

COUNTY OF CHARLESTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2006

with

REPORT OF INDEPENDENT AUDITORS



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TABLE OF CONTENTS

INTRODUCTORY SECTION

| | Page(s) |
|---|---------|
| Title Page | i |
| Table of Contents | ii-iii |
| Letter of Transmittal | 3-22 |
| GFOA Certificate of Achievement | 23 |
| Organizational Chart | 24 |
| Elected Officials | 25 |
| FINANCIAL SECTION | |
| Report of Independent Auditors | 29-30 |
| Management's Discussion and Analysis | 31-41 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 43 |
| Statement of Activities | 44 |
| Fund Financial Statements: | |
| Balance Sheet-Governmental Funds | 45 |
| Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities | 46 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds | 47 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 48 |
| Statements of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – General Fund..... | 49-51 |
| Statement of Net Assets - Proprietary Funds | 52-53 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds | 55 |
| Statement of Cash Flows - Proprietary Funds | 56-57 |
| Statement of Fiduciary Net Assets - Agency | 59 |
| Combining Statement of Net Assets – Discretely Presented Component Units | 60-61 |
| Combining Statement of Activities – Discretely Presented Component Units | 62-63 |
| Notes to the Financial Statements | 64-116 |
| Combining Financial Statements and Schedules: | |
| Combining Balance Sheet - Nonmajor Governmental Funds | 124-129 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds | 130-135 |
| Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | |
| Accommodations Special Revenue Fund | 137 |
| Child Support Enforcement Special Revenue Fund | 138 |
| Economic Development Special Revenue Fund | 139 |
| Education Special Revenue Fund | 140 |
| Emergency Medical Services Special Revenue Fund | 141 |
| Fire Districts Special Revenue Fund | 142 |

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Year Ended June 30, 2006**

| | Page(s) |
|---|---------|
| Geographic Information Systems Special Revenue Fund | 143 |
| Hazardous Materials Enforcement Special Revenue Fund | 144 |
| Sheriff Special Revenue Fund | 145 |
| Solicitor Special Revenue Fund | 146 |
| Victim Notification Special Revenue Fund | 147 |
| Victim Notification: Statement of Fines, Assessments, and Surcharges Collected | 148 |
| Combining Statements of Nonmajor Enterprise Funds: | |
| Combining Statement of Net Assets - Nonmajor Enterprise Funds | 150-151 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Enterprise Funds | 153 |
| Combining Statement of Cash Flows - Nonmajor Enterprise Funds | 154-155 |
| Combining Statements of Internal Service Funds: | |
| Combining Statement of Net Assets - Internal Service Funds | 157 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds | 159 |
| Combining Statement of Cash Flows - Internal Service Funds | 160-161 |
| Combining Statement of Changes in Assets and Liabilities - Agency Funds | 163-165 |
| Capital Assets Used in the Operation of Governmental Funds: | |
| Schedule By Function and Activity | 167 |
| Schedule of Changes by Function and Activity | 168 |
| STATISTICAL SECTION-UNAUDITED | |
| Net Assets by Component | 171 |
| Changes in Net Assets | 172-173 |
| Fund Balances of Governmental Funds | 174 |
| Changes in Fund Balances of Governmental Funds | 176-177 |
| Assessed Value and Estimated Actual Value of Taxable Property | 178 |
| Property Tax Rates - Direct and Overlapping Governments | 179 |
| Principal Property Taxpayers | 180 |
| Property Tax Levies and Collections | 181 |
| Ratio of Outstanding Debt by Type | 182 |
| Ratio of General Obligation Bonded Debt to Assessed Value and General Obligation Bonded Debt Per Capita | 183 |
| Ratio of Total Tax Supported Debt to Assessed Value and Total Tax Supported Debt Per Capita | 184 |
| Legal Debt Margin Information | 185 |
| Pledged Revenue Bond Coverage | 186 |
| Demographic and Economic Statistics | 187 |
| Principle Employers | 188 |
| Full Time Equivalent County Government Employees by Function | 189-191 |
| Operating Indicators by Function/Program | 192 |
| Financial Assurance Coverage – Municipal Solid Waste | 193 |



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INTRODUCTORY SECTION





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November 13, 2006

To the members of County Council and the citizens of Charleston County, South Carolina:

State law requires that all general-purpose local governments publish at the close of each fiscal year a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) for Charleston County, South Carolina, for the fiscal year ending June 30, 2006.

This report consists of management's representations concerning the finances of Charleston County. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government agency's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Charleston County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and beliefs, this financial report is complete and reliable in all material aspects.

Charleston County's financial statements have been audited by Dixon Hughes PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Charleston County's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Charleston County was part of a broader, federally mandated "Single Audit" that is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Charleston County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement, and should be read in conjunction with, MD&A. Charleston County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The County of Charleston was established by the state of South Carolina on April 9, 1948, under the provisions of Act 681 of 1942. The County operates under a Council-Administrator form of government. Policy-making and legislative authority is vested in a governing council consisting of nine Council members. The Council is elected on a partisan basis. During the November 2006 election Council finished the conversion from all members being elected at large to single-member district elections. Six seats were converted in the November, 2004 election and the final three seats were converted in the November, 2006 election.

Charleston County Council is responsible for, among other duties, passing ordinances and policies, approving the budget, appointing committee members, and hiring the County's Administrator, Internal Auditor and Attorney. The Administrator is responsible for enforcing the policies and ordinances of the governing council, overseeing the day-to-day operations of the government services and its approximately 2,300 employees, and for appointing the heads of the various County departments.

Charleston County, under a Council-Administrator form of government, provides a broad range of services that include:

- Public safety - countywide law enforcement (Sheriff's Office), detention facilities, emergency preparedness plans to include activation of the County's Emergency Operations Center in an event of a disaster, as well as fire protection in the Awendaw Fire District, Town of McClellanville, Town of Awendaw, the East Cooper Fire District, and the West St. Andrew's Fire District
- Veterans' assistance
- Health-related assistance - Emergency Medical Services (EMS), alcohol and other drug abuse services, indigent health care, and social services
- Voter registration
- Street and drainage maintenance
- Waste disposal and recycling
- Planning and zoning administration
- Criminal, civil, probate, and family court administration
- Public defender assistance
- Tax collection and dispersal to appropriate entities/municipalities
- Mosquito control

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Charleston Public Facilities Corporation has been shown in the government-wide statements in both the government

and business-type activities, as appropriate. It is also shown in the fund financial statements in the debt service and capital project governmental funds, and in the parking garage and other enterprise funds. Charleston Development Corporation has been shown in the government-wide statements in the governmental activities, and in the fund financial statements in other governmental funds.

Discretely presented component units are reported in a separate column in the statement of net assets and in the statement of activities in order to emphasize that they are legally separate from the primary government, and to differentiate their financial position and results of operations from those of the primary government.

The following entities are being reported as discretely presented component units:

- Charleston County Library (CCL)
- Charleston County Park and Recreation Commission (CCPRC)
- Cooper River Park and Playground Commission (CRPPC)
- James Island Public Service District (JIPSD)
- North Charleston District (NCD)
- St. Andrew's Parish Parks and Playground Commission (SAPPPC)
- St. John's Fire District (SJFD)
- St. Paul's Fire District (SPFD)
- Charleston County Volunteer Rescue Squad (CCVRS)

Additional information on these nine legally separate entities can be found in Note I.B. in the notes to the financial statements starting on page 66.

The annual budget serves as the foundation for Charleston County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the County Administrator by March 15 each year. The County's Budget Office uses these requests as the starting point for developing a proposed budget for the next fiscal year. The County Administrator presents the proposed budget to County Council for review prior to May 1 each year. Council is required to hold public hearings on the proposed budget, and to adopt a final budget each year no later than June 30, which is the close of Charleston County's fiscal year. The appropriated budget is prepared by fund, function (public safety), and department (Sheriff's Office).

The legal level of budgetary control is determined by County Council at the individual fund level. Expenditures by department, sub-organizational level and major category (personnel, non-personnel, and capital outlay) are further defined in the budget document and are subject to approval by the County Administrator. The County Administrator has the authority to make transfers between major expenditure categories within departments and between departments within the same fund. The Administrator has further delegated to the Chief Deputy Administrator, the Chief Support Officer, and the Chief Financial Officer the authority to transfer between departments under their authority. The budget ordinance must be amended by County Council to effect changes in fund totals.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General fund, this comparison is presented on pages 49-51 as part of the basic financial statements for the governmental funds. For governmental

funds, other than the General fund, with appropriated annual budgets, this comparison is presented in the non-major governmental fund subsection of this report, which begins on page 137.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

Charleston's Economy at a Glance. As South Carolina's largest and third-most populous county, Charleston County's economic base is diversified and growing, anchored by four traditional engines:

- The military, which has significant Air Force, Navy, Army and Coast Guard facilities in Charleston.
- The medical industry, which focuses around the Medical University of South Carolina (MUSC), the state's teaching hospital.
- The Port of Charleston, which fuels the manufacturing and supply chain sectors in Charleston, statewide, and beyond.
- The tourism industry, which has experienced quantum growth in recent years, expanding the tourist season to virtually year-round.

Of growing size and importance are the area's newly emerging technology companies, primarily centered around biotech research at MUSC; marine research at the National Oceanic and Atmospheric Administration (NOAA) Southeast Center and the State's Fort Johnson complex; and the advanced information technology and electronic engineering work occurring at the Space and Naval Warfare Systems (SPAWAR) Center.

Recent Economic Indicators. General economic indicators for 2005 were reported by the Charleston Metro Chamber Center for Economic Forecasting in the fall of 2006. The Charleston area surpassed its previous records on many of the indicators, with highlights as follows:

Population-

The Charleston area population increased by 8%, from 506,875 to 549,033 persons, in the decade from 1990 to 2000. According to the U.S. Census Bureau, the population grew by 34,401 new residents from 2000 to 2004 reach the current estimated size of 583,434 persons. This represented a 6.3% growth rate, which outpaced the nation (4.3%) and state (4.6%) during that period. It is currently estimated that the area will reach a population of 613,470 by 2010.

Labor force-

Even with the U.S. Naval Base closure news announced by the Base Closure and Realignment Commission (BRAC) in 1993, the civilian labor force has grown by 25%, from 239,208 to 300,036 persons in 2005. Labor force and employment have grown by 13% during the past five years (2000-2005) a rate that is triple that of the State of South Carolina and the United States during the same period. Forecasts are for the labor force to further expand by 4% during 2006, and by an additional 4% during 2007.

In 2005, the average wage in Charleston of approximately \$33,000 was 2.6% higher than that of the state, at just below \$32,000. It continues, however, to lag the national average of \$37,440 by about 13%.

Following the closure of the Charleston Naval Complex, all economic sectors have grown over the past 10 years (1995-2005), adding a total of 62,900 new jobs. The most notable growth has occurred in the Professional & Business Services sector (14,000 new jobs), accounting for 22% of the total, and continuing robust growth of the Charleston tourism business is reflected in the Leisure & Hospitality total (8,500 new jobs), representing 13.5% of all new jobs. Retail accounted for 12% (7,500 new jobs), while

MUSC and area hospitals added 7,100 new jobs to the Education & Health Services sector (11% of all new jobs). Record home building swelled the ranks of the Construction sector with 6,700 new jobs (11% of all new jobs).

From 1995 to 2000, the area was characterized by robust job creation, with 45,300 new positions reflected in the sectoral data. According to statistics, job growth has been slower from 2000-2005, with 17,600 new jobs created. During this latter five-year period, job growth has continued in all sectors except Manufacturing, and Transportation and Utilities, where there has been a net job loss.

The unemployment rate was 4.9% in the Charleston region at the close of 2005. The U.S. Bureau of Labor Statistics projects the rate will remain at this level, with forecasts for 4.8% in 2006 and 4.9% in 2007.

Housing starts-

11,534 residential and non-residential building permits were issued in the Charleston area during 2005, up 22% from 2004. The total value of these permits was \$2.3 billion, up 35% from the 2004 level. Residential permit activity (10,019 permits in 2005) continues to dominate, and the region topped the \$1.5 billion mark for residential permit value for the first time in its history in 2005. This new value mark was up 38% over the previous level in 2004, when the region's residential permits value first exceeded \$1 billion. Forecasts are for residential permits to further increase by 13% during 2006 and by another 10% during 2007. The single-family home market continues to lead all other construction activity, with the annual number of permits up 215% over the 1996 level. In 2005, just fewer than 8,000 new single-family permits were issued, an increase of 18% over the previous year.

The average value of a new residential permit rose to \$154,000 in 2005, exceeding the 2004 average by 12%. The region's level of home sales broke records again in 2005, topping 15,400, for an increase of nearly 13% over the 2004 level. The average sales price of area homes rose by 7% from 2004 to 2005, and has doubled during the past decade, according to Trident Association of Realtors. The average price of all residential property in the Charleston region was \$259,000 during 2005, up 7% from 2004, and fully double what it was a decade earlier.

Retail Sales-

Gross retail sales for the region finished at a record \$16.4 billion for 2005, 9% ahead of 2004. These sales were no doubt driven by the region's growing population, robust real estate activity, and our multi-billion dollar visitor industry. Projections are for this figure to increase to \$17.6 billion during 2006 and to \$18.7 billion by 2007. The years 2005 and 2006 saw dramatic expansion by retailers in Charleston, with several new shopping complexes being placed into service, notably three Super Wal-Mart centers, the Tanger Outlet Mall at Centre Pointe in North Charleston, and the Freshfields complex at Kiawah Island.

Visitor Industry-

In 2006, Charleston was named #4 among the top ten U.S. and Canadian cities in *Travel & Leisure Magazine's* 'World's Best Cities Awards.' It marked the second consecutive year the region had received this accolade, climbing from its 2005 ranking of #6. The visitor industry continued its decade-long expansion, with the largest number of visitors and room nights, and the largest per-day expenditures and overall industry economic impact on record.

Port Activity-

Port tonnage in 2005 was up 5% over the 2004 level, with a record 1.98 million TEUs (20 foot equivalent cargo containers). Projections for tonnage in 2006 and 2007 are for more modest increases in the 2% range, boosting volumes to 2 million TEUs in 2006.

Airport Activity-

Charleston International Airport, no more than a 30 minute ride from any regional front door, offers Delta, US Airways, United Express, Continental and Northwest, and provides daily non-stop service to a growing list of key business destinations such as New York (LaGuardia and JFK), Chicago, Washington (Dulles and National), Atlanta, Charlotte, Raleigh-Durham, Detroit, Cincinnati, Dallas, Houston, Philadelphia, Newark, Detroit, Orlando and Tampa. Airport activity continued to grow in 2005, setting a new record, with combined enplanements and deplanements of 2.15 million passengers. This figure is 17% ahead of the 2004 passenger level. The forecast is for this trend to flatten, with around 2 million passengers in 2006 and 2007.

BRIEF SECTORIAL PROFILES

Visitor Industry. Tourism has long been an economic mainstay in Charleston, one of America's most photogenic and historic cities. In the 1990's, this sector soared, recording visitation and earnings once thought impossible. Charleston recorded 5.1 million visitors in the year 2005, fueling an annual economic impact of \$5.4 billion. Tourism now accounts directly and indirectly for some 105,000 jobs, a level that has also doubled over the past five years.



Tourists take a carriage tour through historic downtown Charleston. Charleston welcomed 5.1 million visitors in 2005.

Charleston hoteliers have widely expanded the regional room inventory and range of choices since 1995. As building continued into 2006, the overall regional inventory stood at a total of more than 15,000 rooms. Perhaps the most telling statistic has been the occupancy rate, which increased during 2005 to 70% from the 67.8% level of 2004. The average daily room rate rose to \$128.61 during 2005, up 14% over the prevailing 2004 rate of \$112.67 per night.

Opening to rave reviews in 2005, the most significant addition to the area inventory is The Sanctuary, the ultra-luxury hotel on Kiawah Island. The brainchild of investor Bill Goodwin, this \$125 million, 255-room, five-star hotel is a corporate companion to The Jefferson Hotel in Richmond, Virginia and The Hermitage in Nashville, Tennessee.

Complementing this lodging growth, Charleston County partnered in 1998 with the City of North Charleston to construct the \$37 million, 160,000 square-foot North Charleston Convention Center, and the adjacent Performing Arts Center. *Successful Meetings*, a trade magazine that reaches 75,000 travel planners, predicts the beautiful new facility will capture a large share of Southeast events involving groups of up to 2,000.

The Charleston tourism sector is constantly evolving, and amidst great prosperity, surprisingly its area attractions have actually experienced a downward trend in recent years. A study by regional tourism planners revealed that this unhealthy trend was the result of another, healthier trend - repeat visitors. Some 60% of Charleston's visitors are 'repeat visitors,' and are not likely to return to the same attractions visited on previous trips. The historic sites, area beaches and downtown shopping and dining are the most powerful draws, and area attractions have learned to craft new marketing strategies that target both first-time and repeat visitors. These efforts are beginning to bear fruit, as projections for 2006 and 2007 were for attraction attendance to remain level.

Restaurants here multiply and flourish, nourished by a constant flow of aspiring chefs and increasingly affluent Charleston visitors. The *New York Times*, *Southern Living*, *Bon Appetit* and *Wine Spectator* have all sung the praises of area restaurants, where seafood, nouvelle cuisine, and Southern cooking dominate over 100 downtown Charleston restaurants. The Charleston visitor is at the front of most restaurant lines, spending an average of \$238 per day in 2003 on food, accommodations, event tickets, sightseeing, shopping and other entertainment, as measured by the Charleston Metro Chamber of Commerce in a

2004 survey of visitors. The restaurant industry got another significant raise during November 2005, when the new Culinary and Hospitality Training Center opened on the Trident Technical College campus in North Charleston. The state-of-the-art facility is part of ongoing projects totaling \$45 million, which will boost programs at the college's Complex for Industrial and Economic Development.

The Port. The Port of Charleston (the Port) is the second busiest port on the Atlantic and Gulf coasts, with only the combined New York/New Jersey ports handling more containerized cargo. In 2005, it ranked fourth in the United States for containerized cargo tonnage, and sixth in the nation for cargo value at \$53 billion.

Some 40 shipping lines present here have ports of call in 150 countries, and over 2,167 ships steamed in and out of Charleston harbor and ancillary state port facilities during 2005. In 2005, 54% of total cargo volume was accounted for by North Europe and Asia, with the remainder divided among Latin America, the Mediterranean, the Middle East, the Indian subcontinent, Africa and East Europe. The South Carolina State Ports Authority (SCSPA) announced its first direct service to Central America from Charleston in 2005, and additional service was added to South America and the Middle East. Another historic milestone in 2005 was the celebration by BMW of the shipment of its one millionth South Carolina-made automobile through the port. The German-based auto-maker first began shipping through the port from its Spartanburg, SC, facility in 1994.

The economic sphere of influence for the Port of Charleston extends well beyond Charleston and even the state of South Carolina, according to a 2003 economic impact study. Charleston Southern University economists assert that international trade through the Charleston port accounts for \$23 billion in overall economic impact, including \$9.4 billion in annual wages for South Carolinians employed in 281,660 jobs, and for \$2.5 billion in state and local taxes.

Its cargo-handling systems has earned the Port designation by *Port Development International* as the most efficient port in the world, an accolade repeated in 2006 by *World Trade* magazine. From its four area facilities in Charleston, the SCSPA is well positioned to handle both container and break bulk cargo. Its *Orion* computerized cargo handling system is an industry standard, a cooperative public/private approach which pre-clears cargo by Customs and USDA prior to a ship's docking. The same-day discharge of cargo has proven effective in many cases in luring more Asian trade through the port, avoiding grid-lock West Coast ports. The computerized Yard Management System (YMS) developed by the port during 2005 further elevated productivity and cut turn times for truckers delivering or picking up cargo. The SCSPA also set new productivity records in 2006 with its dockside cranes, recording 41 container moves per hour.

The SCSPA continued its capacity-enhancing measures during 2005, investing in 16 new container handling cranes at a cost of \$24 million. It also enacted new dockside demurrage rules which limit the number of "free" days during which an import or export cargo shipment can stay on the terminal. In order to further maximize the limited existing space at its four terminals, strict new rules banning the storage of inoperable chassis and ocean containers also went into effect.

Advances at the Port are possible largely due to increasing capacities enabled by expansion. The Ports Authority spent \$150 million on a harbor-deepening (completed in May of 2005) that now accommodates ships with a 45-foot draft at mean low water: a requirement in keeping with the huge Post-Panamax ships that are beginning to dominate the industry. In 2005, the State of South Carolina also completed the replacement of the aging Grace and Pearman bridges over the Cooper River with the new 2.8-mile-long, 8-lane Arthur Ravenel, Jr. Bridge - the longest cable-stay bridge in North America. This new awe-inspiring structure, dubbed a "cathedral of light," has a span of 1,546 feet, and its 186-foot height will guarantee adequate clearance for the world's largest container ships well into the future.

These larger Post-Panamax ships will soon be accommodated at a container facility offering 3,000 feet of additional berthing space. The new terminal will be located on a 250-acre portion of the former Naval Base on the Cooper River. Permitting is ongoing, and the U.S. Army Corps of Engineers EIS is anticipated

before the close of 2006, according to SCSPA President & CEO Bernie Groseclose. This final federal clearance will allow for construction to begin during the first quarter of 2007. Amongst the infrastructure improvements required will be a new multi-lane access road directly linking the terminal with I-26. State political support is strong for the funding necessary to construct this highway infrastructure, and in 2006, SC House Speaker Bobby Harrell (R-Charleston) announced his intention to lead the General assembly in meeting this need during the 2007 session. SCSPA officials have already ordered four super Post-Panamax cranes for the new terminal, at a cost of \$38 million.

The Medical Industry. Anchored by the state's teaching hospital, (the Medical University of South Carolina) (MUSC), the region's medical industry accounts for over 1,000 businesses and 24,000 jobs. The majority share of employment (13,400 employees) exists in five private regional hospitals, MUSC Hospital, the Ralph Johnson Veteran's Administration Hospital, and Charleston Memorial Hospital.

The year 2005 was highlighted by significant growth in the medical sector, as every Charleston area hospital system announced an expansion plan or had one already in progress. Roper St. Frances Healthcare pursued plans, (first announced during 2004) to build an \$80 million full-service hospital on Hwy. 17-North in Mt. Pleasant. Tenet Health Systems pursued expansion plans to enlarge its existing East Cooper Regional Medical Center in Mt. Pleasant. Trident Health Systems recently completed its \$60 million expansion of its North Charleston hospital facility.

The center of energy in the region's medical arena is MUSC. The six schools and hospitals of MUSC collectively employ approximately 8,000 health professionals within the 6.3 million square feet of its 88 buildings on the 76-acre downtown Charleston campus. With an annual \$1 billion budget, MUSC annually graduates some of the best and brightest future physicians and nurses in the nation.

MUSC continues to be among hospitals listed in the *US News and World Report* annual rankings of hospitals, receiving distinctions for the treatment of digestive disorders, and in the areas of neurology, cardiology, and pulmonary disease, and its occupational therapy program was recognized as among the nation's top 20 graduate programs. MUSC had previously been ranked in separate listings of the Top 100 Medical Centers and the Top 100 Research Universities by the National Science Foundation, and was also included in the *Child* magazine list of the Top 10 children's hospitals in the U.S.

Over the past decade, MUSC researchers have increased their grants and research funding from an annual level of \$20 million in 1992 to \$180.6 million in 2004. This 2004 research grant funding level was the highest ever recorded by a South Carolina higher education institution, and placed MUSC as 48th among the nation's 126 medical schools in receipt of National Institutes of Health (NIH) funding. Beyond its basic and clinical research concentrations in cancer, neurobiology and cardiovascular diseases, MUSC has significant expertise and research capabilities in the emerging areas of genomics, proteomics, lipidomics, structural biology, bioinformatics and imaging.

Adopted at the close of the 1990s, 'Vision 2020' is a comprehensive capital facilities planning effort designed to take MUSC well into the future. Progress thus far includes completion of the seven-story Charles P. Darby Children's Research Institute, the College of Health Professions building, and the spacious new addition to the Ernest Hollings Cancer Center. Significant progress also occurred during 2005-2006 on the massive new three-phase MUSC hospital. In the planning stages is a bioengineering and patient-oriented research center building which will be known as the Center for Drug Discovery.

The Military. Despite the 1993 (Base Realignment and closure) (BRAC) decision to close much of the Charleston Naval Complex, the military still has a large annual economic impact in the Charleston region. Charleston is a model of joint-use and is a national strategic inter-modal transportation hub, with facilities that provide the nation with airlift, sealift, and pre-positioning capacity.

According to a 2005 study by the Charleston Metro Chamber of Commerce, more than 27,000 active duty, civilian employees, reservists and contract personnel are employed by the military, with a direct payroll of \$1.9 billion, and the overall economic impact of the military presence tops \$4.4 billion annually.

In 2006 the U.S. Navy again became the area's single largest employer, with 16,200 uniformed, civilian and reservist employees located at the Navy Nuclear Power Training School, the Naval Hospital, the Space and Naval Warfare Systems Center (SPAWAR), and Naval Facilities Engineering Command.

During the 1993 (BRAC) process, Charleston gained the high tech SPAWAR facility an electronic engineering facility with 1,100 employees and a \$70 million annual payroll. SPAWAR also awards contracts of over \$2.5 billion in electronic engineering work each year in Charleston, with beneficiaries including 35 top-flight private sector contractors who have started businesses here with approximately 2,000 of their employees.

The Charleston Air Force Base hosts 8,428 uniformed, civilian and reservist employees. The base is home to the 437th Airlift Wing and its squadron of C-17 transport planes that are currently serving a vital supply



Charleston Air Force Base is home to the 437th Airlift Wing. The C-17 transport planes are a vital supply line to troops in Iraq and Afghanistan.

role to the military in Afghanistan and Iraq, and humanitarian efforts all over the globe. The expenditure of \$150 million in modernization at the base and the ongoing phasing in of 53 of the newer technology C17s, embodies a commitment by the U.S. Air Force toward the long-term strategic viability of the Charleston base.

In 2004, the Charleston region gained its newest federal establishment. The Federal Law Enforcement Training Facility, located on the former Naval Base, is training up to 2,000 students per year for the U.S. Coast Guard.

In addition to those employed by the military, the 2003 Chamber of Commerce study also highlighted the very significant concentration of 19,000 military retirees and widows living in the Charleston area. With military pensions averaging \$25,000 annually, this group of residents contributes at least \$450 million annually to the Charleston economy through their presence.

Many Charlestonians were relieved in the wake of the 2005 BRAC, having experienced in 1993 just how devastating these military draw-downs can be. The August 2005 BRAC news again involved some anxiety for the Charleston community, albeit on a much smaller scale than in 1993. Charleston is losing 1,121 jobs at four different area military facilities. Specifically, the BRAC decided that the Defense Financing and Accounting Center on the former Naval Base will be closed, affecting 360 area workers. The Naval Facilities Engineering Command's Southern Division was also ordered to close, affecting another 450 Charlestonians. The BRAC also decided to shift 264 positions from the Naval Weapons Station to commands or facilities in other states, and to trim the SPAWAR staff in Charleston with the transfer of 47 positions to Virginia.

Industrial and Service Companies. Pro-business government attitudes permeate the state of South Carolina and the Charleston region, where state commerce department officials work hand-in-hand with economic developers from Charleston County and its three largest municipalities. This team searches out national and international business prospects, facilitating their relocations and expansions.



The new Vought Aircraft Fuselage assembly building in North Charleston

Some of the services by the Charleston region to assist relocating and expanding businesses include expedited permitting, infrastructure grants, financial incentives, and the Center for Accelerated Technology Training (CATT), the national gold standard amongst state-sponsored labor training programs.

The Workforce Investment Act (WIA) affiliated Trident One Stop Career Center, managed by Charleston County employees, offers continuous workforce training support to area businesses throughout their life cycles.



Equipment installation at the Vought Aircraft facility

Charleston County founded its Economic Development Office in 1993, and led the effort in 1995 to create the non-profit Charleston Regional Development Alliance. This latter group was tasked with marketing the tri-county area to industrial and business prospects, in collaboration with the economic developers of Berkeley, Charleston, and Dorchester counties.

Operating with a \$1.4 million annual budget, the Alliance hosts an award-winning web-site, performs editorial placement, targeted advertising, and other marketing functions, facilitates prospect visits to Charleston, and

searches for new prospects for the region during trade shows and agency visits to key national and international markets.

The Charleston region has experienced record levels of success in economic recruitment since 1995, when it commenced a unique tri-county collaborative program. From 1995 through the end of 2000, more industrial and service sector corporate growth occurred than in the previous 20 years, with over \$5.69 billion in capital investment and the creation of 27,558 new primary jobs.

During the past 12 years, the efforts of these partners have led to many notable economic highlights.

Some of these highlights for Charleston County have included:

- Assisting relocating or expanding private firms in the creation of nearly 15,000 new jobs and the investment of more than \$2.5 billion within Charleston County;
- Placing Charleston County amongst the top ten of the state's 46 counties for capital investment and new job creation in nine of the past 12 years;
- Placing Charleston County first among the state's 46 counties in both capital investment and new job creation in 2004;
- Recording the largest private sector capital investment in Charleston tri-county area history in 2004, with the Vought Aircraft Industries \$560 million, 645-employee aircraft fabrication and integration complex, which will construct the Boeing 787 fuselage in Charleston County; and
- Recording the largest private sector job announcement in Charleston tri-county area history in 2004, with the announcement by Verizon Wireless of its 1,100 employee call center in Charleston County.

As a partner in the tri-county recruitment effort, Charleston County in 2004 embraced a recruitment strategy that centers on five key economic "fields":

- Aerospace and aviation;
- Automotive manufacturing and suppliers;
- Biotech, medical and pharmaceutical activities;
- Information technology and advanced security; and
- Internet, movie-making, architecture and urban design

The strategy was devised on behalf of the region by Angelou Economics, Inc. of Austin, TX, following six months of significant local input from area business leaders.

Aerospace and Aviation

The Vought Aircraft complex is an international collaboration in a sophisticated commercial aircraft which is already making history. The Boeing Company forecasts the future primacy of mid-sized commercial airliners as carriers increasingly depart from the hub-and-spoke model and offer flights between mid-sized cities. The Boeing 787 will be the first commercial aircraft ever constructed from carbon graphite composite materials, a super-strength, lighter-weight material with many fuel efficiency and maintenance advantages over conventional metals traditionally used in aviation.

If worldwide market response is an accurate indicator, the approximately 400 orders for the 787 which were placed by Boeing customers prior to the close of 2006, speak well for the future of this innovative aircraft.

International logistics are critical to a manufacturing team spread across three continents producing the Boeing 787, and Charleston's 8,500-foot runway and nearby ocean port access, (all linked by rail and interstate highways) made it a logical site for the aviation complex. Large, converted 747s, known as Large Cargo Freighters (LCFs), will deliver fuselage parts made in Nagoya, Japan and Grottaglie, Italy to the Charleston complex. Using these materials, Vought Aircraft Industries (Dallas, TX) will manufacture the fuselage, and Global Aeronautica (a joint venture of Vought and Alenia Aeronautica of Milan, Italy) will integrate the flooring systems and various other interior components. These finished fuselage sections will then travel via LCF to Everett, WA, where they will undergo final assembly, being united with the wings, tail, and nose cone sections.



A conceptual drawing of the new Boeing 787 commercial aircraft. In 2005, Vought Aircraft and Alenia Aeronautica announced their \$500 million investment in a state-of-the-art manufacturing facility in North Charleston that will produce Boeing 787 fuselages.

Since the February 2005 ground-breaking, work at the Vought Aircraft complex has proceeded in earnest. Vought held a building dedication ceremony for the fabrication building in July 2006, and Global Aeronautica plans to christen its new integration building in a similar ceremony before the end of 2006. A training center building opened in 2005, and is now a beehive of recruitment, hiring and workforce training. Work continues urgently on additional ancillary buildings and a taxiway. The first LCF will land in Charleston during the first quarter of 2007, carrying the first materials to the plants as they begin their first fuselage work.

Automotive Manufacturing

Charleston County ended 2005 with another economic bang, with the announcement that Daimler-Chrysler would locate its Sprinter van assembly plant in North Charleston. Beginning with its initial phase of 200 workers in 2006, the facility could eventually grow to a full automotive original equipment manufacturer (OEM) facility, encompassing over \$400 million in additional capital investment and creating over 1,200 additional jobs.

Although the Charleston manufacturing sector has never reached a double-digit percentage share of the area's jobs, its salaries remain among the best in the area at facilities such as Robert Bosch, MeadWestvaco, Bayer, DuPont, Alcoa, Nucor Steel, Vought Aircraft, Alenia Aeronautica, Boeing and Daimler Chrysler. Manufacturing positions in the area are increasingly demanding a highly skilled workforce, as typified by the precision aerospace work being performed at Boeing, Vought/Alenia, Eaton Aerospace or SKF Aerobearing; the engineering work in assembling Sprinter vans at Daimler-Chrysler; the complex science involved in the contract production of new pharmaceuticals at aaiPharma; and the "rocket science" involved in the cutting edge electronic engineering at Scientific Research Corporation, Inc. as it fulfills its SPAWAR contract work and meets the needs of the modern U.S. military.

Biotech, Medical & Pharmaceutical Activities

Emerging biotech in Charleston are characterized by firms like Charles River Endosafe, which utilizes a portion of the blood of Atlantic horseshoe crabs to create the pharmaceutical industry's 'gold standard' diagnostic agent for toxins in injectible drugs. Gen Phar, which first pioneered an HIV detection kit for hospital use, retains ties to MUSC, where its founder first conducted research. It most recently created a vaccine geared at immunizing U.S. troops from the deadly Marburg and Ebola viruses. An innovative air mattress technology for burn victims' hospital beds also emerged from MUSC scientists' discoveries. This product became a lucrative market niche for Indiana-based Hill-Rom, Inc., a Hillenbrand company which maintains its assembly operation in North Charleston.

Information Technology and Advanced Security

Information technology companies are also a burgeoning sector in Charleston, anchored by nationally known companies such as Scientific Applications International Corporation (SAIC), BAE Systems, and many others servicing their SPAWAR accounts. But there are also the Charleston "home-grown" IT firms. Blackbaud grew in Charleston from less than 30 to well over 700 employees as their private sector non-profit fund-raising software became their industry's 'gold standard.' Founded in Charleston, Automated Trading Desk, Inc., now trades 4% of the NASDAQ volume on a daily basis on lightning fast computer terminals from its \$30 million state-of-the-art complex in suburban Mount Pleasant.

"Creative Cluster"

Charleston has been a magnet for a growing list of small Internet-related companies, architecture and urban design firms, and movie-making expertise. Downtown Charleston boasts a treasure trove of well-preserved 18th and 19th century architecture that is a timeless laboratory for young urban design practitioners. Clemson University will soon break ground on an architecture center in downtown Charleston, and the Center for the Building Arts has provided a training school for craftsmen involved in structural restoration. South Carolina improved its financial incentives offerings for movie-makers in 2006, hoping to attract yet more television and motion picture shoots to Charleston and other statewide locales.

WHY CHARLESTON?

Companies relocating to Charleston, as well as entrepreneurs, typically give two primary reasons for why they chose to do business in Charleston: the renowned quality of life, and the enviable competitive posture.

Quality of Life. Key among the region's advantages is its geographic location, its natural beauty, moderate climate, and a coveted quality of life that has been deliberately and carefully protected.

Charleston has a 336-year history, and is widely acknowledged to be among the world's leaders in the area of historic preservation. The well-preserved 18th and 19th century homes and commercial buildings in downtown Charleston are a testament to this passion. Sight-seeing in historic downtown is a favorite for tourists, whether traveling the 'Holy City' (a moniker based on its myriad churches and synagogues) on foot, in passenger vans, or in horse-drawn carriages. But far from being a staid museum-like experience, the visitor to Charleston is struck by the busy streets of a vibrant city, filled with tourists and locals dining and enjoying entertainment well into the night.

Charleston is a medium-size city with big-city arts attractions. The world-renowned Spoleto Festival USA is an annual two-week celebration of opera, jazz, dance and visual arts, which attracts legendary performers to the city. Charleston has more than 70 arts and cultural organizations, including a seasonal symphony orchestra, museums, art galleries, local stage and theater groups, dance troupes, a community band and chorus, and a variety of dance and music recitals at area colleges.

Charleston offers diverse education options, from K-12, through the technical college, bachelor's degree, and post-secondary study levels. Four public school districts in the tri-county Charleston region operate 134 schools with a total of 88,760 students. A variety of learning styles are accommodated and a diverse subject matter available through excellent magnet and charter schools geared to advanced academic studies, the creative arts, technology and other key pursuits. The Charleston area also hosts 65 private and parochial schools that enroll a total of 11,000 students.



Rainbow Row is located in Charleston's downtown historic district. Charleston is a world leader in historic preservation.

There are 22 colleges and universities offering a range of two-year, bachelor's and master's degree programs in Charleston. The larger among these are Trident Technical College (11,407 students), The College of Charleston (11,332 students), The Citadel (3,386 students), Charleston Southern University (3,022 students) and the Medical University of South Carolina (2,298 students). In 2004, the area's post-secondary educational options were increased by the creation of the Charleston School of Law, the second law school in the state.

Sports are an important part of the Charleston social landscape in a town where the median age is 34. Sports are big business, contributing \$66.4 million annually to the regional economy and employing nearly 1,200 people.

Some of the mainstays of this vibrant sports scene include:

- Professional baseball at Joseph P. Riley Stadium, with Class A Charleston RiverDogs
- Professional soccer at Blackbaud Stadium with the Charleston Battery
- Professional hockey at the North Charleston Coliseum with the East Coast Hockey league S.C. Stingrays
- Collegiate sports at The Citadel (Southern Conference), The College of Charleston (Southern Conference), and Charleston Southern University (Big South Conference)
- Family Circle Cup professional women's tennis tournament, with its 10,000 seat stadium
- Over 30 golf courses, including the fabled Ocean Course at Kiawah Island, scene of the 1991 Ryder Cup, the 1997 and 2003 World Cup of Golf, the 2002 UBS Warburg event, and future site for the 2007 Senior PGA Championship, and the 2012 PGA championship

Charleston boasts 164 parks and recreational facilities encompassing 11,509 acres, or nearly 21 acres per 1,000 people. A network of parks and recreational boat ramps are maintained by the Charleston County

Park and Recreation Commission, which serves all corners of the tri-county region, offers opportunities for picnicking, jogging, skating, boating, canoeing, kayaking, swimming in the water parks, or surfing at three oceanfront parks. The most recent additions include the Caw Caw Interpretive Center in Ravenel, the regional Wannamaker Park in North Charleston, as well as plans for an equestrian-oriented park on Johns Island. In short, there's something for everyone. In addition, the Commission has been named by County Council as the body to expend \$36 million of General Obligation Bonds issued in 2006, to purchase land for additional parks. These Bonds will be retired with proceeds from the Transportation Sales Tax.

Competitive Posture. Charleston has won numerous accolades in recent years from respected business organizations, associations, and publications:

- Five-Star Knowledge Worker Metros, *Expansion Management*, May 2006
- Top U.S. Cities For Doing Business, *Inc. Magazine*, May 2006
- Mid-Sized Markets with Highly Diverse Economies, *Southern Business & Development*, Winter 2006
- Best Performing Cities, Milken Institute, February 2006
- America's 50 Hottest Cities, *Expansion Management*, January/February 2006
- Top Logistics Metros in the U.S., *Expansion Management*, September 2005
- Hot Cities for Entrepreneurs, *Entrepreneur*, October 2005
- New American Dream Towns, *Outside*, August 2005
- Most Unwired Cities, Intel Corporation, July 2005
- Top Arts Destinations, *American Style*, June 2005

Many of the Charleston competitive advantages were discussed previously, including the international logistics of the Port and the Charleston Airport, the presence of key military installations, MUSC, SPAWAR, the booming tourism sector, productive workers, an award-winning training program, and the numerous educational, cultural and recreational opportunities all of which contribute to making the Charleston area one of the Nation's most desirable places to live.

The Charleston region also offers a sizeable commercial real estate portfolio for a mid-sized market. According to estimates by the U.S. Census Bureau and the S.C. Budget and Control Board, the tri-county Charleston SMSA (Standard Metropolitan Statistical Area) had grown to 583,434 persons by 2004. These agencies forecast that the region will continue to grow to 613,470 persons by 2010. This estimate may in fact be conservative given the more than 135,000 new housing units which had been permitted across the region by the close of 2006. This strong residential growth, along with a record number of tourists, has spawned growth of the retail sector, along with the corresponding inventory of retail space.



Grand opening of the Tanger Outlet Mall featuring guest speaker Lauren Hutton

By the close of 2005, the region had exceeded 12.5 million sq. ft. of retail inventory, including an array of regional malls, the downtown Charleston central business district (CBD), and numerous suburban strip centers. The occupancy rate for the downtown CBD was nearly 97%, with 98% in area malls, and 91% in suburban centers. With the expansion trend in play, top of the market average rates prevailed, ranging from \$25.59 per sq. ft. downtown, to \$17.45 in the malls and \$13.65 within suburban centers.

Among the 2 million sq. ft. that has been added during 2005 through 2006 is the 400,000 sq. ft. Tanger Outlet Mall in North Charleston, which opened in the summer of 2006.

Impressive plans are in motion in Mt. Pleasant, where the Market at Oakland will feature some 425,000 sq. ft. in retail space, along with an 188,000 sq. ft. Wal-Mart Supercenter. Downtown Charleston will experience redevelopment of one of its prominent corners, at Calhoun and King Street opposite Marion Square, which will be transformed during 2007 into a multi-use retail and condo development.

In mid-2006, data compiled by Colliers Keenan indicated that regional inventory had expanded to 14.5 million sq. ft. - a 16% increase over 2005. Occupancy in downtown grew to nearly 99% by mid-year, while it fell slightly to 95% in the malls and to 87% in the suburbs. Average rent held constant at 2005 levels in downtown Charleston space, the malls, and the suburbs, despite the infusion of new space.

Since 2000, in the Charleston area there has been a more than 50% increase in the inventory of available office space. The Charleston office space inventory grew at a pace of 6% between 2004 and 2005, from previous 7.6 million sq. ft. to 8 million sq. ft. Vacancy in 2004 had averaged 13%, but was 11% at the close of 2005. At the close of 2005, the average rate for all office space across the Charleston region was \$19.66 per sq. ft., and \$25.29 per sq. ft. for Class A space.

The Charleston office market was growing at a similar pace in mid-2006, with the 8.2 million sq. ft. of inventory representing a 3% increase from the 2005 year-end total. Vacancy had gone down slightly (10.5%), along with the regional average rate for all office space of \$19.12 sq. ft., and the Class A space rate of \$23.15.

The year 2005 was a "banner year", according to Colliers-Keenan, characterized by record sales and lease prices. The construction of speculative product was another by-product, initiated in response to the low vacancy rates the region faced by mid-year 2006. Service companies, banks, and defense contractors fueled the demand. All told, a 25% increase in the region's office space will occur as some 2 million sq. ft. in proposed space begins taking shape. A sampling of the new projects includes three now under construction: Holder Properties (105,000 sq. ft.) in lower North Charleston, Offices at Belle Hall in Mt. Pleasant (80,000 sq. ft.) at I-526/Longpoint Rd. and benefitfocus.com (150,000 sq. ft.) on Daniel Island.

Charleston boasts an extensive array of existing manufacturing, warehouse, flex space and business park options spread across the urban area. The year 2005 was characterized by great absorption, according to Colliers Keenan, creating demand for new product and driving land prices and development further away from the urban core.

Port-related third-party logistics and bulk warehouse operations such as Shimano and Fruit-of-the-Loom relocated to the area or expanded, as East Coast ports continued to reap dividends from the vast volume of Chinese and other Asian imports and the growing difficulty of shippers moving cargo feasibly through West Coast Ports.



Display Table for Shimano Distribution Center

Growing inventory, decreasing vacancy, and stiffening rates have characterized 2006. Space grew by 2.5 million sq. ft. (11%) from the close of 2005 through mid-year 2006, moving from 20.8 million to 23 million sq. ft. Bulk warehouses, accounting for nearly two-thirds of all space, had a vacancy rate of 6.6%, with an average lease rate of \$3.63 per sq. ft. There was a similar vacancy rate amongst the approximately 5.5 million sq. ft. of distribution space, available at \$4.19 per sq. ft. Flex space supply and demand was even tighter, driven by expanding SPAWAR contractors, with a vacancy rate of only 4% amongst the 2.7 million sq. ft. inventory. New industrial product was proposed or under construction in Summerville, Hanahan, and North Charleston during 2005 through 2006, including two speculative buildings of 148,000 sq. ft. and 315,000 sq. ft., respectively.

MAJOR COUNTY INITIATIVES

Charleston County's initiatives in fiscal year 2006 focused on enhancing the value of services provided to our citizens, partnering with municipal governments, encouraging economic development, and continuing with an extensive facilities improvement and replacement program.

Financial. In order to give some financial relief on property taxes, County Council approved a 15% reassessment cap ordinance in November of 2000. This ordinance limited the growth in the assessed value of property taxed at a rate of 4%, to a 15% increase. The state-mandated reassessment was implemented in February of 2001. However, the application of the 15% reassessment cap to only 4% property was challenged in court. In May of 2002, the State Supreme Court ruled that the County's reassessment cap ordinance was invalid. Some cases are still outstanding related to refunds of bills for fiscal year 2002. The most significant of these cases was initially ruled against the County and appealed to the State Supreme Court. The State Supreme Court referred the cases back to the Circuit Court for dismissal. But the State Supreme Court ordered that administrative remedies should be pursued for the refunds. Refund applications were mailed to applicable taxpayers on October 6, 2004. Per the Supreme Court order, the deadline for filing an application was set at January 15, 2005. The refund process is now nearing an end. As of September 30 2005, Charleston County had processed refunds totaling \$9,657,016 to local property owners and at June 30, 2006, any remaining liability was closed out to current year taxes collected.

In November of 2004, Charleston County voters approved an additional one-half percent (a half-cent on every dollar) sales tax to be levied. This Transportation Sales Tax was implemented in May of 2005, and will continue "for no more than 25 years or until \$1.3 billion is generated, whichever occurs first." The County also received referendum approval to issue General Obligation Bonds totaling \$113 million for roads and greenbelt projects. Some of the revenues from the additional sales tax will be used to fund the County's \$75 million commitment to the replacement of the Grace Memorial Bridge over the Cooper River. Connecting the City of Charleston and the Town of Mount Pleasant, the new \$631 million Arthur Ravenel, Jr. Bridge was completed by the South Carolina Department of Transportation, and opened to traffic in July of 2005. The week-long community celebration of the bridge opening included public walking days, a \$200/ticket symphony concert on the bridge, and a ceremony with dignitary guest speakers, and culminated in a spectacular fireworks display that was the largest ever seen in South Carolina.

The opening ceremonies were funded completely by donations. Additional funds from the Transportation Sales Tax will be used for roads and mass transit, and for greenbelts such as farm, forestland, trails and open space protection.

Partnerships. The County partnered with the City of Charleston and Berkeley County to construct the Daniel Island Tennis Center. Charleston County Council committed to fund \$750,000 of the project through 15 annual payments of \$50,000 each from Accommodations Fee revenues. This \$9.3 million facility was completed in March of 2001, and serves as the new home of the annual Family Circle Cup Women's Tennis Tournament, which was previously held on Hilton Head Island. Economic impact studies indicate that the event generated \$20.3 million of direct economic activity in the Hilton Head economy in 1999.

County Council also annually assists the City of North Charleston with debt service payments for the North Charleston Convention Center in the amount of \$1.4 million from the Accommodations Fee revenues, with a total commitment of \$18 million. Similar to the Daniel Island Tennis Center, the Convention Center provides considerable economic activity through various year-round events.

Road improvements and maintenance are an essential service that the County provides to all its citizens, regardless of municipal boundaries. During fiscal year 2006, the Charleston County's Public Works Department managed more than \$7.9 million in road and drainage improvement projects and road resurfacing, all funded by the Charleston County Transportation Committee.

The tri-county Trident One-Stop Career Center in North Charleston completed its eighth year in business in 2006. This award winning, grant-funded program brings together numerous state and local programs and provides the benefit of one-stop assistance to both applicants and employers. The center provides individuals with job search assistance, skill assessment, GED preparation and job readiness training. The center provides business services such as career fairs, interviewing and testing facilities, and training for new and incumbent employees. In addition to assisting the citizens of the area, the center works very closely with the industries that have been recruited through the Trident Area's economic development efforts to provide trained employees.

In December of 2002, Charleston County Council authorized the renovation of floor space in the Charleston Center (Department of Alcohol and Other Drug Abuse Services) for the relocation of the ten-bed Mental Health Crisis Stabilization Unit. This move was funded through collaboration between Charleston Center, the South Carolina Department of Mental Health, and public and private hospitals. The relocation helps address problems in the emergency rooms with patients who are intoxicated and may be suicidal by providing a single facility that will give patients access to the expertise of the Charleston Center and the Department of Mental Health. The renovation work was completed and the unit was opened in fiscal year 2004.

Capital Projects. Consistent with the Charleston County's Capital Improvement Plan, which includes both new construction and renovation to provide better, more efficient service to residents, a number of projects were started during the year including two additional Emergency Medical Service stations.

The primary project started during the year was the replacement of the majority of the mobile radios owned by the County, along with replacement of most of the equipment in the radio towers. It is expected that this project will be completed in the first quarter of calendar year 2007. Additionally Information Technology replaced a number of systems.

Regional Medical Cooperation. The Emergency Medical Services (EMS) departments of Charleston, Berkeley and Dorchester Counties received multiple awards from the South Carolina Association of Counties and *The Charleston Regional Business Journal* for working together and developing an approach to cardiac care that is reducing the disability and death associated with heart attacks. The three county systems worked on the idea that if they could fax a diagnostic-capable EKG, taken in the field by paramedics, to emergency rooms via a cell phone, hospitals could prepare the catheterization lab prior to a patient's arrival. As a result of the project, chest pain patients who are confirmed to be having a heart attack are seeing the time between their arrival at the hospital emergency room and entering the catheterization lab reduced by 85%.

No tax dollars were used in the purchase of over \$70,000 worth of technology used for the EKG project. A grant from the Medical Society of South Carolina purchased the equipment. The Roper St. Francis Hospital System, Medical University of South Carolina, East Cooper Hospital, and Trident Health Care Systems contributed to the success of the counties' project.

Flood Insurance Program. As Charleston is a coastal community, Charleston County has participated in the federal government's Community Rating System (CRS) since 1995. This year the County received notice that its CRS rating increased to 5, meaning that residents living in the unincorporated areas (over which the County's Building Services department exercises authority) now receive an automatic 25% discount on flood insurance premiums. This translates into an approximate \$130 saving per year.

Charleston County is one of only 27 communities in the United States that have obtained the elite Class 5 rating. Only three communities in the nation have a better rating than Charleston County's Class 5.

Technology. In a first for the County, in April of 2005 the Magistrates' Courts began using videoconferencing in a remote location to accept guilty pleas for defendants housed at the Charleston

County Detention Center. This technological advancement expedited releases from the jail, reduced staffhandling of detainees, saved fuel and other transportation costs, and served as a positive demonstration for potential future use by courts of even larger jurisdiction.

Following last year's installation of "ruggedized" laptop computers in ambulances, this year Charleston County's EMS implemented new billing software and billing procedures to improve collections. The new system reduced billing from 15 to 30 days to 5 days, reduced Medicare rejections, and increased addressing accuracy. The net effect was a 41% increase in collections.

Safety. Following last year's successful campaign to reduce back injuries, Charleston County's Safety and Risk Management Department initiated an emphasis on reducing slips and falls. Through a combination of education and awareness, monitoring and feedback, specialized equipment, and improved maintenance procedures, a 21% reduction in slip-and-fall injuries and a 30% reduction in lost work days was realized within the County employee workforce.

Recycling. Between 1990 and 2000, the Latino population has more than tripled in South Carolina, and according to the latest U.S. Census Bureau population estimates, the total Latino population in Charleston County has risen 7% from 2000 to 2003. Several departments, including Solid Waste and Recycling, and Charleston Center (Department of Alcohol and Other Drug Abuse Services), have trained employees in conversational Spanish, reflecting the need to serve the county's growing Latino population. Most Latinos that have recently moved to the Lowcountry are not familiar with recycling programs, or did not have recycling programs in place at home. With this in mind, the Solid Waste and Recycling Department launched an innovative new commercial, spoken entirely in Spanish with English subtitles. The commercial is not only airing on the local Latino TV stations, but across all local affiliate stations.

To increase household recycling participation in established neighborhoods around the county, a subdivision-by-subdivision program was implemented. Staff worked with homeowners' associations, attended community meetings, designed and put up signs, and distributed new recycling bins. This proactive measure has resulted in four- and five-fold increases in participation rates. Similarly, in new in-fill subdivisions, a concerted effort to raise recycling awareness has been successful.

Transportation Sales Tax. Following the passage of the Transportation Sales Tax in November of 2004, implementation of the road construction, greenbelt, and transit programs the tax was intended to fund began in earnest in FY 2006. Two citizen advisory boards, the Transportation Advisory Board and the Greenbelt Advisory Board, both completed their comprehensive plans and submitted them to County Council.

The County's Public Works department adopted the *RoadWise* program name for the highways and drainage component. By June 15, 2006, local road projects, dubbed the Quick Start program, were completed. Groundbreaking on Palmetto Commerce Parkway in North Charleston occurred in the Spring. This project became part of a County incentive package that successfully encouraged DaimlerChrysler to locate its Sprinter van assembly plant here. Most impressively, the County leveraged the \$847 million 25-year cash flow the Transportation Sales Tax represented into three separate state and federal grants totaling \$503 million dollars, increasing by almost 50% the amount of money available for road construction in the county.

While the Comprehensive Greenbelt Plan was being developed, the County issued \$36 million of voter approved debt to permit the Charleston County Park and Recreation Commission to begin its Transportation Sales Tax-related acquisition of future parkland.

FINANCIAL INFORMATION

Cash Management. Cash that was temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury, repurchase agreements, or interest-bearing checking accounts. The average yield on investments was 4.18% for the year ending June 30, 2006.

Charleston County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The County's bank balances were approximately \$149,905,492 million at June 30, 2006, all but one of which were collateralized or covered by insurance. More detail on the County's deposits and investments is found in Note III. A. of the notes to financial statements starting on page 79.

Risk Management. The County has a limited risk management program for vehicle comprehensive and collision. As part of this plan, the County has initiated a mandatory defensive driver training class for new employees operating County vehicles. The County insures all licensed vehicles for collision and comprehensive, including a \$1,000 deductible per vehicle provided by the State of South Carolina Insurance Reserve Fund. The County has also acquired commercial insurance on heavy equipment with a \$1,000 deductible for equipment with a value of \$100,000 or less, and a \$2,500 deductible for equipment with a value over \$100,000. There is a \$2,500 per catastrophe limit on the deductible for heavy equipment. The County also has a \$1,000 deductible per location coverage for fire and extended coverage with the State of South Carolina Insurance Reserve Fund.

During fiscal year 1995, the County insured the risk of job-related injury or illness to its employees through The South Carolina Association of Counties' (SCAC) Workers' Compensation Trust. Effective July 1, 1995, the County converted to a self-insured plan with SCAC to fund risks associated with Workers' Compensation claims. More information on the County's risk management plan can be found in Note IV.A. of the notes to financial statements starting on page 107.

Pension and Other Post Employment Benefits. Charleston County participates in the State of South Carolina Retirement System. All permanent County employees are members of either the South Carolina Retirement System or the South Carolina Police Officer's Retirement System. More information on these pension plans are provided in Note IV.I. of the notes to financial statements starting on page 115 of this report.

The County also provides post-retirement health, life and dental care benefits (as per the requirements of a local ordinance) for certain retirees and their dependents. More information on the post-retirement benefits is shown in Note IV.G. of the notes to financial statements starting on page 115.

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to Charleston County for its Comprehensive Annual Financial Report for each of the fiscal years ended June 30, 1988, through 2005, 18 years in total.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports 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 Charleston County's current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

In addition, the government has also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the 17 fiscal years starting July 1, 1989 through 2005. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including a policy document, a financial plan, an operations guide, and a communications device. The award for the year starting July 1, 2005, included a "Special Performance Measures Recognition".

The timely preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Charleston County's Controller's Office. Special thanks go to the team headed by Carla Creech, who with the assistance of Dolores Dong, Scott Bartley, Kathleen Durham and Daryl Brigman of the Controller's Office produced the Comprehensive Annual Financial Report, and coordinated the audit with the external auditors. Substantial contributions were also made by several financial staffs throughout the County: Mack Gile and Catherine Ksenzak from the Budget Office; Andrew Smith and Julie Riley-Hollar from the Treasurer's Office; Lisa Murray from the Department of Alcohol and Other Drug Abuse Services; Jean Sullivan and Jeanette Williams from Grants Administration; and Bill Turner from the Public Works Department. Much appreciation also goes to Cynthia Meadows of the Controller's Office who prepared the financial notes, this letter, and the management's discussion and analysis, and provided clerical support to the external auditors. Substantial assistance also came from the staff members of the County Administrator and Chief Financial Officer, with special thanks to Steve Dykes of the Economic Development Office. Thank you's are also extended to the staff of Dixon Hughes PLLC, the external auditors, for their efforts in producing this Comprehensive Annual Financial Report.

In addition, Charleston County would like to acknowledge the cooperation and support of Charleston County Council in making this report possible.

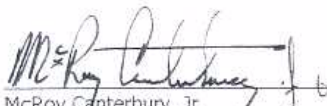
McRoy Canterbury, Jr.
Charleston County Administrator

Corine Altenhein
Charleston County Chief Financial Officer

Harold L. Bisbee
Charleston County Controller

The timely preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Charleston County's Controller's Office. Special thanks go to the team headed by Caria Creech, who with the assistance of Dolores Dong, Scott Bartley, Kathleen Durham and Daryl Brigman of the Controller's Office produced the Comprehensive Annual Financial Report, and coordinated the audit with the external auditors. Substantial contributions were also made by several financial staffs throughout the County: Mack Gile and Catherine Ksenzak from the Budget Office; Andrew Smith and Julie Riley-Hollar from the Treasurer's Office; Lisa Murray from the Department of Alcohol and Other Drug Abuse Services; Jean Sullivan and Jeanette Williams from Grants Administration; and Bill Turner from the Public Works Department. Much appreciation also goes to Cynthia Meadows of the Controller's Office who prepared the financial notes, this letter, and the management's discussion and analysis, and provided clerical support to the external auditors. Substantial assistance also came from the staff members of the County Administrator and Chief Financial Officer, with special thanks to Steve Dykes of the Economic Development Office. Thank you's are also extended to the staff of Dixon Hughes PLLC, the external auditors, for their efforts in producing this Comprehensive Annual Financial Report.


In addition, Charleston County would like to acknowledge the cooperation and support of Charleston County Council in making this report possible.



McRoy Canterbury, Jr.
Charleston County Administrator



Corine Altenhein
Charleston County Chief Financial Officer



Harold L. Bisbee
Charleston County Controller

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

County of Charleston
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



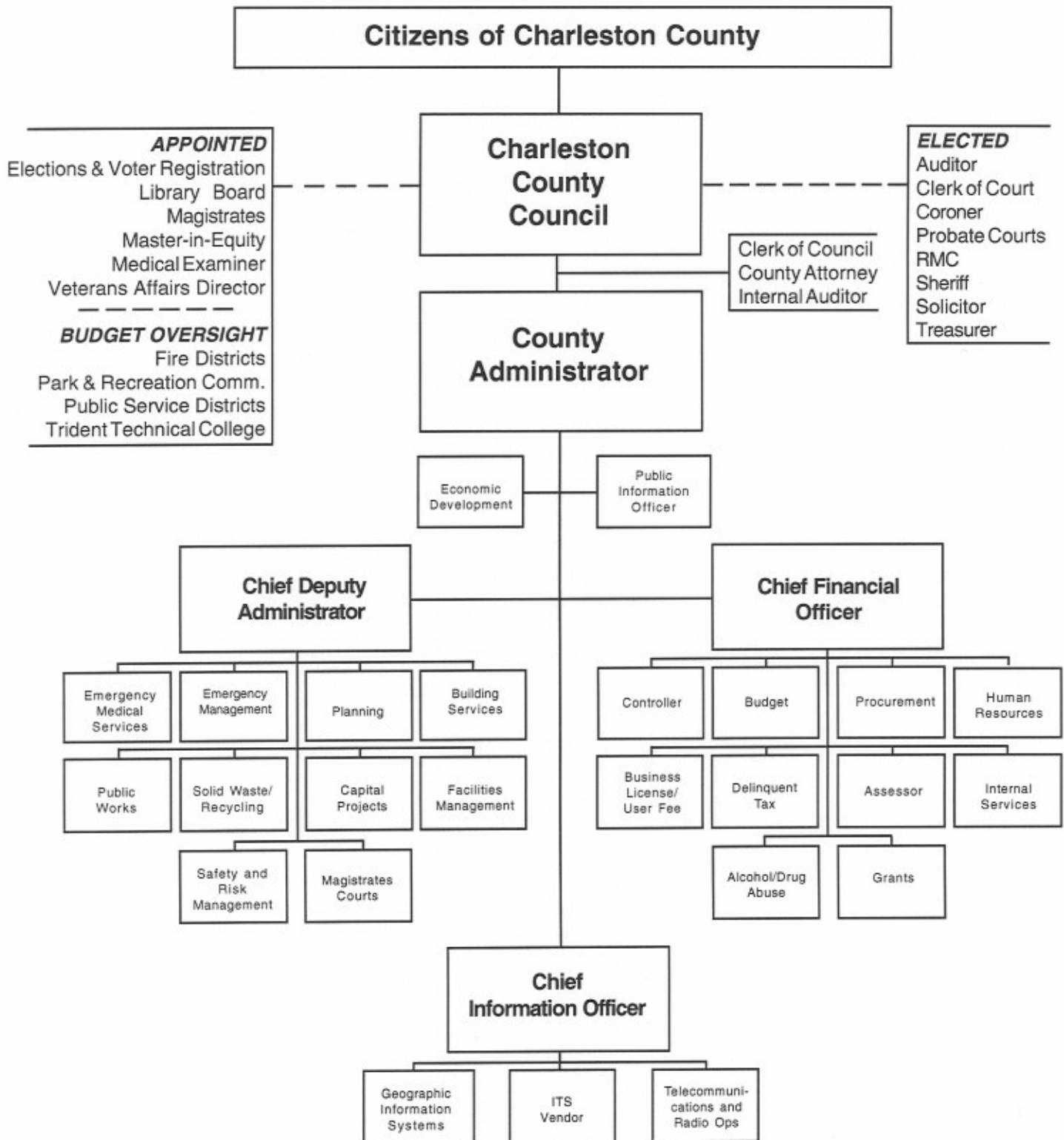
President

Executive Director

Charleston County, South Carolina Organizational Chart

County Departments
Effective 12/16/2003

Revised
09/27/2002
12/16/2003
02/26/2004
12/01/2005



**COUNTY OF CHARLESTON
PRINCIPAL OFFICIALS
For the Year Ended June 30, 2006**

MEMBERS OF COUNTY COUNCIL

| | Number of Years In Office | Term Expiration Date | |
|---------------------|---------------------------------|----------------------------|---------------------------|
| Leon E. Stavinakis | 7½ | 1/1/07 | Chairman, District 9 |
| Timothy E. Scott | 9½ | 1/1/09 | Vice Chairman, District 3 |
| Joe McKeown | ½ | 1/1/07 | District 1 |
| Ed Fava | 3½ | 1/1/07 | District 2 |
| Henry E. Darby | 1½ | 1/1/09 | District 4 |
| Teddie E. Pryor | 1½ | 1/1/07 | District 5 |
| Curtis E. Bostic | ½ | 1/1/09 | District 6 |
| Colleen T. Condon | ½ | 1/1/09 | District 7 |
| Curtis B. Inabinett | 1½ | 1/1/07 | District 8 |

ELECTED OFFICIALS

| | | | |
|----------------------|-----|--------|---------------------------|
| Julie Armstrong | 13½ | 1/1/09 | Clerk of Court |
| James A. Cannon, Jr. | 18 | 1/1/09 | Sheriff |
| Susan J. Chewning | 13½ | 1/1/09 | Coroner |
| Irvin G. Condon | 11½ | 1/1/07 | Probate Court |
| Ralph Hoisington | 5½ | 1/1/09 | Solicitor |
| Charlie Lybrand | 11½ | 1/1/07 | Register Mesne Conveyance |
| Peggy Moseley | 13 | 7/1/09 | Auditor |
| Andrew Smith | 9½ | 7/1/09 | Treasurer |

OTHER OFFICIALS

| | Number of Years With County | Years In Current Position | |
|---------------------------|-----------------------------------|---------------------------------|----------------------------|
| Roland H. Windham, Jr. ** | 7½ | 7½ | County Administrator |
| Keith D. Bustraan | 19½ | 3½ | Chief Deputy Administrator |
| Corine Altenhein | 16 | 3½ | Chief Financial Officer |
| Harold L. Bisbee | 25½ | 23 | Controller |

**Retired June 30, 2006



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FINANCIAL SECTION





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DIXON HUGHES PLLC
Certified Public Accountants and Advisors

REPORT OF INDEPENDENT AUDITORS'

To the Charleston County Council
County of Charleston, South Carolina

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, other than the financial statements of the discretely presented component units, of the County of Charleston, South Carolina, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County of Charleston's non-major governmental, non-major enterprise, internal service, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units included in the component unit column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, on the financial statements, insofar as it relates to the amounts included in the component unit column, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Charleston, South Carolina, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the

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An association of independent
accounting firms throughout the world

financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, non-major enterprise, internal service, and fiduciary fund of the County of Charleston, South Carolina, as of June 30, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the statement of capital assets used in the operation of governmental funds as well as the victim notification statement of fines, assessments and surcharges collected, is fairly stated, in all material respects, in relation to the portion of the basic financial statements from which it has been derived of the County of Charleston, South Carolina as of June 30, 2006.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2006 on our consideration of the County of Charleston, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County of Charleston, South Carolina. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Dinton Hughes PLLC

November 13, 2006

Management's Discussion and Analysis

As management of Charleston County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Charleston County for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 22 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of Charleston County exceeded its liabilities at June 30, 2006, by \$245,218 (net assets). Of this amount, \$54,630 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$42,888 during the fiscal year ended June 30, 2006, with a \$33,582 increase resulting from governmental activities and a \$9,306 increase resulting from business-type activities.
- As of the close of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$204,877. Approximately twenty-seven percent of this total amount, \$55,775, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$43,733 or thirty-one percent of the total general fund expenditures.
- Charleston County's long-term debt increased by \$51,338 (twenty-one percent) during the current fiscal year. A full discussion of the County's changes in long-term debt can be found on pages 91-105.

Overview of the Financial Statements

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

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

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

Government-Wide Financial Statements. Government-wide financial statements are designed to provide readers with a broad overview of the financial position of Charleston County and are similar to private sector financial statements. They include a statement of net assets and a statement of activities. These statements appear on pages 43 and 44 of this report.

Component units, which are other governmental units over which the County (the County Council, acting as a group) can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as combining statements of net assets and of

activities in the fund financial statements. The focus of the statements is clearly on the primary government and the presentation allows the user to address the relative relationship with the component units. For those readers interested in more information on the component units, contact information is provided in Note I. B. on pages 66 through 68 of this report.

The statement of net assets shows the County's assets less its liabilities at June 30, 2006. The difference between these assets and liabilities is reported as net assets. Changes in net assets over time may be helpful in indicating an improving or deteriorating financial position.

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

Both statements attempt to distinguish functions of Charleston County that are principally supported by taxes and inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, public safety, judicial, public works, health and welfare, economic development, culture and recreation, and education. Major business activities include parking garages and solid waste (recycling and waste disposal). Other business activities include the Department of Alcohol and Other Drug Abuse Services (DAODAS) and a countywide E-911 communication system.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Charleston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Charleston County government can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds. Governmental funds, presented on pages 45 through 51, essentially account for the same functions as those reported under the governmental activities of the government-wide statement of net assets and statement of activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Charleston County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

Governmental funds individually presented in Charleston County's statements include four major funds: the General Fund, the Debt Service Fund, the Transportation and Road Sales Tax Special Revenue Fund, and the General Obligation Bond Capital Projects Fund. Although there are many smaller governmental funds in Charleston County Government, they have been presented in a total column termed as "other governmental funds". Combining statements for these other governmental funds have been presented on pages 124 through 135 of this report.

Proprietary Funds. Charleston County maintains and presents two different types of proprietary funds, enterprise and internal service, shown on pages 52 through 57 of this report.

Enterprise funds report in greater detail, the same information presented as business-type activities in the government-wide financial statements for solid waste and parking garages. DAODAS and E-911 Communications are presented in one total column termed as "non-major other funds" but may be separately reviewed in the combining statements on pages 150 through 155.

Internal service funds (ISFs) are an accounting mechanism to accumulate and allocate costs internally for Charleston County Government. The County uses internal service funds to account for fleet management, office support services, workers' compensation, telecommunications, and the employee benefits trust. See pages 157 through 161 of this report. ISFs have been eliminated on the statement of net assets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Charleston County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 163 through 165 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. Notes are presented on pages 64 through 116 of the report.

Other Information. Individual statements, which present more detailed views of non-major funds used in governmental funds begin on page 137. Additional trend information about the County, which may be of interest to the reader, is found under the Statistical section of this report, starting on page 169.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Charleston County, assets exceeded liabilities by \$245,218 at the close of the 2006 fiscal year.

Of this amount, \$91,768 (37 percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. An additional \$54,083 (22 percent) is being held by the County as cash and investments to be used for the planned purchase/construction of additional capital assets already approved by County Council. Charleston County uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities. An additional portion of the County's net assets, \$46,716 (19 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets, \$52,652 (21 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Charleston County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Charleston County's Net Assets
June 30, 2006
(Recapped from page 43)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Current and other assets | \$337,908 | \$247,448 | \$ 79,969 | \$ 81,800 | \$417,877 | \$329,248 |
| Capital assets | 226,155 | 221,992 | 40,764 | 30,921 | 266,919 | 252,913 |
| Total assets | <u>\$564,063</u> | <u>\$469,440</u> | <u>\$120,733</u> | <u>\$112,721</u> | <u>\$684,796</u> | <u>\$582,161</u> |
| Long-term liabilities | | | | | | |
| outstanding | \$250,644 | \$195,234 | \$ 21,530 | \$ 23,668 | \$272,174 | \$218,902 |
| Other liabilities | 150,367 | 143,041 | 17,037 | 16,167 | 167,404 | 159,208 |
| Total liabilities | <u>\$401,011</u> | <u>\$338,275</u> | <u>\$ 38,567</u> | <u>\$ 39,835</u> | <u>\$439,578</u> | <u>\$378,110</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | \$ 73,785 | \$ 57,359 | \$ 17,983 | \$ 20,241 | \$ 91,768 | \$ 77,600 |
| Restricted for future construction | 32,686 | 34,059 | 21,397 | 9,647 | 54,083 | 43,706 |
| Restricted - other | 18,953 | 26,278 | 27,763 | 1,495 | 46,716 | 27,775 |
| Unrestricted | <u>37,628</u> | <u>13,467</u> | <u>15,023</u> | <u>41,503</u> | <u>52,651</u> | <u>54,970</u> |
| Total net assets | <u>\$163,052</u> | <u>\$131,163</u> | <u>\$ 82,166</u> | <u>\$ 72,886</u> | <u>\$245,218</u> | <u>\$204,051</u> |

The County's net assets increased by \$42,888 during the current fiscal year. This compares favorably to the fiscal year 2005 gain of \$20,607. Approximately twenty-two percent of the gain came from business type activities primarily planned revenues in excess of expenditures in the solid waste business-type activities, where the County has large balloon payments starting in 2006 and has been placing the savings from the 1997 refinancing of the Foster Wheeler Solid Waste Bonds in a debt service reserve since that time to apply to these balloon payments. The remainder of the business type activity increases represents the degree to which increases in ongoing revenues have outpaced similar increases in ongoing expenses.

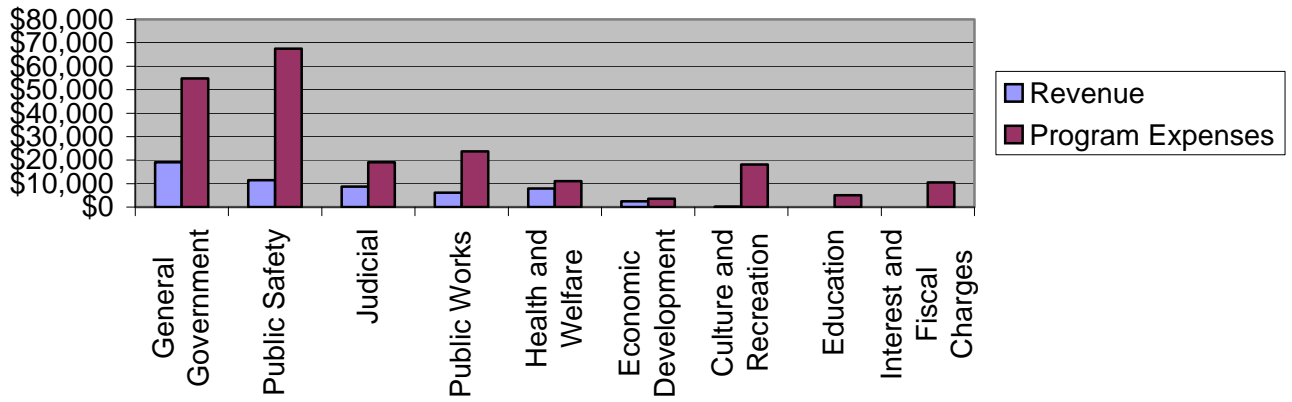
Governmental Activities. Governmental activity increased the County's net assets by \$33,582. Key elements of the increase:

- The new half cent transportation sales tax was effective May 1, 2005. The transportation tax was only collected for two months in fiscal year 2005. For fiscal year 2006 it was collected for the full year and increased \$31,246 (532.29 percent).
- Property taxes and local option sales tax increased by \$8,790 (7.6 percent) during the year.
- Fees, permits and service charges increased by \$2,434 (7.2 percent) during the year.
- Intergovernmental earnings increased by \$2,633 (7.4 percent).
- Investment earnings increased by \$4,009 (95.2 percent) during the year.
- Expenses for the year increased by \$23,650 (12.4 percent) with the substantial portion of that increase coming from public works \$9,148, general government \$6,493 and education \$1,074. The remaining increase \$6,935, reflects both inflation and the growth in the demand for services.

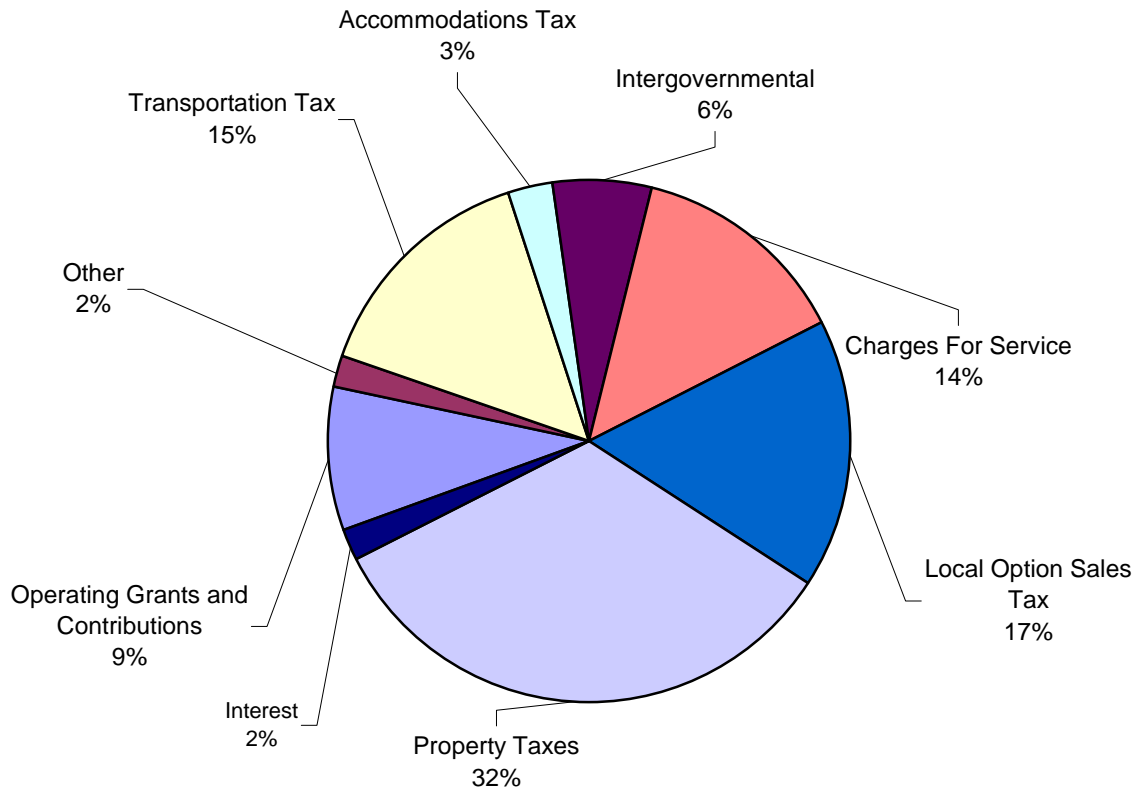
County of Charleston, South Carolina
Changes in Net Assets (Recapped from page 44)
For the Fiscal Year Ended June 30, 2006

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|------------------|--------------------------|-----------------|------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 34,526 | \$ 32,521 | \$ 43,245 | \$ 43,075 | \$ 77,771 | \$ 75,596 |
| Operating grants and contributions | 21,436 | 19,298 | 2,933 | 1,138 | 24,369 | 20,436 |
| Capital grants and contributions | - | 3,132 | 904 | - | 904 | 3,132 |
| General Revenues: | | | | | | |
| Property taxes | 82,217 | 77,341 | - | - | 82,217 | 77,341 |
| Other taxes and fees | 90,023 | 54,161 | 534 | 554 | 90,557 | 54,715 |
| State aid to political subdivisions | 14,603 | 13,960 | - | - | 14,603 | 13,960 |
| Unrestricted investments earnings | 5,757 | 2,496 | 1,782 | 833 | 7,539 | 3,329 |
| Gain (Loss) on sale of capital assets | 514 | - | 4 | - | 518 | - |
| Total Revenue | 249,076 | 202,909 | 49,402 | 45,600 | 298,478 | 248,509 |
| Program Expenses: | | | | | | |
| Governmental Activities: | | | | | | |
| General government | 54,974 | 48,480 | - | - | 54,974 | 48,480 |
| Public safety | 67,476 | 65,412 | - | - | 67,476 | 65,412 |
| Judicial | 19,042 | 17,627 | - | - | 19,042 | 17,627 |
| Public works | 23,718 | 14,570 | - | - | 23,718 | 14,570 |
| Health and welfare | 10,993 | 11,824 | - | - | 10,993 | 11,824 |
| Economic development | 3,481 | 944 | - | - | 3,481 | 944 |
| Culture and recreation | 18,133 | 16,731 | - | - | 18,133 | 16,731 |
| Education | 5,005 | 3,931 | - | - | 5,005 | 3,931 |
| Interest and fiscal changes | 10,453 | 10,108 | - | - | 10,453 | 10,108 |
| Business-Type Activities: | | | | | | |
| E-911 | - | - | 888 | 1,167 | 888 | 1,167 |
| Solid waste | - | - | 32,431 | 29,336 | 32,431 | 29,336 |
| Parking garages | - | - | 1,712 | 1,922 | 1,712 | 1,922 |
| DAODAS | - | - | 8,667 | 8,493 | 8,667 | 8,493 |
| Total Expenses | 213,275 | 189,627 | 43,698 | 40,918 | 256,973 | 230,545 |
| Excess of revenue over expenses | 35,801 | 13,282 | 5,704 | 4,682 | 41,505 | 17,964 |
| Transfers | (3,603) | (3,289) | 3,603 | 3,289 | - | - |
| Special item | 1,384 | 3,471 | - | - | 1,384 | 3,471 |
| Increase (Decreases) in Net Assets | 33,582 | 13,464 | 9,307 | 7,971 | 42,889 | 21,435 |
| Net assets, beginning | 129,446 | 116,195 | 73,710 | 65,706 | 203,156 | 181,901 |
| Prior Period Adjustments | 23 | (212) | (850) | 33 | (827) | (179) |
| Net Assets, beginning adjusted | 129,469 | 115,983 | 72,860 | 65,739 | 202,329 | 181,722 |
| Net Assets, ending | \$163,051 | \$129,446 | \$82,167 | \$73,710 | \$245,218 | \$203,156 |

Expenses and Program Revenues - Governmental Activities

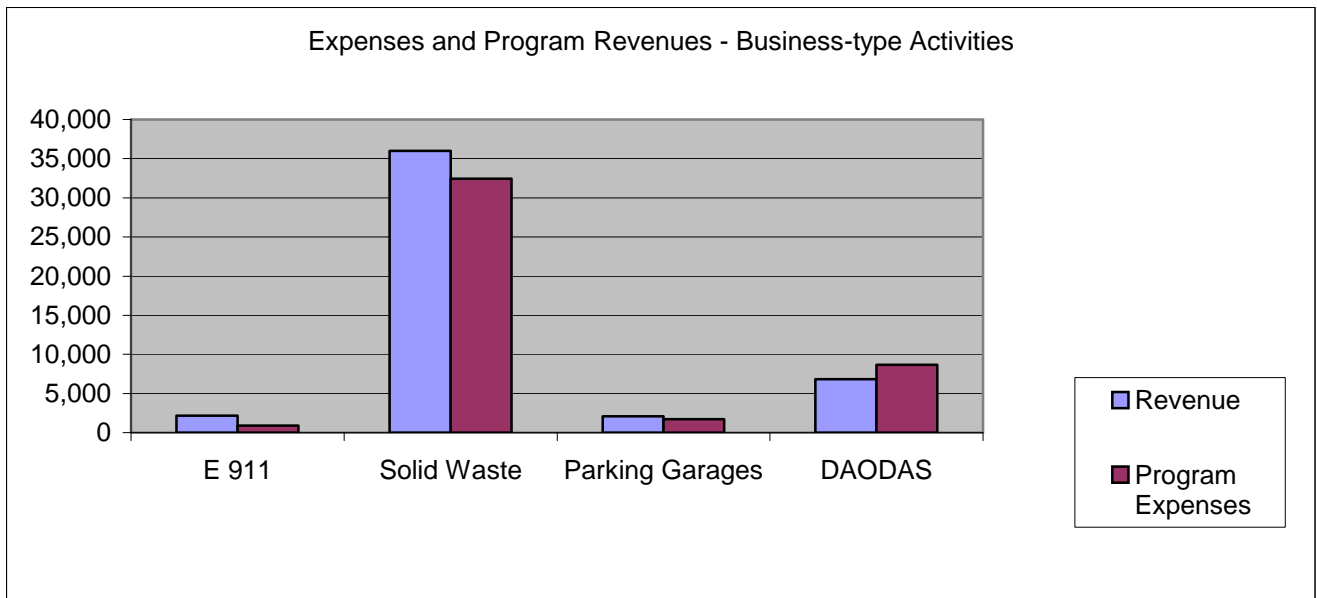
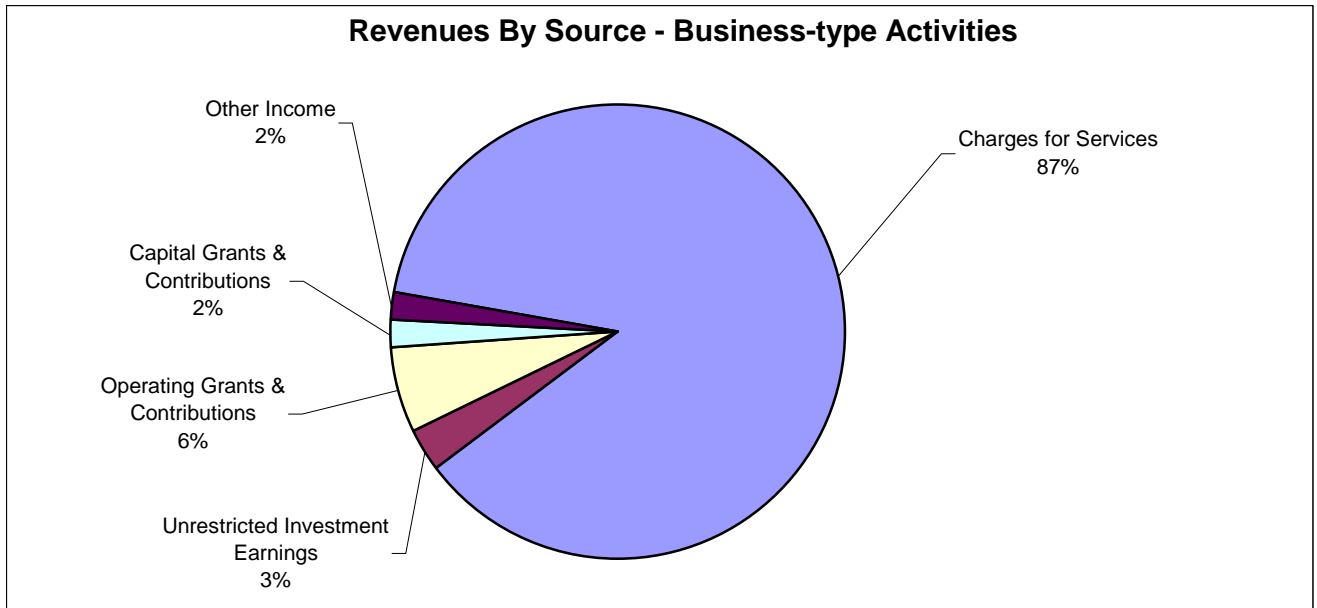


Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the County's net assets by \$9,306. The key element of this increase was:

- The solid waste fund had an increase in net assets of \$4,355. This is primarily the result of a decision made by County Council to bank the savings from a refinancing of the bonded debt on the incinerator in 1997. Because of the substantial total balloon payments of \$33,000 starting in 2006 and running through 2010 that would result in significant user fee increases, County Council decided to hold the user fee level in 1997 instead of decreasing it, therefore resulting in a much smaller increase in the years 2006 through 2010.



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$204,877, an increase of \$87,835 in comparison with the prior year. Of this amount, \$6,994 resulted from decreases in the various capital projects funds as a result of the expenses incurred in the County's on-going facilities replacement and rejuvenation program. The major increases occurred in the general fund, \$12,566 and transportation and road sales tax, \$86,624. Approximately sixty-five percent of this ending fund balance, \$55,775 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$18,006), 2) to pay debt service (\$18,953), 3) to pay for capital projects as restricted by bond covenants (\$32,686), 4) reserved for inventories and prepaid items (\$525), or 5) reserved for transportation projects (\$78,931).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$43,732 while total fund balance reached \$48,934. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 31 percent of total general fund expenditures, while total fund balance represents 35 percent of that same amount. The net increase in the fund balance of the general fund was \$12,566 during the current year. Highlights in the general fund were as follows:

- An increase of \$1,806 in fees, permits, licenses, and service charges (7.3 percent) over the prior year.
- An increase of \$4,059 in local option sales tax which is 10.6 percent over the previous year.
- An increase of \$5,437 in property taxes which is 7 percent over the previous year.

Capital projects funds have a combined total fund balance of \$32,685. These funds are 100 percent reserved either to cover existing encumbrances or for future capital construction. The General Obligation Bond Capital Projects \$15,498 is shown as a major fund and the remaining funds \$17,187 are all non-major ones and are shown on pages 128 through 129, and 134 through 135.

The special revenue funds have a combined total fund balance of \$104,304. The Transportation and Road Sales Tax Special Revenue Fund \$88,841 is shown as a major fund and the remaining funds of \$15,463 are all non-major funds. Of this amount, \$12,042 is undesignated fund balance and, of the balance, \$3,421 is reserved for encumbrances and inventory. Remaining special revenue funds are shown as non-major governmental funds on pages 124 through 128, and 130 through 134.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. See pages 52 through 57, 150 through 155 and 157 through 161.

As of the end of the current fiscal year, Charleston County's business-type funds reported combined ending net assets of \$73,913, an increase of \$6,546 in comparison with prior year. The solid waste fund accounted for \$4,356 of this increase. Highlights in the solid waste fund are as follows:

- An increase in charges for services of \$962, which is a 53% increase from prior year. This is due to an increase in landfill usage by the citizens of Charleston County.
- An increase in energy sales of \$761, which is a 10% increase from prior year.

General Fund Budgetary Highlights Over the course of the year, County Council amended the original budget to increase total revenues and appropriations by \$150. Actual revenues were \$14,065 over budgeted amounts.

The two most significant increases were taxes, which was \$4,701 over budget and interest income which was \$5,060 over the budgeted amount. The variance in taxes was due to an increase in the local option sales taxes collected. The variance in interest income was due to an increase in the rate earned and additional cash reserves.

Actual expenditures were \$6,820 below the final budget amounts. The most significant contribution to this variance was the expenditure for Council contingency being \$1,636 less than the budgeted amount. This schedule is shown on pages 49 through 51 of this report.

Capital Asset and Debt Administration

Capital Assets. Charleston County's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounted to \$266,919 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, bridges and drainage easements. The total increase in the County's investment in capital assets for the current fiscal year was 8.9 percent (a 1.9 percent increase for governmental activities and a 31.8 percent increase for business-type activities).

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|---|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Land | \$ 3,970 | \$ 3,963 | \$ 3,951 | \$ 3,951 | \$ 7,921 | \$ 7,914 |
| Buildings | 158,406 | 162,943 | 19,126 | 19,524 | 177,532 | 182,467 |
| Improvements other than buildings | 1,832 | 1,908 | 467 | 736 | 2,299 | 2,644 |
| Machinery and equipment | 24,902 | 25,323 | 5,664 | 5,435 | 30,566 | 30,758 |
| Infrastructure | 29,689 | 27,400 | - | - | 29,689 | 27,400 |
| Construction in progress | 7,356 | 455 | 11,556 | 1,275 | 18,912 | 1,730 |
| Total | <u>\$ 226,155</u> | <u>\$ 221,992</u> | <u>\$ 40,764</u> | <u>\$ 30,921</u> | <u>\$ 266,919</u> | <u>\$ 252,913</u> |

The major capital asset event during the current year was that the County has started on the conversion of the radio system from an analog to a digital system.

Additional information on the County's capital assets can be found in Note III. C. on pages 85 through 89 of this report.

Long-Term Debt. At the end of the current fiscal year, Charleston County had total bonded debt outstanding of \$238,656. Of this amount, \$153,448 comprises debt backed by the full faith and credit of the government, \$73,483 is comprised of certificates of participation secured by the capital assets constructed with their proceeds, and \$11,724 is comprised of revenue bond debt secured solely by solid waste user fees.

In addition to the bonded debt Charleston County has signed a contract with the S.C. Infrastructure Bank to pay \$3,000 a year starting on January 1, 2004, for a period of 25 years as the County's commitment toward the new Arthur Ravenel, Jr. Bridge over the Cooper River. The County has recorded this obligation on its records at a net present value of \$36,988 using a discount rate of 5.73%. This is the same rate the Bank is repaying its loan from the federal government, using the money received from the County.

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--------------------------------|--------------------------------|--------------------------|---------------------------------|-------------------------|--------------------------|--------------------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| General obligation bonds | \$ 153,448 | \$ 93,392 | \$ - | \$ - | \$ 153,448 | \$ 93,392 |
| Certificates of participation | 62,427 | 67,055 | 11,057 | 11,841 | 73,484 | 78,896 |
| Revenue bonds | - | - | 11,724 | 13,002 | 11,724 | 13,002 |
| Intergovernmental note payable | <u>36,988</u> | <u>37,821</u> | <u>-</u> | <u>-</u> | <u>36,988</u> | <u>37,821</u> |
| Total | <u>\$ 252,863</u> | <u>\$ 198,268</u> | <u>\$ 22,781</u> | <u>\$ 24,843</u> | <u>\$ 275,644</u> | <u>\$ 223,111</u> |

The County's total bonded debt increased by \$53,366 (29 percent) during the current fiscal year.

Charleston County achieved a "AAA" rating from Standard & Poor's Rating Group and maintains a "Aa1" rating from Moody's Investors Service, and a "AA" from Fitch for its most recent general obligation bonds. The certificates of participation and revenue bonds are all insured issues and are rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's Rating Group.

During May, 2006 Charleston County issued \$65,000 in new referendum General Obligation Bonds, to be repaid by the one-half cent transportation sales tax.

South Carolina statutes limit the amount of general obligation (G.O.) debt a governmental entity may issue (without referendum) to eight percent of its total assessed value. The current G.O. debt limit for Charleston County is \$205,996 which is significantly in excess of the County's current G.O. outstanding balance of \$69,974 subject to the debt limitations.

Additional information on the County's long-term debt can be found in Note III. I. on pages 91 through 105 of this report.

Economic Factors and Next Year's Budgets and Rates

- There were 8,000 single family permits issued in 2005, an increase of 18 percent over the prior year.
- Gross retail sales in 2005 finished 9 percent higher than 2004.
- Port tonnage increased 5 percent in 2005 compared to 2004.
- Combined enplanements and deplanements was 17 percent greater in 2005 than 2004.
- Hotel room revenue in fiscal year 2006 increased by 9.4 percent over 2005.

- The unemployment rate at the close of 2005 was 4.9 percent.

All of these factors were considered in preparing Charleston County's budget for the 2007 fiscal year.

The following factors were considered by Charleston County Council which allowed it to pass a general fund budget for fiscal year 2007 without an increase in millage.

- | | |
|--|---------|
| • Growth in the Local Option Sales Tax | \$4,500 |
| • Treasurer - increased interest earnings | \$3,600 |
| • Register of Mesne Conveyance – increased number of Documentary Stamps | \$2,000 |
| • State Aid – improved state economy | \$1,800 |

The General Fund budgeted expenditures for Fiscal Year 2007 increased by \$8,600 in expenses and transfers out. The major increases are:

- | | |
|---|-----------|
| • Salary adjustments for Cost of Living & Compensation study | \$4,400 |
| • Sheriff fleet maintenance & replacement | \$1,600 |
| • Increase in inmate costs at Detention Center | \$1,000 |
| • Decrease in County Council contingency | (\$1,200) |
| • Transfer out to the Library | \$ 850 |
| • Transfers out to the Capital Improvement Plan | \$1,900 |

There were no adoptions of rate increases for business-type activities.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2006

| ASSETS | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|-----------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Non-pooled cash and cash equivalents | \$ 4,220,228 | \$ 258,107 | \$ 4,478,335 | \$ 21,486,040 |
| Pooled cash and cash equivalents | 38,443,036 | 18,013,682 | 56,456,718 | - |
| Pooled investments | 71,527,675 | - | 71,527,675 | - |
| Non-pooled investments | - | 650,000 | 650,000 | 6,563,646 |
| Cash with fiscal agent | 125,000 | - | 125,000 | - |
| Restricted cash - current portion | - | 1,229,116 | 1,229,116 | - |
| Receivables (net of allowances for uncollectibles) | 157,576,727 | 7,251,316 | 164,828,043 | 32,924,600 |
| Due from primary government | - | - | - | 577,622 |
| Internal balances - current | (8,254,066) | 8,254,066 | - | - |
| Inventories | 837,458 | - | 837,458 | 478,047 |
| Prepaid items and deposits | 11,996 | - | 11,996 | 1,086,139 |
| Note receivable - internal balances | (500,878) | 500,878 | - | - |
| Deferred issuance costs | 1,302,704 | 459,296 | 1,762,000 | 326,195 |
| Restricted assets - non-current: | | | | |
| Temporarily restricted: | | | | |
| Cash and cash equivalents | 980,783 | 43,352,832 | 44,333,615 | 9,697,033 |
| Non-pooled investments | 71,637,093 | - | 71,637,093 | 336,682 |
| Capital assets, net of accumulated depreciation : | | | | |
| Land and easements- nondepreciable | 3,969,604 | 3,950,930 | 7,920,534 | 27,890,395 |
| Construction in progress - nondepreciable | 7,356,498 | 11,556,151 | 18,912,649 | 919,888 |
| Infrastructure - nondepreciable | 10,356,003 | - | 10,356,003 | - |
| Artwork - nondepreciable | - | - | - | 11,000 |
| Buildings | 158,405,775 | 19,126,506 | 177,532,281 | 52,210,683 |
| Improvements other than buildings | 1,832,574 | 466,703 | 2,299,277 | 18,338,235 |
| Machinery and equipment | 24,901,919 | 5,663,649 | 30,565,568 | 26,028,684 |
| Infrastructure | 19,332,852 | - | 19,332,852 | 34,210,392 |
| Library materials | - | - | - | 21,592,837 |
| Accumulated depreciation | - | - | - | (64,867,886) |
| Total assets | \$ 564,062,981 | \$ 120,733,232 | \$ 684,796,213 | \$ 189,810,232 |
| LIABILITIES | | | | |
| Accounts payable | \$ 8,596,263 | \$ 3,403,438 | \$ 11,999,701 | \$ 1,985,946 |
| Accrued payroll and fringe benefits | 3,351,248 | 294,579 | 3,645,827 | 1,140,393 |
| Due to component units | 577,622 | - | 577,622 | - |
| Intergovernmental payable | 6,835,717 | 16,963 | 6,852,680 | 12,096 |
| Due to third parties | 603,348 | - | 603,348 | - |
| Interest payable | 2,770,768 | 250,968 | 3,021,736 | 448,769 |
| Unearned revenue | 114,540,018 | 51,930 | 114,591,948 | 32,702,110 |
| Noncurrent liabilities: | | | | |
| Due within one year | 13,092,365 | 13,018,399 | 26,110,764 | 5,877,618 |
| Due in more than one year | 250,644,099 | 21,530,308 | 272,174,407 | 36,214,907 |
| Total liabilities | 401,011,448 | 38,566,585 | 439,578,033 | 78,381,839 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 73,784,397 | 17,983,156 | 91,767,553 | 95,130,950 |
| Restricted for: | | | | |
| Incinerator operations | - | 26,225,821 | 26,225,821 | - |
| Purchase of capital assets | - | - | - | 55,000 |
| Construction | 32,685,664 | 5,095,000 | 37,780,664 | 8,148,839 |
| Landfill expansion | - | 16,301,988 | 16,301,988 | - |
| Debt service | 18,953,106 | 1,537,133 | 20,490,239 | 6,333,761 |
| Beach renourishment | - | - | - | 92,983 |
| Unrestricted | 37,628,366 | 15,023,549 | 52,651,915 | 1,666,860 |
| Total net assets | \$ 163,051,533 | \$ 82,166,647 | \$ 245,218,180 | \$ 111,428,393 |

See notes to the financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | | Component Units |
|--|-----------------------|-------------------------|--|--|--|-----------------------------|-----------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total | |
| | | | | | Governmental Activities | Business-type Activities | | |
| Primary Government | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 54,974,087 | \$ 19,041,161 | \$ 26,527 | \$ - | \$ (35,906,399) | \$ - | \$ (35,906,399) | \$ - |
| Public safety | 67,475,922 | 6,157,762 | 5,283,194 | - | (56,034,966) | - | (56,034,966) | - |
| Judicial | 19,042,092 | 7,778,889 | 911,342 | - | (10,351,861) | - | (10,351,861) | - |
| Public works | 23,717,878 | 196,147 | 5,967,639 | - | (17,554,092) | - | (17,554,092) | - |
| Health and welfare | 10,992,770 | 1,150,312 | 6,792,206 | - | (3,050,252) | - | (3,050,252) | - |
| Economic development | 3,481,117 | - | 2,389,404 | - | (1,091,713) | - | (1,091,713) | - |
| Culture and recreation | 18,133,308 | 201,705 | - | - | (17,931,603) | - | (17,931,603) | - |
| Education | 5,004,959 | - | 65,639 | - | (4,939,320) | - | (4,939,320) | - |
| Interest and fiscal charges | 10,453,449 | - | - | - | (10,453,449) | - | (10,453,449) | - |
| Total governmental activities | 213,275,582 | 34,525,976 | 21,435,951 | - | (157,313,655) | - | (157,313,655) | - |
| Business-type activities: | | | | | | | | |
| E 911 | 888,812 | 1,265,946 | - | 904,389 | - | 1,281,523 | 1,281,523 | - |
| Solid Waste | 32,430,587 | 35,799,249 | 208,023 | - | - | 3,576,685 | 3,576,685 | - |
| Parking Garage | 1,712,310 | 2,066,315 | - | - | - | 354,005 | 354,005 | - |
| DAODAS | 8,667,219 | 4,113,731 | 2,725,143 | - | - | (1,828,345) | (1,828,345) | - |
| Total business-type activities | 43,698,928 | 43,245,241 | 2,933,166 | 904,389 | - | 3,383,868 | 3,383,868 | - |
| Total primary government | \$ 256,974,510 | \$ 77,771,217 | \$ 24,369,117 | \$ 904,389 | (157,313,655) | 3,383,868 | (153,929,787) | - |
| Component Units: | | | | | | | | |
| Charleston County Library | \$ 14,345,367 | \$ 530,267 | \$ 12,375,042 | \$ 623,828 | | | | (816,230) |
| Charleston County PRC | 19,871,008 | 9,899,781 | 104,670 | 64,381 | | | | (9,802,176) |
| Cooper River Park & Playground | 222,053 | - | - | - | | | | (222,053) |
| James Island PSD | 8,741,783 | 4,861,848 | - | - | | | | (3,879,935) |
| North Charleston District | 1,432,066 | - | - | - | | | | (1,432,066) |
| St. Andrew's Parish Parks & Playground | 2,768,819 | 1,565,529 | 10,583 | - | | | | (1,192,707) |
| St. John's Fire District | 7,579,736 | - | 33,120 | 29,150 | | | | (7,517,466) |
| St. Paul's Fire District | 2,904,122 | - | - | - | | | | (2,904,122) |
| Charleston County Fire & Rescue | 309,849 | - | 286,220 | - | | | | (23,629) |
| Total component units | \$ 58,174,803 | \$ 16,857,425 | \$ 12,809,635 | \$ 717,359 | | | | (27,790,384) |
| General Revenues: | | | | | | | | |
| Property taxes | | | | | 82,216,983 | 65 | 82,217,048 | - |
| Charleston County PRC | | | | | - | - | - | 13,637,477 |
| Cooper River Park & Playground | | | | | - | - | - | 180,230 |
| James Island PSD | | | | | - | - | - | 5,338,167 |
| North Charleston District | | | | | - | - | - | 1,205,267 |
| St. Andrew's Parish Parks & Playground | | | | | - | - | - | 1,204,203 |
| St. John's Fire District | | | | | - | - | - | 8,000,569 |
| St. Paul's Fire District | | | | | - | - | - | 3,115,598 |
| Local option sales tax | | | | | 42,159,174 | - | 42,159,174 | - |
| Transportation tax | | | | | 37,116,336 | - | 37,116,336 | - |
| Accommodations tax | | | | | 8,292,848 | - | 8,292,848 | - |
| Franchise fees | | | | | 774,254 | - | 774,254 | 85,060 |
| Alcohol beverage tax | | | | | - | 523,037 | 523,037 | - |
| Merchants inventory tax and manufacturer's depreciation | | | | | 1,563,067 | 10,832 | 1,573,899 | 700,664 |
| Motor carrier tax | | | | | 116,292 | - | 116,292 | - |
| Unrestricted state aid to political subdivisions | | | | | 14,603,288 | - | 14,603,288 | - |
| Grants and contributions not restricted to specific program | | | | | - | - | - | 2,114 |
| Unrestricted investment earnings | | | | | 5,757,314 | 1,782,440 | 7,539,754 | 955,105 |
| Gain on sale of capital assets | | | | | 514,247 | 3,811 | 518,058 | 327 |
| Fundraising and donations | | | | | - | - | - | 119,654 |
| Miscellaneous | | | | | - | - | - | 293,626 |
| Transfers | | | | | (3,601,887) | 3,601,887 | - | - |
| Total general revenues and transfers | | | | | 189,511,916 | 5,922,072 | 195,433,988 | 34,838,061 |
| Special item - contribution to other municipalities | | | | | 1,383,940 | - | 1,383,940 | - |
| Change in net assets | | | | | 33,582,201 | 9,305,940 | 42,888,141 | 7,047,677 |
| Net assets - beginning (see Note II. B.) | | | | | 129,469,332 | 72,860,707 | 202,330,039 | 104,380,716 |
| Net assets - ending | | | | | \$ 163,051,533 | \$ 82,166,647 | \$ 245,218,180 | \$ 111,428,393 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

| <u>ASSETS</u> | General | Debt Service | Transportation and Road Sales Tax Special Revenue | G.O.B. Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|-----------------------|----------------------|---|-------------------------------|--------------------------------|--------------------------------|
| Non-pooled cash and cash equivalents | \$ 3,282,046 | \$ - | \$ - | \$ - | \$ 938,182 | \$ 4,220,228 |
| Pooled cash and cash equivalents | 1,059,218 | - | - | - | 30,150,422 | 31,209,640 |
| Pooled investments | 36,711,973 | 13,689,978 | 5,387,575 | 15,738,149 | - | 71,527,675 |
| Restricted investments | - | 4,665,867 | 66,971,226 | - | - | 71,637,093 |
| Restricted cash and cash equivalents | - | 507,691 | - | - | 473,092 | 980,783 |
| Receivables (net of allowances for uncollectibles) | 110,056,587 | 15,696,067 | 17,193,951 | 39,912 | 14,426,084 | 157,412,601 |
| Due from other funds | 475,306 | - | - | - | - | 475,306 |
| Inventory | 513,861 | - | - | - | - | 513,861 |
| Prepaid items and deposits | 393 | - | - | - | 11,603 | 11,996 |
| Total assets | <u>\$ 152,099,384</u> | <u>\$ 34,559,603</u> | <u>\$ 89,552,752</u> | <u>\$ 15,778,061</u> | <u>\$ 45,999,383</u> | <u>\$ 337,989,183</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| Accounts payable | \$ 1,921,182 | \$ 800 | \$ 704,888 | \$ 279,648 | \$ 2,068,202 | \$ 4,974,720 |
| Accrued payroll and fringe benefits | 3,136,620 | - | 7,320 | - | 139,014 | 3,282,954 |
| Due to component units | 577,622 | - | - | - | - | 577,622 |
| Due to other funds | 409,688 | - | - | - | 475,306 | 884,994 |
| Intergovernmental payable | 2,404,417 | - | 35 | - | 4,274,719 | 6,679,171 |
| Due to third parties | 603,348 | - | - | - | - | 603,348 |
| Unearned revenue | 94,112,285 | 15,605,697 | - | - | 6,391,620 | 116,109,602 |
| Total liabilities | <u>103,165,162</u> | <u>15,606,497</u> | <u>712,243</u> | <u>279,648</u> | <u>13,348,861</u> | <u>133,112,411</u> |
| Fund balances: | | | | | | |
| Reserved for inventories and prepaid items | 514,254 | - | - | - | 11,603 | 525,857 |
| Reserved for encumbrances | 4,687,988 | - | 9,909,051 | - | 3,409,282 | 18,006,321 |
| Reserved for debt service | - | 18,953,106 | - | - | - | 18,953,106 |
| Reserved for capital projects | - | - | - | 15,498,413 | 17,187,251 | 32,685,664 |
| Reserved for transportation and road sales tax special revenue fund | - | - | 78,931,458 | - | - | 78,931,458 |
| Unreserved: | | | | | | |
| Designated for rainy day | 9,000,000 | - | - | - | - | 9,000,000 |
| Designated for subsequent years' appropriation - general fund | 6,873,682 | - | - | - | - | 6,873,682 |
| Designated for subsequent years' appropriation - special revenue funds | - | - | - | - | 12,042,386 | 12,042,386 |
| Undesignated - general fund | 27,858,298 | - | - | - | - | 27,858,298 |
| Total fund balances | <u>48,934,222</u> | <u>18,953,106</u> | <u>88,840,509</u> | <u>15,498,413</u> | <u>32,650,522</u> | <u>204,876,772</u> |
| Total liabilities and fund balances | <u>\$ 152,099,384</u> | <u>\$ 34,559,603</u> | <u>\$ 89,552,752</u> | <u>\$ 15,778,061</u> | <u>\$ 45,999,383</u> | <u>\$ 337,989,183</u> |

See notes to financial statements.

County of Charleston, South Carolina
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2006

Total Governmental Fund Balances \$204,876,772

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 216,242,688

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

| | | |
|-------------------------|-------------|-----------|
| Deferred issuance costs | \$1,302,704 | |
| Property taxes | 1,615,270 | |
| | 2,917,974 | 2,917,974 |

Internal service funds are used by management to charge the costs of insurance, fleet and office services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 13,279,654

Elimination of indirect income and expenses between governmental funds and the enterprise funds which creates an internal balance. (8,254,066)

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

| | | |
|--------------------------------|---------------|---------------|
| General obligation bonds | (153,448,297) | |
| Certificates of participation | (62,427,073) | |
| Lease payable | (3,378,634) | |
| Compensated absences | (7,013,510) | |
| Intergovernmental note payable | (36,988,439) | |
| Accrued interest payable | (2,755,536) | |
| | (266,011,489) | (266,011,489) |

Net assets of governmental activities \$163,051,533

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

| | General | Debt Service | Transportation and Road Sales Tax Special Revenue | G.O.B Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|---|------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | | |
| Property, local option sales and transportation sales tax | \$ 101,457,150 | \$ 16,449,622 | \$ 37,116,336 | \$ - | \$ 6,648,195 | \$ 161,671,303 |
| Intergovernmental | 18,715,037 | 95,895 | - | 39,912 | 19,311,493 | 38,162,337 |
| Permits and licenses | 5,006,086 | - | 33,582 | - | - | 5,039,668 |
| Fines and forfeitures | 2,183,434 | - | - | - | 937,321 | 3,120,755 |
| Interest | 5,631,261 | 389,029 | 576,633 | 853,532 | 770,764 | 8,221,219 |
| Service charges | 21,457,603 | - | - | - | 9,433,491 | 30,891,094 |
| Rental and use of property | 784,352 | - | - | - | 40,647 | 824,999 |
| Other revenues | 2,154,424 | - | - | - | 1,041,342 | 3,195,766 |
| Total revenues | 157,389,347 | 16,934,546 | 37,726,551 | 893,444 | 38,183,253 | 251,127,141 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 39,959,792 | - | 7,637,898 | - | 34,636 | 47,632,326 |
| Public safety | 59,700,549 | - | - | - | 5,642,446 | 65,342,995 |
| Judicial | 15,493,276 | - | - | - | 2,100,589 | 17,593,865 |
| Public works | 8,684,417 | - | 6,859,896 | - | 9,742,928 | 25,287,241 |
| Health and welfare | 3,624,545 | - | 32,951 | - | 7,164,962 | 10,822,458 |
| Economic development | 482,302 | - | - | - | 2,998,041 | 3,480,343 |
| Culture and recreation | 12,301,076 | - | 550,536 | - | 4,576,097 | 17,427,709 |
| Education | - | - | - | - | 5,004,959 | 5,004,959 |
| Capital outlay | - | - | - | 7,887,616 | 3,555,653 | 11,443,269 |
| Debt service | - | 23,372,920 | - | - | - | 23,372,920 |
| Total expenditures | 140,245,957 | 23,372,920 | 15,081,281 | 7,887,616 | 40,820,311 | 227,408,085 |
| Excess (deficiency) of revenues over (under) expenditures | 17,143,390 | (6,438,374) | 22,645,270 | (6,994,172) | (2,637,058) | 23,719,056 |
| Other financing sources (uses): | | | | | | |
| Capital lease proceeds | - | - | - | - | 841,831 | 841,831 |
| Sale of General Obligation Transportation Sales Tax Bonds | - | - | 65,000,000 | - | - | 65,000,000 |
| Bond premium | - | - | 1,978,623 | - | - | 1,978,623 |
| Transfers in | 5,152,185 | 5,196,242 | - | - | 16,126,986 | 26,475,413 |
| Transfers out | (11,112,537) | (6,084,301) | (3,000,000) | - | (12,757,313) | (32,954,151) |
| Proceeds from sale of capital assets | - | - | - | - | 1,390,616 | 1,390,616 |
| Total other financing sources (uses) | (5,960,352) | (888,059) | 63,978,623 | - | 5,602,120 | 62,732,332 |
| Special item - contribution to other municipalities | 1,383,940 | - | - | - | - | 1,383,940 |
| Net change in fund balances | 12,566,978 | (7,326,433) | 86,623,893 | (6,994,172) | 2,965,062 | 87,835,328 |
| Fund balances at beginning of year (as restated) | 36,367,244 | 26,279,539 | 2,216,616 | 22,492,585 | 29,685,460 | 117,041,444 |
| Fund balances at end of year | \$ 48,934,222 | \$ 18,953,106 | \$ 88,840,509 | \$ 15,498,413 | \$ 32,650,522 | \$ 204,876,772 |

See notes to financial statements.

County of Charleston, South Carolina
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds \$87,835,328

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 asset additions | \$16,576,342 | |
| Depreciation expense | <u>(12,197,606)</u> | 4,378,736 |

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

| | | |
|---|--------------------|-----------|
| Cost of capital assets | 2,455,914 | |
| Accumulated depreciation | <u>(1,579,515)</u> | |
| Net book value | 876,399 | |
| Proceeds | <u>(1,390,616)</u> | |
| Gain on sale | (514,217) | |
| Difference of proceeds and gain on sale | | (876,399) |

Because some property taxes and other income will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues in the governmental funds.

| | | |
|---|------------------|-----------|
| Property taxes and local option sales tax | <u>(178,810)</u> | (178,810) |
|---|------------------|-----------|

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.

13,968,426

Other financing source (use) which does not provide current resources or current uses.

| | | |
|----------------------------------|--------------------|--------------|
| Capital lease proceeds | (841,831) | |
| Sale of General Obligation Bonds | (65,000,000) | |
| Bond premium | <u>(1,978,623)</u> | |
| | | (67,820,454) |

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, interest is expensed when due.

(412,048)

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 governmental funds.

| | | |
|------------------------------|------------------|-----------|
| Compensated absences payable | (243,388) | |
| Deferred refunding costs | <u>(317,286)</u> | |
| | | (560,674) |

To record Internal service fund transfers

2,876,851

The internal service funds are used by management to charge the costs of insurance and other services to individual funds. The net revenue of the internal service funds are reported with governmental activities.

137,001

Elimination of indirect income between governmental funds and the enterprise funds.

(2,837,410)

The increase of governmental expenditures to avoid the doubling up of net loss from the internal service fund.

(2,928,346)

Change in net assets of governmental activities

\$33,582,201

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006**

| <u>REVENUES</u> | <u>BUDGETED AMOUNTS</u> | | | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|--|-------------------------|--------------------|--------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Property, local option sales and transportation sales taxes | \$ 96,756,000 | \$ 96,756,000 | \$ 101,457,150 | \$ 4,701,150 |
| Intergovernmental | 17,696,535 | 17,696,535 | 18,715,037 | 1,018,502 |
| Permits and licenses | 3,873,500 | 4,023,500 | 5,006,086 | 982,586 |
| Fines and forfeitures | 2,287,500 | 2,287,500 | 2,183,434 | (104,066) |
| Interest | 571,000 | 571,000 | 5,631,261 | 5,060,261 |
| Service charges | 18,665,100 | 18,665,100 | 21,457,603 | 2,792,503 |
| Rental and use of property | 575,000 | 575,000 | 784,352 | 209,352 |
| Other revenues | 2,750,079 | 2,750,079 | 2,154,424 | (595,655) |
| Total revenues | 143,174,714 | 143,324,714 | 157,389,347 | 14,064,633 |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| General Government: | | | | |
| County Council | 4,308,259 | 2,950,034 | 619,056 | 2,330,978 |
| Legal | 746,176 | 794,676 | 753,711 | 40,965 |
| Internal Auditor | 178,652 | 178,652 | 176,945 | 1,707 |
| Auditor | 1,733,084 | 1,733,084 | 1,626,908 | 106,176 |
| Treasurer | 1,446,766 | 1,454,855 | 1,445,915 | 8,940 |
| Register Mesne Conveyance | 1,947,238 | 1,937,290 | 1,876,578 | 60,712 |
| Legislative Delegation | 161,793 | 161,793 | 155,080 | 6,713 |
| Board of Elections & Voter Registration | 1,061,144 | 1,066,344 | 964,735 | 101,609 |
| County Administrator | 923,147 | 1,040,547 | 709,583 | 330,964 |
| Chief Deputy Administrator | 436,020 | 437,020 | 414,842 | 22,178 |
| Radio Communications | 1,572,110 | 1,694,231 | 1,515,392 | 178,839 |
| Planning Department | 1,681,783 | 1,598,129 | 1,582,299 | 15,830 |
| Human Resources | 1,394,627 | 1,286,863 | 1,204,067 | 82,796 |
| Safety & Risk Management | 2,285,515 | 1,597,665 | 1,597,653 | 12 |
| Facilities Management | 9,952,836 | 9,532,932 | 8,927,113 | 605,819 |
| Capital Projects Administration | 1,220,531 | 1,088,369 | 1,088,368 | 1 |
| Assessor | 2,968,687 | 2,920,357 | 2,759,144 | 161,213 |
| Chief Financial Officer | 379,145 | 388,374 | 378,693 | 9,681 |
| Budget | 485,079 | 525,354 | 523,424 | 1,930 |
| Business License/User Fee | 353,733 | 353,733 | 352,285 | 1,448 |
| Controller | 992,221 | 966,118 | 961,235 | 4,883 |
| Delinquent Tax | 1,075,175 | 989,618 | 838,029 | 151,589 |
| Grants Administration | 717,208 | 670,686 | 630,069 | 40,617 |
| Internal Services | 365,678 | 364,136 | 364,132 | 4 |
| Procurement | 773,707 | 986,834 | 822,847 | 163,987 |
| Chief Information Officer | 319,120 | 5,105,830 | 4,352,270 | 753,560 |
| Technology Services | 6,983,075 | 2,612,334 | 2,524,648 | 87,686 |
| Communications Administration | 14,336 | 52,621 | 52,621 | - |
| Contributions | 394,250 | 755,650 | 742,150 | 13,500 |
| Total general government | 46,871,095 | 45,244,129 | 39,959,792 | 5,284,337 |

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006**

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|------------------|---------------|---------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| Public Safety: | | | | |
| Sheriff's Department | \$ 47,070,910 | \$ 47,033,508 | \$ 46,672,566 | \$ 360,942 |
| Building Services | 1,297,077 | 1,276,389 | 1,253,071 | 23,318 |
| Emergency Medical Services | 11,215,159 | 11,218,970 | 11,211,172 | 7,798 |
| Emergency Preparedness | 589,658 | 642,083 | 563,740 | 78,343 |
| Total public safety | 60,172,804 | 60,170,950 | 59,700,549 | 470,401 |
| Judicial: | | | | |
| Public Defender | 2,200,000 | 2,200,000 | 2,200,000 | - |
| Clerk of Court | 2,693,937 | 2,705,530 | 2,636,491 | 69,039 |
| Coroner | 512,773 | 514,273 | 452,676 | 61,597 |
| Probate Court | 1,271,747 | 1,457,275 | 1,373,852 | 83,423 |
| Solicitor | 3,951,869 | 3,958,963 | 3,851,527 | 107,436 |
| Master-In-Equity | 416,612 | 422,338 | 420,864 | 1,474 |
| Medical Examiner's Commission | 311,500 | 328,681 | 328,681 | - |
| Magistrates | 4,301,893 | 4,293,023 | 4,228,335 | 64,688 |
| State Probation Office | 850 | 850 | 850 | - |
| Total judicial | 15,661,181 | 15,880,933 | 15,493,276 | 387,657 |
| Public Works | | | | |
| Public Works Department | 9,227,160 | 9,173,246 | 8,684,417 | 488,829 |
| Total public works | 9,227,160 | 9,173,246 | 8,684,417 | 488,829 |
| Health and Welfare: | | | | |
| Department of Social Services | 75,000 | 75,000 | 75,000 | - |
| Health Department | 267,702 | 267,702 | 243,655 | 24,047 |
| Mental Health Department | 52,987 | 52,987 | 52,987 | - |
| Veterans Affairs | 220,183 | 220,331 | 220,331 | - |
| Mosquito Abatement | 1,693,336 | 1,995,601 | 1,832,770 | 162,831 |
| Indigent Care | 1,201,484 | 1,201,484 | 1,199,802 | 1,682 |
| Total health and welfare | 3,510,692 | 3,813,105 | 3,624,545 | 188,560 |
| Economic Development | 492,665 | 482,338 | 482,302 | 36 |
| Culture and Recreation: | | | | |
| Charleston County Library | 12,300,000 | 12,301,076 | 12,301,076 | - |
| Total culture and recreation | 12,300,000 | 12,301,076 | 12,301,076 | - |
| Total expenditures | 148,235,597 | 147,065,777 | 140,245,957 | 6,819,820 |
| Excess (deficiency) of revenues over (under) expenditures | (5,060,883) | (3,741,063) | 17,143,390 | 20,884,453 |

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2006**

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|------------------|---------------|---------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| Other financing sources (uses): | | | | |
| Transfers In | \$ 4,595,390 | \$ 4,595,390 | \$ 5,152,185 | \$ 556,795 |
| Transfers Out | (9,816,123) | (11,135,943) | (11,112,537) | 23,406 |
| Proceeds from Sale of Fixed Assets | 215,000 | 215,000 | - | (215,000) |
| Total other financing sources and (uses) | (5,005,733) | (6,325,553) | (5,960,352) | 365,201 |
| Special item - contribution to other Municipalities | - | - | 1,383,940 | 1,383,940 |
| Net change in fund balance | (10,066,616) | (10,066,616) | 12,566,978 | 22,633,594 |
| Fund balance at beginning of year (as restated) | 36,367,244 | 36,367,244 | 36,367,244 | - |
| Fund balance at end of year | \$ 26,300,628 | \$ 26,300,628 | \$ 48,934,222 | \$ 22,633,594 |

See notes to financial statements

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

| <u>ASSETS</u> | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|----------------------|-----------------------------|-----------------------|---|
| | Solid Waste | Parking Garages | Non-Major Other Funds | Total | |
| Current assets: | | | | | |
| Non-pooled cash and cash equivalents | \$ 253,907 | \$ 3,000 | \$ 1,200 | \$ 258,107 | \$ - |
| Pooled cash and cash equivalents | 8,435,689 | 3,497,340 | 6,080,653 | 18,013,682 | 7,233,396 |
| Investments | 650,000 | - | - | 650,000 | - |
| Restricted cash - current portion | 1,229,116 | - | - | 1,229,116 | - |
| Cash with fiscal agent | - | - | - | - | 125,000 |
| Receivables (net of allowances for uncollectibles) | 4,605,110 | 37,888 | 2,608,318 | 7,251,316 | 164,126 |
| Note receivable - current portion | 50,291 | - | - | 50,291 | - |
| Due from other funds | - | - | - | - | 409,688 |
| Inventories | - | - | - | - | 323,597 |
| Total current assets | 15,224,113 | 3,538,228 | 8,690,171 | 27,452,512 | 8,255,807 |
| Noncurrent assets: | | | | | |
| Restricted cash and cash equivalents | 43,352,832 | - | - | 43,352,832 | - |
| Notes receivable - non-current portion | 450,587 | - | - | 450,587 | - |
| Deferred issuance costs | 270,266 | 107,774 | 81,256 | 459,296 | - |
| Capital assets: | | | | | |
| Land | 1,600,610 | 2,350,320 | - | 3,950,930 | - |
| Buildings | 3,519,525 | 11,859,212 | 9,554,391 | 24,933,128 | 1,682,304 |
| Improvements other than buildings | 580,652 | - | 270,255 | 850,907 | - |
| Machinery and equipment | 11,527,481 | 490,669 | 1,761,989 | 13,780,139 | 24,738,517 |
| Construction in progress | 11,556,151 | - | - | 11,556,151 | - |
| Less accumulated depreciation | (9,414,159) | (2,599,344) | (2,293,813) | (14,307,316) | (16,508,283) |
| Total capital assets (net of accumulated depreciation) | 19,370,260 | 12,100,857 | 9,292,822 | 40,763,939 | 9,912,538 |
| Total noncurrent assets | 63,443,945 | 12,208,631 | 9,374,078 | 85,026,654 | 9,912,538 |
| Total assets | \$ 78,668,058 | \$ 15,746,859 | \$ 18,064,249 | \$ 112,479,166 | \$ 18,168,345 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

| <u>LIABILITIES</u> | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|---------------------|-----------------------------|----------------------|---|
| | Solid Waste | Parking Garages | Non-Major Other Funds | Total | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 3,226,991 | \$ 35,842 | \$ 140,605 | \$ 3,403,438 | \$ 3,621,543 |
| Accrued payroll and fringe benefits | 135,035 | 14,442 | 145,102 | 294,579 | 68,294 |
| Compensated absences - current | 11,491 | 46 | 51,922 | 63,459 | 24,122 |
| Intergovernmental payable | 375 | 3,622 | 12,966 | 16,963 | 156,546 |
| Unearned revenue | 51,930 | - | - | 51,930 | 45,686 |
| Accrued interest payable | 200,917 | 27,420 | 22,631 | 250,968 | 15,232 |
| Note payable - current | - | - | - | - | 50,291 |
| Lease payable - current | - | - | - | - | 15,416 |
| Certificates of participation - current | - | 497,795 | 337,029 | 834,824 | - |
| Revenue bonds - current restricted | 1,229,116 | - | - | 1,229,116 | - |
| Accrual for landfill closure - current | 10,891,000 | - | - | 10,891,000 | - |
| Total current liabilities | 15,746,855 | 579,167 | 710,255 | 17,036,277 | 3,997,130 |
| Noncurrent liabilities: | | | | | |
| Note payable | - | - | - | - | 450,587 |
| Compensated absences | 464,118 | 47,102 | 302,245 | 813,465 | 360,943 |
| Lease payable | - | - | - | - | 80,031 |
| Certificates of participation (net of unamortized discounts and deferred amount on refunding) | - | 5,790,567 | 4,431,398 | 10,221,965 | - |
| Revenue bonds (net of unamortized discounts) - restricted | 10,494,878 | - | - | 10,494,878 | - |
| Total noncurrent liabilities | 10,958,996 | 5,837,669 | 4,733,643 | 21,530,308 | 891,561 |
| Total liabilities | 26,705,851 | 6,416,836 | 5,443,898 | 38,566,585 | 4,888,691 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 7,646,266 | 5,812,495 | 4,524,395 | 17,983,156 | 9,316,213 |
| Restricted for incinerator operations | 26,225,821 | - | - | 26,225,821 | - |
| Restricted for construction | 5,095,000 | - | - | 5,095,000 | - |
| Restricted for landfill expansion | 16,301,988 | - | - | 16,301,988 | - |
| Restricted for debt services | 1,537,133 | - | - | 1,537,133 | - |
| Unrestricted | (4,844,001) | 3,517,528 | 8,095,956 | 6,769,483 | 3,963,441 |
| Total net assets | \$ 51,962,207 | \$ 9,330,023 | \$ 12,620,351 | 73,912,581 | \$ 13,279,654 |
| Adjustment to reflect the consolidation of internal service funds related to business-type activities | | | | (1,953,921) | |
| Adjustment to reflect the elimination of indirect costs charged by the general fund | | | | 10,207,987 | |
| Net assets Business-type activities | | | | \$ 82,166,647 | |

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSE, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2006

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|---------------------|-----------------------------|---------------------|---|
| | Solid Waste | Parking Garages | Non-Major Other Funds | Total | |
| Operating revenues: | | | | | |
| Charges for services | \$ 2,764,068 | \$ 2,066,315 | \$ 7,386,847 | \$ 12,217,230 | \$ 34,020,896 |
| User fees | 21,935,134 | - | - | 21,935,134 | - |
| Energy sales | 8,889,245 | - | - | 8,889,245 | - |
| Sale of recyclables | 2,195,157 | - | - | 2,195,157 | - |
| Other revenues | 15,645 | - | 4,016 | 19,661 | - |
| Total operating revenues | 35,799,249 | 2,066,315 | 7,390,863 | 45,256,427 | 34,020,896 |
| Operating expenses: | | | | | |
| Personnel services | 6,189,055 | 620,778 | 4,641,471 | 11,451,304 | 2,991,820 |
| Contractual services | 737,193 | 149,913 | 1,833,612 | 2,720,718 | 626,825 |
| Materials and supplies | 741,633 | 75,437 | 518,506 | 1,335,576 | 6,205,935 |
| Utilities | 94,070 | 106,249 | 768,451 | 968,770 | 1,215,108 |
| Repairs and maintenance | 32,683 | 29,939 | 250,205 | 312,827 | 106,404 |
| Rental expenses | 65,395 | - | 192,648 | 258,043 | 282,712 |
| Vehicle fleet charges | 2,042,649 | 7,597 | 35,442 | 2,085,688 | 114,475 |
| Employee benefits | - | - | - | - | 21,846,751 |
| Other expenses | 1,501,102 | 49,362 | 2,196,366 | 3,746,830 | 830,500 |
| Ash disposal | 1,501,150 | - | - | 1,501,150 | - |
| Incinerator operations | 9,742,483 | - | - | 9,742,483 | - |
| Operator's debt | 10,015,279 | - | - | 10,015,279 | - |
| Depreciation and amortization | 1,278,532 | 321,674 | 469,247 | 2,069,453 | 2,421,647 |
| Provision for landfill closure | (1,271,426) | - | - | (1,271,426) | - |
| Total operating expenses | 32,669,798 | 1,360,949 | 10,905,948 | 44,936,695 | 36,642,177 |
| Operating income (loss) | 3,129,451 | 705,366 | (3,515,085) | 319,732 | (2,621,281) |
| Nonoperating revenues (expenses): | | | | | |
| Interest income | 1,782,440 | - | - | 1,782,440 | 143,686 |
| Interest expense | (582,080) | (353,147) | (363,996) | (1,299,223) | (35,958) |
| Intergovernmental revenues | 208,023 | - | 2,152,280 | 2,360,303 | - |
| Gain (loss) on disposal of assets | (223,202) | - | 3,811 | (219,391) | (339,410) |
| Total nonoperating revenues (expenses) | 1,185,181 | (353,147) | 1,792,095 | 2,624,129 | (231,682) |
| Income (loss) before transfers | 4,314,632 | 352,219 | (1,722,990) | 2,943,861 | (2,852,963) |
| Transfer out | - | (142,902) | - | (142,902) | (614,871) |
| Transfer in | 41,104 | 324,109 | 3,379,576 | 3,744,789 | 3,491,722 |
| Change in net assets | 4,355,736 | 533,426 | 1,656,586 | 6,545,748 | 23,888 |
| Total net assets - beginning as previously reported | 48,430,089 | 8,822,492 | 10,963,765 | | 13,270,846 |
| Prior period adjustments | (823,618) | (25,893) | - | | (15,080) |
| Total net assets - beginning as restated | 47,606,471 | 8,796,599 | 10,963,765 | | 13,255,766 |
| Total net assets - ending | \$ 51,962,207 | \$ 9,330,025 | \$ 12,620,351 | | \$ 13,279,654 |
| Adjustment to reflect the elimination of indirect costs charged by the general fund | | | | 2,837,410 | |
| Adjustment to reflect the allocation of internal service fund net revenue (expense) to business-type activities | | | | (77,218) | |
| Change in net assets of business-type activities | | | | \$ 9,305,940 | |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2006

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|---|---------------------|-----------------------------|----------------------|---|
| | Solid Waste | Parking Garages | Non-Major Other Funds | Total | |
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 34,625,839 | \$ 2,063,874 | \$ 7,675,144 | \$ 44,364,857 | \$ 34,172,893 |
| Cash receipts from interfund services provided | - | - | - | - | 323,291 |
| Cash payments to suppliers for goods and services | (25,283,700) | (429,098) | (5,813,173) | (31,525,971) | (31,248,825) |
| Cash payments to employees for services | (6,336,660) | (646,057) | (4,832,340) | (11,815,057) | (3,063,623) |
| Net cash provided by (used in) operating activities | 3,005,479 | 988,719 | (2,970,369) | 1,023,829 | 183,736 |
| Cash flows from noncapital financing activities: | | | | | |
| Transfers in (out) | 41,104 | 181,207 | 3,379,576 | 3,601,887 | 2,876,851 |
| Property and other taxes | - | - | 1,906 | 1,906 | - |
| Intergovernmental receipt | 208,023 | - | 1,247,891 | 1,455,914 | - |
| Net cash provided by (used in) noncapital financing activities | 249,127 | 181,207 | 4,629,373 | 5,059,707 | 2,876,851 |
| Cash flows from capital and related financing activities: | | | | | |
| Principal paid on long-term debt | (1,278,336) | (480,082) | (396,240) | (2,154,658) | (64,101) |
| Interest paid | (598,413) | (344,025) | (283,946) | (1,226,384) | (37,398) |
| Interfund loan principal payment received | 47,366 | - | - | 47,366 | - |
| Proceeds from capital lease | - | - | - | - | 100,110 |
| Proceeds from sale of capital assets | 196,441 | - | 12,812 | 209,253 | 531,097 |
| Acquisition and construction of capital assets | (11,772,076) | (223,433) | (322,992) | (12,318,501) | (4,005,136) |
| Net cash provided by (used in) capital and related financing activities | (13,405,018) | (1,047,540) | (990,366) | (15,442,924) | (3,475,428) |
| Cash flows from investing activities: | | | | | |
| Interest received | 1,783,880 | - | - | 1,783,880 | 143,686 |
| Net cash provided by investing activities | 1,783,880 | - | - | 1,783,880 | 143,686 |
| Net increase (decrease) in cash and cash equivalents | (8,366,532) | 122,386 | 668,638 | (7,575,508) | (271,155) |
| Cash and cash equivalents at beginning of year | 61,638,076 | 3,377,954 | 5,413,215 | 70,429,245 | 7,629,551 |
| Cash and cash equivalents at end of year | \$ 53,271,544 | \$ 3,500,340 | \$ 6,081,853 | \$ 62,853,737 | \$ 7,358,396 |
| Reconciliation to balance sheet: | | | | | |
| Non-pooled cash and cash equivalents | \$ 253,907 | \$ 3,000 | \$ 1,200 | \$ 258,107 | \$ - |
| Pooled cash and cash equivalents | 8,435,689 | 3,497,340 | 6,080,653 | 18,013,682 | 7,233,396 |
| Restricted cash and cash equivalents | 44,581,948 | - | - | 44,581,948 | - |
| Cash with fiscal agent | - | - | - | - | 125,000 |
| Cash and cash equivalents at end of year | \$ 53,271,544 | \$ 3,500,340 | \$ 6,081,853 | \$ 62,853,737 | \$ 7,358,396 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2006

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|---|--------------------|-----------------------------|--------------|---|
| | Solid Waste | Parking Garages | Non-Major Other Funds | Total | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ 3,129,451 | \$ 705,366 | \$ (3,515,085) | \$ 319,732 | \$ (2,621,281) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation and amortization | 1,278,532 | 321,674 | 469,247 | 2,069,453 | 2,421,647 |
| Provision for landfill closure | (1,271,426) | - | - | (1,271,426) | - |
| Provision for uncollectible accounts | 452,106 | - | - | 452,106 | - |
| Changes in assets and liabilities: | | | | | |
| (Increase) decrease in receivables | (1,641,614) | (2,441) | 284,280 | (1,359,775) | 475,288 |
| Increase in inventory | - | - | - | - | (81,001) |
| Increase (decrease) in accounts payable | 2,522,363 | (10,601) | (17,942) | 2,493,820 | 27,123 |
| Increase (decrease) in accrued payroll | (147,605) | (25,279) | (190,869) | (363,753) | (71,803) |
| Increase (decrease) in deferred revenue | 16,098 | - | - | 16,098 | 33,763 |
| Decrease in accrual for landfill closure | (1,332,426) | - | - | (1,332,426) | - |
| Total adjustments | (123,972) | 283,353 | 544,716 | 704,097 | 2,805,017 |
| Net cash provided by (used in) operating activities | \$ 3,005,479 | \$ 988,719 | \$ (2,970,369) | \$ 1,023,829 | \$ 183,736 |

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2006

ASSETS

| | |
|--------------------------------------|---------------------------------|
| Non-pooled cash and cash equivalents | \$ 7,273,090 |
| Pooled cash and cash equivalents | 33,078,546 |
| Pooled investments | 4,965,940 |
| Non-pooled investments | <u>6,855,358</u> |
| Total assets | <u><u>\$ 52,172,934</u></u> |

LIABILITIES

| | |
|---------------------------|---------------------------------|
| Due to component units | \$ 858,736 |
| Intergovernmental payable | 37,762,926 |
| Due to third parties | <u>13,551,272</u> |
| Total liabilities | <u><u>\$ 52,172,934</u></u> |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNITS
 June 30, 2006

| <u>ASSETS</u> | Charleston County Library | Charleston County PRC | Cooper River Park & Playground | James Island PSD |
|--|---------------------------------|-----------------------------|--------------------------------------|------------------------|
| Non-pooled cash and cash equivalents | \$ 1,197,501 | \$ 14,521,850 | \$ 2,794 | \$ 2,747,637 |
| Investments | - | - | - | 4,623,353 |
| Receivables (net of allowances for uncollectibles) | 69,255 | 14,091,085 | 193,154 | 4,805,612 |
| Due from primary government | - | (11,848) | 6,186 | 367,810 |
| Inventories | 44,094 | 342,630 | - | 91,323 |
| Prepaid items and deposits | 200,335 | 706,528 | - | - |
| Deferred issuance costs | - | - | - | 309,857 |
| Restricted Assets: | | | | |
| Cash and cash equivalents | - | 8,657,902 | - | 1,027,285 |
| Investments | - | - | - | 336,682 |
| Capital Assets: | | | | |
| Land and easements - nondepreciable | - | 26,676,407 | 66,161 | 539,230 |
| Buildings | - | 40,440,907 | 185,374 | 1,483,249 |
| Improvements other than buildings | - | 18,268,463 | - | 46,964 |
| Machinery and equipment | 2,759,310 | 5,132,611 | 393,758 | 5,831,416 |
| Infrastructure | - | 4,200,159 | - | 30,010,233 |
| Construction in progress | - | 329,577 | - | 312,905 |
| Library materials | 21,592,837 | - | - | - |
| Artwork - nondepreciable | 11,000 | - | - | - |
| Accumulated depreciation | (19,633,774) | (21,417,436) | (542,697) | (12,770,719) |
| Total assets | <u>\$ 6,240,558</u> | <u>\$ 111,938,835</u> | <u>\$ 304,730</u> | <u>\$ 39,762,837</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 326,971 | \$ 857,546 | \$ - | \$ 495,729 |
| Accrued payroll and fringe benefits | 293,128 | 438,011 | - | 175,890 |
| Intergovernmental payable | - | - | - | - |
| Interest payable | - | 324,191 | - | 45,594 |
| Unearned revenue | 122,187 | 14,045,633 | 154,402 | 4,336,717 |
| Noncurrent liabilities: | | | | |
| Due within one year | 46,913 | 4,255,200 | - | 721,316 |
| Due in more than one year | 746,797 | 22,575,192 | - | 8,822,691 |
| Total liabilities | <u>1,535,996</u> | <u>42,495,773</u> | <u>154,402</u> | <u>14,597,937</u> |
| <u>NET ASSETS</u> | | | | |
| Invested in capital assets, net of related debt | 4,729,373 | 66,533,254 | 102,596 | 16,232,896 |
| Restricted for: | | | | |
| Purchase of capital assets | - | - | - | - |
| Construction | - | 8,148,839 | - | - |
| Debt service | - | 4,531,585 | - | 1,602,202 |
| Beach renourishment | - | 92,983 | - | - |
| Unrestricted | (24,811) | (9,863,599) | 47,732 | 7,329,802 |
| Total net assets | <u>\$ 4,704,562</u> | <u>\$ 69,443,062</u> | <u>\$ 150,328</u> | <u>\$ 25,164,900</u> |

See notes to financial statements.

| North Charleston District | St. Andrew's Parish Parks & Playground | St. John's Fire District | St. Paul's Fire District | Volunteer Fire & Rescue Squad Dec. 31, 2005 | Totals |
|---------------------------------|---|--------------------------------|--------------------------------|--|-----------------------|
| \$ 487,523 | \$ 504,862 | \$ 129,767 | \$ 1,579,353 | \$ 314,753 | \$ 21,486,040 |
| - | - | 1,472,714 | 311,524 | 156,055 | 6,563,646 |
| 1,007,441 | 1,084,231 | 8,707,387 | 2,966,435 | - | 32,924,600 |
| 41,935 | 44,712 | 300,086 | (171,259) | - | 577,622 |
| - | - | - | - | - | 478,047 |
| - | 31,966 | 90,411 | 31,640 | 25,259 | 1,086,139 |
| - | - | 16,338 | - | - | 326,195 |
| - | - | 11,846 | - | - | 9,697,033 |
| - | - | - | - | - | 336,682 |
| 80,122 | 153,000 | 256,665 | 31,131 | 87,679 | 27,890,395 |
| 453,844 | 4,382,641 | 3,193,845 | 1,759,063 | 311,760 | 52,210,683 |
| - | - | - | - | 22,808 | 18,338,235 |
| 1,159,454 | 1,240,365 | 5,630,123 | 2,606,040 | 1,275,607 | 26,028,684 |
| - | - | - | - | - | 34,210,392 |
| - | 113,012 | 164,394 | - | - | 919,888 |
| - | - | - | - | - | 21,592,837 |
| - | - | - | - | - | 11,000 |
| (1,246,335) | (2,205,549) | (3,618,842) | (2,375,920) | (1,056,614) | (64,867,886) |
| <u>\$ 1,983,984</u> | <u>\$ 5,349,240</u> | <u>\$ 16,354,734</u> | <u>\$ 6,738,007</u> | <u>\$ 1,137,307</u> | <u>\$ 189,810,232</u> |
| \$ - | \$ 78,984 | \$ 178,663 | \$ - | \$ 48,053 | \$ 1,985,946 |
| - | 50,244 | 153,222 | 29,898 | - | 1,140,393 |
| 9,977 | 2,119 | - | - | - | 12,096 |
| - | - | 78,984 | - | - | 448,769 |
| 1,039,546 | 1,227,810 | 8,587,014 | 3,022,801 | 166,000 | 32,702,110 |
| - | 179,564 | 601,060 | 73,565 | - | 5,877,618 |
| - | 577,577 | 3,492,650 | - | - | 36,214,907 |
| <u>1,049,523</u> | <u>2,116,298</u> | <u>13,091,593</u> | <u>3,126,264</u> | <u>214,053</u> | <u>78,381,839</u> |
| 447,085 | 2,955,372 | 2,110,060 | 2,020,314 | - | 95,130,950 |
| - | - | - | - | 55,000 | 55,000 |
| - | - | - | - | - | 8,148,839 |
| - | - | 199,974 | - | - | 6,333,761 |
| - | - | - | - | - | 92,983 |
| 487,376 | 277,570 | 953,107 | 1,591,429 | 868,254 | 1,666,860 |
| <u>\$ 934,461</u> | <u>\$ 3,232,942</u> | <u>\$ 3,263,141</u> | <u>\$ 3,611,743</u> | <u>\$ 923,254</u> | <u>\$ 111,428,393</u> |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
 For the Year Ended June 30, 2006

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | | | | | | | | | Chas County Volunteer Fire Rescue Squad Dec. 31, 2005 | Total |
|---|------------------|-------------------------|--|--|---|-----------------------------|--------------------------------------|------------------------|---------------------------------|---|--------------------------------|--------------------------------|------|------|--|-------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Charleston County Library | Charleston County PRC | Cooper River Park & Playground | James Island PSD | North Charleston District | St. Andrew's Parish Parks & Playground | St. John's Fire District | St. Paul's Fire District | | | | |
| Charleston County Library | | | | | | | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | | | | | | | |
| Culture and recreation | \$ 14,345,367 | \$ 530,267 | \$ 12,375,042 | \$ 623,828 | \$ (816,230) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (816,230) | |
| Charleston County PRC | | | | | | | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | | | | | | | |
| General government | 6,374,737 | - | - | - | - | (6,374,737) | - | - | - | - | - | - | - | - | (6,374,737) | |
| Culture and recreation | 2,438,383 | 625,052 | 104,670 | 12,613 | - | (1,696,048) | - | - | - | - | - | - | - | - | (1,696,048) | |
| Planning and development | 120,596 | - | - | 51,768 | - | (68,828) | - | - | - | - | - | - | - | - | (68,828) | |
| Interest and fiscal charges | 578,555 | - | - | - | - | (578,555) | - | - | - | - | - | - | - | - | (578,555) | |
| Total governmental activities | 9,512,271 | 625,052 | 104,670 | 64,381 | - | (8,718,168) | - | - | - | - | - | - | - | - | (8,718,168) | |
| Business-type activities | | | | | | | | | | | | | | | | |
| Park operations | 10,358,737 | 9,274,729 | - | - | - | (1,084,008) | - | - | - | - | - | - | - | - | (1,084,008) | |
| Total Charleston County PRC | 19,871,008 | 9,899,781 | 104,670 | 64,381 | - | (9,802,176) | - | - | - | - | - | - | - | - | (9,802,176) | |
| Cooper River Park & Playground | | | | | | | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | | | | | | | |
| General government | 16,170 | - | - | - | - | (16,170) | - | - | - | - | - | - | - | - | (16,170) | |
| Culture and recreation | 205,883 | - | - | - | - | (205,883) | - | - | - | - | - | - | - | - | (205,883) | |
| Total governmental activities | 222,053 | - | - | - | - | (222,053) | - | - | - | - | - | - | - | - | (222,053) | |
| James Island PSD | | | | | | | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | | | | | | | |
| General government | 664,885 | - | - | - | - | - | (664,885) | - | - | - | - | - | - | - | (664,885) | |
| Public safety | 2,887,465 | - | - | - | - | - | (2,887,465) | - | - | - | - | - | - | - | (2,887,465) | |
| Health and welfare | 1,295,505 | - | - | - | - | - | (1,295,505) | - | - | - | - | - | - | - | (1,295,505) | |
| Total governmental activities | 4,847,855 | - | - | - | - | - | (4,847,855) | - | - | - | - | - | - | - | (4,847,855) | |
| Business-type activities | | | | | | | | | | | | | | | | |
| Wastewater | 3,893,928 | 4,861,848 | - | - | - | - | 967,920 | - | - | - | - | - | - | - | 967,920 | |
| Total James Island PSD | 8,741,783 | 4,861,848 | - | - | - | - | (3,879,935) | - | - | - | - | - | - | - | (3,879,935) | |
| North Charleston District | | | | | | | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | | | | | | | |
| General government | 20,784 | - | - | - | - | - | - | (20,784) | - | - | - | - | - | - | (20,784) | |
| Public safety | 1,015,300 | - | - | - | - | - | - | (1,015,300) | - | - | - | - | - | - | (1,015,300) | |
| Public works | 395,982 | - | - | - | - | - | - | (395,982) | - | - | - | - | - | - | (395,982) | |
| Total governmental activities | 1,432,066 | - | - | - | - | - | - | (1,432,066) | - | - | - | - | - | - | (1,432,066) | |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
 For the Year Ended June 30, 2006

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | | | | | | | | Chas County Volunteer Fire Rescue Squad Dec. 31, 2005 | Total | | |
|---|----------------------|-------------------------|--|---|---------------------------------|-----------------------------|--------------------------------------|------------------------|---------------------------------|---|--------------------------------|--------------------------------|-------------------|--|-------------|-------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Charleston County Library | Charleston County PRC | Cooper River Park & Playground | James Island PSD | North Charleston District | St. Andrew's Parish Parks & Playground | St. John's Fire District | St. Paul's Fire District | | | | | |
| St. Andrew's Parish Parks and Playground Commission Governmental Activities | | | | | | | | | | | | | | | | | |
| General government | \$ 1,035,983 | \$ - | \$ 10,583 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (1,025,400) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (1,025,400) |
| Culture and recreation | 716,639 | 485,637 | - | - | - | - | - | - | - | (231,002) | - | - | - | - | - | - | (231,002) |
| Interest | 6,791 | - | - | - | - | - | - | - | - | (6,791) | - | - | - | - | - | - | (6,791) |
| | <u>1,759,413</u> | <u>485,637</u> | <u>10,583</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,263,193)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,263,193)</u> |
| Business-type activities | | | | | | | | | | | | | | | | | |
| Family recreation | 1,009,406 | 1,079,892 | - | - | - | - | - | - | - | 70,486 | - | - | - | - | - | - | 70,486 |
| Total St. Andrew's Parish Parks and Playground Commission | <u>2,768,819</u> | <u>1,565,529</u> | <u>10,583</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,192,707)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,192,707)</u> |
| St. John's Fire District Governmental Activities | | | | | | | | | | | | | | | | | |
| Public safety | 7,579,736 | - | 33,120 | 29,150 | - | - | - | - | - | - | (7,517,466) | - | - | - | - | - | (7,517,466) |
| St. Paul's Fire District Governmental Activities | | | | | | | | | | | | | | | | | |
| Public safety | 2,904,122 | - | - | - | - | - | - | - | - | - | - | (2,904,122) | - | - | - | - | (2,904,122) |
| Charleston County Volunteer Fire & Rescue Squad Public Safety | 309,849 | - | 286,220 | - | - | - | - | - | - | - | - | - | - | - | - | (23,629) | (23,629) |
| Total Component Units | <u>\$ 58,174,803</u> | <u>\$ 16,857,425</u> | <u>\$ 12,809,635</u> | <u>\$ 717,359</u> | | | | | | | | | | | | | <u>(27,790,384)</u> |
| General Revenues | | | | | | | | | | | | | | | | | |
| Property taxes | | | | | - | 13,637,477 | 180,230 | 5,338,167 | 1,205,267 | 1,204,203 | 8,000,569 | 3,115,598 | - | - | - | - | 32,681,511 |
| Merchants inventory tax and manufacturer's depreciation | | | | | - | 351,091 | 55,574 | - | 227,203 | 29,677 | 17,823 | 19,296 | - | - | - | - | 700,664 |
| Franchise fees | | | | | - | - | - | - | 85,060 | - | - | - | - | - | - | - | 85,060 |
| Grants not restricted to specific programs | | | | | - | 2,114 | - | - | - | - | - | - | - | - | - | - | 2,114 |
| Unrestricted investment earnings | | | | | 55,793 | 485,950 | 3 | 248,705 | 8,798 | - | 101,974 | 46,951 | 6,931 | - | - | - | 955,105 |
| Gain on sale of capital assets | | | | | - | - | - | - | - | - | - | 327 | - | - | - | - | 327 |
| Fundraising and donations | | | | | - | - | - | - | - | 45,965 | - | - | - | - | - | 73,689 | 119,654 |
| Miscellaneous | | | | | - | 210,463 | - | 35,684 | 3,729 | - | 36,251 | 800 | 6,699 | - | - | - | 293,626 |
| Total General Revenues | | | | | <u>55,793</u> | <u>14,687,095</u> | <u>235,807</u> | <u>5,622,556</u> | <u>1,530,057</u> | <u>1,279,845</u> | <u>8,156,617</u> | <u>3,182,972</u> | <u>87,319</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>34,838,061</u> |
| Change in Net Assets | | | | | (760,437) | 4,884,919 | 13,754 | 1,742,621 | 97,991 | 87,138 | 639,151 | 278,850 | 63,690 | - | - | - | 7,047,677 |
| Net Assets Beginning of Year as restated | | | | | 5,464,999 | 64,558,143 | 136,574 | 23,422,279 | 836,470 | 3,145,804 | 2,623,990 | 3,332,893 | 859,564 | - | - | - | 104,380,716 |
| Net Assets End of Year | | | | | <u>\$ 4,704,562</u> | <u>\$ 69,443,062</u> | <u>\$ 150,328</u> | <u>\$ 25,164,900</u> | <u>\$ 934,461</u> | <u>\$ 3,232,942</u> | <u>\$ 3,263,141</u> | <u>\$ 3,611,743</u> | <u>\$ 923,254</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 111,428,393</u> |

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS**

INDEX

| | <u>Page(s)</u> |
|---|----------------|
| I. Summary of Significant Accounting Policies | |
| A. Introduction | 65 |
| B. Financial Reporting Entity | 65-68 |
| C. Basis of Presentation | 68-71 |
| D. Measurement Focus | 71 |
| E. Basis of Accounting | 72 |
| F. Assets, Liabilities and Equity | |
| 1. Cash and Investments | 73 |
| 2. Receivables and Payables | 73-74 |
| 3. Inventories and Prepaid Items | 74 |
| 4. Restricted Assets | 74-75 |
| 5. Capital Assets | 75 |
| 6. Long-term Obligations | 75-76 |
| 7. Compensated Absences | 76 |
| 8. Fund Equity | 76 |
| 9. Accounting Estimates | 76 |
| 10. Net Assets | 76 |
| 11. Operating Revenues and Expenses | 76 |
| 12. Interfund Activity | 77 |
| 13. GASB Pronouncement | 77 |
| II. Stewardship, Compliance and Accountability | |
| A. Budgetary Information | 77-78 |
| B. Restatement of Prior Year Fund Equities | 78 |
| III. Detailed Notes On All Funds and Account Groups | |
| A. Cash Deposits, Cash Equivalents and Investments | 79-81 |
| B. Receivables | 82-84 |
| C. Capital Assets | 85-89 |
| D. Interfund Receivables and Payables | 89 |
| E. Interfund Transfers | 89-90 |
| F. Leases | 90 |
| G. Landfill Closure | 90-91 |
| H. Short-term Debt | 91 |
| I. Long-term Debt | 91-105 |
| J. Reserved and Designated Fund Equity | 106 |
| IV. Other Information | |
| A. Risk Management | 107 |
| B. Segment Information | 108 |
| C. Subsequent Events | 109-110 |
| D. Contingent Liabilities | 110 |
| E. Commitments | 110-114 |
| F. Deferred Compensation Plan | 114 |
| G. Other Post-employment Benefits | 115 |
| H. Funds Held by Coastal Community Foundation | 115 |
| I. Employee Retirement Systems and Plans | 115-116 |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The financial statements of the County of Charleston (County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds, governmental and business-type activities, and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainders of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2006.

B. Financial Reporting Entity

The County of Charleston, South Carolina, was established by the State of South Carolina on April 9, 1948, under the provisions of Act 681 of 1942. The County operates under a Council-Administrator form of government and provides the following services: public safety (sheriff and fire), highways and streets, sanitation, health and social services, cultural and recreational programs, public improvements, planning and zoning, courts, and general administrative services. As required by GAAP, these financial statements present the County (the Primary Government) and its component units, entities for which the County is considered to be financially accountable or for which exclusion of a component unit would render the financial statements misleading.

The Charleston Public Facilities Corporation has been included as a blended component unit because the County appoints the entire board, receives all benefits and burdens of its activities and is fiscally responsible for its operation. The Charleston Development Corporation has been included as a blended component unit because the County has a majority representation on the board and receives a majority of the benefits and burdens of its activities. The various discretely presented component units were included since they are fiscally dependent upon the County for the levy of property tax revenues, approval of annual operating budgets, authorization of all general obligation debt issues, or as in the case of the Charleston County Volunteer Fire and Rescue Squad, receives substantially all of their funding from the County. Blended component units, although legally separate entities, are in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. Each blended and discretely presented component unit, except for Charleston County Volunteer Fire and Rescue Squad, has a June 30 year-end. The Charleston County Volunteer Fire and Rescue Squad has a December 31 year-end.

The County appoints the board of the Charleston County Housing Authority but has not included the Authority as a component unit because there is no financial accountability or influence by the County over the Authority.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

Component units are reported in the County's Comprehensive Annual Financial Report (CAFR) as shown in the following table:

| Blended Component Units Reported with the Primary Government | Brief Description of Activities and Relationship to the County | Reporting Funds |
|---|---|--|
| Charleston Public Facilities Corporation Administrative Office Address: 4045 Bridge View Drive Room 429 Charleston, SC 29405 Telephone: (843) 958-4600 | Single purpose corporate entity established on July 31, 1990 which is prohibited from engaging in any business other than to construct, own and lease facilities to be used for essential County functions in connection with the issuance of tax-exempt Certificates of Participation to finance such facilities. The Corporation is governed by a Board of Directors who is appointed to staggered terms by County Council. The Corporation exists solely for the benefit of Charleston County. | Debt Service Fund - Certificates of Participation Enterprise Fund - Parking Garages DAODAS |
| Charleston Development Corporation Administrative Office Address: 4045 Bridge View Drive Suite B226 N. Charleston, SC 29405 | Non-Profit Corporate entity established September 16, 2004 to further human, social and economic development in the County of Charleston, to promote a healthier and safer community, and apply for funding that the County would otherwise not be eligible to receive. The Corporation is governed by a Board of Directors which shall consist of one member of Charleston County Council, two Charleston County employees and two Charleston County citizens. | Special Revenue Fund - Charleston Development Corporation |

| <u>Discretely Presented Component Units</u> | <u>Brief Description of Activities and Relationship to the County</u> |
|---|---|
| Charleston County Library (CCL) Administrative Office Address: 68 Calhoun Street Charleston, SC 29401 Telephone: (843) 805-6801 | The Charleston County Library System was created by South Carolina Legislation in 1979 as part of Charleston County Government. Its primary purpose is to provide library services to the citizens of Charleston County and bookmobile services in the rural areas of the County. The Library operates under an eleven member Board of Trustees which is appointed by County Council. County Council approves the budget and all general obligation debt for the Library. |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

| <u>Discretely Presented Component Units</u> | <u>Brief Description of Activities and Relationship to the County</u> |
|--|---|
| <p>Charleston County Park and Recreation Commission (CCPRC) Administrative Office Address: 861 Riverland Drive Charleston, SC 29412 Telephone: (843) 762-2172</p> | <p>The Commission was created under the provisions of Act 1595 of the South Carolina Legislature on August 3, 1972. The Commission is empowered to acquire land, establish recreational facilities and provide recreational activities within Charleston County. The Commission is governed by a seven member board which is appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the Commission.</p> |
| <p>Cooper River Park & Playground Commission (CRPPC) Administrative Office Address: 3841 Chestnut Street Charleston, SC 29405 Telephone: (843) 747-0776</p> | <p>The Commission was created on April 27, 1942 under Act 640 of the South Carolina Legislature to provide parks and recreation facilities for use by citizens residing within the geographic boundaries of the Commission. The Commission is governed by a six member Board of Trustees appointed by the North Charleston District and the Cooper River School District. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the Commission.</p> |
| <p>North Charleston District (NCD) Administrative Office Address: P.O. Box 63009 Charleston, SC 29419 Telephone: (843) 764-3072</p> | <p>The District was created as a public service district in 1972 by Act 1768 of the South Carolina Legislature. The District provides fire, sanitation, street lighting and cleaning services to the residents within its geographic boundaries. The District is governed by a nine member Commission appointed by the Governor through recommendations of the City of North Charleston and the Legislative Delegation. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the District.</p> |
| <p>James Island Public Service District (JIPSD) Administrative Office Address: P.O. Box 12140 Charleston, SC 29422 Telephone: (843) 795-9060</p> | <p>The District was created by Act 498 of the General Assembly of South Carolina in 1961. The District provides sanitation, fire protection and sewer treatment services to the residents within its geographic boundaries. The District is governed by a seven member Commission elected by the residents of the service area. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the District.</p> |
| <p>St. Andrew's Parish Parks & Playground Commission (SAPPPC) Administrative Office Address: P.O. Box 31825 Charleston, SC 29407 Telephone: (843) 763-4360</p> | <p>The Commission was created by the General Assembly of the State of South Carolina in 1945. The Commission has the power to create, develop, maintain and operate a system of parks and playgrounds for the use and benefit of the residents within its jurisdictional area. The Commission is governed by five members appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the Commission.</p> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

| <u>Discretely Presented Component Units</u> | <u>Brief Description of activities and relationship to the County</u> |
|---|---|
| St. John's Fire District (SJFD) Administrative Office Address: P.O. Box 56 Johns Island, SC 29457 Telephone: (843) 559-9194 | The Fire District was created by Act 369 of the South Carolina General Assembly on April 9, 1959. The Fire District provides fire protection services to residents within its geographic boundaries. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the Fire District. |
| St. Paul's Fire District (SPFD) Administrative Office Address: P.O. Box 65 Hollywood, SC 29449 Telephone: (843) 889-6450 | The Fire District was formed under Act 440 of the South Carolina General Assembly in 1949. The Fire District provides fire protection services to the western portion of the County. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the Fire District. |
| Charleston County Volunteer Fire and Rescue Squad, Inc. (CCVRS) Administrative Office Address: P.O. 5012 North Charleston, SC 24906 Telephone: (843) 225-7728 | The Rescue Squad received its Charter January 30, 1973, from the State of South Carolina. The primary purpose is to provide volunteer rescue services for the citizens of Charleston County. The rescue squad is exempt from federal and state income taxation under Section 501(c) (3) of the U.S. Internal Revenue Code and is not a private foundation. The rescue squad is economically dependent on the County. |

The complete financial statements for each component unit may be obtained from their administrative offices at the addresses stated above.

C. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The accounts of the County and its component units are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. There are three categories of funds: governmental, proprietary, and fiduciary.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues and all taxes are presented as general revenues of the County, with certain limited exceptions.

The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements

The County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

The major fund types are:

Governmental funds are used to account for general governmental activities. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund - This is the primary operating fund of the County. This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

General Obligation Bond Refunding Capital Projects Fund - This fund accounts for financial resources to be used to complete several construction projects funded by prior bond issues. These include the O.T. Wallace County Office Building and the Juvenile Detention Center. The resources will also fund three new EMS Stations.

Transportation and Road Sales Tax Special Revenue Fund - This fund accounts for revenues generated by the half cent sales tax for roads, public transportation and greenbelts.

Proprietary funds reporting focus is on the determination of operating income, changes in net assets, financial position and cash flow. Proprietary funds are classified as either enterprise or internal service. These funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business. In the enterprise funds a fee is charged to external users. The County reports the following major proprietary funds:

Solid Waste - This fund is used to account for the County's solid waste disposal operations, currently consisting of the following:

1. Incineration plant including ash disposal.
2. Landfill to dispose of incineration plant overflow and all county dry goods and construction materials.

This fund is also used to account for the County's recycling operations, which consist of the following:

1. Curbside collection of recyclables in the urban areas of the County.
2. Drop-box collection in all areas of the County.
3. Operation of materials recovery facility.
4. Yard waste mulch facility.

These services are funded from collection of a countywide user fee, sales of steam and electricity from the incineration plant, tipping fees at the landfill and sale of recyclables.

Parking Garages - This fund is used to account for the operation, financing and construction of parking facilities. The County has operated a 454 space parking garage adjacent to the County's administrative and court facilities, which also serves area hotels, restaurants and others since the 1970's. During 1992 the fund received \$12,375,000 of the proceeds from Charleston Public Facilities Corporation (a component unit of the County) Certificates of Participation to construct a 1,608 space-parking garage adjacent to the Charleston Memorial Hospital. During 1996 the fund received \$8,884,000 of the proceeds from the 1995 Certificates of Participation to construct an additional 438 space parking garage adjacent to the existing City of Charleston Cumberland Street garage to service the future Judicial Center. The County assumed the operation of the existing Cumberland Street garage in April 1998 from the City of Charleston. During fiscal year 2004 the parking garage adjacent to the Charleston Memorial Hospital was sold to the Medical University Hospital Authority.

Internal Service Funds - These funds account for the financing of services provided by one department to other departments of the County, or to other governments, on a cost reimbursement basis.

Fleet Management - This fund is used to account for all operations of the County's centrally administered vehicle operation. Functions included within this operation are writing the specifications and assisting in the purchase of all on and off-road vehicles and equipment; owning all vehicles and equipment not specifically used in other County proprietary operation; maintaining all vehicles and equipment; operating a County-wide fuel distribution and monitoring system; operating a fleet of pool cars for those departments not directly assigned vehicles; and operating a vehicle parts warehouse.

Office Support Services - This fund is used to account for the centrally administered mail pick-up and delivery service, duplicating machines, postage metering service and records management. Records management includes establishing records retention schedules for all County operations, centralized storage of records and a centralized microfilming operation.

Telecommunications - This fund is used to account for the centrally administered telecommunications system, which includes pagers and cellular telephones.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Workers' Compensation - This fund is used to account for the costs of staffing a workers' compensation division as well as the cost of providing insurance through the S.C. Association of County Commissioners Self-Insurance Fund. Funding is provided by levying a percentage charge against all departmental payrolls. In fiscal year 1996, insurance was converted to self-insurance coverage for all claims less than \$100,000.

Employee Benefits Trust - This fund is used to account for costs of providing health and life insurance to the County's employees and retirees. Funding is provided by a percentage charge against all departmental payrolls, payments from retirees equaling 50 percent of coverage costs, payments from employees of 30 percent of dependent coverage and from investments. The fund is administered by seven trustees; the Controller and Human Resources Director as permanent members, the Chairman of the Employee Insurance Committee for the duration of term in office, and for two year periods, trustees appointed by the 1) Elected Officials, 2) Appointed Officials, 3) County Administrator, and 4) Chief Deputy Administrator. As of January 1, 1993, the Trustees had contracted with the South Carolina Department of Insurance to provide all of the County's health and life insurance.

Fiduciary fund reporting focuses on net assets and changes in net assets. This fund accounts for assets held by the entity as an agent on behalf of others. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The County's only fiduciary funds are agency funds.

Agency Funds - This fund primarily consists of monies collected and disbursed by the County Treasurer (an elected, constitutionally mandated official) for various governmental units and taxing entities within Charleston County's borders as defined by South Carolina law. These monies are not under the control of Charleston County Council. This fund also consists of monies administered by several elected, appointed and other officials who, by nature of their position, collect and disburse cash. These officials consist of the Business License Director, Clerk of Court (who administers both Clerk of court and Family Court funds), Controller, Delinquent Tax Collector, Family Court, Magistrates, Master-In-Equity, Probate Court Judge, Sheriff, and Solicitor.

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Component unit disclosures represent a consolidation of various fund types.

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the County are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis accounting. Governmental Funds use the modified accrual basis of accounting.

Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise on the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year-end with respect to property taxes and one year after fiscal year-end for all other governmental revenues.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements in which the County must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes collected within 60 days of fiscal year end, sales tax, grants, interest, accommodations fees, intergovernmental revenue and charges for services.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2005 but which were levied to finance fiscal year 2007 operations have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

F. Assets, Liabilities and Equity

1. Cash and Investments

The County maintains and controls several major cash and investment pools which the funds of the primary government share. Each fund's portion of a pool is presented on its respective balance sheets as "pooled cash and cash equivalents." In addition, non-pooled cash and investments are separately held and reflected in the respective funds as "non-pooled cash and cash equivalents" and "investments," some of which are restricted assets.

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. For purposes of the Proprietary Funds' statement of cash flows, all short-term highly liquid investments, including restricted assets, with original maturities of three months or less from the date of acquisition are considered to be cash equivalents.

South Carolina State law limits investments to those authorized by South Carolina Code of Laws Section 6-5-10. These state statues authorize investments in the following:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
4. Certificates of deposits 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, as a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
5. No load open and closed-end portfolios of certain investment companies with issues of the US Government.

The County and its component units have certain funds invested with the South Carolina State Treasurer's Office which established the South Carolina Local Government Investment Pool (the Pool) pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs which are under the custody of any county treasurer or any governing body of a political subdivision of the State may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The allowance for trade accounts receivable is computed based upon an estimate of collections within each aging category. The allowance for property taxes receivable is based upon a composite average of each delinquent tax year's collections to the outstanding balance at the beginning of the fiscal year.

The County bills and collects property taxes for itself and all other taxing entities within the County. Property taxes are recognized in the period for which they are levied and available for financing current expenditures. Property taxes receivable represent current and delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year-end, except those collected within 60 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds. 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, the 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 vehicle license registration is up for renewal. The County must provide proof of payment to the South Carolina Department of Transportation before that agency will renew the taxpayer's vehicle license.

The County charges a user fee to real property owners and certain commercial and governmental entities providing revenues for a portion of the County's solid waste collection and disposal effort (e.g., incineration, landfill and recycling). Tipping fees charged to certain commercial and governmental entities are also included. Annual charges to real property owners are billed in the fall for the subsequent calendar year, but are recognized in full in the year of billing. An allowance for uncollectible accounts is established based upon an historical estimate of the collections within each customer category: residential, commercial, governmental or housing agencies.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures 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.

In the governmental fund statements, reported inventories and prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

4. Restricted Assets

Certain assets of the County's Debt Service, Special Revenue Funds, Capital Projects and Enterprise Funds and component units derived from proceeds of various General Obligation Bonds, Revenue Bonds and Certificates of Participation are set aside for their repayment or earmarked by the Trustee for specific purposes. These assets are classified as restricted assets on the balance sheet in both

COUNTY OF CHARLESTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

the government-wide and fund financial statements, because their use is limited by applicable bond covenants. All restricted assets are considered expendable.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 the life of the assets are not capitalized by governmental or business-type activities.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended June 30, 2006.

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings | 45 |
| Buildings Improvements | 10 - 45 |
| Improvements other than buildings | 10 - 45 |
| Public Domain Infrastructure | 20 - 50 |
| Vehicles | 5 |
| Office Equipment | 5 - 10 |
| Computer Equipment | 3 - 5 |
| Other Equipment | 5 - 12 |
| Landfill Land | 10 - 20 |
| Sewer Systems | 25 - 50 |

6. 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 assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Deferred refunding costs represent the difference between the reacquisition price and the net carrying value of the refunded debt.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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.

7. *Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay is recorded when accrued by the employee in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of the employee resignations and retirements.

8. *Fund Equity*

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

9. *Accounting Estimates*

The preparation of financial statements in accordance with GAAP requires the County's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. *Net Assets*

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

11. *Operating Revenues and Expenses*

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for solid waste disposal, recycling, parking garages, E-911 communication system, and the activity of the programs administered by the Department of Alcohol and Other Drug Abuse Services (DAODAS), vehicle maintenance, telephone service and insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

12. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

13. GASB Pronouncements

In June 2004, the Government Accounting Standards Board issued GASB statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions. This statement establishes standards for the measurement, recognition and display of other post-employment benefit expenses, related liabilities and notes. GASB No. 45 is effective for the County and its component unit's fiscal year ending June 30, 2008. Management has not yet determined the impact on their financial statements.

The GASB has issued Statement No. 44, 'Economic Condition Reporting': The Statistical Section, which provides guidance on the tables and narrative explanations in the statistical section. This statement is effective for fiscal periods beginning after June 15, 2005. The County has adopted this statement for the fiscal year ending June 30, 2006.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund and certain Special Revenue Funds including Accommodations, Child Support Enforcement, Economic Development, Coroner's Training, Education, Emergency Medical Services, Fire Districts, Geographic Information Systems, Hazardous Materials Enforcement, Sheriff, Solicitor, and Victim Notification Funds. The balance of the Special Revenue Funds and Capital Projects Funds are budgeted over the life of the grant or project. Formal budgetary policies are not employed for the Debt Service Funds because effective budgetary control is alternatively achieved through General Obligation Bond indenture provisions and the base lease agreements governing the Certificates of Participation.

All agencies of the County and its component units must submit requests for appropriations to the County Administrator by March 15 along with revenue estimates so that a budget may be prepared. By May 1, the proposed budgets are presented to County Council for review. The Council holds public hearings and adopts the final budgets by July 1 through passage of an ordinance.

The legal level of budgetary control is determined by County Council at the individual fund level. Expenditures by department, sub organizational level and major category, i.e. personnel, non-personnel and capital outlay, are further defined in the budget document and are subject to County Administrator approval. The County Administrator is authorized to make transfers between major expenditure categories within departments and between departments within the same fund.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The administrator has further delegated to the Deputy Administrators the authority to transfer between departments. The budget ordinance must be amended by Council to effect changes in fund totals.

Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations were necessary.

The results were increases and decreases within the individual departments within the funds. All annual appropriations lapse at year-end.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Restatement of Prior Year Fund Equities

The County and its component units have corrected several errors from the prior year due to the overstatement/understatement of various receivables, capital assets and cash amounts in the General, Special Revenue, Internal Service and Enterprise Funds.

| | Primary Government | | | |
|--------------------------------------|-------------------------|---------------------|------------------------|---------------------|
| | Governmental Fund Types | | Proprietary Fund Types | |
| | General | Special Revenue | Enterprise | Internal Service |
| Equity July 1, 2005 | \$36,369,240 | \$20,311,656 | \$68,216,346 | \$13,270,846 |
| Restatements: | | | | |
| Pooled cash | (1,894) | 1,894 | - | - |
| Restricted Cash | - | - | (819,143) | - |
| Accounts receivable | (102) | 22,500 | (4,473) | - |
| Capital Assets | - | - | (25,895) | (15,080) |
| Equity July 1, 2005 (as restated) | <u>\$36,367,244</u> | <u>\$20,336,050</u> | <u>\$67,366,835</u> | <u>\$13,255,766</u> |
| | | | | |
| | Governmental | Business- | Component | |
| | Activities | type | Units | |
| | | Activities | CCPRC | |
| Net Assets July 1, 2005 | \$129,446,934 | \$73,710,218 | \$65,369,886 | |
| Restatements: | | | | |
| Capital assets | - | - | 856,008 | |
| Accumulated depreciation | - | - | (1,667,751) | |
| Fund restatements as noted above | 22,398 | (849,511) | - | |
| Net Assets July 1, 2005(as restated) | <u>\$129,469,332</u> | <u>\$72,860,707</u> | <u>\$64,558,143</u> | |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

III. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits, Cash Equivalents and Investments

Custodial Credit Risk - Deposits

Custodial Credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County follows the South Carolina Code of Laws Section 6-5-15 as its policy for custodial credit risk which states that to the extent that these deposits exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation, the bank or savings and loan association at the time of deposit must: (1) furnish an indemnity bond in a responsible surety company authorized to do business in this State; or (2) pledge as collateral: (a) obligations of the United States; (b) obligations fully guaranteed both as to principal and interest by the United States; (c) general obligations of this State or any political subdivision of this State; or (d) obligations of the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation, in which the local entity is named as beneficiary and the letter of credit other wise meets the criteria established and prescribed by the local entity.

As of June 30, 2006, \$2,378,413 of the County's bank balance of \$149,905,492 was exposed to custodial credit risk as follows:

| | |
|---|---------------------|
| Uninsured and Uncollateralized | \$ 2,152,896 |
| Collateralized by securities held by the pledging Bank's Trust department not in the County's name | <u>225,517</u> |
| | <u>\$ 2,378,413</u> |

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2006, the County had no exposure to custodial credit risk on their investments which total \$155,636,066. \$143,814,768 is reported on the Statement of Net Assets and \$11,821,298 is reported with Agency Funds.

The State Treasurer sells participation in the South Carolina Local Government Investment Pool to political subdivisions of the State. Funds deposited into the South Carolina Local Government Investment Pool by legally qualified entities are used to purchase investment securities as follows:

1. U.S. Government Securities (direct obligations)
2. Federal Agency Securities
3. Repurchase Agreements Secured by U.S. Government Securities and/or
Federal Agency Securities
4. A1/P1 Commercial Paper (Moody's/S&P highest rating)

Funds belonging to any entity that are on deposit with the South Carolina Local Government Investment Pool represent participation units in a portfolio comprised of the above referenced securities.

It is policy of the State Treasurer's Office that no derivatives of U.S. Government Securities and/or Federal Agency Securities and/or A1/P1 Commercial Paper are to be purchased by or for the South Carolina Local Government Investment Pool.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The County had \$33,172,078 invested in the South Carolina Local Government Investment Pool. \$84,013,905 has been invested in certificates of deposits or US Treasuries or US obligations and therefore by definition are not subject to credit risk. The remaining \$38,450,083 has been invested in Federal Home Loan Mortgage Corporation (FHLM). FHLM is rated AAA for long-term unsecured debt and A1+ for short-term notes by Standards & Poor's.

The County's Investments are carried at cost or amortized cost. Non-participating interest-earning investment contracts, such as bank certificates of deposit whose terms are not affected by changes in market rates, are stated at cost. Investment contracts that have a remaining maturity at the time of the purchase of one year or less are stated at amortized cost, provided the fair value of the investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Amortization of investment premiums and discounts is netted against investment income for financial statement purposes. Money market investments are short-term, highly liquid debt instruments including US Treasury obligations. Interest-earning investment contracts are contracts that a government enters into with a financial institution or other financial services company for which it receives interest payments.

As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy specifies limitations on instruments; diversification and maturity scheduling that are dependent upon whether the funds being invested are considered short term or long term funds. Investment maturities for operating funds are scheduled to coincide with projected cash flow needs, taking in to account large routine expenditures as well as considering sizeable blocks of anticipated revenue. Maturities in this category are timed to comply with the following guidelines:

| | |
|-----------------|--------------|
| Under 30 days | 10% minimum |
| Under 90 days | 25% minimum |
| Under 270 days | 50% minimum |
| Under 1 year | 90% minimum |
| Under 18 months | 100% minimum |

Long-term investment maturity scheduling is timed according to anticipated needs.

The County's investment in Federal Home Loan Mortgage Corporation has a fair value of \$38,450,083 as of June 30, 2006.

| Investments Maturity: | Fair Value as of <u>June 30, 2006</u> |
|---|---|
| Less than one year | |
| Federal Home Loan Mortgage Corporation: | \$ 33,450,083 |
| One to five years | |
| Federal Home Loan Mortgage Corporation: | <u>5,000,000</u> |
| | <u>\$ 38,450,083</u> |

Concentrations of Credit Risk

More than 5 percent of the County's investments are in US Government Agencies. Investments in Federal Home Loan Mortgage Corporation represents 24.71% of the County's total investments.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Component Units

Cash Deposits, Cash Equivalents and Investments

Interest Rate Risk

The Component Units have no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

St Paul's Fire District invests in overnight repurchase agreements that total \$1,415,619 at June 30, 2006. These are uninsured and unregistered with securities held by the counterparty, or by its trust department or agent, but not in St Paul's Fire District's name. At December 31, 2005, Charleston County Volunteer Fire & Rescue Squad, Inc., had a bank balance exceeding FDIC limits by \$169,101. The remaining component units were not subject to custodial credit risk.

Credit Risk

None of the component units' deposits or investments were subject to credit risk.

Concentration of Risk

The Library and St Paul's Fire District have no limit on the amount they may invest in any one issuer. The remaining component units have no formal investment policy that would limit its investment choices. None of the component units have more than 5% of their investments in any one issuer.

A reconciliation of cash and investments as shown on the Statement of Net Assets for the primary government and the component units and Statement of Fiduciary Net Assets for agency funds follows:

| | |
|---|---------------------------|
| Cash on hand – primary government | \$ 40,047 |
| Cash on hand – component units | 77,141 |
| Carrying amount of deposits - primary government | 146,809,373 |
| Carrying amount of deposits - component units | 29,690,286 |
| Carrying amount of investments - primary government | 155,636,066 |
| Carrying amount of investments – component units | 8,315,974 |
| Cash with fiscal agent – primary government | <u>125,000</u> |
| Total carrying amount of cash and investments | <u>\$ 340,693,887</u> |
| Non-pooled cash and cash equivalents | \$ 33,237,465 |
| Pooled cash and cash equivalents | 89,535,264 |
| Restricted cash and cash equivalents | 55,259,764 |
| Pooled investments | 76,493,615 |
| Non-pooled investments | 14,069,004 |
| Restricted Investments | 71,973,775 |
| Cash with fiscal agent | <u>125,000</u> |
| Total carrying amount of cash and investments | <u>\$ 340,693,887</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

B. Receivables

Receivables as of June 30, 2006, including the applicable allowances for uncollectible accounts, are as follows:

| Primary government: | Governmental Funds | | | | |
|------------------------------------|-----------------------|----------------------|-------------------------------------|----------------------|------------------------------|
| | General | Debt Service | Transportation Special Revenue Fund | GOB Capital Projects | Non-major Governmental Funds |
| Receivables: | | | | | |
| Current property taxes | \$ 96,162,944 | \$ 15,787,946 | \$ - | \$ - | \$ 6,068,070 |
| Delinquent property taxes | 2,976,135 | 797,311 | - | - | 300,537 |
| Accounts | 9,287,078 | - | - | - | 22,069 |
| Intergovernmental | 13,274,097 | - | 17,193,951 | 39,912 | 8,355,870 |
| Notes | - | - | - | - | 359,509 |
| Interest | - | 1,650 | - | - | 1,322 |
| Gross receivables | <u>121,700,254</u> | <u>16,586,907</u> | <u>17,193,951</u> | <u>39,912</u> | <u>15,107,377</u> |
| Less allowance for uncollectibles: | | | | | |
| Current property taxes | 3,269,540 | 500,478 | - | - | 241,295 |
| Delinquent property taxes | 1,457,729 | 390,362 | - | - | 133,322 |
| Accounts | 6,916,398 | - | - | - | - |
| Notes | - | - | - | - | 306,676 |
| Gross allowance | <u>11,643,667</u> | <u>890,840</u> | <u>-</u> | <u>-</u> | <u>681,293</u> |
| Net total receivable | <u>\$ 110,056,587</u> | <u>\$ 15,696,067</u> | <u>\$ 17,193,951</u> | <u>\$ 39,912</u> | <u>\$ 14,426,084</u> |

| | Proprietary | | Totals |
|------------------------------------|--------------------------|---|-----------------------|
| | Business-type Activities | Governmental Activities- Internal Service Funds | Primary Government |
| Receivables: | | | |
| Current property taxes | \$ - | \$ - | \$ 118,018,960 |
| Delinquent property taxes | 2,790 | - | 4,076,773 |
| Accounts | 9,099,848 | 24,599 | 18,433,594 |
| Intergovernmental | 1,922,186 | 139,527 | 40,925,543 |
| Notes | - | - | 359,509 |
| Interest | 15,232 | - | 18,204 |
| Gross receivables | <u>11,040,056</u> | <u>164,126</u> | <u>181,832,583</u> |
| Less allowance for uncollectibles: | | | |
| Current property taxes | - | - | 4,011,313 |
| Delinquent property taxes | 1,515 | - | 1,982,928 |
| Accounts | 3,787,225 | - | 10,703,623 |
| Notes | - | - | 306,676 |
| Gross allowance | <u>3,788,740</u> | <u>-</u> | <u>17,004,540</u> |
| Net total receivable | <u>\$ 7,251,316</u> | <u>\$ 164,126</u> | <u>\$ 164,828,043</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

| Component Units: | <u>CCL</u> | <u>CCPRC</u> | <u>CRPPC</u> | <u>JIPSD</u> | <u>NCD</u> |
|------------------------------------|------------------|----------------------|-------------------|---------------------|---------------------|
| Receivables: | | | | | |
| Current property taxes | \$ - | \$ 13,421,589 | \$ 162,598 | \$ 4,485,177 | \$ 1,000,604 |
| Delinquent property taxes | - | 577,305 | 15,258 | 216,453 | 106,217 |
| Accounts | 69,255 | 370,396 | - | 298,782 | - |
| Intergovernmental | <u>-</u> | <u>376,194</u> | <u>30,524</u> | <u>-</u> | <u>-</u> |
| Gross receivables | <u>69,255</u> | <u>14,745,484</u> | <u>208,380</u> | <u>5,000,412</u> | <u>1,106,821</u> |
| Less allowance for uncollectables: | | | | | |
| Current property taxes | - | 424,120 | 8,194 | 148,459 | 50,430 |
| Delinquent property taxes | - | 230,279 | 7,032 | 24,541 | 48,950 |
| Accounts | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,800</u> | <u>-</u> |
| Gross allowance | <u>-</u> | <u>654,399</u> | <u>15,226</u> | <u>194,800</u> | <u>99,380</u> |
| Net total receivable | <u>\$ 69,255</u> | <u>\$ 14,091,085</u> | <u>\$ 193,154</u> | <u>\$ 4,805,612</u> | <u>\$ 1,007,441</u> |

| | <u>SAPPPC</u> | <u>SJFD</u> | <u>SPFD</u> | <u>Total Component Units</u> |
|------------------------------------|---------------------|---------------------|---------------------|--------------------------------------|
| Receivables: | | | | |
| Current property taxes | \$ 1,087,876 | \$ 8,771,209 | \$ 3,022,801 | \$ 31,951,854 |
| Delinquent property taxes | 62,156 | 180,374 | 256,960 | 1,414,723 |
| Accounts | 3,635 | 6,720 | - | 748,788 |
| Intergovernmental | <u>-</u> | <u>-</u> | <u>-</u> | <u>406,718</u> |
| Gross receivables | <u>1,153,667</u> | <u>8,958,303</u> | <u>3,279,761</u> | <u>34,522,083</u> |
| Less allowance for uncollectables: | | | | |
| Current property taxes | 47,105 | 184,195 | 186,809 | 1,049,312 |
| Delinquent property taxes | 22,331 | 66,721 | 126,517 | 526,371 |
| Accounts | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,800</u> |
| Gross allowance | <u>69,436</u> | <u>250,916</u> | <u>313,326</u> | <u>1,597,483</u> |
| Net total receivable | <u>\$ 1,084,231</u> | <u>\$ 8,707,387</u> | <u>\$ 2,966,435</u> | <u>\$ 32,924,600</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Notes result from the sale of certain assets by the County. The County's Fleet Management Internal Service Fund has financed \$791,600 of its share of the new heavy equipment repair facility through a loan from the Solid Waste Enterprise Fund. The loan is payable in semi-annual installments of \$40,000 with interest at 6.08 percent per annum. The note matures on January 1, 2014. This note is presented as note receivable-internal balances on the statement of Net Assets for the Business-type activities.

In fiscal year 2004, County Council approved a \$400,000 non-interest bearing loan from the County's accommodations fee special revenue fund to the Convention and Visitor's Bureau to be repaid at \$40,000 per year for the next ten years. The loan was expended on the County's books when made with a corresponding entry to allowance for doubtful accounts.

The following reflects the future minimum payments receivable at June 30, 2006 under these notes Receivable:

| Year Ending June 30 | Primary Government Business-type Activities |
|--|--|
| 2007 | \$ 80,001 |
| 2008 | 80,001 |
| 2009 | 80,001 |
| 2010 | 80,001 |
| 2011 | 80,001 |
| Later years | <u>240,003</u> |
| Total minimum note payments | 640,008 |
| Less amount representing interest | (139,130) |
| Present value of minimum note payments | 500,878 |
| Less current portion | <u>(50,291)</u> |
| Long-term portion | <u>\$ 450,587</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2006 was as follows:

| Governmental Activities: | <u>Balance as July 1, 2005</u> | <u>Transfers/ Additions</u> | <u>Transfers/ Deletions</u> | <u>Balance June 30, 2006</u> |
|---|------------------------------------|---------------------------------|---------------------------------|----------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,963,104 | \$ 6,500 | \$ - | \$ 3,969,604 |
| Construction in progress | 455,390 | 6,901,108 | - | 7,356,498 |
| Infrastructure-easements, land | <u>10,037,464</u> | <u>607,028</u> | <u>(288,489)</u> | <u>10,356,003</u> |
| Total capital assets not being depreciated | <u>14,455,958</u> | <u>7,514,636</u> | <u>(288,489)</u> | <u>21,682,105</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 203,023,617 | 163,249 | - | 203,186,866 |
| Improvements other than buildings | 3,204,089 | - | - | 3,204,089 |
| Machinery and equipment | 65,556,512 | 9,030,777 | (6,684,966) | 67,902,323 |
| Infrastructure | <u>46,403,839</u> | <u>4,043,012</u> | <u>(2,448)</u> | <u>50,444,403</u> |
| Total capital assets being depreciated | <u>318,188,057</u> | <u>13,237,038</u> | <u>(6,687,414)</u> | <u>324,737,681</u> |
| Less accumulated depreciation: | | | | |
| Buildings | (40,073,743) | (4,707,348) | - | (44,781,091) |
| Improvements other than buildings | (1,296,097) | (75,418) | - | (1,371,515) |
| Machinery and equipment | (40,240,560) | (7,763,515) | 5,003,668 | (43,000,407) |
| Infrastructure | <u>(29,041,024)</u> | <u>(2,072,972)</u> | <u>2,448</u> | <u>(31,111,548)</u> |
| Total accumulated depreciation | <u>(110,651,424)</u> | <u>(14,619,253)</u> | <u>5,006,116</u> | <u>(120,264,561)</u> |
| Total capital assets being depreciated, net | <u>207,536,633</u> | <u>(1,382,215)</u> | <u>(1,681,298)</u> | <u>204,473,120</u> |
| Governmental activities, Total capital assets, net | <u>\$ 221,992,591</u> | <u>\$ 6,132,421</u> | <u>\$ (1,969,787)</u> | <u>\$ 226,155,225</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

| | <u>Balance as July 1, 2005</u> | <u>Transfers/ Additions</u> | <u>Transfers/ Deletions</u> | <u>Balance June 30, 2006</u> |
|---|------------------------------------|---------------------------------|---------------------------------|----------------------------------|
| Business-type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,950,930 | \$ - | \$ - | \$ 3,950,930 |
| Construction in progress | <u>1,275,080</u> | <u>10,281,071</u> | <u>-</u> | <u>11,556,151</u> |
| Total capital assets not being depreciated | <u>5,226,010</u> | <u>10,281,071</u> | <u>-</u> | <u>15,507,081</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 24,747,001 | 186,127 | - | 24,933,128 |
| Improvements other than buildings | 2,041,879 | 16,428 | (1,207,400) | 850,907 |
| Machinery and equipment | <u>13,609,780</u> | <u>2,101,552</u> | <u>(1,931,193)</u> | <u>13,780,139</u> |
| Total capital assets being depreciated | <u>40,398,660</u> | <u>2,304,107</u> | <u>(3,138,593)</u> | <u>39,564,174</u> |
| Less accumulated depreciation: | | | | |
| Buildings | (5,222,651) | (561,038) | (22,933) | (5,806,622) |
| Improvements other than buildings | (1,305,548) | (57,347) | 978,691 | (384,204) |
| Machinery and equipment | <u>(8,175,590)</u> | <u>(1,402,523)</u> | <u>1,461,623</u> | <u>(8,116,490)</u> |
| Total accumulated depreciation | <u>(14,703,789)</u> | <u>(2,020,908)</u> | <u>2,417,381</u> | <u>(14,307,316)</u> |
| Total capital assets being depreciated, net | <u>25,694,871</u> | <u>283,199</u> | <u>(721,212)</u> | <u>25,256,858</u> |
| Business-type activities | | | | |
| Total capital assets, net | <u>\$ 30,920,881</u> | <u>\$ 10,564,270</u> | <u>\$ (721,212)</u> | <u>\$ 40,763,939</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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

Governmental Activities:

| | |
|------------------------|-----------------------------|
| General government | \$ 5,184,718 |
| Public safety | 4,037,369 |
| Judicial | 1,557,738 |
| Public works | 2,905,260 |
| Health and welfare | 203,091 |
| Culture and recreation | 730,375 |
| Economic Development | 702 |
| Total | <u>\$ 14,619,253</u> |

Business-type Activities:

| | |
|----------------------|----------------------------|
| Solid Waste | \$ 1,243,280 |
| Parking Garages | 316,068 |
| DAODAS | 289,959 |
| E-911 Communications | 171,601 |
| Total | <u>\$ 2,020,908</u> |

Component Units:

| | Balance as Restated July 1, 2005 | Additions | Deletions | Balance June 30, 2006 |
|--|--|----------------------------|------------------------------|------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 27,890,395 | \$ - | \$ - | \$ 27,890,395 |
| Artwork | 11,000 | - | - | 11,000 |
| Construction in progress | 4,891,262 | 910,330 | (4,881,704) | 919,888 |
| Total capital assets not being depreciated | <u>32,792,657</u> | <u>910,330</u> | <u>(4,881,704)</u> | <u>28,821,283</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 46,133,934 | 6,561,758 | (485,009) | 52,210,683 |
| Improvements other than buildings | 18,338,235 | - | - | 18,338,235 |
| Machinery and equipment | 23,177,463 | 3,247,211 | (395,990) | 26,028,684 |
| Infrastructure | 33,086,598 | 1,123,794 | - | 34,210,392 |
| Library materials | 21,280,633 | 2,006,452 | (1,694,248) | 21,592,837 |
| Total capital assets being depreciated | <u>142,016,863</u> | <u>12,939,215</u> | <u>(2,575,247)</u> | <u>152,380,831</u> |
| Less accumulated depreciation | <u>(60,446,225)</u> | <u>(6,667,932)</u> | <u>2,246,271</u> | <u>(64,867,886)</u> |
| Total capital assets being depreciated, net | <u>81,570,638</u> | <u>6,271,283</u> | <u>(328,976)</u> | <u>87,512,945</u> |
| Component units | | | | |
| Total capital assets, net | <u>\$ 114,363,295</u> | <u>\$ 7,181,613</u> | <u>\$ (5,210,680)</u> | <u>\$ 116,334,228</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Depreciation expense was charged to functions of the component units as follows:

| | |
|--------------------------|---------------------|
| General government | \$ 1,772,983 |
| Public safety | 912,570 |
| Culture and recreation | 2,360,601 |
| Health and welfare | 128,306 |
| Family recreation center | 102,627 |
| Park operations | 766,309 |
| Waste water | <u>624,536</u> |
| Total | <u>\$ 6,667,932</u> |

Construction in progress in the Governmental Activities as of June 30, 2006 is composed of the following:

| Primary government: | <u>Project Authorization</u> | <u>Expended to June 30, 2006</u> | <u>Commitments Outstanding</u> | <u>Required Future Financing</u> |
|---------------------------|----------------------------------|--------------------------------------|------------------------------------|--------------------------------------|
| Juvenile Detention Center | \$ 508,038 | \$ 410,191 | \$ 97,847 | None |
| Maintenance Warehouse | 1,054,223 | 100,350 | 76,050 | None |
| Motorola 800 MHZ System | 13,400,000 | 6,101,275 | 3,229,031 | None |
| Medic 2 | 1,945,463 | 149,081 | 1,574,143 | None |
| Medic 6 | 39,166 | 20,719 | - | None |
| Medic 7 | 47,084 | 2,832 | - | None |
| Medic 15 | 995,481 | 136,938 | 785,458 | None |
| Folly Beach Library | 2,500,000 | 79,826 | 88,846 | None |
| Judicial Center Repairs | 87,554 | 59,018 | 5,989 | None |
| Fleet Auto Shop | 525,284 | 6,496 | 197,050 | None |
| Adult Detention Facility | <u>2,000,000</u> | <u>289,772</u> | <u>550,398</u> | None |
| Total primary government | <u>\$ 23,102,293</u> | <u>\$ 7,356,498</u> | <u>\$ 6,604,812</u> | |

Commitments outstanding represent signed contracts and outstanding encumbrances of the County. As of June 30, 2006, the County has assets under capital lease with a total cost of \$5,559,255 and a net book value of \$4,147,793. The assets are computer equipment depreciated over a three to five year period and included in the County's machinery and equipment capital asset category. Also included is a capital lease for the Lee Building which is being depreciated over a 45 year period. This asset is included in the buildings capital asset category.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Construction in progress as of June 30, 2006 in the Business-type activities is composed of the following:

| Primary government: | <u>Project Authorization</u> | <u>Expended to June 30, 2006</u> | <u>Commitments Outstanding</u> | <u>Required Future Financing</u> |
|----------------------------|----------------------------------|--------------------------------------|------------------------------------|--------------------------------------|
| Solid Waste Lined Landfill | <u>\$ 16,301,987</u> | <u>\$ 11,556,151</u> | <u>\$ 4,701,193</u> | None |
| Total primary government | <u>\$ 16,301,987</u> | <u>\$ 11,556,151</u> | <u>\$ 4,701,193</u> | |
| Component Unit: | | | | |
| SAPPPC | | | | |
| Pool renovations | \$ 500,000 | \$ 113,012 | \$ 386,988 | None |
| SJFD | | | | |
| Fire stations construction | 1,779,960 | 1,680,257 | 99,702 | None |
| JIPSD | | | | |
| Waste water upgrade | 312,905 | 312,905 | - | Impact fees |
| Ellis Creek project | <u>219,925</u> | <u>-</u> | <u>-</u> | Impact fees |
| Total component units | <u>\$ 2,812,790</u> | <u>\$ 2,106,174</u> | <u>\$ 486,690</u> | |

D. Inter-fund Receivables and Payables

The composition of primary government interfund balances at June 30, 2006 is as follows:

| | <u>Receivable Fund</u> | <u>Payable Fund</u> |
|------------------------------|----------------------------|-------------------------|
| Major governmental funds: | | |
| General Fund | \$ 475,306 | \$ 409,688 |
| Non-major governmental funds | - | 475,306 |
| Internal service funds | <u>409,688</u> | <u>-</u> |
| Total | <u>\$ 884,994</u> | <u>\$ 884,994</u> |

Inter-fund activity relates to funding from the County's General Fund related to County policies for cash flow and operating cash levels of governmental funds, and are expected to be collected within one year.

E. Inter-fund Transfers

A summary of transfers is as follows:

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|------------------------------------|----------------------|------------------------|
| Major governmental funds: | | |
| General Fund | \$ 5,152,185 | \$ (11,112,537) |
| Debt Service Fund | 5,196,242 | (6,084,301) |
| G.O.B. Capital projects | - | - |
| Transportation and road sales tax | - | (3,000,000) |
| Non-major governmental funds | 16,126,986 | (12,757,313) |
| Major business-type activities: | | |
| Solid Waste | 41,104 | - |
| Parking Garage | 324,109 | (142,902) |
| Non-major business-type activities | 3,379,576 | - |
| Internal Service Funds | <u>3,491,722</u> | <u>(614,871)</u> |
| Total | <u>\$ 33,711,924</u> | <u>\$ (33,711,924)</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Transfers are used to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Leases

Operating Leases

In December 2002, the Charleston County Library renegotiated its lease agreement for copiers. The lease agreement is for a sixty-month period commencing December 30, 2002, with a minimum monthly charge of \$10,419, for a total minimum commitment of \$625,115 over the term of the lease. In 2005, the agreement was amended for an additional copier increasing the minimum monthly charge to \$10,704 and the total minimum commitment to \$636,800. In 2006, the agreement was amended for upgrades to equipment with a minimum monthly charge of \$2,778, and a total commitment of \$166,680 for the new equipment with a term for the new equipment through November 2010. In addition to this lease the Library holds other verbal agreements with various parties for the rental of Library branches. These leases run on a month-to-month basis and are cancelable by either party. Rental expense associated with the copier and facilities leases for the year ended June 30, 2006, is \$131,964.

Future minimum lease payments under these non-cancelable operating leases are as follows:

| Year Ending June 30 | CCL |
|------------------------|------------|
| 2007 | \$ 129,372 |
| 2008 | 81,354 |
| 2009 | 33,336 |
| 2010 | 33,336 |
| 2011 | 16,668 |
| | \$ 294,066 |

G. Landfill Closure

State and federal laws and regulations require the County to place a final cover on its Romney Street and Bees Ferry landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$10,891,000 reported as the accrual for landfill closure at June 30, 2006 represents the cumulative amount reported less \$10,891,000 paid to date based on the following information:

| Landfill Site | Percentage Of Capacity Used | Estimated Costs Recognized | | | Balance To Be Recognized |
|----------------------|-----------------------------------|----------------------------|--------------|---------------|--------------------------------|
| | | Closure | Postclosure | Total | |
| Romney Street | 100% | \$ 5,579,678 | \$ 984,000 | \$ 6,563,678 | - |
| Bees Ferry: | | | | | |
| Ash storage facility | 100% | 1,097,518 | 280,000 | 1,377,518 | - |
| 72 acres | 100% | 6,038,809 | - | 6,038,809 | - |
| 68 acres | 100% | 6,190,000 | 3,537,000 | 9,727,000 | - |
| Totals | | \$18,906,005 | \$ 4,801,000 | \$ 23,707,005 | \$ - |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2006. The County began to close the Land fills in 1994 with final closure of the Bees Ferry site scheduled in 2008. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The County anticipates that available resources will be the primary source of funds to pay the cost of closure.

The County has issued under separate cover, a certification signed by its Chief Financial Officer stating compliance with final Environmental Protection Agency regulations regarding financial assurance for operators of Municipal Solid Waste Landfill Facilities, including a required statement from our independent auditors. The computations required under these regulations are included in page 193 in the statistical section of this report.

H. Short-term Debt

The County had no short-term borrowings during the fiscal year. Some of the County's component units use short-term tax anticipation notes to finance general operating expenditures during the fiscal year ended June 30, 2006. James Island PSD borrowed \$600,000 at 1.5% interest per annum from its enterprise fund. The activity in short-term debt for the fiscal year is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--------|----------------------|---------------------|---------------------|-------------------|
| CCPRC | \$ - | \$ 3,500,000 | \$ 3,500,000 | \$ - |
| JIPSD | - | 500,000 | 500,000 | - |
| SJFD | - | 1,725,000 | 1,725,000 | - |
| SAPPPC | - | 300,000 | 300,000 | - |
| | <u>\$ -</u> | <u>\$ 6,025,000</u> | <u>\$ 6,025,000</u> | <u>\$ -</u> |

I. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2006.

| Primary Government: | Balance July 1, 2005 | Increase | Decrease | Balance June 30, 2006 | Amounts Due in One Year |
|---------------------------------|-------------------------|----------------------|----------------------|--------------------------|----------------------------|
| Governmental activities | | | | | |
| General obligation bonds | \$ 93,391,742 | \$ 66,978,623 | \$ 6,922,068 | \$ 153,448,297 | \$ 7,052,930 |
| Certificates of participation | 67,055,317 | - | 4,628,244 | 62,427,073 | 3,617,417 |
| Intergovernmental note payable | 37,821,280 | - | 832,841 | 36,988,439 | 880,562 |
| Capital lease payable | 3,636,998 | 941,941 | 1,104,858 | 3,474,081 | 933,278 |
| Compensated absences | 7,131,064 | 608,178 | 340,668 | 7,398,574 | 608,178 |
| Total | <u>\$209,036,401</u> | <u>\$ 68,528,742</u> | <u>\$ 13,828,679</u> | <u>\$ 263,736,464</u> | <u>\$ 13,092,365</u> |
| Business-type activities | | | | | |
| Certificates of participation | \$ 11,841,664 | \$ - | \$ 784,875 | \$ 11,056,789 | \$ 834,824 |
| Revenue bonds | 13,002,331 | - | 1,278,337 | 11,723,994 | 1,229,116 |
| Accrual for landfill closure | 12,223,426 | - | 1,332,426 | 10,891,000 | 10,891,000 |
| Compensated absences | 843,372 | 97,012 | 63,460 | 876,924 | 63,459 |
| Total | <u>\$ 37,910,793</u> | <u>\$ 97,012</u> | <u>\$ 3,459,098</u> | <u>\$ 34,548,707</u> | <u>\$ 13,018,399</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Internal Service Funds predominantly serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences are generally liquidated from the applicable governmental fund's budgeted operations monies.

General Obligation Bonds. The County and its component units issue General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. All other obligations are reported in the Governmental activities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the County.

Primary government General Obligation Bonds payable at June 30, 2006 are comprised of the following:

| <u>Issue Date</u> | <u>Title of Issues</u> | <u>Principal Amount</u> | |
|---|--|-------------------------|----------------------|
| | | <u>Original</u> | <u>Outstanding</u> |
| September 30, 1999 | General Obligation Improvement and Refunding Bonds, Series 1999, 5.00% to 6.125% interest, semi-annual principal and interest payments beginning in 2000, matures 2019, the first principal payment was paid in fiscal year 2003. These bonds were partially refunded in April 2004. | \$ 49,360,000 | \$ 23,395,000 |
| May 1, 2001 | General Obligation Refunding and Capital Improvement Bonds, Series 2001, 4.10% to 5.25% interest, semi-annual principal and interest payments beginning in 2001, matures 2021, the first principal payment was due in fiscal year 2004. These bonds were partially refunded in April 2004. | 30,000,000 | 8,245,000 |
| April 2, 2004 | General Obligation Refunding Bonds, Series 2004, 2.00% to 4.00% interest, semi-annual principal and interest payments beginning in 2004, matures 2021, the first principal payment is due in fiscal year 2005. | 63,740,000 | 58,385,000 |
| May 2, 2006 | General Obligation Transportation Sales Tax Bonds, Series 2006 (referendum,) 4.00% to 5.00% interest, semi-annual interest payments beginning in November 2006, matures 2027, the first annual principal payment is due in fiscal year 2008. | <u>65,000,000</u> | <u>65,000,000</u> |
| Subtotal | | <u>\$208,100,000</u> | 155,025,000 |
| Less: Deferred refunding cost | | | (3,944,481) |
| Add: Premium | | | <u>2,367,778</u> |
| General obligation debt per statement of net assets | | | 153,448,297 |
| Less current portion, including deferred refunding cost and premium | | | <u>(7,052,930)</u> |
| Long-term portion outstanding | | | <u>\$146,395,367</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Certificates of Participation The County issues Certificates of Participation through the Charleston Public Facilities Corporation, a blended component unit, to finance the acquisition of essential government facilities. The Certificates of Participation are treated as capital lease obligations for financial reporting purposes. The Certificates have been issued for both governmental and proprietary fund activities and are reported in the proprietary fund if they are expected to be repaid from proprietary fund revenues. All other obligations are reported in the Governmental activities.

Primary government Certificates of Participation payable at June 30, 2006 are comprised of the following:

| <u>Issue Date</u> | <u>Title of Issues</u> | <u>Principal Amount</u> | |
|---|--|-------------------------|----------------------|
| | | <u>Original</u> | <u>Outstanding</u> |
| November 1, 1995 | Certificates of Participation, Series 1995, Charleston Public Facilities Corporation, 3.80% to 6.00% interest, semi-annual principal and interest payments beginning in 1996, matures 2021. These bonds were partially refunded in May 2004. | \$ 85,000,000 | \$ 15,110,000 |
| May 1, 2004 | Certificates of Participation, Series 2004, Charleston Public Facilities Corporation, 2.00% to 5.00% interest, semi-annual principal and interest payments beginning in 2004, matures 2016. | 44,160,000 | 39,030,000 |
| March 3, 2005 | Certificates of Participation, Series 2005, Charleston Public Facilities Corporation, 5.00% to 5.125% interest, semi-annual interest payments beginning in 2005, annual principal payments beginning in 2011, matures 2019. | <u>19,945,000</u> | <u>19,945,000</u> |
| Subtotal | | <u>\$ 149,105,000</u> | 74,085,000 |
| Less: Discount applicable to business-type activities | | | (18,742) |
| Deferred refunding cost | | | (3,467,845) |
| Add: Premium | | | <u>2,885,449</u> |
| Certificate of participation debt per statement of net assets | | | 73,483,862 |
| Less current portion, including deferred refunding cost, premium and discount | | | <u>(4,452,241)</u> |
| Long-term portion outstanding | | | <u>\$ 69,031,621</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Revenue Bonds. The County issued \$22,570,000 Solid Waste User Fee Revenue Bonds on October 12, 1994. Proceeds of this issue were to be used to reimburse the County for the acquisition of equipment previously financed through a \$9.5 million bond anticipation note; finance construction costs related to closure of the Romney Street and Bees Ferry landfills; fund the design and approval process for permitting a new landfill site; and partially fund a heavy equipment repair facility. These bonds are expected to be repaid from the countywide user fee assessment. The revenue bonds were refunded in fiscal year 2004.

Primary government Revenue Bonds payable at June 30, 2006 are comprised of the following:

| <u>Issue Date</u> | <u>Title of Issues</u> | <u>Principal Amount</u> | |
|-------------------|---|-------------------------|----------------------|
| | | <u>Original</u> | <u>Outstanding</u> |
| May 4, 2004 | Charleston County Solid Waste User Fee Revenue Refunding Bonds, Series 2004, 2.00% to 5.00% interest, semi-annual principal and interest payments beginning in 2005, matures in 2014. | <u>\$ 14,525,000</u> | <u>\$ 12,055,000</u> |
| | | <u>\$ 14,525,000</u> | 12,055,000 |
| | Less: Deferred refunding cost applicable to business-type activities | | (805,656) |
| | Add: Premium applicable to business-type activities. | | <u>474,650</u> |
| | Revenue bond debt per statement of net assets | | 11,723,994 |
| | Less current portion, including deferred refunding cost and premium | | <u>(1,229,116)</u> |
| | Long-term portion outstanding | | <u>\$ 10,494,878</u> |

Notes Payable. The County's Fleet Management Internal Service Fund has issued a note payable to the Solid Waste Enterprise Fund for \$791,600 payable from Debt Service Fund transfers to the Fleet Management Internal Service Fund. This transaction is an exception to the County's policy on interfund loans which is defined in Note 1.F.12.

Primary government note payable at June 30, 2006 is comprised of the following:

| <u>Issue Date</u> | <u>Title of Issues</u> | <u>Principal Amount</u> | |
|-------------------|---|-------------------------|--------------------|
| | | <u>Original</u> | <u>Outstanding</u> |
| April 1, 1999 | Solid Waste Revenue Bond Fund Promissory Note, semi-annual payments of \$40,000 including interest at 6.08%, matures in 2014. | <u>\$ 791,600</u> | <u>\$ 500,878</u> |
| | Less current portion | <u>\$ 791,600</u> | <u>(50,291)</u> |
| | Debt per statement of net assets | | <u>\$ 450,587</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Annual requirements to amortize primary government notes payable outstanding at June 30, 2006 are as follows:

| Year Ending June 30 | Internal Service Fund | Principal | Interest |
|------------------------|--------------------------|-------------------|-------------------|
| 2007 | \$ 80,001 | \$ 50,291 | \$ 29,710 |
| 2008 | 80,001 | 53,395 | 26,606 |
| 2009 | 80,001 | 56,693 | 23,308 |
| 2010 | 80,001 | 60,193 | 19,808 |
| 2011 | 80,001 | 63,910 | 16,091 |
| 2012-2014 | 240,003 | 216,396 | 23,607 |
| Total | <u>\$ 640,008</u> | <u>\$ 500,878</u> | <u>\$ 139,130</u> |

Intergovernmental Note Payable. In July 2001, the County entered into an intergovernmental loan agreement with the South Carolina Transportation Infrastructure Bank to fund a portion of the cost of the new Arthur Ravenel, Jr. Bridge over the Cooper River. The County has agreed to pay \$3,000,000 per year for the next twenty-five years. The County has recorded the obligation on its records at a net present value using the discount rate of 5.73%.

Annual requirements to amortize the intergovernmental note payable outstanding at June 30, 2006, are as follows:

| Year Ending June 30 | Intergovernmental Note Payable | Principal | Interest |
|------------------------|-----------------------------------|----------------------|----------------------|
| 2007 | \$ 3,000,000 | \$ 880,562 | \$ 2,119,438 |
| 2008 | 3,000,000 | 931,019 | 2,068,981 |
| 2009 | 3,000,000 | 984,366 | 2,015,634 |
| 2010 | 3,000,000 | 1,040,770 | 1,959,230 |
| 2011 | 3,000,000 | 1,100,406 | 1,899,594 |
| 2012-2016 | 15,000,000 | 6,523,267 | 8,476,733 |
| 2017-2021 | 15,000,000 | 8,618,989 | 6,381,011 |
| 2022-2026 | 15,000,000 | 11,388,000 | 3,612,000 |
| 2027-2028 | 6,000,000 | 5,521,060 | 478,940 |
| Total | <u>\$ 66,000,000</u> | <u>\$ 36,988,439</u> | <u>\$ 29,011,561</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Capital Lease Obligations. Several component units have utilized capital leases to finance the acquisition of various types of equipment. The details of each entity's capital leasing activities are summarized later in this note.

The County uses capital lease funding to finance the purchase of various equipment and a building. Capital leases outstanding at June 30, 2006 include the following:

| <u>Governmental Activities</u> | <u>Original</u> | <u>Outstanding</u> |
|---|-------------------------------|---------------------|
| Lease dated March 2006, payable to Ontario Investments Inc, for the purchase of new computers. Payable in six equal payments of \$145,870 through November 2008 and includes principal and interest at 1.8% to 3.7% per annum. | \$ 841,831 | \$ 696,506 |
| Lease dated May 2003, payable to Xerox for the purchase of a digital Document system. Payable in sixty equal payments of \$353 through May 2008 and includes principal and interest at 8%. | 17,392 | 7,501 |
| Lease dated May 2004, payable to Hewlett Packard for the purchase of new computers. Payable in six equal installments through May 2007, and includes principal and interest at 4.2% per annum. | 431,614 | 147,921 |
| Lease dated November 2004, payable to Chicora Center, Inc. for the purchase of the building at 3366 Rivers Ave. Payable in 120 monthly payments of \$25,725 through October 2014 and includes principal and interest at 5.0% per annum. | 2,425,425 | 2,100,356 |
| Lease dated March 2004, payable to Ontario Investments, Inc. for the purchase of new computers. Payable in six equal installments through December 2007, and includes principal and interest at 2.07% to 1.781% per annum. | 844,468 | 426,350 |
| <u>Internal Service Fund</u> | | |
| Lease dated February 2006 payable to IKON for the purchase of color copiers. Payable in sixty equal payments of \$2,357 through April 2011 and includes principal and interest at 15.35% per annum. | <u>100,110</u> | <u>95,447</u> |
| | <u>\$ 4,660,840</u> | <u>3,474,081</u> |
| | Less current portion | <u>(933,278)</u> |
| | Long-term portion outstanding | <u>\$ 2,540,803</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

A summary of the annual requirements are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|----------------------------|---------------------|-------------------|---------------------|
| 2007 | \$ 933,278 | \$ 154,662 | \$ 1,087,940 |
| 2008 | 666,462 | 117,493 | 783,955 |
| 2009 | 390,139 | 91,364 | 481,503 |
| 2010 | 265,849 | 71,138 | 336,987 |
| 2011 | 272,327 | 55,232 | 327,559 |
| 2012-2014 | <u>946,026</u> | <u>82,991</u> | <u>1,029,017</u> |
| Total | <u>\$ 3,474,081</u> | <u>\$ 572,880</u> | <u>\$ 4,046,961</u> |



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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Amortization of Long-term Debt. Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2006, excluding notes payable and accrued compensated absences, are as follows:

| Year Ending June 30 | General Obligation Bonds | | Certificates Of Participation | | Revenue Bonds | | Totals |
|--|-----------------------------|---------------|----------------------------------|---------------|---------------|-------------|----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2007 | \$ 7,555,000 | \$ 6,554,597 | \$ 5,700,000 | \$ 3,707,368 | \$ 1,275,000 | \$ 602,750 | \$ 25,394,715 |
| 2008 | 9,740,000 | 6,245,518 | 5,965,000 | 3,408,507 | 1,335,000 | 539,000 | 27,233,025 |
| 2009 | 9,465,000 | 5,921,937 | 6,320,000 | 3,073,281 | 1,405,000 | 472,250 | 26,657,468 |
| 2010 | 8,775,000 | 5,578,229 | 6,635,000 | 2,749,806 | 1,480,000 | 402,000 | 25,620,035 |
| 2011 | 6,245,000 | 5,297,517 | 7,740,000 | 2,377,856 | 1,555,000 | 328,000 | 23,543,373 |
| 2012 | 6,625,000 | 5,018,212 | 4,340,000 | 2,036,781 | 1,630,000 | 250,250 | 19,900,243 |
| 2013 | 7,050,000 | 4,691,472 | 4,270,000 | 1,833,119 | 1,710,000 | 168,750 | 19,723,341 |
| 2014 | 7,525,000 | 4,327,396 | 4,490,000 | 1,633,050 | 1,665,000 | 83,250 | 19,723,696 |
| 2015 | 8,030,000 | 3,943,729 | 4,690,000 | 1,414,393 | - | - | 18,078,122 |
| 2016 | 8,485,000 | 3,572,352 | 4,920,000 | 1,178,768 | - | - | 18,156,120 |
| 2017 | 8,985,000 | 3,213,727 | 5,190,000 | 927,787 | - | - | 18,316,514 |
| 2018 | 9,485,000 | 2,825,739 | 5,450,000 | 663,513 | - | - | 18,424,252 |
| 2019 | 10,050,000 | 2,400,151 | 4,135,000 | 385,945 | - | - | 16,971,096 |
| 2020 | 10,650,000 | 1,949,751 | 2,820,000 | 177,000 | - | - | 15,596,751 |
| 2021 | 5,590,000 | 1,595,088 | 1,420,000 | 35,500 | - | - | 8,640,588 |
| 2022 | 5,360,000 | 1,334,900 | - | - | - | - | 6,694,900 |
| 2023 | 3,750,000 | 1,120,788 | - | - | - | - | 4,870,788 |
| 2024 | 3,930,000 | 933,475 | - | - | - | - | 4,863,475 |
| 2025 | 4,125,000 | 732,099 | - | - | - | - | 4,857,099 |
| 2026 | 4,330,000 | 526,137 | - | - | - | - | 4,856,137 |
| 2027 | 4,535,000 | 321,267 | - | - | - | - | 4,856,267 |
| 2028 | 4,740,000 | 109,612 | - | - | - | - | 4,849,612 |
| Totals | 155,025,000 | 68,213,693 | 74,085,000 | 25,602,674 | 12,055,000 | 2,846,250 | 337,827,617 |
| Less amount in Business-type activities before discounts and deferred costs | - | - | (11,666,365) | (3,993,238) | (12,055,000) | (2,846,250) | (30,560,853) |
| Subtotal | 155,025,000 | 68,213,693 | 62,418,635 | 21,609,436 | - | - | 307,266,764 |
| Less discounts and deferred refunding costs | (3,944,481) | - | (2,478,870) | - | - | - | (6,423,350) |
| Add Premiums | 2,367,778 | - | 2,487,308 | - | - | - | 4,855,085 |
| Total debt- governmental activity | \$153,448,297 | \$ 68,213,693 | \$62,427,073 | \$ 21,609,436 | \$ - | \$ - | \$ 305,698,499 |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The annual debt service related to that portion of long-term debt recorded in the primary government's Business-type activities is as follows:

| Year Ending <u>June 30</u> | <u>Certificates Of Participation</u> | | <u>Revenue Bonds</u> | | <u>Totals</u> |
|---|--|---------------------|----------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2007 | \$ 918,328 | \$ 590,738 | \$ 1,275,000 | \$ 602,750 | \$ 3,386,816 |
| 2008 | 963,194 | 541,394 | 1,335,000 | 539,000 | 3,378,588 |
| 2009 | 1,020,490 | 486,315 | 1,405,000 | 472,250 | 3,384,055 |
| 2010 | 1,074,263 | 431,994 | 1,480,000 | 402,000 | 3,388,257 |
| 2011 | 1,229,122 | 370,675 | 1,555,000 | 328,000 | 3,482,797 |
| 2012 | 682,257 | 317,467 | 1,630,000 | 250,250 | 2,879,974 |
| 2013 | 679,651 | 285,055 | 1,710,000 | 168,750 | 2,843,456 |
| 2014 | 715,301 | 252,786 | 1,665,000 | 83,250 | 2,716,337 |
| 2015 | 748,083 | 217,766 | - | - | 965,849 |
| 2016 | 784,692 | 180,218 | - | - | 964,910 |
| 2017 | 827,667 | 140,152 | - | - | 967,819 |
| 2018 | 869,367 | 97,953 | - | - | 967,320 |
| 2019 | 613,117 | 53,620 | - | - | 666,737 |
| 2020 | 359,706 | 22,577 | - | - | 382,283 |
| 2021 | <u>181,127</u> | <u>4,528</u> | - | - | <u>185,655</u> |
| Subtotal | 11,666,365 | 3,993,238 | 12,055,000 | 2,846,250 | 30,560,853 |
| Less discounts and deferred refunding costs | (988,976) | - | (805,656) | - | (1,794,632) |
| Add Premiums | <u>379,400</u> | - | <u>474,650</u> | - | <u>854,050</u> |
| Total business-type activities debt | <u>\$ 11,056,789</u> | <u>\$ 3,993,238</u> | <u>\$ 11,723,994</u> | <u>\$ 2,846,250</u> | <u>\$ 29,620,271</u> |

The 1995, 2004 and 2005 Certificates and related trust agreements require the establishment of 1) a debt service reserve fund or surety bond, to maintain amounts equal to the next semi-annual principal and interest payment, and 2) a payment fund for use in disbursing the semi-annual payments.

There are a number of limitations and restrictions contained in the various bond and certificate indentures, such as types of investments, promise to levy tax sufficient to cover debt service and establishment of a sinking fund. The County is in compliance with all significant limitations and restrictions as of June 30, 2006.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Conduit (No Commitment) Debt. The County is authorized and empowered under and pursuant to the Code of Laws of South Carolina to acquire or cause to be acquired and in connection therewith to enlarge, improve, expand, equip, furnish, own, lease and dispose of properties to promote the public health and welfare of the people of the State of South Carolina and/or to promote the commercial development of the State. To accomplish these objectives the County has issued Revenue Bonds to provide financial assistance to private sector entities. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the County nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The County has issued these conduit debt obligations for Hospital and Health Care, Industrial, Solid Waste and Pollution Control facilities.

The County has completed the task of establishing the status of all currently outstanding conduit debt. The following is the County's best estimate of the status of conduit debt at June 30, 2006:

| Number of Issues | Current Amount Outstanding (in millions) | Original Issue Amount (in billions) |
|------------------|--|--|
| 120 | \$462 | \$1 |

The following is a summary of the changes in long-term obligations of the component units for the year ended June 30, 2006:

| Component Units: | <u>Balance July 1, 2005</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2006</u> | <u>Amounts Due in One year</u> |
|------------------------------|---------------------------------|----------------------|------------------------|----------------------------------|------------------------------------|
| Accrued compensated absences | \$ 2,238,208 | \$ 781,188 | \$ (544,028) | \$ 2,475,368 | \$ 1,065,392 |
| General obligation bonds | 20,623,494 | 19,000,000 | (13,606,230) | 26,017,264 | 3,159,463 |
| Capital lease obligations | 6,030,559 | 1,600,167 | (2,187,930) | 5,442,796 | 1,065,368 |
| Revenue bonds | 7,996,630 | 500,000 | (468,099) | 8,028,531 | 549,550 |
| Line of credit | <u>-</u> | <u>156,000</u> | <u>(27,434)</u> | <u>128,566</u> | <u>37,845</u> |
| Total | <u>\$ 36,888,891</u> | <u>\$ 22,037,355</u> | <u>\$ (16,833,721)</u> | <u>\$ 42,092,525</u> | <u>\$ 5,877,618</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

| | <u>Range of Maturity Dates</u> | <u>Range of Interest Rates</u> | <u>Balance July 1, 2005</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2006</u> |
|---|--|------------------------------------|---------------------------------|----------------------|------------------------|----------------------------------|
| Accrued compensated absences: | | | | | | |
| CCL | | | \$ 720,838 | \$ 549,080 | \$ (476,208) | \$ 793,710 |
| CCPRC | | | 580,981 | 108,705 | - | 689,686 |
| JIPSD | | | 311,695 | 11,930 | - | 323,625 |
| SAPPPC | | | 27,160 | 1,883 | - | 29,043 |
| SJFD | | | 529,714 | 36,025 | - | 565,739 |
| SPFD | | | <u>67,820</u> | <u>73,565</u> | <u>(67,820)</u> | <u>73,565</u> |
| Total accrued compensated absences | | | <u>2,238,208</u> | <u>781,188</u> | <u>(544,028)</u> | <u>2,475,368</u> |
| General obligation bonds: | | | | | | |
| CCPRC | 2003 - 2015 | 2.00% - 6.75% | 20,094,907 | 19,000,000 | (13,546,635) | 25,548,272 |
| JIPSD | 2003 - 2036 | 4.30% - 7.625% | <u>528,587</u> | - | <u>(59,595)</u> | <u>468,992</u> |
| Total general obligation bonds | | | <u>20,623,494</u> | <u>19,000,000</u> | <u>(13,606,230)</u> | <u>26,017,264</u> |
| Capital lease obligations: | | | | | | |
| CCPRC | 2006 | 4.19% - 4.96% | 1,235,515 | 900,000 | (1,543,081) | 592,434 |
| JIPSD | 2003 - 2016 | 4.07% - 6.88% | 833,048 | 611,623 | (242,408) | 1,202,263 |
| SAPPPC | 2004 - 2006 | 4.67% - 7.90% | 166,218 | 38,133 | (84,223) | 120,128 |
| SJFD | 2005 - 2013 | 3.695% - 4.96% | <u>3,795,778</u> | <u>50,411</u> | <u>(318,218)</u> | <u>3,527,971</u> |
| Total capital lease obligations | | | <u>6,030,559</u> | <u>1,600,167</u> | <u>(2,187,930)</u> | <u>5,442,796</u> |
| Revenue Bonds: | | | | | | |
| SAPPPC | 2006 - 2016 | 3.95% | - | 500,000 | (20,596) | 479,404 |
| JIPSD | 2018 - 2037 | 3.60% - 5.75% | 8,751,886 | - | (505,974) | 8,245,912 |
| Less deferred refunding costs | | | <u>(755,256)</u> | - | <u>58,471</u> | <u>(696,785)</u> |
| Total revenue bonds | | | <u>7,996,630</u> | <u>500,000</u> | <u>(468,099)</u> | <u>8,028,531</u> |
| Line of Credit | | | | | | |
| SAPPPC | 2006 - 2010 | 3.89% | - | 156,000 | (27,434) | 128,566 |
| Total component units long-term obligations | | | <u>\$ 36,888,891</u> | <u>\$ 22,037,355</u> | <u>\$ (16,833,721)</u> | <u>\$ 42,092,525</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The annual debt service requirements to maturity for component unit long-term obligations, excluding compensated absences, is as follows:

General Obligation Bonds:

| Year Ending June 30 | CCPRC | JIPSD | Total Component Units |
|--|----------------------|-------------------|-----------------------------|
| 2007 | \$ 3,993,768 | \$ 55,841 | \$ 4,049,609 |
| 2008 | 3,104,289 | 52,948 | 3,157,237 |
| 2009 | 3,567,189 | 39,005 | 3,606,194 |
| 2010 | 3,038,639 | 37,020 | 3,075,659 |
| 2011 | 2,413,991 | 30,902 | 2,444,893 |
| 2012-2017 | 11,954,299 | 154,510 | 12,108,809 |
| 2018-2021 | 3,163,520 | 152,544 | 3,316,064 |
| 2022-2026 | - | 113,130 | 113,130 |
| 2027-2031 | - | 113,130 | 113,130 |
| 2032-2036 | - | 113,130 | 113,130 |
| 2037 | - | 8,689 | 8,689 |
| Total | 31,235,695 | 870,849 | 32,106,544 |
| Less interest and plus unamortized premium included above | (5,687,423) | (401,857) | (6,089,280) |
| Debt per statement of net assets | <u>\$ 25,548,272</u> | <u>\$ 468,992</u> | <u>\$ 26,017,264</u> |

Future minimum capital lease payments:

| Year Ending June 30 | CCPRC | JIPSD | SAPPPC | SJFD | Total Component Units |
|--|-------------------|---------------------|-------------------|---------------------|-----------------------------|
| 2007 | \$ 447,088 | \$ 277,067 | \$ 74,688 | \$ 552,471 | \$ 1,351,314 |
| 2008 | 158,710 | 246,187 | 38,150 | 552,471 | 995,518 |
| 2009 | - | 230,611 | 13,746 | 524,320 | 768,677 |
| 2010 | - | 230,611 | - | 524,320 | 754,931 |
| 2011 | - | 182,968 | - | 433,470 | 616,438 |
| 2012-2016 | - | 196,537 | - | 1,407,245 | 1,603,782 |
| 2017-2020 | - | - | - | 617,725 | 617,725 |
| Future minimum capital lease payments | 605,798 | 1,363,981 | 126,584 | 4,612,022 | 6,708,385 |
| Less amount representing interest | (13,364) | (161,718) | (6,456) | (1,084,051) | (1,265,589) |
| Debt per statement of net assets | <u>\$ 592,434</u> | <u>\$ 1,202,263</u> | <u>\$ 120,128</u> | <u>\$ 3,527,971</u> | <u>\$ 5,442,796</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Revenue Bonds:

| <u>Year ending June 30</u> | <u>JIPSD</u> | <u>SAPPPC</u> | <u>Total Component Units</u> |
|---|---------------------|-------------------|--------------------------------------|
| 2007 | \$ 864,264 | \$ 60,605 | \$ 924,869 |
| 2008 | 867,265 | 60,605 | 927,870 |
| 2009 | 864,814 | 60,605 | 925,419 |
| 2010 | 869,939 | 60,605 | 930,544 |
| 2011 | 867,139 | 60,605 | 927,744 |
| 2012-2016 | 4,354,536 | 272,719 | 4,627,255 |
| 2017-2021 | 1,709,221 | - | 1,709,221 |
| 2022-2026 | 298,320 | - | 298,320 |
| 2027-2031 | 290,057 | - | 290,057 |
| 2032-2036 | <u>156,181</u> | <u>-</u> | <u>156,181</u> |
| Total | 11,141,736 | 575,744 | 11,717,480 |
| Less interest and deferred refunding costs included above | <u>(3,592,609)</u> | <u>(96,340)</u> | <u>(3,688,949)</u> |
| Debt per statement of net assets | <u>\$ 7,549,127</u> | <u>\$ 479,404</u> | <u>\$ 8,028,531</u> |

Line of Credit:

| <u>Year ending June 30</u> | <u>SAPPPC</u> |
|----------------------------------|-------------------|
| 2007 | \$ 42,176 |
| 2008 | 42,176 |
| 2009 | 42,175 |
| 2010 | 10,545 |
| Total | <u>137,072</u> |
| Less interest included above | <u>(8,506)</u> |
| Debt per statement of net assets | <u>\$ 128,566</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Advance Refundings. On March 21, 2006 the Charleston County Park and Recreation Commission issued \$19,000,000 General Obligation Improvement and Refunding Bonds Series 2006 A & B. Series A Bonds of \$7,040,000 were issued for repair and maintenance projects identified within the Commission's Capital Improvement Program. Series B Bonds of \$11,960,000 with an average interest rate of 3.819% were issued to advance refund \$11,450,000 of outstanding 2000 Series Bonds with a coupon rate of 5.065%. The net proceeds of \$11,905,619 (after payment of \$125,902 in underwriting discount and issuance costs) plus an additional \$2,146 in additional funds were used to purchase US government securities. Those securities were deposited in an irrevocable trust with Wachovia Bank and Trust and later assigned to US Bank to provide for all future debt service payments on the 2000 series bonds. As a result the 2000 series bonds are considered to be defeased and a liability for these bonds has been removed from the business related activities of the statements.

The commission advance refunded the 2000 series bonds to reduce its total debt service payments over the next eight years by \$406,313 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$378,565.

Prior Year Defeasance of Debt. In prior years, the primary government defeased various outstanding debt issues by placing proceeds of new debt or other funds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust accounts and the defeased debt are not included in these financial statements. At June 30, 2006, the following debt issues outstanding are considered defeased:

| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> |
|-------------------------------------|--|---|
| Primary government: | | |
| General Obligation Bonds: | | |
| Series 1994 | \$ 17,825,000 | |
| Series 1999 | 20,045,000 | |
| Series 2001 | <u>18,200,000</u> | |
| Total General Obligation Bonds | <u>56,070,000</u> | |
| Certificates of Participation: | | |
| Series 1995 | <u>37,304,936</u> | \$ 8,795,064 |
| Total Certificates of Participation | <u>37,304,936</u> | <u>8,795,064</u> |
| Revenue Bonds: | | |
| Solid Waste User Fee Revenue Bonds | | |
| Series 1994 | - | <u>12,430,000</u> |
| Total Revenue Bonds | - | <u>12,430,000</u> |
| Total primary government | <u>\$ 93,374,936</u> | <u>\$ 21,225,064</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Legal Debt Limit. The County's borrowing power is restricted by amended Article X, Section 14 of the State Constitution effective December 1, 1977. This section provides that a local unit cannot at any time have total general obligation debt outstanding in an amount that exceeds eight percent of its assessed property value. Excluded from the limitation are: 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 the constitutional amendment.

Beginning January 1, 1996, the South Carolina Legislature changed the definition of debt subject to the eight percent limit to include all Certificates of Participation at the time of issue subsequent to December 31, 1995. The following computation reflects the County's compliance with this limitation:

| | | |
|---|--------------------|-------------------------|
| Assessed value of real and personal property | | \$ 2,545,493,565 |
| Value of merchants inventory and manufacturers depreciation | | <u>29,453,588</u> |
| Total assessed value | | <u>\$ 2,574,947,153</u> |
| | | |
| Debt limitation - eight percent of total assessed value | | \$ 205,995,772 |
| | | |
| Total bonded debt: | | |
| General Obligation Bonds | \$155,025,000 | |
| Less: | | |
| Bonds issued pursuant to referendum: | | |
| Series 2006 G.O. Bond Transportation Sales tax | \$ (65,000,000) | |
| Series 2004 Refunding G.O. Bond: | (15,050,632) | |
| Series 1999 Refunding G.O. Bond: | <u>(5,000,000)</u> | <u>(85,050,632)</u> |
| | | |
| Total debt subject to debt limit | | <u>69,974,368</u> |
| | | |
| Legal debt margin | | <u>\$ 136,021,404</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

J. Reserved and Designated Fund Equity

Reserved for inventories and prepaid items. Fund balance has been reserved for inventories and prepaid items to indicate that these amounts do not represent available spendable resources even though they are components of net current assets.

Reserved for encumbrances. Encumbrances representing commitments to vendors which had not been received or completed at year-end have been reserved since they are not legally available for appropriation.

Reserved for debt service. Fund equity subject to the provision of various bond indenture and Certificate of Participation lease agreements as to restrictions on expenditures.

Reserved for capital projects. All capital project fund balances, other than those reserved for outstanding encumbrances, are reserved for the acquisition of fixed assets, for the completion of existing projects and for future projects.

Reserved for Transportation and Road Sales Tax Special Revenue Fund. Fund equity subject to the provisions of bond restrictions on expenditures. This amount is \$78,931,458 for the current fiscal year.

Designated for rainy day. An amount of \$9,000,000 has been established through the budget ordinance by County Council as a rainy day fund. The intent of this fund is to provide a cushion for unexpected emergencies in the event of a major catastrophe such as an earthquake, hurricane, nuclear accident or chemical spill. The rainy day fund can only be appropriated through the passage of another ordinance by County Council.

Designated for subsequent years' appropriation. The fiscal year 2007 budget ordinance designates \$6,873,682 of the ending fiscal year 2006 General Fund Balance for fiscal year 2007 appropriations. Remaining Special Revenue Fund Balances, after the reserve for encumbrances, have been designated in accordance with the various use restrictions placed on their assets under the applicable grant agreements and legislation.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

IV. OTHER INFORMATION

A. Risk Management

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. For all of these risks, the County and its component units are members of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The County and its component units pay an annual premium to the State Insurance Reserve Fund for its general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The County and its component units are also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The County has enrolled substantially all of its employees in the State's health insurance plans administered by the South Carolina Budget and Control Board. The County records contributions from employer funds, employees, and retirees in the Employee Benefits Trust Internal Service Fund which remits the premiums to the State. The State reinsures through commercial companies for these risks. The various component units of the County insure the health, life, accident, dental and other medical benefits to their employees and their dependents through commercial insurance companies.

Effective July 1, 1995, the County established a self-insured plan to fund risks associated with workers' compensation claims. Claims administration is handled by a third party with reinsurance through commercial insurance companies for all individual claims in excess of \$100,000. All funds of the County participate in the program and make payments to the Workers' Compensation Internal Service Fund based on actuarial estimates of the amounts needed to pay prior-and current-year claims. The claims liability of \$2,880,000 reported in the Fund at June 30, 2006 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County purchases insurance contracts from commercial insurers to satisfy certain liabilities under workers' compensation claims; accordingly, no liability is reported for those claims.

Changes in the Fund's estimated claims liability amount in fiscal year 2006 and 2005 were:

| Year Ended June 30 | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year End |
|-----------------------|--|---|-------------------|----------------------------------|
| 2006 | \$ 2,880,000 | \$ 3,627,358 | \$ (3,627,358) | \$ 2,880,000 |
| 2005 | 2,525,000 | 3,613,164 | (3,258,164) | 2,880,000 |

The above liability is included in the County's accounts payable as reported in the statement of net assets.

For all of the above risk management programs, except workers' compensation, the County and its component units have not significantly reduced insurance coverages from the previous year; settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the County and its Component units have effectively transferred all risk with no liability for unfunded claims.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

B. Segment Information

The County maintains an enterprise fund which provides drug and alcohol abuse treatment. This fund is supported by a revenue-backed COP. The County also has an enterprise fund for solid waste disposal. It is presented as a major business-type fund.

| Condensed Statement of Net Assets: | <u>DAODAS</u> |
|--|----------------------|
| Assets: | |
| Current assets | \$ 5,748,011 |
| Deferred issuance costs | 81,256 |
| Capital assets | <u>8,105,571</u> |
| Total assets | <u>\$ 13,934,838</u> |
| Liabilities: | |
| Current liabilities | \$ 708,870 |
| Certificates of participation | 4,431,398 |
| Other long-term obligations | <u>300,506</u> |
| Total liabilities | <u>5,440,774</u> |
| Net Assets: | |
| Invested in capital assets, net of related debt | 3,337,144 |
| Unrestricted | <u>5,156,920</u> |
| Total net assets | <u>8,494,064</u> |
| Total liabilities and net assets | <u>\$ 13,934,838</u> |

| Condensed Statement of Revenues, Expenses, and Changes in Net Assets: | <u>DAODAS</u> |
|--|---------------------|
| Operating revenues | \$ 6,124,917 |
| Depreciation and amortization | (297,646) |
| Other operating expenses | <u>(9,627,396)</u> |
| Operating income (loss) | <u>(3,800,125)</u> |
| Nonoperating revenues (expenses): | |
| Interest expense | (363,996) |
| Intergovernmental revenue | 1,247,891 |
| Gain (loss) on disposal of assets | <u>3,811</u> |
| Total nonoperating revenues (expenses) | <u>887,706</u> |
| Transfers in | <u>3,379,576</u> |
| Change in net assets | 467,157 |
| Beginning net assets | <u>8,026,907</u> |
| Ending net assets | <u>\$ 8,494,064</u> |

| Condensed Statement of Cash Flows: | <u>DAODAS</u> |
|---|---------------------|
| Net cash provided (used) by: | |
| Operating activities | \$ (3,500,019) |
| Noncapital financing activities | 4,629,373 |
| Capital and related financing activities | (721,783) |
| Investing activities | <u>-</u> |
| Net increase (decrease) | 407,571 |
| Beginning cash and cash equivalents | <u>4,379,125</u> |
| Ending cash and cash equivalents | <u>\$ 4,786,696</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

C. Subsequent Events

On July 1, 2006, Roland Windham's resignation as County Administrator was effective. A former Chief Deputy Administrator, McRoy Canterbury was brought in as interim administrator for one year, through June 30, 2007, to give Council the time to do a thorough search for a new County Administrator.

In November 2006 the voters of Charleston County passed a referendum approving \$205 million of road General Obligation bonds and \$75 million of Greenspace bonds to be repaid using proceeds of the one-half cent sales tax passed in November 2004.

Council has approved the construction for the Adult Detention Center Facility Expansion and design and construction is anticipated to begin in calendar year 2007. This 340,000 sq. ft. addition will alleviate crowded conditions at the Detention Center providing spare room for about 1,300 additional inmates and is expected to cost approximately \$110 million.

In April 2006 Council agreed to fund \$3.3 million toward the new S.P.C.A. headquarters. This is compensation for the S.P.C.A. abandoning their current site which is on the footprint of the Adult Detention Center Facility Expansion.

On October 16, 2006, the James Island Public Service District borrowed \$600,000 from its proprietary fund on a promissory note that matures January 29, 2007. Interest will be paid at 4.0% during the period the note is outstanding.

During the fiscal year, Charleston County Council approved the future issuance of a tax anticipation note (TAN) in the amount of \$2,000,000 for St. John's Fire District. Subsequent to June 30, 2006, the District borrowed \$1,000,000 on this TAN. The remaining \$1,000,000 is available to the District. This note, which bears interest at a rate equal to the interest rate paid by the South Carolina Investment Pool during the period the note is outstanding, is due and payable in March 2007.

As a result of the growth in the St. John's Fire District's surrounding service area, various capital improvements are currently being negotiated. This expansion includes the process of securing financing for several major capital expenditures including the following:

| | |
|--------------------------------|--------------|
| Station #7 | \$ 2,100,000 |
| Fire Truck – Station #7 | 900,000 |
| Radios | 300,000 |
| Additional costs of Station #2 | 200,000 |

In March 2004 the James Island Public Service District's enterprise fund received various sewer system assets from the Charleston Commissioners of Public Works. As of June 30, 2006, the District's engineers have not completed an assessment of the assets to ascertain the conditions or the engineers' estimate of the fair market value of those assets. This study is expected to be completed in the fiscal year ended June 30, 2007, and the estimated fair market value will be recorded accordingly.

During the fiscal year ended June 30, 2006, the James Island Public Service District incurred construction cost of \$139,621 to replace a section of its sewer lines. The lines were damaged by a contractor during construction work which was independent of the District's operations. The James Island Public Service District is seeking to recover 100% of this cost through negotiations between the District's legal counsel and the contractor.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Effective July 2006, the Retirement Division of the State Budget and Control Board increased the employer's required contributions for the South Carolina Retirement System from 7.55% to 8.05% of annual covered payroll.

On August 19, 2006, the St. Paul's Fire District entered into a contract in the amount of \$100,000 to purchase approximately 2.5 acres of real estate for the future site of a fire station. The purchase is conditional based upon the property passing a perk test.

On September 29, 2006, the St. Paul's Fire District entered into a lease to purchase, financing agreement with a financial institution in the amount of \$198,202 for the purchase of new communications equipment and \$173,661 for the purchase of a new fire truck.

D. Contingent Liabilities

Federal Grants. Amounts received or receivable from grants are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Management has not been informed of any significant matters of non-compliance with grant provisions or planned grantor audits. The amount of grant expenditures which may be disallowed cannot be determined at this time, but the County believes that any amount will be immaterial.

Litigation. The County and its component units are party to a voluminous number of lawsuits that is extraordinary in the operations of county government. These lawsuits involve disputes arising from various matters, including the termination of employment, wrongful death and survival, personal injury and other tort actions, delinquent tax sales, contractual agreements and civil rights violations. It is the opinion of legal counsel that it cannot be determined whether resolution of these matters, individually or in the aggregate in excess of insurance coverage, will have a material adverse effect on the financial condition of the County and its component units.

Annexation. Several of the component units serve geographic regions which are subject to annexation by the surrounding municipalities. Should these annexations continue, there could be a significant impact on the operations of the various component units. The South Carolina General Assembly is currently considering legislation which would require the municipality which annexes properties of another political subdivision to assume responsibility for payment of the pro-rata bonded debt outstanding on the date of annexation.

In May 2000, the South Carolina General Assembly passed legislation to address the loss of revenues by public service districts due to annexations by municipalities. The legislation calls for an agreed-upon plan between the annexing municipality and the public service district. This plan would protect the remaining unannexed area in the public service district from economic loss of revenue brought about by annexation.

This new legislation should lessen but not eliminate the impact on the operations of various component units due to annexations.

E. Commitments

The County and its various component units have various commitments to provide facilities or services under numerous agreements signed with third parties in addition to its construction commitments and recorded encumbrances.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The County has contracted with Montenay to provide waste disposal services at the company's incinerator in North Charleston. The contract requires the County to levy a user fee sufficient to pay this disposal fee that includes operational cost plus debt service on a \$75,000,000 Industrial Development Bond (IDB) used to construct the incinerator. This agreement expires on January 1, 2010 when the bonds mature. At that time, the County has the option to purchase the facility for its fair market value, extend the agreement or terminate the service. The County has reviewed the substance of this commitment and has determined that because 1) the IDB is not the County's; 2) the debt service is part of the operational cost the County pays to the incinerator operator; and 3) if the operator ceases providing service at the incinerator the County is not liable for the operational cost to the operator the IDB is not debt of the County and therefore is not reflected on the entity-wide financial statements.

In July 2001, the County entered into an intergovernmental agreement with the South Carolina Infrastructure Bank to make twenty-five annual payments of \$3,000,000 beginning in January 2004 as a local match to help defray the cost of the Arthur Ravenel, Jr. Bridge over the Cooper River built by the State to replace the existing bridges connecting the City of Charleston and the Town of Mt. Pleasant. This debt is shown as an inter-government note payable in the notes to financial statements on pages 89 and 93.

On September 15, 1997, the County entered into an intergovernmental agreement with the City of North Charleston to help fund the construction of a convention center adjacent to the North Charleston Coliseum. The agreement requires the County to be responsible for the pro-rata debt service on \$18,095,000 of a total \$48,045,000 in Certificates of Participation issued by the City on September 15, 1997. The debt service is to be paid monthly to a trustee from the revenues of the County Accommodations Special Revenue Fund. The agreement allows for non-payment in the event of non-appropriation by the City of North Charleston and for reduced payments if accommodation fee revenues fall below the payment amount. Annual debt service on the County's \$18,095,000 obligation, maturing in 2020, under the agreement is approximately \$1.4 million.

The County partnered with the City of Charleston and Berkeley County to construct the Daniel Island Tennis Center. County Council committed to fund \$750,000 of the project with 15 annual payments of \$50,000 from Accommodations Fee revenues. This agreement contains the same allowances for reduced or non-payment as the City of North Charleston agreement.

Both of these agreements are funded from a specific source of funds, the Accommodations Fee. The agreements also contain provisions for the non-payment of these obligations by the County if the revenues from the Accommodations Fee are not sufficient to make the payment or if the parties that issued the debt (the City of North Charleston and City of Charleston, respectively) do not make their pro-rata debt service. Therefore, the determination has been made that these commitments do not represent debt to the County and are not reflected in the entity-wide financial statements.

The County entered into an agreement in November 2004 with the South Carolina Research Authority to lease approximately 10,000 square feet on behalf of Vought at \$14 a square foot for the year. The monthly lease payment totals \$11,740. The lease expired on July 1, 2006.

In November 2004, the County entered into an agreement with the South Carolina Research Authority to allow Boeing to sub-lease office space at a rate of \$14 a square foot. Lease payments are paid by Boeing directly to the Authority. The lease expired upon the completion of the Boeing facility.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The County entered into a lease agreement dated September 2004 with BMB Partnership for five years beginning on November 1, 2004 with one five-year option to renew at a rate of \$131,223 per year to be increased by CPI annually.

The Charleston County Park and Recreation Commission has entered into an agreement with the City of Folly Beach to restrict \$50,000 each year to provide for the renourishment of the erosion that occurs along Folly Beach. This annual amount increased to \$60,000 per year in the fiscal year ending June 30, 2003. As of June 30, 2005, \$600,000 had been transferred to the City of Folly Beach for such renourishment. The Capital Projects fund balance of \$92,983 has been reserved for beach renourishment as of June 30, 2006.

As of June 30, 1997, the Charleston County Park and Recreation Commission had provided approximately \$2,065,171 to the City of Charleston for the construction of the Charleston Maritime Center which was to be leased to and operated by the Commission. On August 4, 1997, the Commission terminated its master lease of the facilities with the provisions The City will give the Commission the right of first refusal for a period of fifty years should it desire to sell the facilities and credit \$1,500,000 towards the purchase price. If the facilities are sold to a third party, the City will repay \$1,500,000 to the Commission.

The Charleston County Park and Recreation Commission has entered an agreement with the Charleston County School District to cooperate in the establishment and operation of a community education program. The agreement requires the Commission to provide facilities and personnel and to pay a portion of the program costs in excess of state and federal grant proceeds. The total payment to the School District for fiscal year 2006 expenditures was \$415,077. The agreement was modified for the 2005 program year to provide for an equitable sharing of the increased program fees collected during the year. The amount accrued as program revenue under this agreement was \$326,673.

In July 1995, the Commission entered into a lease agreement with Charleston County whereby the Commission assumed the responsibilities of operating and maintaining 19 boat landings throughout Charleston County. The lease is for a term of 99 years and commenced on July 1, 1995. The Commission pays a nominal fee of \$1 per year under the lease terms, but the agreement expressed the intent of Charleston County to transfer millage each year to help fund related expenses. Funding is contingent upon future County Council approval.

One June 29, 1988, Kiawah Island was sold to Kiawah Resort Associates. The Charleston County Park and Recreation Commission has been in contact with the new owners in order to obtain a new lease agreement for Beach Walker Park. A verbal agreement has been made to ensure that the Park can continue to operate. To date, however, no formal agreement has been signed.

During 1988, the Charleston County Park and Recreation Commission was advised by the South Carolina Highway Department that the proposed Mark Clark Expressway will go through the northern portion of James Island County Park. The Commission is awaiting determination from the South Carolina Highway Department on the future location of the Mark Clark corridor.

An open letter of credit for \$33,460 was established in 1989 with the Wachovia Bank at the request of the Commissioners of Public Works. The Charleston County Park and Recreation Commission is required to keep this line of credit open. As of year end, none of this credit had been utilized.

In December 2000, the U.S. Secretary of the Interior conveyed property consisting of approximately 25 acres in fee and 0.6 acres of easements to the Charleston County Park and Recreation Commission in Quitclaim Deed. The property conveyed includes areas presently known as the Cooper River Marina,

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

previously known as the Old Navy Base Marina facilities. The conveyance has several restrictions including the following: the property must be used and maintained for the public park and recreation purposes for which it was conveyed in perpetuity, the property shall not be sold, leased, assigned or otherwise disposed of except to another eligible governmental agency that the Secretary of the Interior agrees in writing can assure the same continued use of the property, and funds generated on the property may not be used for non-recreational purposes and, furthermore, must be used for the development, operation and maintenance of the property until it is fully developed in accordance with the Program of Utilization. There are also various reporting requirements.

On April 25, 1995, the Charleston County Park and Recreation Commission entered into an agreement with Gionis Restaurants, Inc. to allow this corporation to operate the Starfish Grille restaurant at the Folly Pier. The original lease term was for five years beginning October 1995, and was renewed through September 30, 2006. Rent started at \$6,500 per month for the year of the renewal period and increases annually to \$7,100 per month on October 1, 2005. The lease also provides for contingent rentals of 6 percent of annual sales greater than \$1,200,000.

When the lease expired with Gionis Restaurants, Inc. at the end of September 2005, the Commission entered into a new five year lease agreement with K.L.B. Group DBA Locklear's Beach City Grill beginning October 1, 2005. The building held for rent had an estimated cost of \$775,000 and an estimated net book value of \$580,000 and is included in the Business-Type capital assets. Rent started at \$7,400 per month and calls for an increase in October 2006 based on the current CPI. The lease also provides for contingent rentals of 7.25% of annual sales greater than \$1,200,000.

The following is a schedule by years of the minimum future rentals on the non-cancelable operating lease as of June 30, 2006:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2007 | \$ 59,200 |
| 2008 | 88,800 |
| 2009 | 88,800 |
| 2010 | 88,800 |
| 2011 | <u>22,200</u> |
| Total minimum lease rentals | <u>\$ 347,800</u> |

Total rent income of \$99,828 was recorded during the year.

The Cooper River Park and Playground Commission contracted on July 1, 1996, with the City of North Charleston (City) to provide recreational services for the fiscal year to the citizens within the Commission's jurisdictional boundaries. Since the original contract date, the Commission and the City have renewed this contract annually with a effective date of July 1 of each fiscal year. Under the terms of this contract, the City agrees to pay all reasonable administrative and professional costs incurred by the Commission, and the Commission agrees to transfer and pay over to the City all appropriated funds, from whatever source, in the accounts of the Commission except for the remaining unreserved fund balance carried forward from June 30, 2005 in the amount of \$19,641. The City also assumed control and possession (but not legal title) of fixed property and equipment. Due to the declining tax base and the fractured property lines of the Commission, it would be difficult or impractical to provide services to its citizens without this contract with the City. On May 26, 2006, the Commission entered into another one year contract with the City covering the period from July 1, 2006 to June 30, 2007 with essentially identical terms as previous contracts.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Certain real estate and facilities acquired by the Cooper River Park and Playground Commission are located within the corporate limits of the City of North Charleston. Those facilities were originally leased to the City for a 25-year lease term commencing May 23, 1980 at a \$1 annual rental fee. This lease was renegotiated and signed May 23, 2006 for a 50-year term at a \$1 annual rental fee. Additional facilities were leased in February and May of 1990 for a 100-year term also at an annual rental fee of \$1.

Under the annual contract with the City of North Charleston, the Cooper River Park and Playground Commission has agreed to assign to the City all of its assets, real and personal, thereby allowing the City exclusive use, possession, control and management of these assets.

The North Charleston District entered into an agreement on April 1, 1996 with the City of North Charleston for the City to provide fire, sanitation and street lighting services to the constituents of the District. The contract requires the payment of substantially all of the District's revenues to the City and turning over control, but not title to, all of the District's assets. On an annual basis since June 30, 1997, the District has entered into additional one year contracts with the City with essentially the same terms as described above. This contract was extended for one year until June 30, 2006.

During 2002, the St. Paul's Fire District entered into an intergovernmental agreement with the County for the design and construction of a new fire station at Edisto. The County agreed to provide or contract for the necessary services in connection with the design and construction of the station. The District agreed to reimburse the County all construction costs and fees associated with the new station upon completion, or as the parties may agree. The station was completed and placed into service during the fiscal year ending June 30, 2006. The District owed the County \$281,113 for the station at June 30, 2006. This amount was paid by the District in August 2006.

F. Deferred Compensation Plan

The County and its component units offer their employees several deferred compensation plans under programs administered by the South Carolina Deferred Compensation Commission. The multiple-employer plans were created in accordance with Internal Revenue Code Sections 457 and 401(K). The plans, available to all full-time County and component unit employees, at their option, permit participants to defer a portion of their salary until future years. Only upon termination, retirement, disability, death, or an approved hardship is the deferred compensation available to an employee.

During the year ended June 30, 2000, the deferred compensation plans were amended to allow for employer matching contributions of up to \$300 per year for each covered participant. The total contributions made by the County and plan members was \$2,744,958 for the fiscal year ending June 30, 2006. The County has elected to provide this benefit to all employees who meet the following criteria:

1. Must have one continued year of service as a permanent employee, and
2. Covered participants earning up to \$20,000 per year regardless of employee contributions, or
3. Covered participants earning more than \$20,000 subject to meeting minimum contribution levels.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

G. Other Post Employment Benefits

The County provides post-retirement health, life and dental care benefits, as per the requirement of a local ordinance, for certain retirees and their dependents. Substantially all employees who retire under the State retirement plans are eligible to continue their coverage with the County paying 50 percent of health insurance premiums and the retiree paying 100 percent of life and dental insurance premiums and the remaining 50 percent of the health insurance premiums. The County's regular insurance

providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The James Island Public Service District also provides a retiree benefit equal to 100 percent of the health insurance premiums over age 65 and a portion if under age 65. The retiree must pay for all life and dental insurance premiums.

As of year-end, there were 393 employees who had retired with the County and are receiving the 50 percent health insurance premium coverage benefit. The County finances the plan on a pay-as-you-go basis. For the year ended June 30, 2006, the County recognized expenses of \$1,092,601 for healthcare, which were net of retiree contributions of \$1,021,102. The James Island Public Service District had 20 employees who had retired and receiving benefits under this plan. The District recognized expenses of \$65,838 for health care premium net of retiree contributions of \$42,867.

H. Funds Held by Coastal Community Foundation

As of June 30, 2006, the Coastal Community Foundation was holding \$347,998 in the Charleston County Library Fund. The fund was established in November 1983 as a capital fund for the purpose of providing support for unusual or innovative programs and services at the Library not normally funded by government appropriations. Of the balance, \$1,458 is available for grants to the Library.

As of June 30, 2006, the Coastal Community Foundation was holding \$69,896 in the Roper Foundation Community Wellness Endowment for the Charleston County Library. The endowment was established for the purpose of updating the health education information collection. At year-end, none of the balance is available for grants to the Library.

These amounts are not reflected in the Library's financial statements until grants are received by the Library from the Foundation.

I. Employee Retirement Systems and Plans

South Carolina Retirement and Police Officers' Retirement Systems

Plan Description. All permanent employees of the County and its component units, except for certain employees involved in law enforcement and fire fighting activities, participate in the South Carolina Retirement System (SCRS). The employees excluded above participate in the South Carolina Police Officers' Retirement System (SCPORS). Both systems are cost-sharing multiple-employer defined benefit plans administered by the Retirement Division of the State Budget and Control Board. The SCRS and SCPORS provide retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance and survivor benefits to plan members and beneficiaries. Each plan's provisions are established under Title 9 of the S.C. Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for both the SCRS and SCPORS is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Funding Policy - SCRS. Plan members are required to contribute 6.25 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 7.7 percent of annual covered payroll. The contribution requirements of plan members and employers is established under authority of Title 9 of the S. C. Code of Laws. Effective July 2006, the Retirement Division of the State Budget and Control Board increased the employer's required contribution for the South Carolina Retirement System from 7.55 percent to 8.05 percent of annual covered payroll.

Funding Policy - SCPORS. Plan members are required to contribute 6.7 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 10.3 percent of annual covered payroll. The contribution requirements of plan members and employers is established under authority of Title 9 of the S. C. Code of Laws.

The following table presents the required contributions to the SCRS and SCPORS by the County and its component units for the years ended June 30, 2006, 2005, and 2004:

| | <u>Fiscal Year Ended June 30</u> | | |
|---------------------------------|----------------------------------|---------------------|---------------------|
| <u>SCRS Contributions</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
| Primary government: | \$ 4,313,704 | \$ 3,555,992 | \$ 3,350,426 |
| Component units: | | | |
| CCL | 485,754 | 399,202 | 362,815 |
| CCPRC | 428,048 | 355,422 | 338,867 |
| JIPSD | 297,892 | 258,291 | 242,882 |
| SAPPPC | 88,968 | 73,214 | 72,588 |
| SJFD | 31,956 | 25,662 | 26,695 |
| SPFD | <u>4,954</u> | <u>4,087</u> | <u>3,928</u> |
| Total SCRS | <u>\$ 5,651,276</u> | <u>\$ 4,671,870</u> | <u>\$ 4,398,201</u> |
| <u>SCPORS Contributions</u> | | | |
| Primary government: | \$ 2,839,254 | \$ 2,657,406 | \$ 2,519,814 |
| Component units: | | | |
| SJFD | 378,872 | 357,292 | 353,936 |
| SPFD | <u>158,866</u> | <u>158,957</u> | <u>148,691</u> |
| Total SCPORS | <u>\$ 3,376,992</u> | <u>\$ 3,173,655</u> | <u>\$ 3,022,441</u> |

One hundred percent of the required contributions have been made for the current and each of the previous two years.



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**CHARLESTON COUNTY, SOUTH CAROLINA
COMBINING FINANCIAL STATEMENTS
AND
SCHEDULES**



CHARLESTON COUNTY COMBINING SCHEDULES - NON-MAJOR GOVERNMENTAL FUNDS

Non-major Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Accommodations - This fund is used to account for the two percent accommodation fee collected by the County and the two percent accommodation tax collected by the State on transient room rentals throughout the County. All expenditures must be tourist related with the exception of the first \$25,000 and five percent of the remainder of accommodations taxes remitted by the State. The budget is adopted on an annual basis.

Disaster Fund - This fund is used to account for monies received from Federal Emergency Management Agency (FEMA) for recovery efforts due to a natural disaster.

Child Support Enforcement - This fund is used to account for federal monies received to enforce child support obligations at the local level. The budget is adopted on an annual basis.

Community Development - This fund is used to account for Community Development Block Grants received from the U.S. Department of Housing and Urban Development, various state community development grants and matching funds. The budget is adopted on a project-length basis.

Construction Public Works - This fund is used to account for the receipt of state gasoline tax "C" funds earmarked for local road maintenance. The budget is adopted on a project-length basis.

Economic Development - This fund was established to account for local cooperative economic development activities in the tri-county area. Revenue is received from Multi-county Industrial Park fees assessed in lieu of property taxes on individual properties under regulations developed by the S. C. Department of Revenue. The budget is adopted on an annual basis.

Education - This fund is used to account for specific property taxes levied to fund maintenance of facilities owned by the Trident Technical College within the tri-county area used by residents of Charleston County. The budget is adopted on an annual basis.

EMS Employees Trust - This fund was established to account for donations made to the County for the benefit of EMS employees, primarily from patients and families of patients treated by EMS personnel. These funds are used to provide for system-wide EMS recreational activities.

Emergency Medical Services - This fund is used to account for proceeds of state grants and matching funds used to purchase equipment for use by emergency medical service personnel. The budget is adopted on an annual basis.

Fire Districts - This fund was established to account for revenues generated by a property tax levy in the Awendaw, Boone Hall, East Cooper, McClellanville area, and West St. Andrew's Fire Protection Districts and funds received under a contract with the Town of McClellanville to provide fire protection for the Town's residents. These services are provided by County employees and through contracts with other entities. The budget is adopted on an annual basis.

Geographic Information Systems (GIS) - This fund was created to account for revenues received from the state grants and the sale of maps produced by the GIS system. Expenditures from this fund include GIS training and development. The budget is adopted on an annual basis.

Grants Contributions Trust - This fund was established to account for contributions made to the County for the benefit of the grants program participants and used to provide recognition for special achievements.

Hazardous Materials Enforcement - This fund was established to pay for a county-wide hazardous materials training program and to acquire equipment needed to support the various fire departments within the county when they have to handle hazardous material situations. It is funded by a fee charged to the various businesses within the county that use hazardous materials, pollution control fines collected by the state and prior year transfers from the General Fund. The budget is adopted on an annual basis.

Storm Water Drainage – This fund was established to account for the storm water fee the County will begin charging November 1, 2006. This fee will fund the County's storm water management program which is now required under new federal regulations. The program will regulate run off from all properties and activities that have the potential to pollute local water systems. The fee will fund operations, maintenance and capital improvements.

Mosquito Control - This fund accounts for funds received under state and federal contracts to regulate the mosquito population on state and federal managed sites. The budget is adopted on an annual basis.

Safety Enforcement - This fund is used to account for federal and state grants, contributions from individuals and corporations, and County matching funds to provide public safety enforcement and prevention activities. The budget is adopted on a project-length basis.

Sheriff - This fund was established to account for federal and state grants and asset forfeitures received in various drug interdiction activities used to fund law enforcement activities. The budget is adopted on an annual basis.

Social Services - This fund was established to account for federal and state grants to operate several programs which provide educational, treatment and rehabilitation services to non-violent alcohol and drug offenders and adolescents at risk for teen pregnancy. The budget is adopted on a project-length basis.

Solicitor - This fund was established to account for funds provided by the State and fees charged to first-time defendants under the Pretrial Intervention Program, who upon completion, may have their records expunged. State appropriations are to be used for providing assistance to victims and witnesses of violent crimes and to supplement County appropriations for Solicitor activities. The budget is adopted on an annual basis.

South Santee/Germantown Fire Department - This fund was established to account for funds received from the South Santee/Germantown Volunteer Fire Department to provide for insurance and operating costs of equipment on loan from the County.

Victim Notification - This fund was established to account for court assessments and conviction surcharges received pursuant to a change in state law which required counties to provide notification to victims of violent crime anytime there is a change in the status of the offender. The activity in this fund was previously recorded in the Safety Enforcement Special Revenue Fund. The budget is adopted on an annual basis.

Workforce Investment Act - This fund is used to account for federal grants received through the Workforce Investment Act to help provide training and counseling services for displaced and disadvantaged workers. The budget is adopted on a project-length basis.

Charleston Development Corporation – This fund is used to account for the County's non-profit blended component unit. This entity was established September 2004 to further human, social and economic development in the County of Charleston.

Non-major Capital Projects Funds

Capital Projects funds are used to account for the acquisition and construction of major capital outlays other than those financed by proprietary funds.

Equipment Replacement Fund - This fund was established in fiscal year 2005 to finance replacement of fleet and technology equipment. Funding comes from the sale of the County's equipment and from the General Fund.

Construction - This fund was established in fiscal year 1986 by amendment to the budget ordinance to receive the proceeds of property sales and finance new construction with these funds. Per the County Budget Ordinance, all revenues from the sale of real estate must be used for capital projects.

Public Works Construction - This fund was established in fiscal year 1995 to control drainage, bridge paving, road construction and fencing funds approved by Council that encompass multi-year projects. Funding comes from the General Fund.

General Services Construction - This fund was established in fiscal year 1995 to control funds for multi-year facilities maintenance projects, such as building renovations, which have been approved by Council. Funding comes from the General Fund.

ITS/Management Information Systems - This fund was established in fiscal year 1996 to control funds for multi-year data processing hardware and software acquisitions that have been approved by County Council. Funding comes from the General Fund. This fund also was established to account for the replacement of computer hardware and software. Funding comes from various leases.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2006

| <u>ASSETS</u> | Special Revenue Funds | | | |
|---|-----------------------|-------------------|---------------------------------|--------------------------|
| | Accommo- dations | Disaster Funds | Child Support Enforcement | Community Development |
| Non-pooled cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Pooled cash and cash equivalents | 3,104,556 | - | - | - |
| Restricted cash and cash equivalents | 473,092 | - | - | - |
| Receivables (net of allowances for uncollectibles) | 1,747,047 | 131,888 | 68,306 | 924,780 |
| Inventory | - | - | - | - |
| Prepaid Items and Deposits | - | - | - | - |
| Total assets | \$ 5,324,695 | \$ 131,888 | \$ 68,306 | \$ 924,780 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 276,658 | \$ - | \$ 6,143 | \$ 142,745 |
| Accrued payroll and fringe benefits | 3,865 | - | 7,863 | 5,685 |
| Due to other funds | - | 131,888 | 43,016 | 157,215 |
| Intergovernmental payable | 2,933,287 | - | - | 329,723 |
| Unearned revenue | - | - | - | 75,577 |
| Total liabilities | 3,213,810 | 131,888 | 57,022 | 710,945 |
| Fund balances: | | | | |
| Reserved for inventory and prepaid items | - | - | - | - |
| Reserved for encumbrances | 1,489,317 | - | 11,284 | 169,541 |
| Reserved for capital projects | - | - | - | - |
| Unreserved: | | | | |
| Designated for subsequent years' appropriation | 621,568 | - | - | 44,294 |
| Total fund balances | 2,110,885 | - | 11,284 | 213,835 |
| Total liabilities and fund balances | \$ 5,324,695 | \$ 131,888 | \$ 68,306 | \$ 924,780 |

See notes to financial statements.

Special Revenue Funds

| Construction Public Works | Economic Development | Education | Emergency Medical Services | EMS Employees Trust | Fire Districts |
|--------------------------------------|---------------------------------|---------------------|---|------------------------------------|---------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 5,112,441 | 802,727 | 99,391 | - | - | 1,105,498 |
| - | - | - | - | - | - |
| 3,491,381 | 52,833 | 4,754,050 | 369 | - | 1,279,251 |
| - | - | - | - | - | - |
| - | 11,603 | - | - | - | - |
| \$ 8,603,822 | \$ 867,163 | \$ 4,853,441 | \$ 369 | \$ - | \$ 2,384,749 |
| | | | | | |
| \$ 727,574 | \$ 1,275 | \$ - | \$ - | \$ - | \$ 8,247 |
| - | 1,719 | - | - | - | 27,182 |
| - | - | - | 369 | - | - |
| 341,301 | 411,841 | 125,127 | - | - | 18,598 |
| 203,685 | - | 4,728,314 | - | - | 1,207,147 |
| 1,272,560 | 414,835 | 4,853,441 | 369 | - | 1,261,174 |
| | | | | | |
| - | 11,603 | - | - | - | - |
| 1,072,351 | 518 | - | - | - | 11,239 |
| - | - | - | - | - | - |
| 6,258,911 | 440,207 | - | - | - | 1,112,336 |
| 7,331,262 | 452,328 | - | - | - | 1,123,575 |
| | | | | | |
| \$ 8,603,822 | \$ 867,163 | \$ 4,853,441 | \$ 369 | \$ - | \$ 2,384,749 |

CONTINUED

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2006

| <u>ASSETS</u> | Special Revenue Funds | | | |
|---|--------------------------------------|----------------------------------|---------------------------------------|------------------------|
| | Geographic Information Systems | Grants Contributions Trust | Hazardous Materials Enforcement | Stormwater Drainage |
| Non-pooled cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Pooled cash and cash equivalents | 134,637 | 6,998 | 264,140 | 183,017 |
| Restricted cash and cash equivalents | - | - | - | - |
| Receivables (net of allowances for uncollectibles) | 1,000 | - | - | - |
| Inventory | - | - | - | - |
| Prepaid Items and Deposits | - | - | - | - |
| Total assets | \$ 135,637 | \$ 6,998 | \$ 264,140 | \$ 183,017 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 41,501 | \$ 24,408 |
| Accrued payroll and fringe benefits | - | - | 6,037 | 4,141 |
| Due to other funds | - | - | - | - |
| Intergovernmental payable | - | - | - | 177 |
| Unearned revenue | - | - | - | - |
| Total liabilities | - | - | 47,538 | 28,726 |
| Fund balances: | | | | |
| Reserved for inventory and prepaid items | - | - | - | - |
| Reserved for encumbrances | - | - | 10 | 102,882 |
| Reserved for capital projects | - | - | - | - |
| Unreserved: | | | | |
| Designated for subsequent years' appropriation | 135,637 | 6,998 | 216,592 | 51,409 |
| Total fund balances | 135,637 | 6,998 | 216,602 | 154,291 |
| Total liabilities and fund balances | \$ 135,637 | \$ 6,998 | \$ 264,140 | \$ 183,017 |

See notes to financial statements.

Special Revenue Funds

| Mosquito Control | Safety Enforcement | Sheriff | Social Services | Solicitor | South Santee/ Germantown Fire Dept | Victim Notification |
|-------------------------|---------------------------|-------------------|------------------------|---------------------|---|----------------------------|
| \$ - | \$ 33,585 | \$ 51,851 | \$ - | \$ 810,207 | \$ - | \$ 42,539 |
| - | 405,207 | 928,640 | 36,966 | 500,680 | 390 | 681,480 |
| - | - | - | - | - | - | - |
| - | 394,864 | 11,712 | - | 115,770 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| \$ - | \$ 833,656 | \$ 992,203 | \$ 36,966 | \$ 1,426,657 | \$ 390 | \$ 724,019 |
| | | | | | | |
| \$ - | \$ 222,395 | \$ 10,552 | \$ 1,556 | \$ 224 | \$ - | \$ 389 |
| - | 7,651 | 3,904 | - | 20,907 | - | 13,072 |
| - | - | - | - | - | - | - |
| - | 50,620 | 5,200 | - | 23,133 | 390 | - |
| - | 9,414 | - | - | - | - | - |
| - | 290,080 | 19,656 | 1,556 | 44,264 | 390 | 13,461 |
| | | | | | | |
| - | - | - | - | - | - | - |
| - | 486,063 | 24,943 | 9,079 | 2,793 | - | 538 |
| - | - | - | - | - | - | - |
| - | 57,513 | 947,604 | 26,331 | 1,379,600 | - | 710,020 |
| - | 543,576 | 972,547 | 35,410 | 1,382,393 | - | 710,558 |
| | | | | | | |
| \$ - | \$ 833,656 | \$ 992,203 | \$ 36,966 | \$ 1,426,657 | \$ 390 | \$ 724,019 |

CONTINUED

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2006

| <u>ASSETS</u> | Special Revenue | | Capital Projects Funds | |
|---|--------------------------------|-----------------------------------|------------------------|-------------------------------------|
| | Workforce Investment Act | Charleston Development Corp | Construction | General Services Construction |
| Non-pooled cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Pooled cash and cash equivalents | - | 26,750 | 9,322,739 | 601,322 |
| Restricted cash and cash equivalents | - | - | - | - |
| Receivables (net of allowances for uncollectibles) | 615,459 | - | 837,374 | - |
| Inventory | - | - | - | - |
| Prepaid Items and Deposits | - | - | - | - |
| Total assets | \$ 615,459 | \$ 26,750 | \$ 10,160,113 | \$ 601,322 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 341,881 | \$ - | \$ 121,078 | \$ - |
| Accrued payroll and fringe benefits | 36,988 | - | - | - |
| Due to other funds | 142,818 | - | - | - |
| Intergovernmental payable | 30,162 | - | 14 | - |
| Unearned revenue | 28,270 | - | - | - |
| Total liabilities | 580,119 | - | 121,092 | - |
| Fund balances: | | | | |
| Reserved for inventory and prepaid items | - | - | - | - |
| Reserved for encumbrances | 28,724 | - | - | - |
| Reserved for capital projects | - | - | 10,039,021 | 601,322 |
| Unreserved: | | | | |
| Designated for subsequent years' appropriation | 6,616 | 26,750 | - | - |
| Total fund balances | 35,340 | 26,750 | 10,039,021 | 601,322 |
| Total liabilities and fund balances | \$ 615,459 | \$ 26,750 | \$ 10,160,113 | \$ 601,322 |

See notes to financial statements.

| Capital Projects Funds | | | |
|----------------------------|-------------------------------------|---------------------------|-----------------------------------|
| Equipment Replacement Fund | ITS/ Management Information Systems | Public Works Construction | Total Nonmajor Governmental Funds |
| \$ - | \$ - | \$ - | \$ 938,182 |
| 2,135,953 | 3,909,371 | 787,519 | 30,150,422 |
| - | - | - | 473,092 |
| - | - | - | 14,426,084 |
| - | - | - | - |
| - | - | - | 11,603 |
| <u>\$ 2,135,953</u> | <u>\$ 3,909,371</u> | <u>\$ 787,519</u> | <u>\$ 45,999,383</u> |
| | | | |
| \$ 17,723 | \$ 50,861 | \$ 72,992 | \$ 2,068,202 |
| - | - | - | 139,014 |
| - | - | - | 475,306 |
| 4,996 | 23 | 127 | 4,274,719 |
| 139,213 | - | - | 6,391,620 |
| <u>161,932</u> | <u>50,884</u> | <u>73,119</u> | <u>13,348,861</u> |
| | | | |
| - | - | - | 11,603 |
| - | - | - | 3,409,282 |
| 1,974,021 | 3,858,487 | 714,400 | 17,187,251 |
| | | | |
| - | - | - | 12,042,386 |
| <u>1,974,021</u> | <u>3,858,487</u> | <u>714,400</u> | <u>32,650,522</u> |
| | | | |
| <u>\$ 2,135,953</u> | <u>\$ 3,909,371</u> | <u>\$ 787,519</u> | <u>\$ 45,999,383</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

| | Special Revenue Funds | | | |
|--|-----------------------|-------------------|---------------------------------|--------------------------|
| | Accommo- dations | Disaster Funds | Child Support Enforcement | Community Development |
| Revenues: | | | | |
| Property and local option sales tax | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 31,265 | - | 570,047 | 3,741,993 |
| Permits and licenses | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Service charges | 8,292,848 | - | - | - |
| Interest | 170,470 | - | - | - |
| Rental and use of property | - | - | - | - |
| Other revenues | - | - | - | 15,363 |
| | <u>8,494,583</u> | <u>-</u> | <u>570,047</u> | <u>3,757,356</u> |
| Total revenues | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | 71,112 | - |
| Judicial | - | - | 507,024 | - |
| Public works | - | - | - | - |
| Health and welfare | - | - | - | 3,999,740 |
| Economic development | - | - | - | - |
| Culture and recreation | 4,576,097 | - | - | - |
| Education | - | - | - | - |
| Capital outlay | - | - | - | - |
| | <u>4,576,097</u> | <u>-</u> | <u>578,136</u> | <u>3,999,740</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,918,486</u> | <u>-</u> | <u>(8,089)</u> | <u>(242,384)</u> |
| Other financing sources (uses): | | | | |
| Capital lease proceeds | - | - | - | - |
| Transfers in | - | - | - | 185,546 |
| Transfers out | (3,355,259) | - | - | (10,546) |
| Proceeds from sale of capital assets | - | - | - | - |
| | <u>(3,355,259)</u> | <u>-</u> | <u>-</u> | <u>175,000</u> |
| Total other financing sources (uses) | | | | |
| Net change in fund balance | 563,227 | - | (8,089) | (67,384) |
| Fund balances at beginning of year (as restated) | <u>1,547,658</u> | <u>-</u> | <u>19,373</u> | <u>281,219</u> |
| Fund balances at end of year | <u>\$ 2,110,885</u> | <u>\$ -</u> | <u>\$ 11,284</u> | <u>\$ 213,835</u> |

See notes to financial statements.

Special Revenue Funds

| <u>Construction Public Works</u> | <u>Economic Development</u> | <u>Education</u> | <u>Emergency Medical Services</u> | <u>EMS Employees Trust</u> | <u>Fire Districts</u> |
|--------------------------------------|---------------------------------|------------------|---|------------------------------------|---------------------------|
| \$ - | \$ 400,300 | \$ 4,883,202 | \$ - | \$ - | \$ 1,364,693 |
| 5,967,639 | 1,825,000 | 121,757 | 68,561 | - | 478,767 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 195,827 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 564,404 | - | - | - | - |
| <u>6,163,466</u> | <u>2,789,704</u> | <u>5,004,959</u> | <u>68,561</u> | <u>-</u> | <u>1,843,460</u> |
| - | - | - | - | - | - |
| - | - | - | 75,471 | 65 | 1,621,988 |
| - | - | - | - | - | - |
| 9,697,219 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 2,998,041 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 5,004,959 | - | - | - |
| - | - | - | - | - | - |
| <u>9,697,219</u> | <u>2,998,041</u> | <u>5,004,959</u> | <u>75,471</u> | <u>65</u> | <u>1,621,988</u> |
| <u>(3,533,753)</u> | <u>(208,337)</u> | <u>-</u> | <u>(6,910)</u> | <u>(65)</u> | <u>221,472</u> |
| - | - | - | - | - | - |
| 5,806,974 | - | - | 6,910 | - | - |
| (5,760,474) | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>46,500</u> | <u>-</u> | <u>-</u> | <u>6,910</u> | <u>-</u> | <u>-</u> |
| (3,487,253) | (208,337) | - | - | (65) | 221,472 |
| 10,818,515 | 660,665 | - | - | 65 | 902,103 |
| <u>\$ 7,331,262</u> | <u>\$ 452,328</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,123,575</u> |

CONTINUED

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

| | Special Revenue Funds | | | |
|--|--------------------------------------|----------------------------------|---------------------------------------|------------------------|
| | Geographic Information Systems | Grants Contributions Trust | Hazardous Materials Enforcement | Stormwater Drainage |
| Revenues: | | | | |
| Property and local option sales tax | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Permits and licenses | - | - | - | - |
| Fines and forfeitures | - | - | 7,850 | - |
| Service charges | 27,483 | - | 146,035 | - |
| Interest | - | - | - | - |
| Rental and use of property | - | - | - | - |
| Other revenues | - | 3,993 | - | - |
| Total revenues | 27,483 | 3,993 | 153,885 | - |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 34,636 | - | - | - |
| Public safety | - | - | 358,024 | - |
| Judicial | - | - | - | - |
| Public works | - | - | - | 45,709 |
| Health and welfare | - | 6,003 | - | - |
| Economic development | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Education | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 34,636 | 6,003 | 358,024 | 45,709 |
| Excess (deficiency) of revenues over (under) expenditures | (7,153) | (2,010) | (204,139) | (45,709) |
| Other financing sources (uses): | | | | |
| Capital lease proceeds | - | - | - | - |
| Transfers in | - | - | 113,922 | 200,000 |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | - | - | 113,922 | 200,000 |
| Net change in fund balance | (7,153) | (2,010) | (90,217) | 154,291 |
| Fund balances at beginning of year (as restated) | 142,790 | 9,008 | 306,819 | - |
| Fund balances at end of year | \$ 135,637 | \$ 6,998 | \$ 216,602 | \$ 154,291 |

See notes to financial statements.

Special Revenue Funds

| <u>Mosquito Control</u> | <u>Safety Enforcement</u> | <u>Sheriff</u> | <u>Social Services</u> | <u>Solicitor</u> | <u>South Santee/ Germantown Fire Dept</u> | <u>Victim Notification</u> |
|-------------------------|---------------------------|-------------------|------------------------|---------------------|---|----------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 2,516,493 | 103,500 | - | 840,884 | - | 1,957 |
| - | - | - | - | - | - | - |
| - | 54,530 | 323,623 | - | - | - | 551,318 |
| - | 3,754 | - | 63,000 | 868,244 | - | - |
| - | - | 14,157 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 57,954 | 335,085 | 15,657 | - | - | - |
| - | <u>2,632,731</u> | <u>776,365</u> | <u>78,657</u> | <u>1,709,128</u> | - | <u>553,275</u> |
| - | - | - | - | - | - | - |
| - | 2,461,972 | 666,152 | - | - | 18,723 | 368,939 |
| - | 204,102 | - | - | 1,122,342 | - | 267,121 |
| - | - | - | - | - | - | - |
| - | - | - | 35,099 | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | <u>2,666,074</u> | <u>666,152</u> | <u>35,099</u> | <u>1,122,342</u> | <u>18,723</u> | <u>636,060</u> |
| - | - | - | - | - | - | - |
| - | (33,343) | 110,213 | 43,558 | 586,786 | (18,723) | (82,785) |
| - | - | - | - | - | - | - |
| - | 175,101 | 47,512 | - | - | - | - |
| (537,640) | (9,542) | (3,720) | (15,657) | (29,153) | - | - |
| - | - | 5,757 | - | - | - | - |
| (537,640) | <u>165,559</u> | <u>49,549</u> | <u>(15,657)</u> | <u>(29,153)</u> | - | - |
| (537,640) | 132,216 | 159,762 | 27,901 | 557,633 | (18,723) | (82,785) |
| 537,640 | <u>411,360</u> | <u>812,785</u> | <u>7,509</u> | <u>824,760</u> | <u>18,723</u> | <u>793,343</u> |
| \$ - | \$ <u>543,576</u> | \$ <u>972,547</u> | \$ <u>35,410</u> | \$ <u>1,382,393</u> | \$ - | \$ <u>710,558</u> |

CONTINUED

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

| | Special Revenue | | Capital Projects Funds | |
|--|--------------------------------|-----------------------------------|------------------------|-------------------------------------|
| | Workforce Investment Act | Charleston Development Corp | Construction | General Services Construction |
| Revenues: | | | | |
| Property and local option sales tax | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 3,031,670 | - | - | - |
| Permits and licenses | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Service charges | 32,127 | - | - | - |
| Interest | - | 1,066 | 325,185 | - |
| Rental and use of property | 40,647 | - | - | - |
| Other revenues | 4,396 | 1,204 | 43,286 | - |
| Total revenues | 3,108,840 | 2,270 | 368,471 | - |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Judicial | - | - | - | - |
| Public works | - | - | - | - |
| Health and welfare | 3,123,500 | 620 | - | - |
| Economic development | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Education | - | - | - | - |
| Capital outlay | - | - | 563,874 | - |
| Total expenditures | 3,123,500 | 620 | 563,874 | - |
| Excess (deficiency) of revenues over (under) expenditures | (14,660) | 1,650 | (195,403) | - |
| Other financing sources (uses): | | | | |
| Capital lease proceeds | - | - | - | - |
| Transfers in | 50,000 | - | 4,339,071 | - |
| Transfers out | - | - | (3,000,000) | - |
| Proceeds from sale of capital assets | - | - | 1,301,316 | - |
| Total other financing sources (uses) | 50,000 | - | 2,640,387 | - |
| Net change in fund balance | 35,340 | 1,650 | 2,444,984 | - |
| Fund balances at beginning of year (as restated) | - | 25,100 | 7,594,037 | 601,322 |
| Fund balances at end of year | \$ 35,340 | \$ 26,750 | \$ 10,039,021 | \$ 601,322 |

See notes to financial statements.

| Capital Projects Funds | | | |
|----------------------------|-------------------------------------|---------------------------|-----------------------------------|
| Equipment Replacement Fund | ITS/ Management Information Systems | Public Works Construction | Total Nonmajor Governmental Funds |
| \$ - | \$ - | \$ - | \$ 6,648,195 |
| - | - | 11,960 | 19,311,493 |
| - | - | - | - |
| - | - | - | 937,321 |
| - | - | - | 9,433,491 |
| 64,059 | - | - | 770,764 |
| - | - | - | 40,647 |
| - | - | - | 1,041,342 |
| <u>64,059</u> | <u>-</u> | <u>11,960</u> | <u>38,183,253</u> |
| - | - | - | 34,636 |
| - | - | - | 5,642,446 |
| - | - | - | 2,100,589 |
| - | - | - | 9,742,928 |
| - | - | - | 7,164,962 |
| - | - | - | 2,998,041 |
| - | - | - | 4,576,097 |
| - | - | - | 5,004,959 |
| - | 2,509,409 | 482,370 | 3,555,653 |
| <u>-</u> | <u>2,509,409</u> | <u>482,370</u> | <u>40,820,311</u> |
| 64,059 | (2,509,409) | (470,410) | (2,637,058) |
| - | 841,831 | - | 841,831 |
| 499,474 | 4,702,476 | - | 16,126,986 |
| - | (6,449) | (28,873) | (12,757,313) |
| 83,543 | - | - | 1,390,616 |
| <u>583,017</u> | <u>5,537,858</u> | <u>(28,873)</u> | <u>5,602,120</u> |
| 647,076 | 3,028,449 | (499,283) | 2,965,062 |
| 1,326,945 | 830,038 | 1,213,683 | 29,685,460 |
| <u>\$ 1,974,021</u> | <u>\$ 3,858,487</u> | <u>\$ 714,400</u> | <u>\$ 32,650,522</u> |

**CHARLESTON COUNTY, SOUTH CAROLINA
INDIVIDUAL FUND SCHEDULES OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET
(GAAP BASIS) AND ACTUAL**



COUNTY OF CHARLESTON, SOUTH CAROLINA
 ACCOMMODATIONS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|---------------------|---------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Revenues: | | | | |
| Intergovernmental | \$ 20,000 | \$ 31,265 | \$ 31,265 | \$ - |
| Service charges | 7,751,888 | 7,964,182 | 8,292,848 | 328,666 |
| Interest | 85,000 | 85,000 | 170,470 | 85,470 |
| Total revenues | 7,856,888 | 8,080,447 | 8,494,583 | 414,136 |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | 4,368,949 | 4,617,235 | 4,576,097 | 41,138 |
| Total expenditures | 4,368,949 | 4,617,235 | 4,576,097 | 41,138 |
| Excess of revenues over expenditures | 3,487,939 | 3,463,212 | 3,918,486 | 455,274 |
| Other financing uses: | | | | |
| Transfers out | (3,343,200) | (4,264,237) | (3,355,259) | 908,978 |
| Net change in fund balance | 144,739 | (801,025) | 563,227 | 1,364,252 |
| Fund balance at beginning of year | 3,768,042 | (133,058) | 1,547,658 | 1,680,716 |
| Fund balance at end of year | \$ 3,912,781 | \$ (934,083) | \$ 2,110,885 | \$ 3,044,968 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHILD SUPPORT ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------------|-------------------|------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Revenues: | | | | |
| Intergovernmental | \$ 614,884 | \$ 615,595 | \$ 570,047 | \$ (45,548) |
| Total revenues | <u>614,884</u> | <u>615,595</u> | <u>570,047</u> | <u>(45,548)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 76,945 | 76,945 | 71,112 | 5,833 |
| Judicial | 537,939 | 538,023 | 507,024 | 30,999 |
| Total expenditures | <u>614,884</u> | <u>614,968</u> | <u>578,136</u> | <u>36,832</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | 627 | (8,089) | 8,716 |
| Fund balance at beginning of year | <u>537</u> | <u>(8,442)</u> | <u>19,373</u> | <u>27,815</u> |
| Fund balance at end of year | <u>\$ 537</u> | <u>\$ (7,815)</u> | <u>\$ 11,284</u> | <u>\$ 36,531</u> |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Revenues: | | | | |
| Property taxes | \$ 340,342 | \$ 340,342 | \$ 400,300 | \$ 59,958 |
| Intergovernmental | - | 7,175,000 | 1,825,000 | (5,350,000) |
| Other revenue | - | 564,404 | 564,404 | - |
| Total revenues | <u>340,342</u> | <u>8,079,746</u> | <u>2,789,704</u> | <u>(5,290,042)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic development | 291,687 | 8,451,937 | 2,998,041 | 5,453,896 |
| Total expenditures | <u>291,687</u> | <u>8,451,937</u> | <u>2,998,041</u> | <u>5,453,896</u> |
| Excess (deficiency) of revenues over (under) expenditures | 48,655 | (372,191) | (208,337) | 163,854 |
| Fund balance at beginning of year | <u>612,832</u> | <u>514,055</u> | <u>660,665</u> | <u>146,610</u> |
| Fund balance at end of year | <u>\$ 661,487</u> | <u>\$ 141,864</u> | <u>\$ 452,328</u> | <u>\$ 310,464</u> |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|------------------|------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | <u></u> |
| Revenues: | | | | |
| Property taxes | \$ 4,527,372 | \$ 4,866,691 | \$ 4,883,202 | \$ 16,511 |
| Intergovernmental | 72,629 | 138,618 | 121,757 | (16,861) |
| Total revenues | <u>4,600,001</u> | <u>5,005,309</u> | <u>5,004,959</u> | <u>(350)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Education | <u>4,600,001</u> | <u>5,005,309</u> | <u>5,004,959</u> | <u>350</u> |
| Total expenditures | <u>4,600,001</u> | <u>5,005,309</u> | <u>5,004,959</u> | <u>350</u> |
| Excess of revenues over expenditures | - | - | - | - |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|---------------|---------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Revenues: | | | | |
| Intergovernmental | \$ 63,189 | \$ 68,561 | \$ 68,561 | \$ - |
| Total revenues | 63,189 | 68,561 | 68,561 | - |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 66,853 | 77,778 | 75,471 | 2,307 |
| Total expenditures | 66,853 | 77,778 | 75,471 | 2,307 |
| Deficiency of revenues under expenditures | (3,664) | (9,217) | (6,910) | 2,307 |
| Other financing sources: | | | | |
| Transfers in | 3,664 | 9,217 | 6,910 | (2,307) |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
FIRE DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------------|---------------------|---------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Revenues: | | | | |
| Property taxes | \$ 1,433,156 | \$ 1,309,600 | \$ 1,364,693 | \$ 55,093 |
| Intergovernmental | 407,086 | 443,032 | 478,767 | 35,735 |
| Total revenues | 1,840,242 | 1,752,632 | 1,843,460 | 90,828 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 1,845,242 | 1,896,431 | 1,621,988 | 274,443 |
| Total expenditures | 1,845,242 | 1,896,431 | 1,621,988 | 274,443 |
| Excess (deficiency) of revenues over (under) expenditures | (5,000) | (143,799) | 221,472 | 365,271 |
| Net change in fund balance | (5,000) | (143,799) | 221,472 | 365,271 |
| Fund balance at beginning of year | 484,406 | (39,811) | 902,103 | 941,914 |
| Fund balance at end of year | \$ 479,406 | \$ (183,610) | \$ 1,123,575 | \$ 1,307,185 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
GEOGRAPHIC INFORMATION SYSTEMS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------------|------------------------|-----------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Revenues: | | | | |
| Intergovernmental | \$ 15,000 | \$ 15,000 | \$ - | \$ (15,000) |
| Service charges | 7,500 | 7,500 | 27,483 | 19,983 |
| Total revenues | 22,500 | 22,500 | 27,483 | 4,983 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 22,500 | 59,600 | 34,636 | 24,964 |
| Total expenditures | 22,500 | 59,600 | 34,636 | 24,964 |
| Deficiency of revenues under expenditures | - | (37,100) | (7,153) | 29,947 |
| Fund balance at beginning of year | 386,070 | (4,912) | 142,790 | 147,702 |
| Fund balance at end of year | <u>\$ 386,070</u> | <u>\$ (42,012)</u> | <u>\$ 135,637</u> | <u>\$ 177,649</u> |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
HAZARDOUS MATERIALS ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Revenues: | | | | |
| Fines and forfeitures | \$ 20,000 | \$ 20,000 | \$ 7,850 | \$ (12,150) |
| Service charges | 160,000 | 160,000 | 146,035 | (13,965) |
| Total revenues | <u>180,000</u> | <u>180,000</u> | <u>153,885</u> | <u>(26,115)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 400,292 | 427,957 | 358,024 | 69,933 |
| Total expenditures | <u>400,292</u> | <u>427,957</u> | <u>358,024</u> | <u>69,933</u> |
| Deficiency of revenues under expenditures | (220,292) | (247,957) | (204,139) | 43,818 |
| Other financing sources: | | | | |
| Transfers In | 113,922 | 113,922 | 113,922 | - |
| Net change in fund balance | (106,370) | (134,035) | (90,217) | 43,818 |
| Fund balance at beginning of year | <u>258,631</u> | <u>159,157</u> | <u>306,819</u> | <u>147,662</u> |
| Fund balance at end of year | <u>\$ 152,261</u> | <u>\$ 25,122</u> | <u>\$ 216,602</u> | <u>\$ 191,480</u> |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SHERIFF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------------|---------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Revenues: | | | | |
| Intergovernmental | \$ 102,631 | \$ 103,500 | \$ 103,500 | \$ - |
| Fines and forfeitures | 469,225 | 469,225 | 323,623 | (145,602) |
| Interest | 6,500 | 6,500 | 14,157 | 7,657 |
| Other revenues | 208,000 | 208,000 | 335,085 | 127,085 |
| Total revenues | 786,356 | 787,225 | 776,365 | (10,860) |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 802,785 | 965,709 | 666,152 | 299,557 |
| Total expenditures | 802,785 | 965,709 | 666,152 | 299,557 |
| (Deficiency) excess of revenues (under) over expenditures | (16,429) | (178,484) | 110,213 | 288,697 |
| Other financing sources and uses: | | | | |
| Transfers in | 55,418 | 129,647 | 47,512 | (82,135) |
| Transfers out | - | (88,551) | (3,720) | 84,831 |
| Proceeds from sale of capital assets | - | - | 5,757 | 5,757 |
| Total other financing sources and uses | 55,418 | 41,096 | 49,549 | 8,453 |
| Net change in fund balance | 38,989 | (137,388) | 159,762 | 297,150 |
| Fund balance at beginning of year | 699,447 | (369,078) | 812,785 | 1,181,863 |
| Fund balance at end of year | \$ 738,436 | \$ (506,466) | \$ 972,547 | \$ 1,479,013 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SOLICITOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------------|------------------|---------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Revenues: | | | | |
| Intergovernmental | \$ 512,622 | \$ 512,622 | \$ 840,884 | \$ 328,262 |
| Service charges | 369,000 | 404,293 | 868,244 | 463,951 |
| Total revenues | 881,622 | 916,915 | 1,709,128 | 792,213 |
| Expenditures: | | | | |
| Current: | | | | |
| Judicial | 1,061,528 | 1,088,106 | 1,122,342 | (34,236) |
| Total expenditures | 1,061,528 | 1,088,106 | 1,122,342 | (34,236) |
| Excess (deficiency) of revenues over (under) expenditures | (179,906) | (171,191) | 586,786 | 757,976 |
| Other financing uses: | | | | |
| Transfers out | - | (29,153) | (29,153) | - |
| Net change in fund balance | (179,906) | (200,344) | 557,633 | 757,976 |
| Fund balance at beginning of year (as restated) | 267,936 | 245,424 | 824,760 | 579,336 |
| Fund balance at end of year | \$ 88,030 | \$ 45,080 | \$ 1,382,393 | \$ 1,337,312 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
VICTIM NOTIFICATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2006

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 1,957 | \$ 1,957 |
| Fines and forfeitures | 525,000 | 525,000 | 551,318 | 26,318 |
| Total revenues | 525,000 | 525,000 | 553,275 | 28,275 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 396,914 | 398,657 | 368,939 | 29,718 |
| Judicial | 330,136 | 335,394 | 267,121 | 68,273 |
| Total expenditures | 727,050 | 734,051 | 636,060 | 97,991 |
| Deficiency of revenues under expenditures | (202,050) | (209,051) | (82,785) | 126,266 |
| Net change in fund balance | (202,050) | (209,051) | (82,785) | 126,266 |
| Fund balance at beginning of year | 605,110 | 555,865 | 793,343 | 237,478 |
| Fund balance at end of year | <u>\$ 403,060</u> | <u>\$ 346,814</u> | <u>\$ 710,558</u> | <u>\$ 363,744</u> |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
VICTIM NOTIFICATION SPECIAL REVENUE FUND
STATEMENT OF FINES, ASSESSMENTS AND SURCHARGES COLLECTED
June 30, 2006

| | <u>Total Collections</u> | <u>Remittance to State</u> | <u>Retained by County</u> | <u>General Fund</u> | <u>Victim Notification</u> | <u>Total County Revenue</u> |
|------------------------|------------------------------|--------------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------------|
| Magistrates: | | | | | | |
| Fines: | | | | | | |
| Traffic/criminal | \$ 1,884,459 | \$ | \$ 1,884,459 | \$ 1,884,459 | \$ - | \$ 1,884,459 |
| Wildlife/littering | 96,268 | 23,592 | 72,676 | 72,676 | - | 72,676 |
| DUI | 66,565 | 66,565 | - | - | - | - |
| Assessments | 1,819,999 | 1,629,640 | 190,359 | - | 190,359 | 190,359 |
| Surcharges | 759,445 | 639,844 | 119,800 | - | 119,800 | 119,800 |
| | <u>4,626,736</u> | <u>2,359,641</u> | <u>2,267,294</u> | <u>1,957,135</u> | <u>310,159</u> | <u>2,267,294</u> |
| Clerk of Court: | | | | | | |
| Fines: | | | | | | |
| General sessions | 114,674 | 45,690 | 68,984 | 68,984 | - | 68,984 |
| Family court | 2,975 | 1,312 | 1,663 | 1,663 | - | 1,663 |
| DUI | 6,930 | 6,930 | - | - | - | - |
| Assessments | 111,976 | 69,944 | 42,032 | - | 42,032 | 42,032 |
| Surcharges | 299,726 | 100,599 | 199,126 | - | 199,126 | 199,126 |
| | <u>536,281</u> | <u>224,475</u> | <u>311,806</u> | <u>70,647</u> | <u>241,159</u> | <u>311,806</u> |
| | <u>\$ 5,163,016</u> | <u>\$ 2,584,116</u> | <u>\$ 2,579,100</u> | <u>\$ 2,027,782</u> | <u>\$ 551,318</u> | <u>\$ 2,579,100</u> |

See notes to financial statements.

CHARLESTON COUNTY COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS

DAODAS - This fund records the activity of programs administered by the Department of Alcohol and Other Drug Abuse Services (DAODAS). These programs reduce the negative impact of alcohol and other drugs on constituents by planning and implementing comprehensive and effective programs of professional services. State and federal funding, Medicaid, client fees, and other funding sources support these programs.

E-911 Communications - This fund is used to account for the operations of the County's Emergency 911 communication system. This service is funded through a county-wide service charge on all telephone service and is collected by local utilities for the County.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2006

| <u>ASSETS</u> | <u>DAODAS</u> | <u>E-911 Communications</u> | <u>Totals</u> |
|---|----------------------|---------------------------------|----------------------|
| Current assets: | | | |
| Non-pooled cash and cash equivalents | \$ 1,200 | \$ - | \$ 1,200 |
| Pooled cash and cash equivalents | 4,785,496 | 1,295,157 | 6,080,653 |
| Accounts receivables (net of allowances for uncollectibles) | 961,315 | 1,647,003 | 2,608,318 |
| Total current assets | 5,748,011 | 2,942,160 | 8,690,171 |
| Deferred issuance costs | 81,256 | - | 81,256 |
| Capital assets: | | | |
| Buildings | 9,554,391 | - | 9,554,391 |
| Improvements other than buildings | 270,255 | - | 270,255 |
| Machinery and equipment | 272,072 | 1,489,917 | 1,761,989 |
| Less accumulated depreciation | (1,991,147) | (302,666) | (2,293,813) |
| Total capital assets (net of accumulated depreciation) | 8,105,571 | 1,187,251 | 9,292,822 |
| Total noncurrent assets | 8,186,827 | 1,187,251 | 9,374,078 |
| Total assets | \$ 13,934,838 | \$ 4,129,411 | \$ 18,064,249 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2006

| <u>LIABILITIES AND EQUITY</u> | <u>DAODAS</u> | <u>E-911 Communications</u> | <u>Totals</u> |
|---|---------------------|---------------------------------|----------------------|
| Current liabilities: | | | |
| Accounts payable | \$ 140,605 | \$ - | \$ 140,605 |
| Accrued payroll and fringe benefits | 143,717 | 1,385 | 145,102 |
| Compensated absences-current | 51,922 | - | 51,922 |
| Intergovernmental payable | 12,966 | - | 12,966 |
| Accrued interest payable | 22,631 | - | 22,631 |
| Certificates of participation - current | 337,029 | - | 337,029 |
| Total current liabilities | 708,870 | 1,385 | 710,255 |
| | | | |
| Certificates of participation (net of unamortized discounts) | 4,431,398 | - | 4,431,398 |
| Compensated absences | 300,506 | 1,739 | 302,245 |
| Total noncurrent liabilities | 4,731,904 | 1,739 | 4,733,643 |
| Total liabilities | 5,440,774 | 3,124 | 5,443,898 |
| | | | |
| <u>NET ASSETS</u> | | | |
| | | | |
| Invested in capital assets, net of related debt | 3,337,144 | 1,187,251 | 4,524,395 |
| Unrestricted | 5,156,920 | 2,939,036 | 8,095,956 |
| Total net assets | \$ 8,494,064 | \$ 4,126,287 | \$ 12,620,351 |

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2006

| | DAODAS | E-911 Communications | Totals |
|---|---------------------|-------------------------|----------------------|
| Operating revenues: | | | |
| Charges for services | \$ 6,120,901 | \$ 1,265,946 | \$ 7,386,847 |
| Other revenues | 4,016 | - | 4,016 |
| Total operating revenues | 6,124,917 | 1,265,946 | 7,390,863 |
| Operating expenses: | | | |
| Personnel services | 4,577,236 | 64,235 | 4,641,471 |
| Contractual services | 1,829,700 | 3,912 | 1,833,612 |
| Materials and supplies | 508,759 | 9,747 | 518,506 |
| Utilities | 203,845 | 564,606 | 768,451 |
| Repairs and maintenance | 178,469 | 71,736 | 250,205 |
| Rental expenses | 192,648 | - | 192,648 |
| Vehicle fleet charges | 34,818 | 624 | 35,442 |
| Other expenses | 2,101,921 | 94,445 | 2,196,366 |
| Depreciation and amortization | 297,646 | 171,601 | 469,247 |
| Total operating expenses | 9,925,042 | 980,906 | 10,905,948 |
| Operating income (loss) | (3,800,125) | 285,040 | (3,515,085) |
| Nonoperating revenues (expenses): | | | |
| Interest expense | (363,996) | - | (363,996) |
| Intergovernmental revenues | 1,247,891 | 904,389 | 2,152,280 |
| Gain on disposal of assets | 3,811 | - | 3,811 |
| Total nonoperating revenues (expenses) | 887,706 | 904,389 | 1,792,095 |
| Income (loss) before contributions and transfers | (2,912,419) | 1,189,429 | (1,722,990) |
| Transfers in | 3,379,576 | - | 3,379,576 |
| Change in net assets | 467,157 | 1,189,429 | 1,656,586 |
| Total net assets - beginning | 8,026,907 | 2,936,858 | 10,963,765 |
| Total net assets - ending | \$ 8,494,064 | \$ 4,126,287 | \$ 12,620,351 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended June 30, 2006

| | DAODAS | E-911 Communications | Totals |
|---|---------------------|-------------------------|---------------------|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 6,309,815 | \$ 1,365,329 | \$ 7,675,144 |
| Cash payments to suppliers for goods and services | (5,043,319) | (769,854) | (5,813,173) |
| Cash payments to employees for services | (4,766,515) | (65,825) | (4,832,340) |
| Net cash provided by operating activities | (3,500,019) | 529,650 | (2,970,369) |
| Cash flows from noncapital financing activities: | | | |
| Transfers in | 3,379,576 | - | 3,379,576 |
| Intergovernmental receipt | 1,247,891 | - | 1,247,891 |
| Property and other taxes | 1,906 | - | 1,906 |
| Net cash provided by (used in) noncapital financing activities | 4,629,373 | - | 4,629,373 |
| Cash flows from capital and related financing activities: | | | |
| Principal paid on long-term debt | (396,240) | - | (396,240) |
| Interest paid | (283,946) | - | (283,946) |
| Proceeds from sale of fixed assets | 12,812 | - | 12,812 |
| Acquisition and construction of capital assets (including capitalized interest) | (54,409) | (268,583) | (322,992) |
| Net cash used in capital and related financing activities | (721,783) | (268,583) | (990,366) |
| Cash flows from investing activities: | | | |
| Interfund loan principal payment received | - | - | - |
| Interest received | - | - | - |
| Net cash provided by investing activities | - | - | - |
| Net increase in cash and cash equivalents | 407,571 | 261,067 | 668,638 |
| Cash and cash equivalents at beginning of year | 4,379,125 | 1,034,090 | 5,413,215 |
| Cash and cash equivalents at end of year | \$ 4,786,696 | \$ 1,295,157 | \$ 6,081,853 |
| Reconciliation to balance sheet: | | | |
| Non-pooled cash and cash equivalents | \$ 1,200 | \$ - | \$ 1,200 |
| Pooled cash and cash equivalents | 4,785,496 | 1,295,157 | 6,080,653 |
| Cash and cash equivalents at end of year | \$ 4,786,696 | \$ 1,295,157 | \$ 6,081,853 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended June 30, 2006

| | <u>DAODAS</u> | <u>E-911 Communications</u> | <u>Totals</u> |
|--|-----------------------|---------------------------------|-----------------------|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ (3,800,125) | \$ 285,040 | \$ (3,515,085) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 297,646 | 171,601 | 469,247 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in receivables | 184,898 | 99,382 | 284,280 |
| Increase (decrease) in accounts payable | 6,841 | (24,783) | (17,942) |
| Increase (decrease) in accrued payroll | (189,279) | (1,590) | (190,869) |
| Total adjustments | <u>300,106</u> | <u>244,610</u> | <u>544,716</u> |
| Net cash provided by (used in) operating activities | <u>\$ (3,500,019)</u> | <u>\$ 529,650</u> | <u>\$ (2,970,369)</u> |

See notes to financial statements.

CHARLESTON COUNTY COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments of the government, on a cost reimbursement basis.

Fleet Management - This fund is used to account for all operations of the County's centrally administered vehicle operation. Functions included within this operation are writing the specifications and assisting in the purchase of all on and off-road vehicles and equipment; owning all vehicles and equipment not specifically used in other County proprietary operations; maintaining all vehicles and equipment; operating a County-wide fuel distribution and monitoring system; operating a fleet of pool cars for those departments not directly assigned vehicles; and operating a vehicle parts warehouse.

Office Support Services - This fund is used to account for the mail pick-up and delivery service, duplicating machines, postage metering service and records management. Records management includes establishing records retention schedules for all County operations, centralized storage of records and a centralized microfilming operation.

Workers' Compensation - This fund is used to account for the costs of staffing a workers' compensation division as well as the cost of providing insurance through the S.C. Association of County Commissioners Self-Insurance Fund. Funding is provided by levying a percentage charge against all departmental payrolls. In fiscal year 1996, insurance was converted to self-insurance coverage for all claims less than \$100,000.

Employee Benefits Trust - This fund is used to account for costs of providing health and life insurance to the County's employees and retirees. Funding is provided by a percentage charge against all departmental payrolls, payments from retirees equaling 50 percent of coverage costs, payments from employees of 30 percent of dependent coverage and from investments. The fund is administered by seven trustees; the Controller and Human Resources Director as permanent members, the Chairman of the Employee Insurance Committee for the duration of term in office, and for two year periods, trustees appointed by the 1) Elected Officials, 2) Appointed Officials, 3) County Administrator, and 4) Chief Deputy Administrator. As of January 1, 1993, the Trustees had contracted with the South Carolina Department of Insurance to provide all of the County's health and life insurance.

Telecommunications – This fund is used to account for the centrally administered telecommunications system, which includes pagers and cellular telephones.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 June 30, 2006

| | Fleet Management | Office Support Services | Workers' Compensation | Employee Benefits Trust | Telecom- munications | Totals |
|---|----------------------|-------------------------------|--------------------------|-------------------------------|-------------------------|----------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Pooled cash and cash equivalents | \$ 1,808,893 | \$ 470,547 | \$ 3,872,726 | \$ 919,023 | \$ 162,207 | \$ 7,233,396 |
| Cash with fiscal agent | - | - | 125,000 | - | - | 125,000 |
| Receivables (net of allowances for uncollectibles) | 43,786 | 6,150 | 800 | 99,497 | 13,893 | 164,126 |
| Due from other funds | - | - | 114,185 | 295,503 | - | 409,688 |
| Inventories | 323,597 | - | - | - | - | 323,597 |
| Total current assets | 2,176,276 | 476,697 | 4,112,711 | 1,314,023 | 176,100 | 8,255,807 |
| Capital assets: | | | | | | |
| Buildings | 1,550,503 | 131,801 | - | - | - | 1,682,304 |
| Machinery and equipment | 23,944,093 | 456,978 | 62,007 | - | 275,439 | 24,738,517 |
| Less accumulated depreciation | (16,005,420) | (330,835) | (4,660) | - | (167,368) | (16,508,283) |
| Total capital assets (net of accumulated depreciation) | 9,489,176 | 257,944 | 57,347 | - | 108,071 | 9,912,538 |
| Total assets | \$ 11,665,452 | \$ 734,641 | \$ 4,170,058 | \$ 1,314,023 | \$ 284,171 | \$ 18,168,345 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 483,534 | \$ 120,472 | \$ 2,921,080 | \$ 500 | \$ 95,957 | \$ 3,621,543 |
| Accrued payroll and fringe benefits | 41,058 | 16,192 | 5,381 | - | 5,663 | 68,294 |
| Compensated absences-current | 19,344 | 3,074 | 1,704 | - | - | 24,122 |
| Intergovernmental payable | 2,625 | 6,514 | 147,407 | - | - | 156,546 |
| Deferred revenue | 45,686 | - | - | - | - | 45,686 |
| Accrued interest payable | 15,232 | - | - | - | - | 15,232 |
| Note payable - current | 50,291 | - | - | - | - | 50,291 |
| Leases payable - current | - | 15,416 | - | - | - | 15,416 |
| Total current liabilities | 657,770 | 161,668 | 3,075,572 | 500 | 101,620 | 3,997,130 |
| Noncurrent liabilities: | | | | | | |
| Compensated absences | 237,166 | 93,242 | 30,535 | - | - | 360,943 |
| Leases payable | - | 80,031 | - | - | - | 80,031 |
| Note payable | 450,587 | - | - | - | - | 450,587 |
| Total noncurrent liabilities | 687,753 | 173,273 | 30,535 | - | - | 891,561 |
| Total liabilities | 1,345,523 | 334,941 | 3,106,107 | 500 | 101,620 | 4,888,691 |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of related debt | 8,988,298 | 162,497 | 57,347 | - | 108,071 | 9,316,213 |
| Unrestricted | 1,331,631 | 237,203 | 1,006,604 | 1,313,523 | 74,480 | 3,963,441 |
| Total net assets | \$ 10,319,929 | \$ 399,700 | \$ 1,063,951 | \$ 1,313,523 | \$ 182,551 | \$ 13,279,654 |

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2006

| | Fleet Management | Office Support Services | Workers' Compensation | Employee Benefits Trust | Telecom- munications | Totals |
|--|----------------------|-------------------------------|--------------------------|-------------------------------|-------------------------|----------------------|
| Operating revenues: | | | | | | |
| Charges for services | \$ 8,317,874 | \$ 1,444,584 | \$ 4,497,919 | \$ 18,183,088 | \$ 1,577,431 | \$ 34,020,896 |
| Total operating revenues | 8,317,874 | 1,444,584 | 4,497,919 | 18,183,088 | 1,577,431 | 34,020,896 |
| Operating expenses: | | | | | | |
| Personnel services | 1,778,214 | 695,949 | 228,717 | - | 288,940 | 2,991,820 |
| Contractual services | 558,638 | 15,150 | 44,596 | - | 8,441 | 626,825 |
| Materials and supplies | 5,670,030 | 392,516 | 135,269 | - | 8,120 | 6,205,935 |
| Utilities | 92,438 | 20,587 | - | 245 | 1,101,838 | 1,215,108 |
| Repairs and maintenance | 12,640 | 41,689 | 37,754 | - | 14,321 | 106,404 |
| Rental expenses | 1,613 | 281,099 | - | - | - | 282,712 |
| Vehicle fleet charges | 80,916 | 11,931 | 13,734 | - | 7,894 | 114,475 |
| Employee benefits | - | - | 3,627,358 | 18,219,393 | - | 21,846,751 |
| Other expenses | 545,088 | 21,560 | 178,408 | 17,632 | 67,812 | 830,500 |
| Depreciation | 2,336,392 | 60,396 | 3,051 | - | 21,808 | 2,421,647 |
| Total operating expenses | 11,075,969 | 1,540,877 | 4,268,887 | 18,237,270 | 1,519,174 | 36,642,177 |
| Operating income (loss) | (2,758,095) | (96,293) | 229,032 | (54,182) | 58,257 | (2,621,281) |
| Nonoperating revenues (expenses): | | | | | | |
| Interest income | - | - | 143,686 | - | - | 143,686 |
| Interest expense | (31,194) | (4,764) | - | - | - | (35,958) |
| Loss on disposal of fixed assets | (320,288) | (19,122) | - | - | - | (339,410) |
| Total nonoperating revenues (expenses) | (351,482) | (23,886) | 143,686 | - | - | (231,682) |
| Income (loss) before transfers | (3,109,577) | (120,179) | 372,718 | (54,182) | 58,257 | (2,852,963) |
| Transfers out | (490,577) | (124,294) | - | - | - | (614,871) |
| Transfers in | 3,367,428 | - | - | - | 124,294 | 3,491,722 |
| Change in net assets | (232,726) | (244,473) | 372,718 | (54,182) | 182,551 | 23,888 |
| Total net assets - beginning as previously reported | 10,567,735 | 644,173 | 691,233 | 1,367,705 | - | 13,270,846 |
| Prior period adjustments | (15,080) | - | - | - | - | (15,080) |
| Total net assets - beginning as restated | 10,552,655 | 644,173 | 691,233 | 1,367,705 | - | 13,255,766 |
| Total net assets - ending | \$ 10,319,929 | \$ 399,700 | \$ 1,063,951 | \$ 1,313,523 | \$ 182,551 | \$ 13,279,654 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended June 30, 2006

| | Fleet Management | Office Support Services | Workers' Compensation | Employee Benefits Trust | Telecom- munications | Totals |
|---|---------------------|-------------------------------|--------------------------|-------------------------------|-------------------------|---------------------|
| Cash flows from operating activities: | | | | | | |
| Cash received from customers | \$ 8,063,603 | \$ 1,426,314 | \$ 4,664,614 | \$ 18,503,730 | \$ 1,514,632 | \$ 34,172,893 |
| Cash receipts from interfund services provided | 252,277 | 22,108 | - | - | 48,906 | 323,291 |
| Cash payments to suppliers for goods and services | (6,998,680) | (795,146) | (4,105,207) | (18,237,323) | (1,112,469) | (31,248,825) |
| Cash payments to employees for services | (1,815,800) | (730,515) | (234,031) | - | (283,277) | (3,063,623) |
| Net cash provided by (used in) operating activities | (498,600) | (77,239) | 325,376 | 266,407 | 167,792 | 183,736 |
| Cash flows from noncapital financing activities: | | | | | | |
| Transfers in (out) | 2,876,851 | (124,294) | - | - | 124,294 | 2,876,851 |
| Net cash provided by noncapital financing activities | 2,876,851 | (124,294) | - | - | 124,294 | 2,876,851 |
| Cash flows from capital and related financing activities: | | | | | | |
| Principal paid on long-term debt | (47,366) | (16,735) | - | - | - | (64,101) |
| Proceeds from capital lease | - | 100,110 | - | - | - | 100,110 |
| Interest paid | (32,634) | (4,764) | - | - | - | (37,398) |
| Proceeds from sale of capital assets | 425,499 | 105,598 | - | - | - | 531,097 |
| Acquisition and construction of capital assets (including capitalized interest) | (3,732,446) | (100,110) | (42,701) | - | (129,879) | (4,005,136) |
| Net cash used in capital and related financing activities | (3,386,947) | 84,099 | (42,701) | - | (129,879) | (3,475,428) |
| Cash flows from investing activities: | | | | | | |
| Interest received | - | - | 143,686 | - | - | 143,686 |
| Net cash provided by investing activities | - | - | 143,686 | - | - | 143,686 |
| Net increase (decrease) in cash and cash equivalents | (1,008,696) | (117,434) | 426,361 | 266,407 | 162,207 | (271,155) |
| Cash and cash equivalents at beginning of year | 2,817,589 | 587,981 | 3,571,365 | 652,616 | - | 7,629,551 |
| Cash and cash equivalents at end of year | <u>\$ 1,808,893</u> | <u>\$ 470,547</u> | <u>\$ 3,997,726</u> | <u>\$ 919,023</u> | <u>\$ 162,207</u> | <u>\$ 7,358,396</u> |
| Reconciliation to balance sheet: | | | | | | |
| Pooled cash and cash equivalents | \$ 1,808,893 | \$ 470,547 | \$ 3,872,726 | \$ 919,023 | \$ 162,207 | \$ 7,233,396 |
| Cash with fiscal agent | - | - | 125,000 | - | - | 125,000 |
| Cash and cash equivalents at end of year | <u>\$ 1,808,893</u> | <u>\$ 470,547</u> | <u>\$ 3,997,726</u> | <u>\$ 919,023</u> | <u>\$ 162,207</u> | <u>\$ 7,358,396</u> |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended June 30, 2006

| | Fleet Management | Office Support Services | Workers' Compensation | Employee Benefits Trust | Telecom- munications | Totals |
|--|---------------------|-------------------------------|--------------------------|-------------------------------|-------------------------|----------------|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Operating income (loss) | \$ (2,758,095) | \$ (96,293) | \$ 229,032 | \$ (54,182) | \$ 58,257 | \$ (2,621,281) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation | 2,336,392 | 60,396 | 3,051 | - | 21,808 | 2,421,647 |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in receivables | (1,994) | 3,838 | 166,695 | 320,642 | (13,893) | 475,288 |
| (Increase) decrease in inventory | (81,001) | - | - | - | - | (81,001) |
| Increase (decrease) in accounts payable | 9,921 | (10,614) | (68,088) | (53) | 95,957 | 27,123 |
| Increase (decrease) in accrued payroll | (37,586) | (34,566) | (5,314) | - | 5,663 | (71,803) |
| Decrease in deferred revenue | 33,763 | - | - | - | - | 33,763 |
| Total adjustments | 2,259,495 | 19,054 | 96,344 | 320,589 | 109,535 | 2,805,017 |
| Net cash provided by (used in) operating activities | \$ (498,600) | \$ (77,239) | \$ 325,376 | \$ 266,407 | \$ 167,792 | \$ 183,736 |

See notes to financial statements.

CHARLESTON COUNTY COMBINING STATEMENTS - FIDUCIARY FUNDS

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

Agency Funds - This fund primarily consists of monies collected and disbursed by the County Treasurer (an elected, constitutionally mandated official) for various governmental units and taxing entities within Charleston County's borders as defined by South Carolina law. These monies are not under the control of Charleston County Council. This fund also consists of monies administered by several elected, appointed and other officials who, by nature of their position, collect and disburse cash. These officials consist of the Business License Director, Clerk of Court (who administers both Clerk of Court and Family Court funds), Controller, Delinquent Tax Collector, Family Court, Magistrates, Master-In-Equity, Probate Court Judge, Sheriff, and Solicitor.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2006

| | Balance July 1, 2005 (As restated) | Additions | Deductions | Balance June 30, 2006 |
|--|--|------------|------------|--------------------------|
| <u>ASSETS</u> | | | | |
| Non-pooled cash and cash equivalents: | | | | |
| Held by Business License/User Fee Third parties | \$ 59,155 | \$ 151,966 | \$ 50,834 | \$ 160,287 |
| Held by Clerk of Court Third parties | 6,010,024 | 8,432,728 | 11,914,609 | 2,528,143 |
| Held by Controller Third parties | 12,418 | 34,638 | 33,522 | 13,534 |
| Held by Delinquent Tax Third parties | 1,400,587 | 15,117,634 | 15,172,821 | 1,345,400 |
| Held by Family Court Third parties | 416,660 | 32,974,469 | 32,870,725 | 520,404 |
| Held by Magistrates Third parties | 139,336 | 151,960 | 139,336 | 151,960 |
| Held by Master-In-Equity Third parties | 1,526,439 | 22,383,020 | 21,634,372 | 2,275,087 |
| Held by Probate Third parties | - | 1,588 | - | 1,588 |
| Held by Sheriff Third parties | 124,645 | 3,847,597 | 3,909,818 | 62,424 |
| Held by Solicitor Third parties | 60,513 | 450,354 | 296,604 | 214,263 |
| Total non-pooled cash and cash equivalents | 9,749,777 | 83,545,954 | 86,022,641 | 7,273,090 |
| Investments | | | | |
| Held by Treasurer Third parties | 219,763 | 9,969,422 | 5,223,245 | 4,965,940 |
| Held by Delinquent Tax Third parties | 6,800,061 | 72,534,761 | 72,479,464 | 6,855,358 |
| Total Investments | 7,019,824 | 82,504,183 | 77,702,709 | 11,821,298 |

CONTINUED

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2006

| | Balance July 1, 2004 (As Restated) | Additions | Deductions | Balance June 30, 2005 |
|---|--|-----------------------|-----------------------|--------------------------|
| ASSETS | | | | |
| Pooled cash and cash equivalents: | | | | |
| Held by Treasurer | | | | |
| C & B Fire Department | \$ 5,717 | \$ 6,960 | \$ 3,400 | \$ 9,277 |
| Charleston County Airport | (1,038) | - | - | (1,038) |
| Charleston County PRC | (84,774) | 14,357,467 | 14,284,541 | (11,848) |
| Charleston County School District | 10,143,356 | 279,573,132 | 269,405,318 | 20,311,170 |
| City of Charleston | 3,024,372 | 53,003,223 | 50,474,557 | 5,553,038 |
| City of Folly Beach | 8,227 | 1,562,420 | 1,553,168 | 17,479 |
| City of Folly Beach/James Island | - | 24,507 | 24,476 | 31 |
| City of Isle of Palms | 18,111 | 3,255,316 | 3,256,189 | 17,238 |
| City of North Charleston | 1,166,255 | 29,148,384 | 27,880,729 | 2,433,910 |
| Cooper River PPC | 2,237 | 236,366 | 232,417 | 6,186 |
| East Cooper Fire District | 68 | - | - | 68 |
| James Island PSD | 236,421 | 5,258,069 | 5,126,680 | 367,810 |
| James Island Fireman's Fund | 34,288 | 81,487 | 115,775 | - |
| North Charleston District | 15,288 | 1,434,361 | 1,407,714 | 41,935 |
| S. C. Fireman's Association | - | 1,479,560 | 1,479,560 | - |
| St. Andrew's PPC | 25,900 | 1,244,791 | 1,225,978 | 44,713 |
| St. Andrew's Firemen's Fund | - | 38,864 | 38,864 | - |
| St. Andrew's Public Service District | 97,289 | 5,519,676 | 5,463,514 | 153,451 |
| St. John's Fire District | 175,961 | 8,302,594 | 8,178,469 | 300,086 |
| St. John's Firemen's Fund | 223,680 | 231,497 | 223,680 | 231,497 |
| St. Paul's Fire District | 52,341 | 3,148,995 | 3,091,482 | 109,854 |
| State Agencies | 186,697 | 3,272,602 | 3,140,323 | 318,976 |
| Third parties | (698,141) | 19,534,262 | 19,537,961 | (701,840) |
| Town of Awendaw Firemen's Assoc | - | 27,533 | 27,533 | - |
| Town of Awendaw | - | 222,888 | 214,543 | 8,345 |
| Town of Lincolnville | 2,568 | 177,890 | 172,424 | 8,034 |
| Town of McClellanville | 1,485 | 192,324 | 187,948 | 5,861 |
| Town of Mount Pleasant | 2,678,966 | 18,718,490 | 17,702,885 | 3,694,571 |
| Town of Sullivan's Island | 7,241 | 1,500,524 | 1,497,213 | 10,552 |
| Town of Summerville | 3,783 | 27,008 | 6,265 | 24,526 |
| Total held by Treasurer | 17,326,298 | 451,581,190 | 435,953,606 | 32,953,882 |
| Held by Drug Seizure Trust | | | | |
| Third parties | 132,381 | 217,919 | 225,636 | 124,664 |
| Total pooled cash and cash equivalents | 17,458,679 | 451,799,109 | 436,179,242 | 33,078,546 |
| Total assets | \$ 34,228,280 | \$ 617,849,246 | \$ 599,904,592 | \$ 52,172,934 |

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2006

| | Balance July 1, 2005 (As Restated) | Additions | Deductions | Balance June 30, 2006 |
|--------------------------------------|--|-----------------------|-----------------------|--------------------------|
| <u>LIABILITIES</u> | | | | |
| Due to component units: | | | | |
| Charleston County PRC | \$ (84,774) | \$ 14,357,467 | \$ 14,284,541 | \$ (11,848) |
| Cooper River PPC | 2,237 | 236,366 | 232,417 | 6,186 |
| James Island PSD | 236,421 | 5,258,069 | 5,126,680 | 367,810 |
| North Charleston District | 15,288 | 1,434,361 | 1,407,714 | 41,935 |
| St. Andrew's PPC | 25,900 | 1,244,791 | 1,225,978 | 44,713 |
| St. John's Fire District | 175,961 | 8,302,594 | 8,178,469 | 300,086 |
| St. Paul's Fire District | 52,341 | 3,148,995 | 3,091,482 | 109,854 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total due to component units | 423,374 | 33,982,643 | 33,547,281 | 858,736 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Intergovernmental payable: | | | | |
| C & B Fire Department | 5,717 | 6,960 | 3,400 | 9,277 |
| Charleston County Airport | (1,038) | - | - | (1,038) |
| Charleston County School District | 10,363,119 | 289,542,554 | 274,628,563 | 25,277,110 |
| City of Charleston | 3,024,372 | 53,003,223 | 50,474,557 | 5,553,038 |
| City of Folly Beach | 8,227 | 1,562,420 | 1,553,168 | 17,479 |
| City of Folly Beach/James Island | - | 24,507 | 24,476 | 31 |
| City of Isle of Palms | 18,111 | 3,255,316 | 3,256,189 | 17,238 |
| City of North Charleston | 1,166,255 | 29,148,384 | 27,880,729 | 2,433,910 |
| East Cooper Fire District | 68 | - | - | 68 |
| James Island Fireman's Fund | 34,288 | 81,487 | 115,775 | - |
| S. C. Firemen's Association | - | 1,479,560 | 1,479,560 | - |
| St. John's Fireman's Fund | 223,680 | 231,497 | 223,680 | 231,497 |
| St. Andrew's Public Service District | 97,289 | 5,519,676 | 5,463,514 | 153,451 |
| St. Andrew's Firemen's Fund | - | 38,864 | 38,864 | - |
| State Agencies | 186,697 | 3,272,602 | 3,140,323 | 318,976 |
| Town of Awendaw Firemen's Assoc | - | 27,533 | 27,533 | - |
| Town of Awendaw | - | 222,888 | 214,543 | 8,345 |
| Town of Lincolnville | 2,568 | 177,890 | 172,424 | 8,034 |
| Town of McClellanville | 1,485 | 192,324 | 187,948 | 5,861 |
| Town of Mount Pleasant | 2,678,966 | 18,718,490 | 17,702,885 | 3,694,571 |
| Town of Sullivan's Island | 7,241 | 1,500,524 | 1,497,213 | 10,552 |
| Town of Summerville | 3,783 | 27,008 | 6,265 | 24,526 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total intergovernmental payable | 17,820,828 | 408,033,707 | 388,091,609 | 37,762,926 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Due to third parties | 15,984,078 | 175,832,896 | 178,265,702 | 13,551,272 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | <u>\$ 34,228,280</u> | <u>\$ 617,849,246</u> | <u>\$ 599,904,592</u> | <u>\$ 52,172,934</u> |

See notes to financial statements.

**CHARLESTON COUNTY, SOUTH CAROLINA
CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**



COUNTY OF CHARLESTON, SOUTH CAROLINA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function
June 30, 2006

| Function | Land | Buildings | Improvements Other than Buildings | Machinery and Equipment | Infrastructure | Construction in Progress | Total |
|------------------------|---------------------|-----------------------|---|----------------------------|----------------------|-----------------------------|-----------------------|
| General government | \$ 3,219,184 | \$ 75,086,943 | \$ 1,055,674 | \$ 27,282,434 | \$ - | \$ 6,201,625 | \$ 112,845,860 |
| Public safety | 70,036 | 30,094,123 | 67,191 | 13,204,571 | - | 721,147 | 44,157,068 |
| Judicial | - | 60,715,205 | - | 884,481 | - | 31,207 | 61,630,893 |
| Public works | 125,898 | 392,048 | - | 1,101,536 | 60,800,406 | - | 62,419,888 |
| Health and welfare | - | 1,532,836 | 2,081,222 | 666,512 | - | - | 4,280,570 |
| Culture and recreation | 554,487 | 33,683,406 | - | 24,269 | - | - | 34,262,162 |
| Total | \$ 3,969,605 | \$ 201,504,561 | \$ 3,204,087 | \$ 43,163,803 | \$ 60,800,406 | \$ 6,953,979 | \$ 319,596,441 |

This schedule presents only the capital asset balances related to the governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

COUNTY OF CHARLESTON, SOUTH CAROLINA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function
For the Year Ended June 30, 2006

| Function | Balance July 1, 2005 | Additions * | Deletions * | Balance June 30, 2006 |
|------------------------|-------------------------|----------------------|-----------------------|--------------------------|
| General government | \$ 106,416,813 | \$ 8,458,764 | \$ (2,029,717) | \$ 112,845,860 |
| Public safety | 41,301,179 | 2,970,872 | (114,983) | 44,157,068 |
| Judicial | 61,298,299 | 332,594 | - | 61,630,893 |
| Public works | 58,327,513 | 4,403,590 | (311,215) | 62,419,888 |
| Health and welfare | 4,297,854 | 24,887 | (42,171) | 4,280,570 |
| Culture and recreation | 34,237,413 | 24,749 | - | 34,262,162 |
| Total | \$ 305,879,071 | \$ 16,215,456 | \$ (2,498,086) | \$ 319,596,441 |

* The additions and deletions include amounts for inter-function transfers.

This schedule presents only the capital asset balances related to the governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL TABLES (UNAUDITED)



STATISTICAL SECTION

This section of the County 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 County's overall financial health.

| | Page Number |
|--|------------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. | 171 - 177 |
| Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax. | 178 - 181 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future. | 182 - 186 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place. | 187 - 188 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. | 189 - 192 |
| Financial Assurance Coverage | 193 |

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|-------------|------|------|------|------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Governmental Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | (A) | (A) | (A) | (A) | (A) | \$ 38,880,686 | \$ 40,126,334 | \$ 49,998,715 | \$ 57,359,439 | \$ 73,784,397 |
| Restricted | (A) | (A) | (A) | (A) | (A) | 51,356,705 | 28,420,510 | 32,932,674 | 60,338,152 | 51,638,770 |
| Unrestricted | (A) | (A) | (A) | (A) | (A) | 65,557,470 | 41,986,611 | 33,263,298 | 11,749,363 | 37,628,366 |
| Total Governmental Activities Net Assets | - | - | - | - | - | <u>\$ 155,794,861</u> | <u>\$ 110,533,455</u> | <u>\$ 116,194,687</u> | <u>\$129,446,954</u> | <u>\$ 163,051,533</u> |
| Business-Type Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | (A) | (A) | (A) | (A) | (A) | \$ 20,476,139 | \$ 22,345,734 | \$ 18,801,715 | \$ 20,241,171 | \$ 17,983,156 |
| Restricted | (A) | (A) | (A) | (A) | (A) | 27,483,291 | 14,418,181 | 8,462,709 | 11,141,799 | 49,159,942 |
| Unrestricted | (A) | (A) | (A) | (A) | (A) | 7,081,588 | 25,676,672 | 38,441,936 | 42,327,249 | 15,023,549 |
| Total Business-Type Activities Net assets | - | - | - | - | - | <u>\$ 55,041,018</u> | <u>\$ 62,440,587</u> | <u>\$ 65,706,360</u> | <u>\$ 73,710,219</u> | <u>\$ 82,166,647</u> |
| Primary Government | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | (A) | (A) | (A) | (A) | (A) | \$ 59,356,825 | \$ 62,472,068 | \$ 68,800,430 | \$ 77,600,610 | \$ 91,767,553 |
| Restricted | (A) | (A) | (A) | (A) | (A) | 78,839,996 | 42,838,691 | 41,395,383 | 71,479,951 | 100,798,712 |
| Unrestricted | (A) | (A) | (A) | (A) | (A) | 72,639,058 | 67,663,283 | 71,705,234 | 54,076,612 | 52,651,915 |
| Total Primary Government Net Assets | - | - | - | - | - | <u>\$ 210,835,879</u> | <u>\$ 172,974,042</u> | <u>\$ 181,901,047</u> | <u>\$203,157,173</u> | <u>\$ 245,218,180</u> |

(A) GASB 34 was not implemented until the 2002 fiscal year; net asset information is not available prior to that fiscal year

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|-------------|------|------|------|------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | (A) | (A) | (A) | (A) | (A) | \$ 40,355,391 | \$ 42,030,869 | \$ 44,073,903 | \$ 48,480,730 | \$ 54,974,087 |
| Public Safety | (A) | (A) | (A) | (A) | (A) | 49,424,542 | 57,667,474 | 60,199,756 | 65,411,630 | 67,475,922 |
| Judicial | (A) | (A) | (A) | (A) | (A) | 13,274,645 | 15,150,950 | 16,303,000 | 17,626,761 | 19,042,092 |
| Public Works | (A) | (A) | (A) | (A) | (A) | 12,371,692 | 14,249,365 | 13,047,445 | 14,569,632 | 23,717,878 |
| Health and Welfare | (A) | (A) | (A) | (A) | (A) | 11,240,334 | 13,698,800 | 12,259,223 | 11,823,614 | 10,992,770 |
| Economic Development | (A) | (A) | (A) | (A) | (A) | 730,879 | 584,991 | 1,057,507 | 943,669 | 3,481,117 |
| Culture and Recreation | (A) | (A) | (A) | (A) | (A) | 14,145,906 | 14,744,185 | 17,464,877 | 16,731,110 | 18,133,308 |
| Education | (A) | (A) | (A) | (A) | (A) | 3,549,382 | 3,592,277 | 3,735,895 | 3,931,038 | 5,004,959 |
| Interest and Fiscal Charges | (A) | (A) | (A) | (A) | (A) | 9,931,428 | 10,697,842 | 9,306,029 | 10,107,693 | 10,453,449 |
| Total Governmental Activities Expenses | (A) | (A) | (A) | (A) | (A) | <u>155,024,199</u> | <u>172,416,753</u> | <u>177,447,635</u> | <u>189,625,877</u> | <u>213,275,582</u> |
| Business-Type Activities: | | | | | | | | | | |
| E 911 | (A) | (A) | (A) | (A) | (A) | 945,397 | 923,506 | 905,427 | 1,167,080 | 888,812 |
| Solid Waste | (A) | (A) | (A) | (A) | (A) | 26,371,802 | 26,266,186 | 27,252,627 | 29,335,704 | 32,430,587 |
| Parking Garage | (A) | (A) | (A) | (A) | (A) | 2,669,181 | 2,705,187 | 2,322,980 | 1,922,169 | 1,712,310 |
| DOADAS | (A) | (A) | (A) | (A) | (A) | 8,786,426 | 7,795,981 | 8,185,395 | 8,493,417 | 8,667,219 |
| Total Business-Type Activities Expenses | (A) | (A) | (A) | (A) | (A) | <u>38,772,806</u> | <u>37,690,860</u> | <u>38,666,429</u> | <u>40,918,370</u> | <u>43,698,928</u> |
| Total Primary Government Expenses | (A) | (A) | (A) | (A) | (A) | <u>\$ 193,797,005</u> | <u>\$ 210,107,613</u> | <u>\$ 216,114,064</u> | <u>\$ 230,544,247</u> | <u>\$ 256,974,510</u> |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | (A) | (A) | (A) | (A) | (A) | \$ 10,150,792 | \$ 13,676,611 | \$ 15,440,672 | \$ 17,935,275 | \$ 19,041,161 |
| Public Safety | (A) | (A) | (A) | (A) | (A) | 5,768,142 | 6,721,223 | 7,878,504 | 6,290,751 | 6,157,762 |
| Judicial | (A) | (A) | (A) | (A) | (A) | 5,494,170 | 5,900,661 | 7,292,551 | 7,253,058 | 7,778,889 |
| Public Works | (A) | (A) | (A) | (A) | (A) | 216,747 | 108,535 | 143,354 | 179,664 | 196,147 |
| Health and Welfare | (A) | (A) | (A) | (A) | (A) | 654,450 | 804,262 | 558,244 | 788,557 | 1,150,312 |
| Culture and Recreation | (A) | (A) | (A) | (A) | (A) | 79,220 | 68,828 | 66,441 | 73,303 | 201,705 |
| Education | (A) | (A) | (A) | (A) | (A) | - | - | 10,170 | - | - |
| Operating Grants and Contributions | (A) | (A) | (A) | (A) | (A) | 15,693,824 | 17,389,105 | 16,592,529 | 19,298,359 | 21,435,951 |
| Capital Grants and Contributions | (A) | (A) | (A) | (A) | (A) | - | - | - | 3,131,573 | - |
| Total Governmental Activities Program Revenues | (A) | (A) | (A) | (A) | (A) | <u>38,057,345</u> | <u>44,669,225</u> | <u>47,982,465</u> | <u>54,950,540</u> | <u>55,961,927</u> |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| E 911 | (A) | (A) | (A) | (A) | (A) | 1,148,171 | 1,120,349 | 1,273,381 | 1,940,631 | 1,265,946 |
| Solid Waste | (A) | (A) | (A) | (A) | (A) | 29,199,399 | 29,429,531 | 32,729,983 | 33,605,612 | 35,799,249 |
| Parking Garage | (A) | (A) | (A) | (A) | (A) | 2,720,599 | 2,833,338 | 8,290,653 | 2,008,933 | 2,066,315 |
| DAODAS | (A) | (A) | (A) | (A) | (A) | 4,374,792 | 3,707,126 | 3,783,036 | 5,519,478 | 4,113,731 |
| Operating Grants and Contributions | (A) | (A) | (A) | (A) | (A) | 4,172,690 | 3,629,030 | 3,092,077 | 1,138,657 | 2,933,166 |
| Capital Grants and Contributions | (A) | (A) | (A) | (A) | (A) | - | - | - | - | 904,389 |
| Total Business-Type Activities Program Revenues | (A) | (A) | (A) | (A) | (A) | <u>41,615,651</u> | <u>40,719,374</u> | <u>49,169,130</u> | <u>44,213,311</u> | <u>47,082,796</u> |
| Total Primary Government Program Revenues | (A) | (A) | (A) | (A) | (A) | <u>\$ 79,672,996</u> | <u>\$ 85,388,599</u> | <u>\$ 97,151,595</u> | <u>\$ 99,163,851</u> | <u>\$ 103,044,723</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
 CHANGES IN NET ASSETS
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

(CONTINUED)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|--|-------------|------|------|------|------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | (A) | (A) | (A) | (A) | (A) | \$(116,966,854) | \$ (127,747,528) | \$ (129,465,170) | \$ (134,675,337) | \$ (157,313,655) |
| Business-Type Activities | (A) | (A) | (A) | (A) | (A) | 2,842,845 | 3,028,514 | 10,502,701 | 3,294,941 | 3,383,868 |
| Total Primary Government Net (Expense)/Revenue | (A) | (A) | (A) | (A) | (A) | <u>\$(114,124,009)</u> | <u>\$ (124,719,014)</u> | <u>\$ (118,962,469)</u> | <u>\$ (131,380,396)</u> | <u>\$ (153,929,787)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes by Source: | | | | | | | | | | |
| Property Tax | (A) | (A) | (A) | (A) | (A) | \$ 76,672,139 | \$ 76,262,067 | \$ 76,421,626 | \$ 77,341,114 | \$ 82,216,983 |
| Local Option Sales Tax | (A) | (A) | (A) | (A) | (A) | 32,061,842 | 32,445,350 | 35,629,077 | 38,100,097 | 42,159,174 |
| Transportation Tax | (A) | (A) | (A) | (A) | (A) | - | - | - | 5,870,000 | 37,116,336 |
| Accommodations Tax | (A) | (A) | (A) | (A) | (A) | 6,561,848 | 6,683,992 | 6,927,227 | 7,611,446 | 8,292,848 |
| Franchise fees | (A) | (A) | (A) | (A) | (A) | 689,269 | 545,425 | 589,622 | 793,129 | 774,254 |
| Merchants Inventory tax and manufacture's depreciation | (A) | (A) | (A) | (A) | (A) | 1,607,919 | 1,682,766 | 1,715,716 | 1,677,255 | 1,563,067 |
| Motor Carrier Tax | (A) | (A) | (A) | (A) | (A) | 171,651 | 132,567 | 77,160 | 108,871 | 116,292 |
| State Aid to political subdivisions | (A) | (A) | (A) | (A) | (A) | 13,839,678 | 13,654,987 | 13,781,116 | 13,959,555 | 14,603,288 |
| Grants and contributions not restricted to certain program | (A) | (A) | (A) | (A) | (A) | 217,231 | - | - | - | - |
| Unrestricted Investment Earnings | (A) | (A) | (A) | (A) | (A) | 3,957,860 | 727,946 | 469,755 | 2,495,650 | 5,757,314 |
| Gain (loss) on Sale of Capital Assets | (A) | (A) | (A) | (A) | (A) | 181,165 | (214,959) | 387,618 | - | 514,247 |
| Miscellaneous | (A) | (A) | (A) | (A) | (A) | - | - | - | - | - |
| Transfers | (A) | (A) | (A) | (A) | (A) | (2,816,345) | (2,509,762) | 8,151,631 | (3,289,535) | (3,601,887) |
| Total Governmental Activities | (A) | (A) | (A) | (A) | (A) | <u>133,144,257</u> | <u>129,410,379</u> | <u>144,150,548</u> | <u>144,667,582</u> | <u>189,511,916</u> |
| Business-Type activities: | | | | | | | | | | |
| Property Taxes | (A) | (A) | (A) | (A) | (A) | - | 359 | 48 | 64 | 65 |
| Alcoholic Beverage Tax | (A) | (A) | (A) | (A) | (A) | 481,219 | 514,357 | 528,466 | 542,927 | 523,037 |
| Merchants Inventory tax and manufacture's depreciation | (A) | (A) | (A) | (A) | (A) | 11,015 | 10,832 | 10,832 | 10,832 | 10,832 |
| Unrestricted investment earnings | (A) | (A) | (A) | (A) | (A) | 1,155,267 | 640,025 | 396,412 | 832,632 | 1,782,440 |
| Gain (loss) on Sale of Capital Assets | (A) | (A) | (A) | (A) | (A) | (111,664) | (22,975) | - | - | 3,811 |
| Transfers | (A) | (A) | (A) | (A) | (A) | 2,816,345 | 2,509,762 | (8,151,631) | 3,289,535 | 3,601,887 |
| Total Business-Type Activities | (A) | (A) | (A) | (A) | (A) | <u>4,352,182</u> | <u>3,652,360</u> | <u>(7,215,873)</u> | <u>4,675,990</u> | <u>5,922,072</u> |
| Total Primary Government | (A) | (A) | (A) | (A) | (A) | <u>\$ 137,496,439</u> | <u>\$ 133,062,739</u> | <u>\$ 136,934,675</u> | <u>\$ 149,343,572</u> | <u>\$ 195,433,988</u> |
| Special Items | | | | | | (224,758) | (7,573,526) | (9,151,217) | 3,471,464 | 1,383,940 |
| Change in Net Assets: | | | | | | | | | | |
| Governmental Activities | (A) | (A) | (A) | (A) | (A) | 15,952,645 | (5,910,675) | 5,534,161 | 13,463,709 | 33,582,201 |
| Business-Type Activities | (A) | (A) | (A) | (A) | (A) | 7,195,027 | 6,680,874 | 3,286,828 | 7,970,931 | 9,305,940 |
| Total Primary Government | (A) | (A) | (A) | (A) | (A) | <u>\$ 23,147,672</u> | <u>\$ 770,199</u> | <u>\$ 8,820,989</u> | <u>\$ 21,434,640</u> | <u>\$ 42,888,141</u> |

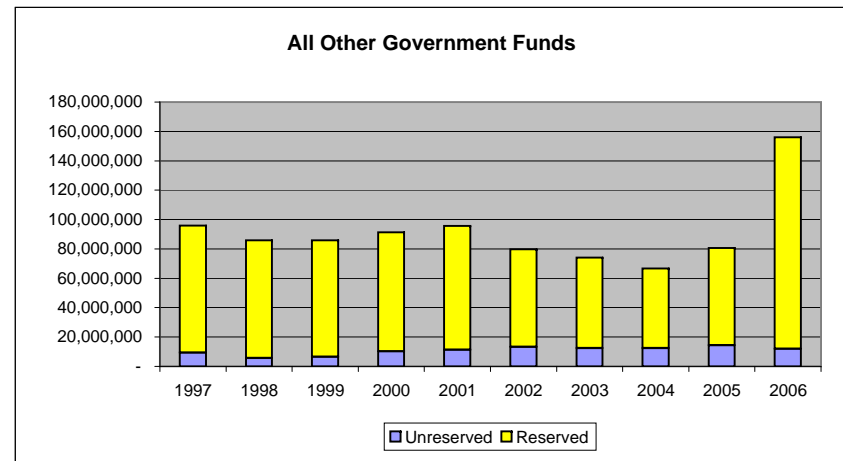
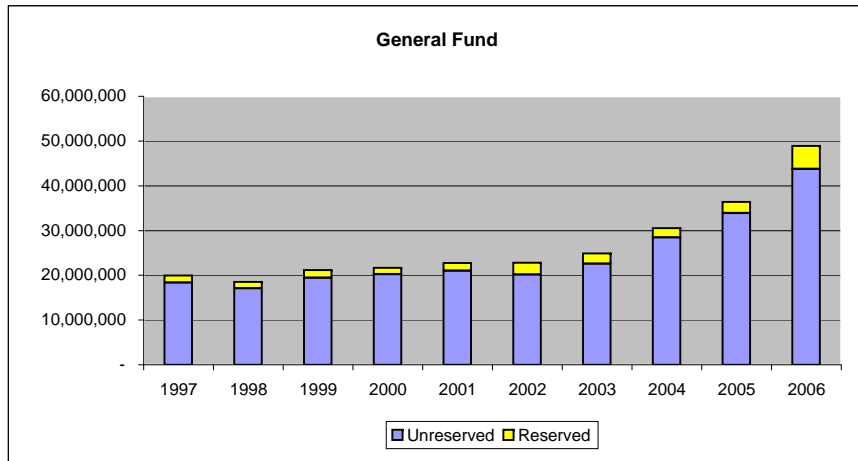
(A) GASB 34 was not implemented until the 2002 fiscal year; change in net asset information is not available prior to that fiscal year.

COUNTY OF CHARLESTON, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 1,567,165 | \$ 1,363,227 | \$ 1,743,441 | \$ 1,400,707 | \$ 1,738,607 | \$ 2,640,074 | \$ 2,327,895 | \$ 2,057,482 | \$ 2,470,102 | \$ 5,202,242 |
| Unreserved | 18,388,955 | 17,125,781 | 19,423,269 | 20,251,529 | 21,037,076 | 20,142,964 | 22,571,681 | 28,453,427 | 33,899,138 | 43,731,980 |
| Total General Fund | \$19,956,120 | \$18,489,008 | \$21,166,710 | \$21,652,236 | \$22,775,683 | \$22,783,038 | \$24,899,576 | \$30,510,909 | \$36,369,240 | \$ 48,934,222 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Inventories and prepaid items | - | - | \$ - | \$ 7,905 | \$ - | \$ - | \$ 212,671 | \$ 204,652 | \$ 299,021 | \$ 11,603 |
| Encumbrances | 6,357,600 | 6,613,216 | 30,391,049 | 42,770,830 | 29,748,490 | 14,947,995 | 15,093,314 | 7,163,103 | 5,628,457 | 13,318,333 |
| Debt Service | 3,019,764 | 2,586,148 | 2,215,848 | 5,599,228 | 7,515,689 | 10,226,831 | 9,212,186 | 11,951,945 | 26,279,539 | 18,953,106 |
| Capital Projects Funds | 77,039,886 | 70,978,474 | 46,579,642 | 32,543,827 | 46,940,375 | 41,147,186 | 37,062,341 | 34,782,398 | 34,058,613 | 32,685,664 |
| Transportation and road sales tax | - | - | - | - | - | - | - | - | - | 78,931,458 |
| Unreserved, Reported In: | | | | | | | | | | |
| Special Revenue Funds | 9,371,474 | 5,704,609 | 6,612,852 | 10,337,025 | 11,411,114 | 13,383,688 | 12,427,657 | 12,505,052 | 14,384,176 | 12,042,386 |
| Total All Other Governmental Funds | \$95,788,724 | \$85,882,447 | \$85,799,391 | \$91,258,815 | \$95,615,668 | \$79,705,700 | \$74,008,169 | \$66,607,150 | \$80,649,806 | \$155,942,550 |

Note: The significant increase in unreserved fund balance for Special Revenue funds is due to the Transportation and Road Sales Tax Special Revenue that was initiated in this fiscal year.





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COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

| UNAUDITED | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Revenues | | | | | | | | | | |
| Taxes by Source: | | | | | | | | | | |
| Property Tax | \$ 79,676,116 | \$ 57,144,955 | \$ 59,702,515 | \$ 63,329,697 | \$ 68,609,823 | \$ 76,617,795 | \$ 76,060,041 | \$ 76,637,031 | \$ 77,352,935 | \$ 82,395,793 |
| Local Option Sales Tax | - | 25,622,494 | 28,307,931 | 30,894,479 | 32,065,271 | 32,061,842 | 32,445,350 | 35,629,077 | 38,100,097 | 42,159,174 |
| Transportation Tax | - | - | - | - | - | - | - | - | 5,870,000 | 37,116,336 |
| Intergovernmental | 29,118,107 | 31,192,902 | 42,716,262 | 37,811,052 | 31,682,123 | 31,708,211 | 34,026,407 | 35,526,262 | 35,529,286 | 38,162,337 |
| Fees, Permits, Licenses | 12,570,363 | 15,179,504 | 17,296,238 | 17,049,868 | 18,404,737 | 19,395,825 | 21,240,225 | 23,974,732 | 28,134,114 | 5,039,668 |
| Fines and Forfeitures | 2,542,644 | 2,419,628 | 2,539,845 | 3,211,203 | 3,503,947 | 3,417,423 | 2,934,280 | 2,950,070 | 3,093,825 | 3,120,755 |
| Interest | 7,502,610 | 5,772,393 | 5,855,946 | 8,207,424 | 7,819,320 | 4,159,112 | 3,151,337 | 2,690,076 | 4,211,316 | 8,221,219 |
| Service Charges | 3,280,030 | 3,609,168 | 3,707,788 | 3,768,561 | 3,682,270 | 3,992,204 | 4,395,844 | 5,005,436 | 5,362,174 | 30,891,094 |
| Rental and Use of Property | 2,491,074 | 2,388,548 | 2,366,356 | 2,338,124 | 1,772,953 | 987,732 | 977,369 | 913,155 | 764,147 | 824,999 |
| Other Revenues | 1,468,772 | 2,603,154 | 3,300,684 | 2,439,107 | 3,525,675 | 2,168,314 | 2,151,627 | 2,429,717 | 15,712,452 | 3,195,766 |
| Total Revenues | \$ 138,649,716 | \$ 145,932,746 | \$ 165,793,565 | \$ 169,049,515 | \$ 171,066,119 | \$ 174,508,458 | \$ 177,382,480 | \$ 185,755,556 | \$ 214,130,346 | \$ 251,127,141 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General Government | \$ 31,423,487 | \$ 34,309,536 | \$ 37,148,373 | \$ 39,517,215 | \$ 44,105,433 | \$ 36,599,028 | \$ 36,219,659 | \$ 36,301,070 | \$ 39,019,532 | \$ 47,343,899 |
| Public Safety | 28,916,669 | 38,269,786 | 41,022,122 | 45,655,900 | 47,523,098 | 51,775,854 | 54,047,731 | 58,756,537 | 63,543,857 | 65,342,995 |
| Judicial | - | - | - | - | - | 13,288,448 | 13,741,592 | 14,573,036 | 16,001,052 | 17,593,865 |
| Public Works | 6,269,664 | 6,801,878 | 6,417,127 | 6,768,380 | 7,424,993 | 12,492,420 | 11,679,447 | 12,461,062 | 11,762,912 | 25,287,241 |
| Health and Welfare | 16,625,490 | 7,619,564 | 10,553,373 | 10,318,046 | 9,274,448 | 11,470,130 | 13,388,372 | 11,980,147 | 11,665,243 | 10,822,458 |
| Economic Development | 3,582,956 | 663,659 | 646,337 | 632,264 | 654,977 | 732,242 | 582,206 | 1,055,405 | 953,526 | 3,480,343 |
| Culture and recreation | 11,739,374 | 14,399,450 | 12,494,714 | 13,297,032 | 13,615,973 | 13,804,030 | 14,061,914 | 15,121,758 | 16,029,300 | 17,427,709 |
| Education and intergovernmental | 3,152,055 | 7,473,611 | 6,058,147 | 6,280,381 | 6,497,866 | 3,549,382 | 3,592,277 | 3,735,895 | 3,931,038 | 5,004,959 |
| Capital Outlay | 25,323,171 | 21,647,210 | 23,209,960 | 39,465,880 | 37,027,780 | 24,235,436 | 11,437,194 | 12,418,844 | 8,378,854 | 11,443,269 |
| Debt Service: | | | | | | | | | | |
| Principal | 7,654,454 | 8,051,568 | 8,489,993 | 8,943,128 | 8,217,722 | 6,782,392 | 8,764,798 | 11,383,731 | 9,190,168 | 13,935,403 |
| Interest and Fiscal Charges | 9,863,274 | 9,426,850 | 8,980,462 | 6,928,247 | 9,239,501 | 9,957,303 | 9,583,270 | 10,445,027 | 9,675,723 | 9,437,517 |
| Bond Issuance Costs | - | - | - | 152,923 | 363,146 | - | - | 887,728 | 314,963 | 288,427 |
| Total Expenditures | 144,550,594 | 148,663,112 | 155,020,608 | 177,959,396 | 183,944,937 | 184,686,665 | 177,098,460 | 189,120,240 | 190,466,168 | 227,408,085 |
| Excess of Revenues Over (Under) Expenditures | \$ (5,900,878) | \$ (2,730,366) | \$ 10,772,957 | \$ (8,909,881) | \$ (12,878,818) | \$ (10,178,207) | \$ 284,020 | \$ (3,364,684) | \$ 23,664,178 | \$ 23,719,056 |

COUNTY OF CHARLESTON, SOUTH CAROLINA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

(CONTINUED)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|------------------------|----------------------|----------------------|----------------------|------------------------|-----------------------|-----------------------|----------------------|----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Capital Lease Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 679,887 | \$ 915,806 | \$ 431,614 | \$ 844,468 | \$ 841,831 |
| Sale of GO Transportation Sales Tax Bonds | - | - | - | - | - | - | - | - | - | 65,000,000 |
| Refunding General Obligation Bonds Issued | - | - | - | 49,845,105 | 30,349,046 | - | - | 63,740,000 | - | - |
| Refunding Certificates of participation Issued | - | - | - | - | - | - | - | 38,527,153 | 16,139,845 | - |
| Premium on Bonds Sold | - | - | - | - | - | - | - | 2,753,332 | 707,763 | 1,978,623 |
| Payment to Refunded Debt Escrow Agent | - | - | - | (29,243,355) | (5,859,135) | - | - | (100,978,948) | (16,749,287) | - |
| Transfers In | 14,833,636 | 8,602,278 | 11,506,554 | 8,858,326 | 6,457,997 | 7,729,355 | 6,173,477 | 27,328,853 | 11,448,598 | 26,475,413 |
| Transfers Out | (17,917,801) | (17,459,996) | (19,228,421) | (15,016,484) | (13,095,710) | (14,065,067) | (10,982,211) | (22,250,488) | (17,580,736) | (32,954,151) |
| Sale of Capital Assets | - | - | - | - | - | 118,014 | 24,645 | 1,144,447 | 1,572,599 | 1,390,616 |
| Total Other Financing Sources (Uses) | <u>(3,084,165)</u> | <u>(8,857,718)</u> | <u>(7,721,867)</u> | <u>14,443,592</u> | <u>17,852,198</u> | <u>(5,537,811)</u> | <u>(3,868,283)</u> | <u>10,695,963</u> | <u>(3,616,750)</u> | <u>62,732,332</u> |
| Speical Item | | | | | | - | - | (9,151,217) | - | 1,383,940 |
| Net Change in Fund Balances | <u>\$ (8,985,043)</u> | <u>\$ (11,588,084)</u> | <u>\$ 3,051,090</u> | <u>\$ 5,533,711</u> | <u>\$ 4,973,380</u> | <u>\$ (15,716,018)</u> | <u>\$ (3,584,263)</u> | <u>\$ (1,819,938)</u> | <u>\$ 20,047,428</u> | <u>\$ 87,835,328</u> |
| Capital Asset Expenditures | <u>\$ 14,586,045</u> | <u>\$ 11,755,236</u> | <u>\$ 16,809,600</u> | <u>\$ 36,436,215</u> | <u>\$ 33,296,043</u> | <u>\$ 24,354,576</u> | <u>\$ 12,453,729</u> | <u>\$ 14,125,020</u> | <u>\$ 10,692,730</u> | <u>\$ 16,576,342</u> |
| Debt Service as a Percentage of Noncapital Expenditures | <u>13.5%</u> | <u>12.8%</u> | <u>12.6%</u> | <u>11.3%</u> | <u>11.8%</u> | <u>10.4%</u> | <u>11.1%</u> | <u>13.0%</u> | <u>10.7%</u> | <u>11.2%</u> |

COUNTY OF CHARLESTON, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

| Fiscal Year Ended June 30, | Real Property | Personal Property | Vehicles | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Estimated Actual Tax Value |
|-----------------------------------|----------------------|--------------------------|-----------------|-------------------------------------|------------------------------|---------------------------------------|---|
| 1997 | \$ 683,484,430 | \$ 151,776,556 | \$ 141,864,118 | \$ 977,125,104 | 195.1 | \$ 16,069,771,952 | 6.08% |
| 1998 | 703,148,480 | 160,363,450 | 148,710,439 | 1,012,222,369 | 200.7 | 16,674,312,602 | 6.07% |
| 1999 | 713,853,651 | 179,288,844 | 161,088,282 | 1,054,230,777 | 218.5 | 17,329,190,818 | 6.08% |
| 2000 | 766,283,307 | 185,778,620 | 171,560,857 | 1,123,622,784 | 213.9 | 17,950,748,824 | 6.26% |
| 2001 | 1,145,417,703 | 192,723,669 | 180,661,249 | 1,518,802,621 | 180.0 | 25,483,155,603 | 5.96% |
| 2002 | 1,297,211,547 | 201,808,305 | 172,330,164 | 1,671,350,016 | 180.2 | 29,415,537,271 | 5.68% |
| 2003 | 1,347,982,940 | 208,482,465 | 169,956,308 | 1,726,421,713 | 187.7 | 30,569,891,246 | 5.65% |
| 2004 | 1,394,103,212 | 210,193,376 | 173,309,334 | 1,777,605,922 | 191.9 | 31,642,939,115 | 5.62% |
| 2005 | 2,041,172,452 | 213,698,050 | 164,182,170 | 2,419,052,672 | 161.3 | 44,178,997,925 | 5.48% |
| 2006 | 2,197,536,874 | 194,576,361 | 153,380,326 | 2,545,493,561 | 160.8 | 47,282,058,031 | 5.38% |

Source: Charleston County Auditor

Note: 1 Property in the county was last reassessed for fiscal year 2001. Tax rates are per \$1,000 of assessed value.

Note: 2 For FY 1989, the State passed legislation that exempted business inventory from property tax. The assessed value of the exempted inventory for FY 1990 was approximately \$209,000,000. In place of the property tax, the State now pays the County, through State shared revenues the amount of tax that was received in FY 1988. This amount is frozen for all future years at the FY 1988 level.

Note: 3 Under Sc Law all real property is appraised at actual market value 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 debi margin.

COUNTY OF CHARLESTON, SOUTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| County Direct Rates: | | | | | | | | | | |
| Charleston County Government Operating | 62.5 | 65.8 | 69.2 | 69.2 | 50.8 | 50.8 | 50.8 | 51.3 | 40.2 | 40.2 |
| Charleston County Government Debt Service | 16.6 | 16.3 | 16.6 | 16.6 | 10.4 | 10.4 | 10.4 | 9.9 | 6.6 | 6.6 |
| Park and Recreation Commission Operating | 4.4 | 4.5 | 4.5 | 4.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| Park and Recreation Commission Debt Service | 5.1 | 5.7 | 5.6 | 5.6 | 3.7 | 3.7 | 3.7 | 3.7 | 2.1 | 2.1 |
| Trident Technical College | 2.8 | 2.8 | 2.8 | 2.8 | 2.1 | 2.1 | 2.1 | 2.1 | 2.0 | 2.0 |
| County School Board Operating | 87.0 | 90.0 | 90.0 | 90.0 | 89.1 | 89.3 | 105.1 | 109.0 | 91.1 | 92.8 |
| County School Board Debt Service | 16.7 | 15.6 | 29.8 | 25.2 | 20.4 | 20.4 | 12.1 | 12.4 | 15.8 | 13.6 |
| Total Direct Rate | 195.1 | 200.7 | 218.5 | 213.9 | 180.0 | 180.2 | 187.7 | 191.9 | 161.3 | 160.8 |
| Fire District Rates: | 29.0 - 59.2 | 29.0 - 59.2 | 29.0 - 59.2 | 28.5 - 59.2 | 23.8 - 51.5 | 21.8 - 50.9 | 23.2 - 50.9 | 23.9 - 51.5 | 16.5 - 40.3 | 16.5 - 40.3 |
| City/Town Rates: | 34.2 - 123.0 | 34.2 - 123.8 | 34.2 - 129.8 | 34.2 - 129.8 | 28.3 - 116.4 | 26.2 - 116.4 | 27.9 - 116.4 | 28.5 - 116.4 | 17.9 - 115.5 | 18.5 - 92.8 |
| Public Service District Rates: | 59.5 - 85.0 | 75.6 - 84.9 | 82.2 - 97.0 | 85.7 - 104.4 | 77.4 - 104.6 | 72.1 - 104.5 | 74.2 - 104.5 | 74.2 - 111.4 | 55.2 - 111.2 | 55.2 - 108.4 |

Source: The above millage rates were provided by the Charleston County Auditor

Note: Overlapping rates are those of local and county governments that apply to property owners within the County of Charleston South Carolina. Not all overlapping rates apply to all of Charleston County property owners (i.e., the rates for fire/special purpose districts apply only to the proportion of the Charleston County's property owners whose property is located within the geographic boundaries of the fire/special purpose district).

**COUNTY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
(Modified Accrual Basis of Accounting)**

UNAUDITED

| Taxpayer | Type of Business | 2006 | | | 1997 | | |
|-----------------------------------|------------------------------|------------------------|------|--|------------------------|------|--|
| | | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| SCE & G | Electric and Gas Utility | \$ 36,569,110 | 1 | 1.53% | \$ 28,741,400 | 1 | 3.3% |
| Bell South | Telecommunications | 19,359,740 | 2 | 0.81% | 20,297,500 | 3 | 2.3% |
| MeadWestvaco | Paper and Chemicals | 16,855,507 | 3 | 0.70% | 28,506,920 | 2 | 3.3% |
| Kiawah Real Estate Co. | Real Estate | 7,581,340 | 4 | 0.32% | - | | |
| Cellco | Telecommunications | 6,144,209 | 5 | 0.26% | - | | |
| Charleston Place LLC | Hotels and Convention Center | 5,380,080 | 6 | 0.22% | - | | |
| Kiawah Resort Assoc. | Real Estate | 5,335,880 | 7 | 0.22% | 3,022,120 | 7 | 0.3% |
| Berkeley Electric Co-Op | Electric and Gas Utility | 4,904,550 | 8 | 0.21% | 2,278,020 | 8 | 0.3% |
| North Charleston Joint Venture II | Retail | 4,897,680 | 9 | 0.20% | - | | |
| G & I, III | Real Estate | 4,873,640 | 10 | 0.20% | - | | |
| AT&T | Telecommunications | - | | | 5,554,130 | 4 | 0.6% |
| Albright & Wilson | Chemicals | - | | | 4,482,020 | 5 | 0.5% |
| Cummins Engine | Engine Fabrication | - | | | 3,250,990 | 6 | 0.4% |
| Charleston Center, LLC | Hotels and Convention Center | - | | | 2,027,400 | 9 | 0.2% |
| Evening Post | News Media | - | | | 1,552,030 | 10 | 0.2% |
| Totals | | <u>\$ 111,901,736</u> | | <u>4.7%</u> | <u>\$ 99,712,530</u> | | <u>11.5%</u> |

Source: Charleston County Auditor

**COUNTY OF CHARLESTON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

UNAUDITED

| Fiscal Year Ended June 30 | Original Tax Levy for Fiscal Year | Adjusted Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--|--|--|---|-------------------------------|--|----------------------------------|-------------------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 1997 | \$ 52,851,086 | \$ 52,851,086 | \$ 50,596,564 | 95.7% | \$ 1,850,838 | \$ 52,447,402 | 99.2% |
| 1998 | 53,226,024 | 53,226,024 | 51,089,822 | 96.0% | 1,716,175 | 52,805,997 | 99.2% |
| 1999 | 56,070,347 | 56,070,347 | 53,371,581 | 95.2% | 2,160,466 | 55,532,047 | 99.0% |
| 2000 | 59,000,991 | 59,000,991 | 56,322,447 | 95.5% | 2,011,691 | 58,334,138 | 98.9% |
| 2001 | 62,990,678 | 62,990,678 | 60,011,687 | 95.3% | 1,982,593 | 61,994,280 | 98.4% |
| 2002 | 69,979,712 | 69,979,712 | 66,574,527 | 95.1% | 2,593,554 | 69,168,081 | 98.8% |
| 2003 | 70,724,095 | 70,724,095 | 67,801,645 | 95.9% | 2,345,519 | 70,147,164 | 99.2% |
| 2004 | 73,504,819 | 73,504,819 | 70,729,990 | 96.2% | 1,229,078 | 71,959,068 | 97.9% |
| 2005 | 71,982,912 | 71,982,912 | 69,530,828 | 96.6% | 1,078,387 | 70,609,215 | 98.1% |
| 2006 | 75,825,360 | 75,825,360 | 73,525,524 | 97.0% | 2,734,258 | 76,259,782 | 100.6% |

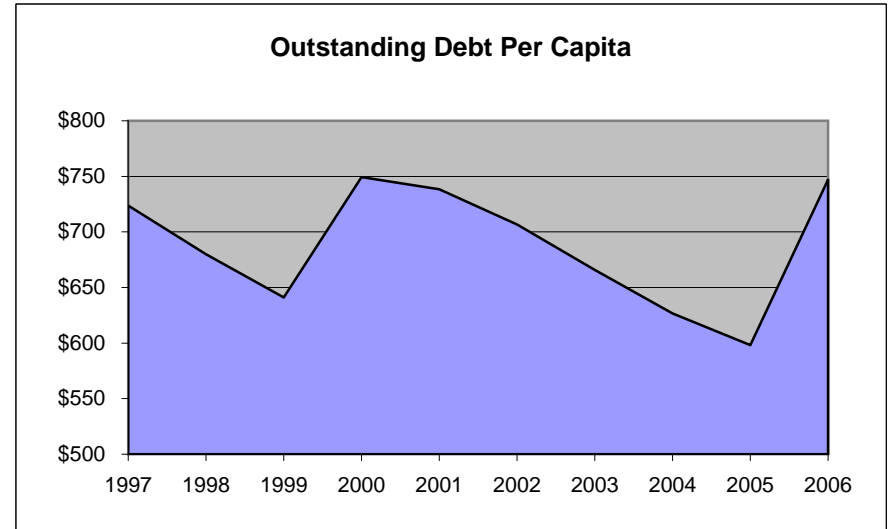
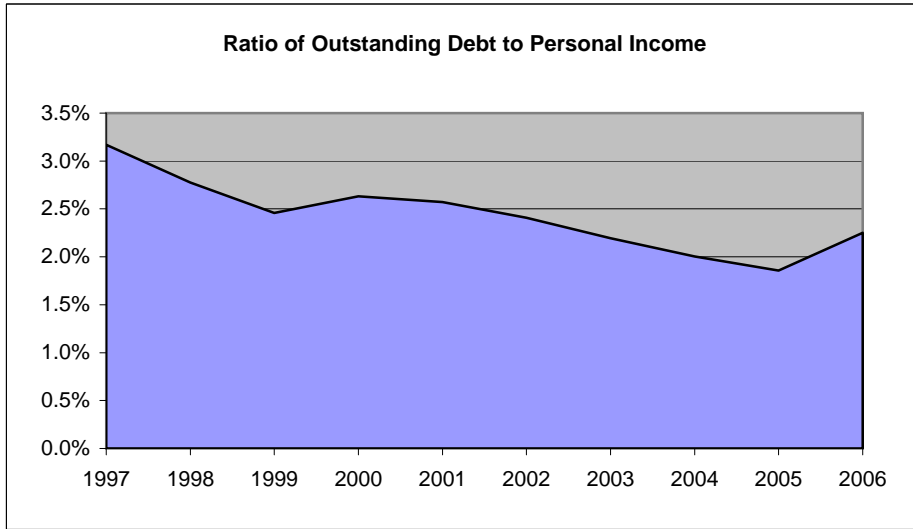
Source: This Information was Provided by the Charleston County Treasurers Office

**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

UNAUDITED

| Fiscal Year Ended June 30 | Governmental Activities | | | Business-Type Activities | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|---------------------------|--------------------------|-------------------------------|----------------|-------------------------------|---------------|----------------|--------------------------|-------------------------------|------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Certificates of Participation | Revenue Bonds | Capital Leases | | | |
| 1997 | \$ 75,975,000 | \$ 97,693,518 | \$ - | \$ 28,091,482 | \$ 21,105,000 | \$ - | \$ 222,865,000 | 3.2% | \$ 724 |
| 1998 | 71,525,000 | 94,120,528 | - | 27,159,472 | 20,325,000 | - | 213,130,000 | 2.8% | 680 |
| 1999 | 66,890,000 | 90,295,471 | - | 26,159,529 | 19,505,000 | - | 202,850,000 | 2.5% | 641 |
| 2000 | 84,625,000 | 86,248,700 | - | 25,106,300 | 18,645,000 | - | 239,731,300 | 2.6% | 749 |
| 2001 | 110,400,000 | 78,048,825 | - | 22,691,175 | 17,740,000 | - | 228,880,000 | 2.6% | 738 |
| 2002 | 106,850,000 | 74,816,433 | 679,887 | 21,583,567 | 16,790,000 | - | 220,719,887 | 2.4% | 707 |
| 2003 | 101,745,000 | 71,416,680 | 1,415,624 | 20,418,320 | 15,785,000 | - | 210,780,624 | 2.2% | 666 |
| 2004 | 100,755,000 | 71,254,819 | 1,306,196 | 13,365,181 | 14,525,000 | - | 201,206,196 | 2.0% | 627 |
| 2005 | 97,535,000 | 66,992,312 | 3,636,998 | 12,542,688 | 13,280,000 | - | 193,986,998 | 1.9% | 598 |
| 2006 | 155,025,000 | 62,418,635 | 3,474,081 | 11,666,365 | 12,055,000 | - | 244,639,081 | 2.3% | 747 |

Note: Details regarding Charleston County, South Carolina's outstanding debt can be found in the notes to the basic financial statements. See the Schedule of Demographic and Economic Statistics for personal income and population data.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF GENERAL OBLIGATION BONDED DEBT TO
ASSESSED VALUE AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

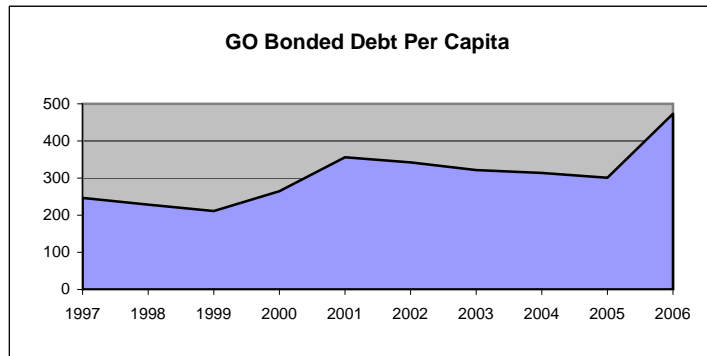
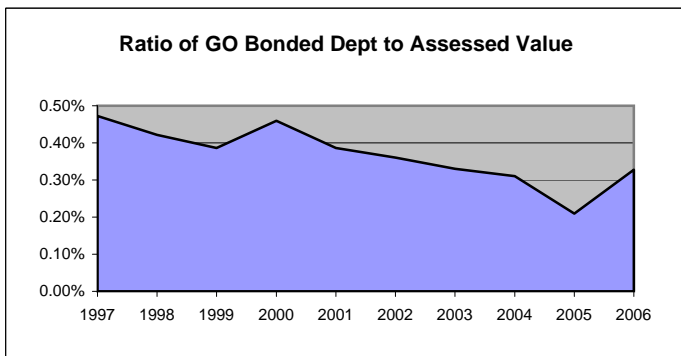
UNAUDITED

| <u>Fiscal Year</u> | <u>Estimated Population</u> | <u>Assessed Value</u> | <u>Net Bonded Debt</u> | <u>Ratio of G.O. Bonded Debt to Assessed Value</u> | <u>G.O. Bonded Debt Per Capita</u> |
|--------------------|-----------------------------|-----------------------|------------------------|--|------------------------------------|
| 1997 | 307,945 | \$ 16,069,771,952 | \$ 75,975,000 | 0.47% | 247 |
| 1998 | 313,478 | 16,971,964,078 | 71,525,000 | 0.42% | 228 |
| 1999 | 316,482 | 17,318,863,771 | 66,890,000 | 0.39% | 211 |
| 2000 | 319,921 | 18,410,141,885 | 84,625,000 | 0.46% | 265 |
| 2001 | 309,969 | 28,595,317,583 | 110,400,000 | 0.39% | 356 |
| 2002 | 312,365 | 29,666,989,206 | 106,850,000 | 0.36% | 342 |
| 2003 | 316,611 | 30,851,205,551 | 101,745,000 | 0.33% | 321 |
| 2004 | 321,014 | 32,425,619,687 | 100,755,000 | 0.31% | 314 |
| 2005 | 324,224 | 46,536,987,902 | 97,535,000 | 0.21% | 301 |
| 2006 | 327,466 | 47,282,058,031 | 155,025,000 | 0.33% | 473 |

Note 1 Details regarding the County of Charleston's Outstanding Debt can be found in the notes to the basic financial statements.

Note 2 See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for the Property Value Data.

Note 3 See the Schedule for Demographic and Economic Statistics for population data.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF TOTAL TAX SUPPORTED DEBT TO
ASSESSED VALUE AND TOTAL TAX SUPPORTED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

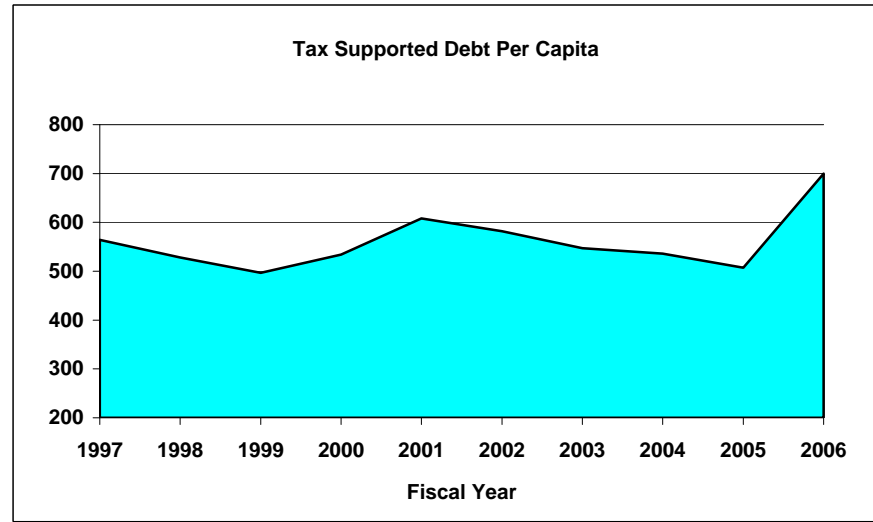
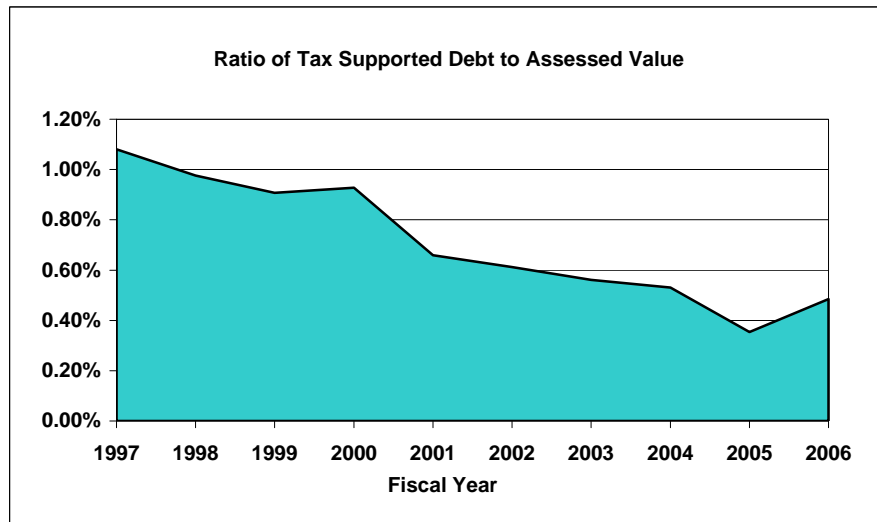
UNAUDITED

| Fiscal Year | Estimated Population | Assessed Value | General Obligation Bonds | Certificates of Participation | Capital Leases | Net Tax Supported Debt | Ratio of Tax Supported Debt to Assessed Value | Net Tax Supported Debt Per Capita |
|--------------------|-----------------------------|-----------------------|---------------------------------|--------------------------------------|-----------------------|-------------------------------|--|--|
| 1997 | 307,945 | \$ 16,069,771,952 | \$ 75,975,000 | \$ 97,693,518 | \$ - | \$ 173,668,518 | 1.08% | \$ 564 |
| 1998 | 313,478 | 16,971,964,078 | 71,525,000 | 94,120,528 | - | 165,645,528 | 0.98% | 528 |
| 1999 | 316,482 | 17,318,863,771 | 66,890,000 | 90,295,471 | - | 157,185,471 | 0.91% | 497 |
| 2000 | 319,921 | 18,410,141,885 | 84,625,000 | 86,248,700 | - | 170,873,700 | 0.93% | 534 |
| 2001 | 309,969 | 28,595,317,583 | 110,400,000 | 78,048,825 | - | 188,448,825 | 0.66% | 608 |
| 2002 | 312,365 | 29,666,989,206 | 106,850,000 | 74,816,433 | 679,887 | 181,666,433 | 0.61% | 582 |
| 2003 | 316,611 | 30,851,205,551 | 101,745,000 | 71,416,680 | 1,415,624 | 173,161,680 | 0.56% | 547 |
| 2004 | 321,014 | 32,425,619,687 | 100,755,000 | 71,254,819 | 1,306,196 | 172,009,819 | 0.53% | 536 |
| 2005 | 324,224 | 46,536,987,902 | 97,535,000 | 66,992,312 | 3,636,998 | 164,527,312 | 0.35% | 507 |
| 2006 | 327,466 | 47,282,058,031 | 155,025,000 | 74,085,000 | 3,474,081 | 229,110,000 | 0.48% | 700 |

Note 1 Details regarding the County of Charleston's Outstanding Debt can be found in the notes to the basic financial statements.

Note 2 See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for the Property Value Data.

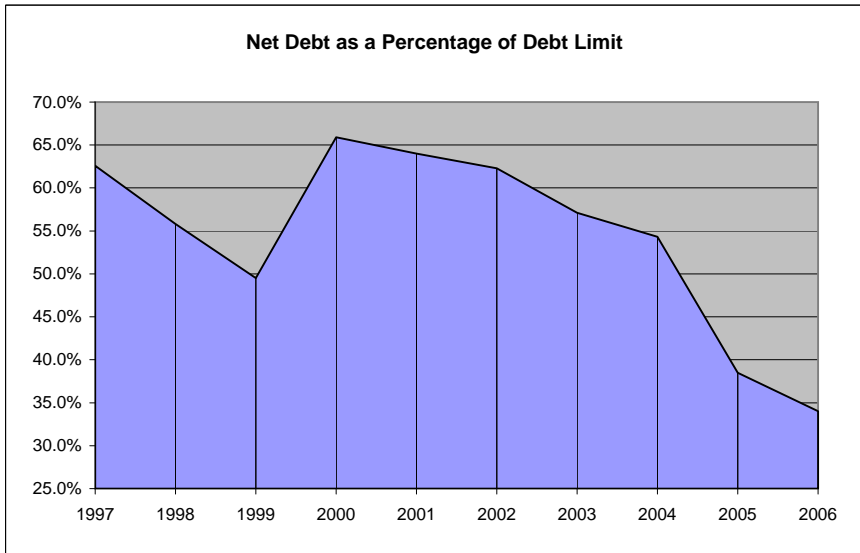
Note 3 See the Schedule for Demographic and Economic Statistics for population data.



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

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Debt Limit | \$ 79,834,618 | \$ 82,514,486 | \$ 86,152,901 | \$ 92,332,405 | \$ 136,653,408 | \$ 135,820,190 | \$ 140,476,777 | \$ 144,634,276 | \$ 195,786,861 | \$ 205,995,772 |
| Total Net Debt Applicable to Debt Limit | 49,975,000 | 46,025,000 | 42,640,000 | 60,875,000 | 87,400,000 | 84,600,000 | 80,245,000 | 78,558,957 | 75,338,957 | 69,974,368 |
| Legal Debt Margin | <u>\$ 29,859,618</u> | <u>\$ 36,489,486</u> | <u>\$ 43,512,901</u> | <u>\$ 31,457,405</u> | <u>\$ 49,253,408</u> | <u>\$ 51,220,190</u> | <u>\$ 60,231,777</u> | <u>\$ 66,075,319</u> | <u>\$ 120,447,904</u> | <u>\$ 136,021,404</u> |
| Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit | <u>62.6%</u> | <u>55.8%</u> | <u>49.5%</u> | <u>65.9%</u> | <u>64.0%</u> | <u>62.3%</u> | <u>57.1%</u> | <u>54.3%</u> | <u>38.5%</u> | <u>34.0%</u> |



Legal Debt Margin Calculation for Fiscal Year 2006

| | |
|---|-----------------------|
| Total Assessed Value | \$ 2,574,947,153 |
| Debt Limit (8% of Total Assessed Value) | 205,995,772 |
| Amount of Debt Applicable to Debt Limit: | |
| Total Bonded Debt | 155,025,000 |
| Less: Debt Issued Through Referendum | (85,050,632) |
| Total Amount of Debt Applicable to Debt Limit | <u>69,974,368</u> |
| Legal Debt Margin | <u>\$ 136,021,404</u> |

Note: Article Eight (8), Section Seven (7) of the South Carolina Constitution of 1895, as amended, provides that no government shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein without voter approval

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 PLEDGED REVENUE COVERAGE
 REVENUE BOND COVERAGE
 SOLID WASTE ENTERPRISE FUND**

UNAUDITED

| Fiscal Year | Gross Revenues | Operating Expenses | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|----------------|--------------------|--|---------------------------|--------------|--------------|----------|
| | | | | Principal | Interest | Total | |
| 1997 | \$ 26,903,455 | \$ 23,084,338 | \$ 3,819,117 | \$ 750,000 | \$ 1,292,147 | \$ 2,042,147 | 1.87 |
| 1998 | 28,750,189 | 22,073,268 | 6,676,921 | 780,000 | 1,248,615 | 2,028,615 | 3.29 |
| 1999 | 28,909,220 | 21,133,135 | 7,776,085 | 820,000 | 1,202,498 | 2,022,498 | 3.84 |
| 2000 | 30,313,065 | 21,292,411 | 9,020,654 | 860,000 | 1,153,540 | 2,013,540 | 4.48 |
| 2001 | 30,937,885 | 23,767,198 | 7,170,687 | 905,000 | 1,101,599 | 2,006,599 | 3.57 |
| 2002 | 30,482,043 | 24,733,210 | 5,748,833 | 950,000 | 1,053,880 | 2,003,880 | 2.87 |
| 2003 | 30,172,896 | 23,621,983 | 6,550,913 | 1,005,000 | 1,002,579 | 2,007,579 | 3.26 |
| 2004 | 33,291,523 | 25,611,601 | 7,679,922 | 1,060,000 | 716,904 | 1,776,904 | 4.32 |
| 2005 | 34,588,461 | 27,570,465 | 7,017,996 | 1,161,955 | 703,308 | 1,865,263 | 3.76 |
| 2006 | 37,566,510 | 31,391,266 | 6,175,244 | 1,278,336 | 598,413 | 1,876,749 | 3.29 |

Note: 1 Details regarding the County of Charleston's outstanding debt can be found in the notes to the basic financial statements.

Note: 2 FY 1995 was the first year that the County had Revenue Bonds outstanding.

Note: 3 Gross revenues include interest, operating grants, and loss on disposal of fixed assets.

Note: 4 Total operating expenses are exclusive of depreciation and amortization.

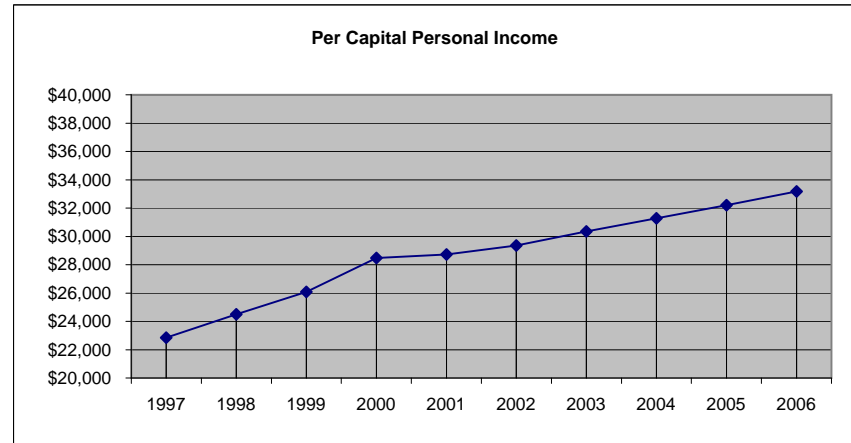
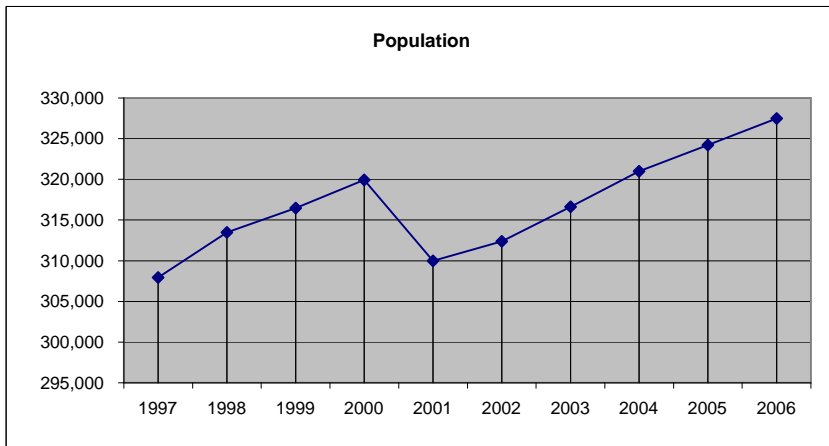
**COUNTY OF CHARLESTON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

UNAUDITED

| Fiscal Year Ended June 30 | Population | Personal Income | Per Capita Personal Income | Unemployment Rate | Median Age | School Enrollment |
|----------------------------------|-------------------|------------------------|-----------------------------------|--------------------------|-------------------|--------------------------|
| 1997 | 307,945 | \$ 7,033,155,855 | \$ 22,839 | 4.1% | 31.1 | 43,067 |
| 1998 | 313,478 | 7,677,076,220 | 24,490 | 3.0% | 31.4 | 44,878 |
| 1999 | 316,482 | 8,255,432,970 | 26,085 | 3.0% | 31.6 | 43,443 |
| 2000 | 319,921 | 9,106,871,186 | 28,466 | 3.0% | 31.8 | 43,212 |
| 2001 | 309,969 | 8,903,859,525 | 28,725 | 3.2% | 31.9 | 41,864 |
| 2002 | 312,365 | 9,166,663,290 | 29,346 | 3.8% | 33.9 | 41,830 |
| 2003 | 316,611 | 9,612,626,571 | 30,361 | 4.2% | 34.5 | 43,783 |
| 2004 | 321,014 | 10,038,695,236 | 31,272 | 4.4% | 35.3 | 41,870 |
| 2005 | 324,224 | 10,443,306,916 | 32,210 | 4.7% | 35.5 | 41,912 |
| 2006 | 327,466 | 10,864,012,016 | 33,176 | 5.0% | 36.2 | 48,500 |

The following Data Sources were used to develop this information:
 South Carolina Office of Research and Statistics
 Charleston County School District
 SCIway - SC Internet Information Highway
 Charleston County Chamber of Commerce

Some of the statistics for Fiscal Year Ended June 30, 2004 and beyond are estimated from past year trend analysis.



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

UNAUDITED

| | |
|-----------------------------------|----------------|
| County Employment for 2006 | 165,760 |
| County Employment for 1997 | 136,326 |

| Employer | 2006 | | | 1997 | | |
|---|------------------------|------|---|------------------------|------|---|
| | Number of Employees | Rank | Percentage of Total County Employment | Number of Employees | Rank | Percentage of Total County Employment |
| Medical University of South Carolina (MUSC) | 7,550 | 1 | 4.55% | 7,528 | 1 | 5.52% |
| Charleston Air Force Base | 5,600 | 2 | 3.38% | 6,000 | 2 | 4.40% |
| Charleston County School District | 5,150 | 3 | 3.11% | 5,109 | 3 | 3.75% |
| Roper St. Francis Healthcare | 2,900 | 4 | 1.75% | 3,250 | 4 | 2.38% |
| Piggly Wiggly Carolina Co. Inc. | 2,500 | 5 | 1.51% | 1,800 | 7 | 1.32% |
| Charleston County | 2,300 | 6 | 1.39% | 2,136 | 5 | 1.57% |
| Wal-Mart | 2,150 | 7 | 1.30% | 1,564 | 8 | 1.15% |
| Mead Westvaco | 1,600 | 8 | 0.97% | 2,049 | 6 | 1.50% |
| City of Charleston | 1,450 | 9 | 0.87% | 1,312 | 9 | 0.96% |
| Bi Lo Stores | 1,300 | 10 | 0.78% | - | - | - |
| Cummins Engine Divisions | - | - | - | 866 | 10 | 0.64% |
| Totals | 32,500 | | 19.61% | 31,614 | | 23.19% |

Source: Charleston Metro Chamber of Commerce, Center for Business Research.

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

UNAUDITED

| Function | Fiscal Year | | | | | | | | | |
|------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General Government | 469.74 | 437.99 | 464.59 | | | | | | | |
| County Council | - | - | - | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Administrator | - | - | - | 5.00 | 5.00 | 5.00 | 5.00 | 7.00 | 7.00 | 7.00 |
| Assessor | - | - | - | 49.00 | 49.00 | 44.00 | 44.00 | 44.00 | 47.00 | 47.00 |
| Auditor | - | - | - | 31.00 | 31.00 | 31.00 | 31.00 | 30.00 | 30.00 | 30.00 |
| Budget | - | - | - | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Business License User Fee | - | - | - | 5.00 | 5.00 | 5.00 | 5.00 | 6.00 | 6.00 | 6.00 |
| Capital Projects Admin. | - | - | - | 20.00 | 20.00 | 20.00 | 20.00 | 17.00 | 17.00 | 17.00 |
| Chief Deputy Administrator | - | - | - | 17.00 | 14.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Chief Financial Officer | - | - | - | - | - | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 |
| Controller | - | - | - | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 |
| Delinquent Tax | - | - | - | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Elections/Voter Registration | - | - | - | 8.50 | 8.50 | 8.50 | 8.50 | 8.50 | 10.00 | 10.00 |
| Facilities Management | - | - | - | - | - | - | - | 70.00 | 70.00 | 70.00 |
| Grants Administration | - | - | - | 13.25 | 13.25 | 13.25 | 12.25 | 11.25 | 11.25 | 11.25 |
| Human Resources | - | - | - | 16.00 | 16.00 | 16.00 | 15.00 | 14.00 | 14.00 | 14.00 |
| Information Technologies | - | - | - | - | - | 10.00 | 13.00 | 13.00 | 8.00 | 9.00 |
| Internal Auditor | - | - | - | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Internal Services | - | - | - | 153.80 | 157.40 | 156.00 | 149.60 | 77.60 | 76.60 | 72.60 |
| Legal | - | - | - | 5.84 | 5.84 | 5.84 | 5.56 | 5.56 | 5.56 | 5.56 |
| Legislative Delegation | - | - | - | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Planning | - | - | - | 24.00 | 24.00 | 25.00 | 25.00 | 25.00 | 25.00 | 26.00 |
| Procurement Services | - | - | - | 16.00 | 17.00 | 16.00 | 15.00 | 15.00 | 15.00 | 15.00 |
| Radio Communications | - | - | - | 2.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Register Mense Conveyance | - | - | - | 29.25 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 |
| Safety & Risk Management | - | - | - | 3.00 | 3.00 | 5.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Treasurer | - | - | - | 19.00 | 19.00 | 20.00 | 19.00 | 18.00 | 18.00 | 18.00 |
| Other (No longer Used) | - | - | - | 1.75 | 7.00 | 6.00 | 6.00 | - | - | - |
| Total General Government | 469.74 | 437.99 | 464.59 | 468.39 | 475.99 | 476.59 | 468.91 | 457.91 | 456.41 | 454.41 |

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

(CONTINUED)

UNAUDITED

| | | | | | | | | | | |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Public Safety | 810.31 | 816.31 | 848.31 | | | | | | | |
| Building Services | - | - | - | 22.00 | 21.00 | 23.00 | 22.00 | 21.00 | 21.00 | 22.00 |
| Emergency Management | - | - | - | 7.00 | 8.00 | 7.00 | 7.00 | 6.00 | 20.00 | 25.00 |
| Emergency Medical | - | - | - | 160.00 | 164.00 | 168.00 | 167.00 | 170.00 | 161.00 | 169.00 |
| Planning | - | - | - | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Sheriff | - | - | - | 665.31 | 673.31 | 674.31 | 702.31 | 741.31 | 777.31 | 779.31 |
| Other (No longer Used) | - | - | - | - | - | 1.00 | - | - | - | - |
| Total Public Safety | <u>810.31</u> | <u>816.31</u> | <u>848.31</u> | <u>855.31</u> | <u>867.31</u> | <u>873.31</u> | <u>899.31</u> | <u>939.31</u> | <u>980.31</u> | <u>996.31</u> |
| Judicial | 195.86 | 201.16 | 213.41 | | | | | | | |
| Clerk of Court | - | - | - | 53.00 | 54.00 | 54.00 | 53.00 | 53.00 | 53.00 | 53.00 |
| Coroner | - | - | - | 5.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Magistrates Courts | - | - | - | 66.11 | 67.36 | 67.89 | 67.89 | 67.89 | 68.89 | 70.41 |
| Master-In-Equity | - | - | - | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Probate Courts | - | - | - | 18.30 | 18.30 | 18.30 | 19.30 | 19.30 | 19.30 | 19.30 |
| Solicitor | - | - | - | 67.00 | 72.00 | 74.00 | 77.00 | 79.00 | 79.00 | 81.00 |
| Other (No longer Used) | - | - | - | - | - | - | - | - | - | - |
| Total Judicial | <u>195.86</u> | <u>201.16</u> | <u>213.41</u> | <u>215.41</u> | <u>223.66</u> | <u>226.19</u> | <u>229.19</u> | <u>231.19</u> | <u>232.19</u> | <u>235.71</u> |
| Public Works | 274.00 | 274.00 | 275.00 | | | | | | | |
| Business License User Fee | - | - | - | 12.00 | 12.00 | 12.00 | 11.00 | 11.00 | 12.00 | 12.00 |
| Chief Deputy Administrator | - | - | - | - | - | - | - | - | - | 1.00 |
| Public Works | - | - | - | 174.00 | 174.00 | 173.00 | 162.00 | 159.00 | 159.00 | 161.00 |
| Solid Waste | - | - | - | 131.00 | 131.00 | 131.00 | 127.00 | 126.00 | 126.00 | 126.00 |
| Other (No longer Used) | - | - | - | - | - | - | - | - | - | - |
| Total Public Works | <u>274.00</u> | <u>274.00</u> | <u>275.00</u> | <u>317.00</u> | <u>317.00</u> | <u>316.00</u> | <u>300.00</u> | <u>296.00</u> | <u>297.00</u> | <u>300.00</u> |
| Health and Welfare | 232.00 | 274.75 | 248.25 | | | | | | | |
| DAODAS | - | - | - | 181.50 | 169.50 | 170.50 | 125.00 | 131.00 | 131.00 | 131.00 |
| Facilities Management | - | - | - | - | 1.00 | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Grants Administration | - | - | - | 33.75 | 20.75 | 20.75 | 18.75 | 25.75 | 25.75 | 25.75 |
| Public Works | - | - | - | 29.00 | 29.00 | 29.00 | 26.00 | 24.00 | 24.00 | 24.00 |
| Veterans Affairs | - | - | - | 4.00 | 4.00 | 4.00 | 4.00 | 3.00 | 3.00 | 3.00 |
| Other (No longer Used) | - | - | - | - | - | - | - | - | - | - |
| Total Health and Welfare | <u>232.00</u> | <u>274.75</u> | <u>248.25</u> | <u>248.25</u> | <u>224.25</u> | <u>225.25</u> | <u>175.75</u> | <u>185.75</u> | <u>185.75</u> | <u>185.75</u> |

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

(CONTINUED)

UNAUDITED

| | | | | | | | | | | |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Culture and recreation | 214.00 | 214.00 | 214.00 | | | | | | | |
| Business License User Fee | - | - | - | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Library | - | - | - | 232.75 | 232.75 | 232.75 | 232.75 | 237.75 | 254.55 | 254.55 |
| Other (No longer Used) | - | - | - | - | - | - | - | - | - | - |
| Total Culture and Recreation | <u>214.00</u> | <u>214.00</u> | <u>214.00</u> | <u>235.75</u> | <u>235.75</u> | <u>235.75</u> | <u>235.75</u> | <u>240.75</u> | <u>257.55</u> | <u>257.55</u> |
| Economic Development | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 1.00 | 2.00 | 2.00 | 2.00 |
| Total | <u>2,196.91</u> | <u>2,219.21</u> | <u>2,264.56</u> | <u>2,341.11</u> | <u>2,344.96</u> | <u>2,354.59</u> | <u>2,309.41</u> | <u>2,351.91</u> | <u>2,410.21</u> | <u>2,430.73</u> |

Source: Charleston County Budget Department

Note: 1 Includes the Authorized Full Time Employees for both Government and Business Type Activities

Note: 2 The detail information available prior to Fiscal Year 2000 does not provide for a viable comparison within the functions.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

UNAUDITED

| Function/Program | Fiscal Year | | | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General Government | | | | | | | | | | |
| Auditor - Tax Notices Processed | 202,500 | 218,000 | 223,000 | 492,000 | 506,960 | 530,520 | 503,520 | 520,000 | 545,000 | 545,000 |
| RMC Documents Recorded | 94,429 | 94,000 | 100,000 | 104,525 | 105,000 | 110,000 | 143,674 | 142,244 | 143,500 | 143,500 |
| Zoning Applications Processed | - | - | - | 2,804 | 3,051 | 3,000 | 2,761 | 3,340 | 3,400 | 3,400 |
| Illegal Businesses Located | - | - | - | - | 567 | 563 | 982 | 998 | 831 | 714 |
| Public Safety | | | | | | | | | | |
| Building inspections performed | 15,316 | 15,000 | 15,000 | 17,586 | 18,016 | 18,000 | 15,965 | 18,323 | 22,563 | 19,000 |
| Bad Check warrants served | - | - | - | 6,103 | 5,633 | 5,280 | 2,632 | 2,432 | 7,107 | 7,000 |
| Daily costs per prisoner | - | - | - | 30 | 31 | 32 | 33 | 40 | 40 | 40 |
| FEMA Community insurance rating | - | - | - | 8 | 6 | 6 | 6 | 6 | 6 | 6 |
| Judicial | | | | | | | | | | |
| Marriage Licenses Issued | 4,270 | 4,200 | 4,230 | 5,161 | 5,200 | 4,800 | 2,275 | 2,429 | 3,712 | 3,700 |
| Master in Equity Cases Disposed of | - | - | - | 771 | 605 | 640 | 833 | 1,323 | 1,248 | 1,350 |
| Health and Welfare | | | | | | | | | | |
| Veterans claims filed | 7,021 | 7,124 | 7,100 | 7,134 | 7,200 | 7,300 | 7,318 | 7,438 | 8,505 | 7,400 |
| Economic Development | | | | | | | | | | |
| Number of new companies relocating to Charleston | - | - | - | - | - | - | 2 | 5 | 6 | 7 |
| Number of new jobs from relocating companies | 2,487 | 838 | 1,000 | 840 | 165 | 166 | 1,016 | 223 | 1,929 | 400 |
| Culture & Recreation | | | | | | | | | | |
| Library visits per capita | 5.21 | 4.84 | 5.52 | 4.68 | 5.00 | 5.00 | 5.26 | 5.50 | 5.60 | 5.66 |
| Library Cards In Use | - | - | - | 243,570 | 265,675 | 265,955 | 309,033 | 247,821 | 277,688 | 280,465 |
| Solid Waste | | | | | | | | | | |
| Total tons of incinerated waste | - | - | 222,580 | 220,115 | 215,542 | 220,000 | 220,000 | 230,673 | 222,108 | 215,000 |
| Parking Garages | | | | | | | | | | |
| Average Operating Revenue Per Space | - | - | - | 1,226 | 1,198 | 1,106 | 1,032 | 1,124 | 1,384 | 1,623 |
| Average Operating Expenditure Per Space | - | - | - | 587 | 569 | 781 | 1,059 | 1,091 | 685 | 806 |

Sources: Charleston County Budget Performance Measures

Note: 1 In some cases, the 2006 numbers have been projected.

Note: 2 Some of the operating indicators have not been documented for a full 10 years.

Note: 2 A FEMA Community insurance rating of 6 or higher results in Charleston County Citizens receiving a 20% discount on flood insurance.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
FINANCIAL ASSURANCE COVERAGE
MUNICIPAL SOLID WASTE LANDFILL FACILITIES**

LOCAL GOVERNMENT FINANCIAL TEST:

1. Financial component:

A. Bond rating requirement: Investment grade bond rating of no less than BBB.

The County's current general obligation bond ratings are:

| | |
|------------------------------|-----|
| Moody's Investors Service | Aa1 |
| Standard & Poors Corporation | AAA |
| Fitch, Inc. | AA |

B. Financial ratio alternative:

The prescribed financial ratios computed under GAAP are:

1. Ratio of cash and marketable securities to total expenditures - Primary Government

| | | |
|--------------------------------|-----------------------|----------------------|
| Cash and cash equivalents | \$ 105,268,668 | |
| Total expenditures | <u>\$ 310,322,138</u> | |
| Requirement is no less than 5% | | <u><u>33.92%</u></u> |

2. Ratio of annual debt service expenditures - Primary Government

| | | |
|---------------------------------|-----------------------|---------------------|
| Total debt service expenditures | \$ 26,855,461 | |
| Total expenditures | <u>\$ 310,322,138</u> | |
| Requirement is no more than 20% | | <u><u>8.65%</u></u> |

2. Financial assurance limitation test:

Financial assurance limitation under financial test:

| | | |
|--|----------------|----------------|
| Total Revenue - Primary Government | \$ 335,210,226 | |
| Maximum percent of revenue eligible for self-insured local government financial test | <u>43%</u> | |
| Limitation on deferred cost of closure | | \$ 144,140,397 |

Total estimated closure and post-closure costs for County landfills:

| | | |
|--|------------------------|------------------------------|
| Estimated costs from Note III.G. on landfill closure | \$ 23,707,005 | |
| Less: Expenditures to date | \$ (12,816,005) | |
| Restricted assets committed to closure | <u>\$ (10,891,000)</u> | |
| Balance of closure costs being deferred | | <u>\$ -</u> |
| Additional permissible deferred cost | | <u><u>\$ 144,140,397</u></u> |



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