\$ 15,266,909	\$ 5,601,616	\$ 4,925,075	\$ 38,303,906	\$ 5,177,228	\$ 247,016,889