

COUNTY OF CHARLESTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2007

with

REPORT OF INDEPENDENT AUDITORS



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INTRODUCTORY SECTION





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McRoy Canterbury, Jr.
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December 13, 2007

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, 2007.

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, 2007, 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, 2007, 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 Consolidated Fire District, the East Cooper Fire District, the West St. Andrew's Fire District, and Northern Charleston County 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 billing, 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 garages 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 64.

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 47-49 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. Charleston County's economic base is diversified and growing. The economy has gone through a significant shift in the past two decades from a military dependent economy to a more diversified economy that is stimulated by four distinct economic engines:

- The tourism industry, experiencing quantum growth in recent years, expanding the tourist season to be virtually year-round.
- The Port of Charleston, fueling the manufacturing and supply chain sectors in Charleston, statewide, and around the nation.
- The medical industry, focused around the Medical University of South Carolina (MUSC), the State's teaching hospital.
- The military, with significant Air Force, Navy, Army, and Coast Guard facilities in Charleston.

The history, quality of life, and culture of the area have also continued to attract new residents, which has in turn encouraged the real estate and development industries.

Biotech research at MUSC has generated many new emerging technology companies in the area and key federal and state research institutions. These new facilities are: NOAA Southeast Coastal Center, the Hollings Marine Laboratory, and the Clemson University Extension Vegetable Research Center have propelled Charleston County into a bustling and varied research hub.

Recent Economic Indicators. General economic indicators for 2006 were reported by the Charleston Metro Chamber Economic Outlook Board in March of 2007. Highlights are as follows:

Population-

The Charleston metro area population increased by over 8 percent, 506,875 to 549,033 persons, in the decade from 1990 to 2000. The U.S. Census Bureau estimates the 2006 population in the metro area to be 603,178, meaning that the percentage growth from 2000 to 2006 has been 9.9 percent. The percentage growth is significant as it surpasses the State of South Carolina's growth (7 percent) and the United State's growth (6.4 percent) during the same period. It is estimated that the area will be home to 623,680 people by the year 2010.

Labor Force & Employment-

Since the Naval Base closed in 1995, the civilian labor force in the Charleston region has grown by almost 28 percent, from 245,940 to 314,480 persons as of September 2007. The Metro Chamber of Commerce's Economic Outlook Board reported that total employment grew by 7,934 jobs in 2006, for an increase of 2.8 percent, which is close to double the national average. Labor force and employment are forecasted to grow at the same rate of just over 3 percent per year, keeping the unemployment rate stable at around 5 percent. As of September 2007, the Charleston region is experiencing 4.7 percent unemployment, compared to the state of South Carolina at 5.7 percent.

Housing-

A total of 9,181 new residential permits were issued in the Charleston region in 2006, which was a decline of 15 percent compared to the record-breaking 2005 year. In spite of the decline, 2006 marked

the second best year for the residential real estate industry. The average sales price of all homes sold increased from \$278,461 in 2005 to \$292,056 in 2006 – a 5 percent increase. The housing market is expected to continue to expand with 10,000 new residential permits forecasted for both 2007 and 2008.

Retail Sales-

Total retail sales for the Charleston area topped \$18 billion in 2006, setting a record with an increase of 10.6 percent from 2005. The August 2006 opening of the new Tanger Outlet Mall in the North Charleston area, along with the many retailers that have since opened doors around it, helped propel retail sales to record levels. Retail sales are expected to grow at 7 percent in 2007 and 2008.

Visitor Industry-

The Charleston region attracted over four million visitors in 2006, generating an economic impact of \$5.3 billion. Hotel occupancy rates were 72.5 percent for the year, and the average daily rate for lodging increased 8 percent from 2005 up to \$139 per night. Attendance rates at area attractions have remained flat over the past few years as the profile of visitors to the Charleston region has shifted. Many of the region's visitors are now largely repeat visitors coming to shop and dine in the area several times a year. AirTran Airways announced in February 2007 that it would offer four reduced fare flights per day to and from Charleston. With this announcement, air travel volume is expected to increase by 15 percent in 2007, and an additional 2 percent in 2008.



Port Activity-

In 2006, the Port of Charleston was ranked fourth on the list of busiest U.S. East Coast container ports. It is consistently recognized as one of the nation's most efficient and productive ports. In fiscal year 2007, the Port of Charleston handled 1.88 million TEUs (twenty foot equivalent cargo containers). The Charleston break-bulk cargo totaled 588,100 tons. Port activity is expected to rise over the next decade, largely due to the new container terminal currently under construction on the former Navy base. The State Ports Authority broke ground on the new terminal in May 2007 and hopes to open it in 2013.

Airport Activity-

Airport activity declined slightly in 2006 as a result of the bankruptcy of low-cost carrier Independence Air in early 2006. However, airport activity for 2007 is projected to increase 15 percent to a total of 2.15 million combined enplanements and deplanements. The arrival of AirTran Airways in May 2007 figures to factor heavily into the increase in the airport's activity.

BRIEF SECTOR PROFILES

Visitor Industry. Tourism has long been an economic mainstay in 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 over four million visitors in 2006, providing an economic impact of \$5.3 billion to the local economy. The hospitality industry directly employs 29,356 people in Charleston County, accounting for 14.5 percent of the workforce. When direct and indirect employment from the hospitality industry is combined, the total employed balloons to over 50,000.

Charleston hoteliers have widely expanded the regional room inventory and range of choices in the past decade. Current regional inventory of hotel rooms stood at 15,450 at the end of 2006, with 13,831 of those rooms located in Charleston County. In addition, over 3,500 new rooms have been proposed or are currently under construction, which will increase the inventory by 25 percent. Included in the list of new hotels will be a new 185-room Hilton on the edge of Marion Square in downtown Charleston, as well as a 136-room hotel by the Starwood Family of hotels near the Charleston Area Convention Center. Like the Hilton and Starwood hotels, the majority of the new hotels will be in the downtown/peninsula area or in the area surrounding the Charleston International Airport and Charleston Area Convention Center, which has seen strong growth in the past two years.

The hotel industry is not only seeing growth in the number of rooms available in the Charleston area, but it is also seeing an increase in occupancy rates and average daily rates. Occupancy has risen significantly since the lower travel years following 9/11 terrorist attacks to its current average of 72.5 percent. The average daily rates have also steadily climbed to the current 2007 level of \$144 per day, which is expected to rise to \$152 per day by 2008.

Complementing this lodging growth, in 1997 Charleston County partnered with the City of North Charleston on the \$37 million Charleston Area Convention Center Complex, which is made up of a 160,000 square foot convention facility, a Performing Arts Center, and a 14,000 seat coliseum. These facilities have been host to numerous high profile events including industry trade shows, conferences, Broadway plays, and concerts featuring Grammy Award-winning artists.

The past few years have seen the emergence of a new facet to Charleston's tourism market – the cruise ship industry. For many years ships made calls into the Charleston area sporadically, but the trend toward marketing to passengers within driving distance of smaller terminals has allowed Charleston to siphon off some of the lucrative business typically staged from Florida. The State Ports Authority (SPA) announced in November 2007 that it had signed a new contract with Norwegian Cruise Line that will bring 36 Norwegian ships to the Charleston port a year, which is an increase of nine ships over the previous season's totals. The agreement guarantees a minimum of 105,000 passengers, most of who will shop and dine in the Market Street area. The SPA predicts record-setting numbers this year for the fall through spring cruise season. Five other cruise lines are scheduled to visit Charleston as a port of call, though Norwegian is the only cruise line with an SPA contract.

Restaurants in Charleston multiply and flourish, nourished by a constant flow of aspiring and accomplished chefs coupled with an increasingly affluent Charleston visitor. *The New York Times*, *Southern Living*, *Bon Appetit*, and *Wine Spectator* have all praised area restaurants where seafood, nouvelle, and southern cooking predominate in the over 100 restaurants in downtown Charleston alone. The average Charleston visitor is well acquainted with these wonderful restaurants, as they spent an average of \$235 per day in 2006 on food, accommodations, local attractions, shopping, and other entertainment.

The Port. The Port of Charleston is currently ranked fourth as the busiest port of the U.S. East Coast, dropping from its previous ranking of second. Port volume is expected to increase in the coming years due to the April 2007 announcement that the State Ports Authority (SPA) received permits for a new three-berth, 280-acre marine terminal at the former Charleston Naval Base. Work is already underway at the new facility and the first phase of the terminal is expected to open in six years.



Colleen Condon participates in the groundbreaking ceremony of the port expansion.

The Charleston customs district ranks as the nation's sixth largest in dollar value of international shipments, with the Port of Charleston's cargo valued at more than \$55 billion annually. Top commodities that pass through Charleston docks include consumer goods, agricultural products, metals, machinery, vehicles, chemicals and clay products. Charleston's five port facilities, located close to the open ocean for fast turnarounds, consist of two container ports, two break-bulk ports, and one container and break-bulk port.

The \$148 million Charleston harbor deepening project completed in 2004 took the inner harbor channel to -45 feet at mean low water. In 2005, the Arthur Ravenel Bridge spanning the Cooper River was completed, and with 186 feet of vertical clearance at mean high water, it allows Charleston to handle larger vessels under any tidal condition. The SPA's fiscal year 2008 capital improvement program calls

for \$128.7 million in enhancements and equipment for new and existing facilities.

The SPA, which operates the Port of Charleston, employs approximately 600 people. International trade through the SPA's facilities provides 281,660 jobs paying \$9.4 billion in wages to South Carolinians. In all, trade pumps \$23 billion into the state economy and generates \$2.5 billion in state and local taxes.

The Medical Industry. The region's medical industry is anchored by the State's teaching hospital, the Medical University of South Carolina (MUSC), and accounts for over 10 percent of the area's total employment. The majority of the employment currently exists in five private regional hospitals, MUSC, Charleston Memorial Hospital, and the Ralph H. Johnson VA Medical Center, along with the hundreds of general practitioners, dentists, and medical specialists in the region.

The center of energy in the region's medical arena is MUSC. It is made up of six colleges: College of Medicine, College of Pharmacy, College of Nursing, College of Graduate Studies, College of Dental Medicine, and College of Health Professions. These colleges give students a variety of options and gives the region a talented group of new medical professionals every year. Enrollment in the six colleges collectively stands at 2,498, with over 1,000 faculty members being employed. In fiscal year 2007, MUSC received \$190 million in research funding.

MUSC established one of the first infirmaries specifically for teaching purposes in 1834, which is now known as the MUSC Medical Center. This comprehensive facility is now comprised of three separate hospitals: the University Hospital, the Institute of Psychiatry, and the Children's Hospital. The Medical Center includes centers for specialized care: Heart Center, Transplantation Center, Hollings Cancer Center, Digestive Diseases Center, Storm Eye Institute. Numerous outpatient facilities include the Family Medicine Center and affiliated faculty practice ambulatory care centers. Among the programs that have earned distinguished reputations at the Medical University of South Carolina are: neuroscience, substance abuse, cardiovascular medicine, drug sciences, prenatal medicine, ophthalmology, hearing loss, genetics, rheumatology, and cancer care.

In 2007, the MUSC Medical Center will complete a 156 bed, 641,000 square foot expansion of its medical center. This additional facility will allow the institution to continue providing a growing and aging patient population with the most advanced care available anywhere. Scheduled for completion over the next several years are the Phase I Replacement Hospital with 156 beds, the new James B. Edwards College of Dental Medicine Clinical Education Building, and a new Bee Street Parking Garage. A Drug Discovery Building is already in the design phase, and approvals are expected soon for a Bioengineering Building in collaboration with the University of South Carolina and Clemson University.

Several of the private hospitals are also currently in a growth mode. Roper St. Francis Healthcare, a non-profit hospital group, is currently planning a new hospital in the Mt. Pleasant area. The 250,000 sq. ft. facility will be located on 78 acres of land at the intersection of Highway 17 North and Faison (Airport) Road in the Carolina Park Development adjacent to Wando High School in northern Mount Pleasant. The new hospital will include 85 inpatient beds, 24 hour emergency care, Women's Services including high-tech and comfortable Labor & Delivery Suites, inpatient and outpatient surgery, Intensive and Critical Care Units, and imaging, laboratory and pharmacy. East Cooper Regional Medical Center is also planning to build a new hospital in Mt. Pleasant to replace its existing facility. The new hospital will cost \$160 million to build, and it will be equipped with 140 beds. Along with the additional bed space, the new hospital brings 200 more jobs in addition to the over 600 that East Cooper currently provides.

The Military. Despite the 1993 decision to close most of the Charleston Naval Complex, the military still makes a large annual economic impact in the Charleston region. There are 22,000 active-duty, reserve personnel, civilians, and civilian contractors employed in the region by the area's defense facilities. In total, the military provides an annual economic impact on the Charleston region estimated at \$3.4 billion.

The Charleston Air Force Base is home to 437th Airlift along with 6,100 (airbase) employees and over 50 C-17 aircraft. The C-17s are currently serving a vital supply role to the military in both Afghanistan and

Iraq. The Charleston Naval Weapons Station is another of the larger military facilities in the area, employing 11,000 people in over 40 separate commands.

The Space and Naval Warfare Systems Center Charleston (SPAWAR) is a high technology, engineering facility that designs, builds, tests, fields, and supports the Navy as well as other federal customers. The facility employs over 2,400 Civil Service employees with an average salary of \$75,678 and supports an estimated 80 local defense contractors operating in the region, which employ 9,000 contractor employees. SPAWAR awarded \$2.1 billion in contract orders in fiscal year 2006.

Other facilities include the Nuclear Power Training Command and Nuclear Power Training Unit, which are both state-of-the-art nuclear power schools that graduate over 2,000 students each year. The Army's Combat Equipment Group Afloat and Surface Deployment Distribution Commands 841st Transportation Battalion both transport equipment to support the war efforts. The US Coast Guard and Federal Law Enforcement Training Center also operate facilities in the region.

Industrial and Service Companies. The Charleston region has experienced record levels of success in economic recruitment since 1995, when it commenced a unique tri-county collaborative industry recruitment program. Through the end of 2006, over \$6.7 billion in corporate and industrial capital investment was recorded and some 28,597 new primary jobs were created throughout the tri-county region. Of this total, Charleston County boasted \$2.5 billion and 15,000 new jobs, placing on the state's top performing counties list nine times, and recording the single largest private sector job announcement in tri-county history (Verizon Wireless, 2004, 1,200 new employees). In 2007 the trend continued as the Charleston region was ranked 12th on the Milken Institute's "Best Performing Cities" list, with its job growth 7 percent ahead of the U.S. average.

Pro-business government attitudes permeate through the State of South Carolina and the Charleston region, where state commerce department officials work hand-in-hand with economic developers from the Charleston Regional Development Alliance, Charleston County and its three largest municipalities: City of Charleston, City of North Charleston, and Town of Mt. Pleasant. This team searches out national and international business prospects, facilitating their relocations and expansions. State and local financial incentives are strategically utilized to leverage private sector relocation and expansion decisions. A key incentive among these is the customized, turn-key workforce training available from the state's Center for Accelerated Technology Training, the oldest and most well regarded program of its kind in the U.S.

Charleston County in 2004 embraced a recruitment strategy that centers on five key economic clusters:

- Aerospace and Aviation
- Automotive Manufacturing and Suppliers
- Biotech, Medical and Pharmaceutical Activities
- Information Technology and Advanced Security
- The Creative Cluster of Internet, Movie-Making, Architecture and Urban Design-Related Activities

Aerospace and Aviation-

Recently opened for business at the Charleston International Airport, the Vought aircraft complex is an international collaboration on a cutting edge commercial aircraft which is already making history. The Boeing 787 will be the first commercial aircraft ever constructed from carbon graphite composite materials. They are a super-strength, light-weight material with many fuel efficiency and maintenance advantages over conventional metals traditionally used in aviation. Worldwide market response has been robust, with over 464 orders in place for the 787 by March 2007. This success in fact, has fueled speculation that Boeing may boost production from 7 to 10 planes per month.



Vought Aircraft Industries Dreamlifters

During May 2007, Vought Aircraft Industries (Dallas, TX) fabricated its first aft fuselage for the 787, and Global Aeronautica (a joint venture of Vought and Alenia Aeronautica of Milan, Italy) integrated the flooring systems and various other interior components. The finished fuselage sections are being shipped via air on 'Dreamlifters' (large, converted 747s) to the Boeing facility in Everett, WA, for final assembly. There they are united with the wings, tail, front fuselage and nose cone sections made in Italy, Japan, and Wichita, KS. Boeing held a "roll-out" ceremony for the first completed 787 on July 7, 2007, in Everett, WA. Its worldwide suppliers on several continents joined via simulcast, including the U.S. city of North Charleston, SC.

As the march toward the first 787 flight continues, Vought and Global Aeronautica will achieve their initial hiring goal of some 650 employees, likely adding even more employees if the anticipated Boeing production boost occurs. The companies will also meet and exceed their originally announced capital investment total of \$560 million during 2008.

Automotive Manufacturing-

In 2007, Charleston County officials helped DaimlerChrysler officials dedicate their newly established Sprinter Van re-assembly facility in North Charleston. Since their 2005 announcement, the company has achieved its initial phase of 200 workers. The site of the tall conversion van was somewhat of an oddity to Charlestonians at the time of the announcement, but the company has now assembled over 15,000 Sprinter Vans in North Charleston, making it a commonplace sight traveling to and from the Port and along area highways. The local DaimlerChrysler facility underwent a name change during 2007 with the dissolution of the Daimler and Chrysler marriage, and is now doing business as Daimler Vans Manufacturing, LLC. With plenty of elbow room in a 1,200 acre industrial park, this 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.



**DaimlerChrysler Sprinter Van
Assembly Plant Dedication**

Biotech, Medical & Pharmaceutical Activities-

Emerging biotech jobs in Charleston are characterized by firms like Gen Phar, which first pioneered an HIV detection kit for hospital use. The company 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. During 2007, Gen Phar announced the establishment of a \$33 million vaccine manufacturing facility in suburban Mt. Pleasant. There, it will employ 133 new biotech researchers over the next five years.

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 Space and Air Warfare Systems (SPAWAR) research and development contracts. But there are also the Charleston home-grown IT firms. Founded in Charleston, Automated Trading Desk, Inc., now trades 4 percent of the NASDAQ volume on a daily basis on lightning-fast computer terminals from its \$30 million state-of-the-art complex in Mt. Pleasant. The firm made national business news during 2007 when it was acquired by Citigroup for \$680 million, but will continue to call Charleston home.



Automated Trading Desk, Inc.

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. The Charleston Peninsula boasts a treasure trove of

well-preserved eighteenth and nineteenth 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 recently, hoping to attract yet more television and motion picture productions to Charleston and other statewide locales. Among the first to respond were the producers of the television series "Army Wives", which since 2006 has operated from filming facilities in the neck area of Charleston. Local and state efforts to create more knowledge-based IT jobs are bearing fruit, as evidenced by the results of a 2007 survey which revealed salaries averaging \$83,526 within the "Digital Corridor" in downtown Charleston.

WHY CHARLESTON?

Companies relocating to Charleston, as well as entrepreneurs who start business in the area, typically give two primary reasons for why they chose to do business here: 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 quality of life which has been deliberately and carefully protected.

Charleston has a 330 year history and is widely acknowledged as among the world's leaders in the area of historic preservation. The stunning, well-preserved eighteenth and nineteenth century homes and commercial buildings in downtown Charleston are a testament to this passion. Sightseeing in historic downtown is a favorite pastime for pedestrians and also tourists in horse-drawn carriages. Far from receiving a staid museum-like experience, the visitor to Charleston is struck by the busy streets of a vibrant city which are packed with tourists and locals well into the night.

Charleston is a medium-sized city with big-city arts offerings. The world-renowned Spoleto Festival USA is an annual two-week celebration of opera, jazz, dance, and visual arts that attracts legendary performers to the city. Charleston has an active arts community, with over 70 arts and cultural organizations, including a first-class symphony, museums, a proliferation of 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 and on to bachelor's degrees, and post-secondary study levels. Four public school districts in the tri-county Charleston region operate 136 schools hosting 92,335 students. A variety of learning styles are accommodated and a variety of subject matter is offered through excellent magnet and charter schools geared to advanced academic studies, creative arts, technology, and other key pursuits. The Charleston area also hosts 65 private and parochial schools where 11,200 students are enrolled.

There are 26 colleges and universities offering a range of two-year, bachelor's, master's, and doctoral degree programs in Charleston. The five largest are : Trident Technical College, with 11,808 students; The College of Charleston, with 11,218 students; The Citadel, with 3,306 students; Charleston Southern University, with 3,135 students; and the Medical University of South Carolina with 2,498 students. One of Charleston's most recent points of pride is the new Charleston School of Law. This private institution was opened in 2004 and is one of only two law schools in the state (the University of South Carolina School of Law being the other). On May 19, 2007, the Charleston School of Law graduated its first class of 186 students.

Sports are an important part of the Charleston social landscape in a town where the median age is 35. Sporting events are big business in Charleston, contributing over \$50 million annually to the regional economy and employing nearly 1,200 people. Charleston hosts several professional teams. The Charleston RiverDogs Baseball team is a Class A – Affiliate of the New York Yankees, the Charleston Battery Soccer team is part of the USL First Division, and the South Carolina Stingrays Hockey team is a

member of the ECHL Southern Division and an affiliate of the NHL Washington Capitals. Southern Conference and Big South Conference collegiate sports round out the mix, with the teams of The Citadel, College of Charleston, and Charleston Southern University taking center stage.

Charleston also plays host to many high-profile sporting events throughout the year. The annual Family Circle Cup Tennis Tournament, a WTA Tier 1 event, is played at the Family Circle Tennis Center (capacity 10,200) on Daniel Island. The 2006 tournament was attended by 92,375 people with a \$25 million economic impact. Kiawah Island's world-class Ocean Course hosted the 68th Senior PGA Championship tournament in May 2007. This tournament gave Charleston international television exposure and had a \$23.3 million impact on the region's economy. The Ocean Course has also been selected to host the 94th Annual PGA Championship in 2012. Other exciting events in Charleston this past year include the LPGA Ginn Tribute hosted by Annika Sorenstam, the 2007 AVP Charleston Open, and the annual Cooper River Bridge Run 10K, which hosted over 45,000 runners in 2007.



Curtis Strange takes a shot on the Ocean Course during the Senior PGA Championship on Kiawah Island

Competitive Posture. Charleston has won numerous accolades in recent years from esteemed business and travel publications. *Forbes* placed Charleston in the top 25 for job growth on its list for "Best Places for Business and Careers." Charleston was ranked in the top 15 for mid-size metros on *Inc.* magazine's list of "Top U.S. Cities for Doing Business." *Expansion Management* has cited the Charleston region as sixth among mid-sized markets on their list of "Economic Development Hot Spots" and thirteenth on their list of "Top Real Estate Markets for Expanding Companies." The Sanctuary at Kiawah Island was ranked the number one Family Resort in the US and Canada by *Travel + Leisure Family*. *Travel + Leisure* also named Charleston the sixth Best City in the United States and Canada.

The Charleston region offers a sizeable real estate portfolio for a mid-sized market, with close to 9 million square feet in upscale executive buildings and office. The 15.3 million square feet of retail space in the region is distributed between regional malls, strip centers, and the downtown Charleston central business district. A variety of vacant industrial and warehouse buildings and over 20 industrial parks are available for industrial opportunities.

Demand for office space in the Charleston region has led to the development of many new office properties. Since 2000, over 3.5 million square feet of office space has been added to the Charleston region's inventory. Vacancy rates have stabilized at just under 13 percent. The average lease rate in the region is \$26.50 per square foot per year, which is 25 percent lower than Boston's average of \$35.34 and 45 percent lower than Washington DC's average of \$48.

Over 20 industrial parks are strategically located throughout the Charleston region. Each park has a distinct personality and a unique set of attributes. Some parks are adjacent to an interstate highway or rail line, some offer quick access to a port terminal or airport, and many have Foreign-Trade Zone status. All industrial facilities in the region benefit from the area's reliable and affordable water and power. As of the end of 2006, the Charleston region had over 24 million square feet of warehouse and flex space, with another 995,000 square feet under construction. Vacancy stands at 6.17 percent and average lease rates are around \$4.50 per square foot per year.

The Charleston International Airport, no more than a thirty-minute ride from anywhere in the region, has experienced great growth in recent years. The mix of passengers has shifted away from its tourist base toward one increasingly characterized by business travelers. Carriers include Continental Airlines, Delta Airlines, Northwest AirlinK, US Airways, United Express, American Eagle, and low-cost carrier AirTran Airways. Daily non-stop service is available to Atlanta, Newark, Houston, New York LaGuardia, Cincinnati,

Boston, Orlando, Detroit, Memphis, Charlotte, Philadelphia, Washington National, Washington Dulles, Chicago, and Dallas-Fort Worth.

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 November of 2004, Charleston County voters approved an additional one-half of one 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 \$1.303 billion is generated, whichever occurs first." The County also received referendum approval in November 2004 to issue General Obligation Bonds totaling \$113 million for roads and greenbelt projects. In November 2006 the County received referendum approval for additional General Obligation Bonds totaling \$300 million to fund costs of transportation related projects. To date the County has issued \$65 million of referendum debt and will issue an additional \$150 million in December 2007. These proceeds will be used for road construction projects and land acquisition projects for greenbelts.

In December 2007 Charleston County will be issuing General Obligation Bonds totaling \$75 million for the expansion of the Adult Detention Facility. Additional construction projects to be funded from this bond are repairs to the County Judicial Center, construction of an automotive repair facility, startup funding for a county-wide consolidated dispatch center, and the final phase of an upgrade to the County's 800MHz radio system. An additional General Obligation Bond for the full funding of these projects is planned for the fall of 2009.

Technology. Charleston County Emergency Medial Services (EMS) was the first in South Carolina to introduce the new MARVLIS digital navigation program that allows crews to see live, Global Positioning System (GPS) maps in their ambulances. The system shows the location of the 911 call, the ambulance's own location, and the most direct route to the emergency.

Previously, EMS crews used paper map books, which could be six months old or older when they were bought new at the store. The issue of finding a location in an emergency started from the very beginning of the call. With the new system, crews can see almost immediately where the emergency is and how to get there. The system alerts them with a tone, and the location of the call appears with a large, red "X". It also shows the location of the ambulance on the map and the quickest route to the emergency.

The new system uses Charleston County Global Information System (GIS) maps, which can be updated weekly by County Government staff. The system was purchased for approximately \$875,000.

Transportation Sales Tax. Charleston County's Transportation Sales Tax was approved by voters in November of 2004. Collection of the tax began two years ago in May of 2005. The tax will continue for 25 years or until \$1.303 billion is generated for transportation and greenspace related projects and improvements.

The County has leveraged sales tax proceeds to generate over a half-billion dollars in additional road building dollars. At the beginning of the fiscal year the South Carolina State Infrastructure Bank (SIB) voted unanimously to commit a total of \$420 million to Charleston County for the completion of I-526 (Mark Clark Expressway) and \$40 million for the intersection of I-526 and US Highway 17-North.

Three months later in September Charleston County officials secured an additional \$43 million in federal funds through the Charleston Area Transportation Study (CHATS) over the next several years to supplement projects funded by the Transportation "Half-Cent" Sales Tax.

In less than two years, over 100 resurfacing, paving, handicap ramps, intersection improvements and drainage projects have been either completed or are underway with funds from the Charleston County Transportation "Half-Cent" Sales Tax Program.

The projects include:

- 45 handicap ramps
- 88 resurfacing and paving projects
- a variety of small projects such as bicycle paths and drainage improvements
- the design phase of 11 bonded projects is currently underway

Disaster Preparedness. Following a review of "lessons learned" following Hurricane Katrina on the Gulf Coast, county and municipal officials announced the designation of 75 Evacuation Pick-up Points for residents who don't have transportation in the event of a mandatory evacuation.

New blue signs that state "Hurricane Evacuation Bus Stop" will be used to mark all the pick-up points. The signs were posted throughout the county at all 75 pick-up point locations.

For years, Charleston County's Emergency Preparedness Division has had an evacuation transportation plan in place to take residents from various pick-up points to the nearest available Red Cross shelter during a mandatory evacuation. Because the community has grown dramatically, new pick-up points have been added to the list, and some previous pick-up locations have been changed.

The evacuation pick-up points are in locations that are well-known to citizens who live near them. They are located at churches, grocery stores and schools, and many of them are co-located with CARTA bus stop locations.

The pick-up points were chosen for their ability to provide a safe location for people to congregate away from traffic and for having a parking lot or area for buses to pull off the road and safely load passengers without blocking evacuation traffic routes.

Solid Waste. Charleston County Solid Waste & Recycling is now accepting paperboard from Charleston County residents. Paperboard is now being collected curbside along with other paper items to be recycled, and at drop-sites and convenience centers located throughout the county.

Paperboard represents 35 percent of municipal solid waste, according to the Environmental Protection Agency. Until recently, Charleston County Solid Waste & Recycling did not have a market for paperboard, but county employees worked to find a way to accept this item.

Public Safety Dispatch. In November the County received a \$1.454 million from the state's 911 Surcharge Fund, administered by the S.C. Budget & Control Board. The largest 911 Surcharge Fund check ever distributed was reimbursement for the amount that the County spent on Phase II of 911 Compliance. What this means to the public is that when someone calls 911 from a wireless (cellular) phone, 911 operators in Charleston County have equipment that can pinpoint the caller's location to anywhere in the county within 65 meters. Until recently, cell phone callers could not be located through the 911 system like regular (land) phone lines.

Now with Phase II being completed, all six Public Safety Answering Points (PSAP) in Charleston County have the capability to locate cell phone users who dial 911. Incoming calls are located using latitude and longitude coordinates.

Related to the issue of consolidating the six separate PSAPs in the County, Council placed \$15 million in the County's Capital Improvement Plan following the April completion of the Consolidated Dispatch Feasibility Study. This study, which was presented to local officials and emergency response leaders,

showed that consolidating emergency public safety communications in Charleston County is indeed feasible and will benefit the community.

As the next phase in a long-term project to save time and lives during an emergency, the County will coordinate with eight other jurisdictions within Charleston County to sign an intergovernmental agreement. The agreement will put short-term and long-term management and cost responsibilities in place for the participating jurisdictions.

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

A 23,000 square foot, \$3.7 million addition to the existing Heavy Equipment Garage was awarded and is scheduled for completion in the last quarter of calendar year 2008.

The award of Temporary Housing for Charleston County Detention Facility was made and completion is anticipated for the last quarter of calendar year 2007. This project will help alleviate severe overcrowding until the expansion project is complete. This is temporary housing and will provide dormitory units to accommodate 128 inmates.

The award of a design-build contract for a 334,000 square foot, \$102.5 million addition to the Charleston County Detention Facilities is anticipated for the last quarter of calendar year 2007. The detached dormitory style building constructed at the Main Detention Facility will provide an additional 1,344 beds to the County's rated capacity. The existing facilities house an ADP of over 1,700 inmates; the total rated capacity of the facility will be 2,033 after the expansion.

A Request for Proposals was advertised for the Repairs to the Judicial Center and an award is anticipated for the last quarter of calendar year 2007. The project consists of building envelope repairs and modifications to the Judicial Center.

Awards for the Relocation of the K-9 Facility/Impound Lot and the Temporary Sheriff's Logistics Center are anticipated for the last quarter of calendar year 2007.

Technology. An Intrusion Detection system, provided by the state, was implemented to monitor and report network intrusions as well as to report results of ongoing vulnerability testing.

A Disaster Recovery Site for the County's critical data was implemented, enabling replication of this data, on a nightly basis, to an offsite location.

The RMC and Technology Services provided data from our imaging system to the Trident Realtor's Association enable access to neighborhood Covenants and Restrictions.

A Unified Wireless Network was setup for users in the Public Service Building, the Judicial Center and the County Office Building. With Unified Wireless users can move from one building to another and access network without changing any local laptop settings. This technology also provides flexibility to provide Guest Internet Access for non county users in any of these three buildings.

The Emergency Operations Center (EOC) was configured to be completely independent of the Data Center and completely portable so it can be relocated any where any time during emergencies. Two transportable satellite dish antennas were configured to provide backup Internet Access for EOC activation.

In Radio Operations, the migration to the new digital P25 radio system was completed for the Sheriff, Emergency Medical Services, Emergency Preparedness Division and other first responders.

Safety.

For fiscal year 2007, Charleston County experienced the lowest number of on the job injuries since joining the South Carolina Association of Counties Workers Compensation Trust in 1991. This record achievement followed two past successful years in which both back strain and fall injuries were significantly reduced. By working together as a team, EMS and Safety & Risk Management researched products that could reduce our paramedics and EMT's exposure of heavy and repetitive lifting. In 2004, Charleston County purchased "stair chairs" that enabled our EMS employees to safely transport patients down flights of stairs. Since the implementation of the stair chairs, not one paramedic or EMT has suffered a back injury while using this device. In late 2006, Charleston County replaced 26 stretchers with new stretchers that can mechanically and safely lift patients weighing up to 650 pounds. These two new products along with focused safety training and awareness have significantly contributed to the continued reduction of County employee back injuries during the past three years.

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 5.32 percent for the year ending June 30, 2007. 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 \$148,388,968 million at June 30, 2007, 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 78.

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 108.

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 118 of this report.

The County also provides post-employment 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-employment benefits is shown in Note IV.G. of the notes to financial statements starting on Page 117.

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 2006, 19 years in total.

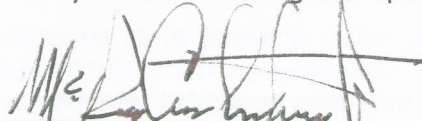
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable 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.

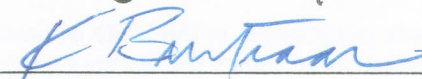
In addition, the government has also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the 18 fiscal years starting July 1, 1989 through 2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was 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 years starting July 1, 2005 through 2006 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, and John Ward 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 and Jackie Proveaux from the Public Works Department. Much appreciation also goes to Dawn Murray 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



Keith Bustran
Charleston County Chief Deputy Administrator/Chief Financial Officer



Corine Altenhein
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, 2006

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.



Charles S. Cox

President

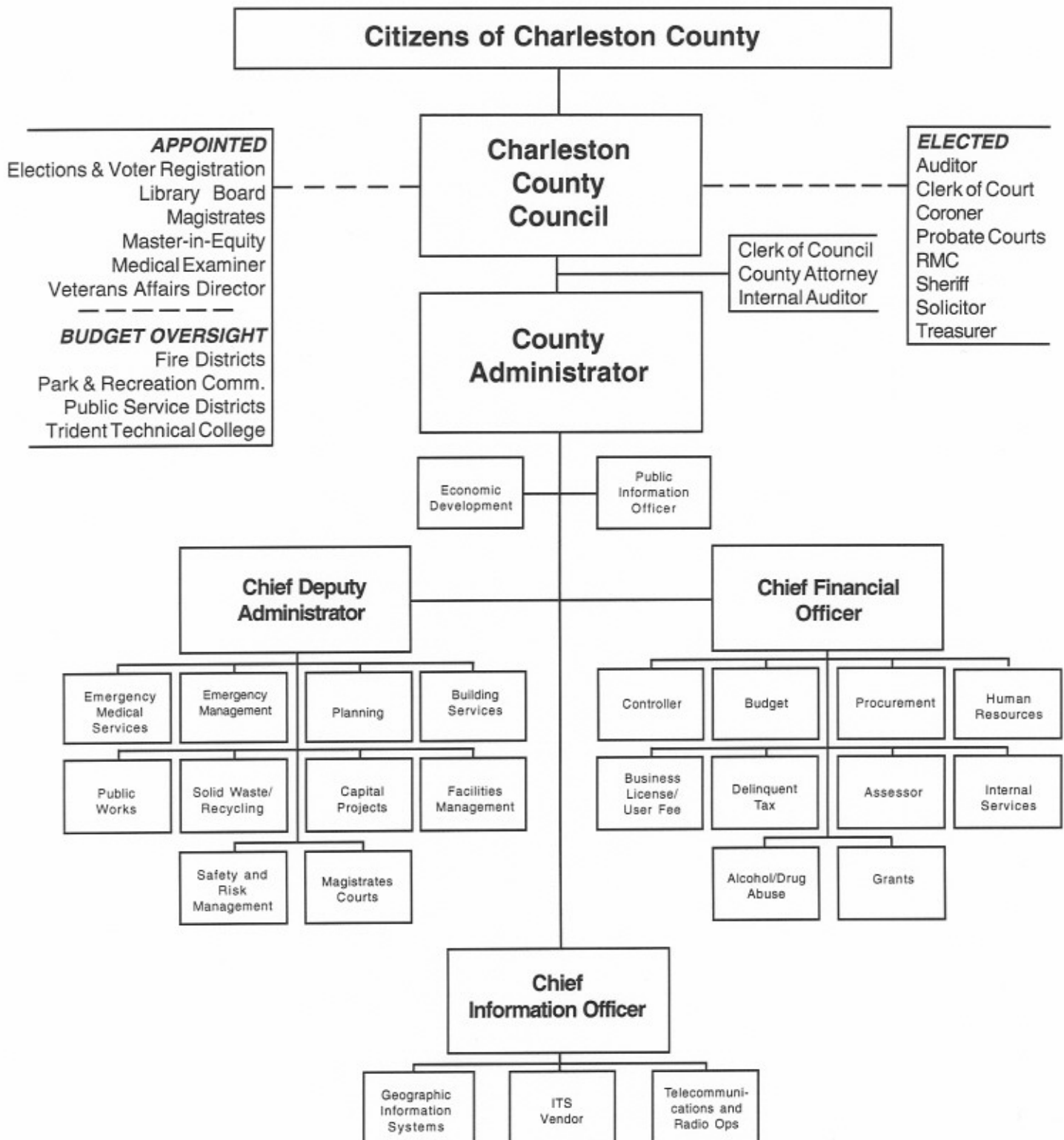
Jeffrey R. Emer

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, 2007**

MEMBERS OF COUNTY COUNCIL

	<u>Number of Years In Office</u>	<u>Term Expiration Date</u>	
Timothy E. Scott	10½	1/1/09	Chairman, District 3
Curtis E. Bostic	6½	1/1/09	Vice Chairman, District 6
Joe McKeown	1½	1/1/11	District 1
Henry D. Schweers	½	1/1/11	District 2
Henry E. Darby	2½	1/1/09	District 4
Teddie E. Pryor	2½	1/1/11	District 5
Colleen T. Condon	1½	1/1/09	District 7
Curtis B. Inabinett	2½	1/1/11	District 8
Paul R. Thurmond	½	1/1/11	District 9

ELECTED OFFICIALS

Julie J. Armstrong	14½	1/1/09	Clerk of Court
James A. Cannon, Jr.	19	1/1/09	Sheriff
Rae Wooten	1	1/1/09	Coroner
Irvin G. Condon	12½	1/1/11	Probate Court
Ralph Hoisington*	6½	1/1/09	Solicitor
Charlie Lybrand	12½	1/1/11	Register Mesne Conveyance
Peggy Moseley	14	7/1/09	Auditor
Andrew Smith	10½	7/1/09	Treasurer

OTHER OFFICIALS

	<u>Number of Years With County</u>	<u>Years In Current Position</u>	
McRoy Canterbury, Jr.	29	1	County Administrator
Keith D. Bustraan	20½	4½	Chief Deputy Administrator
Corine Altenhein***	17	4½	Chief Financial Officer
Walter L. Smalls	8	1	Chief Support Officer
Harold L. Bisbee**	26½	24	Controller

* Passed Away June 10, 2007

**Retired June 30, 2007

***Controller as of August 1, 2007



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FINANCIAL SECTION





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DIXON HUGHES PLLC

Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

To the Charleston County Council
County of Charleston, South Carolina

We have audited the accompanying 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, 2007, 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, 2007, 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In addition, in our opinion, the 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, 2007 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 schedule of capital assets used in the operation of governmental funds as well as the victim notification schedule 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, 2007.

As discussed in Note II B to the financial statements, certain errors resulting in the understatement of previously reported accrued payroll and capital assets and the overstatement of accounts receivable as of June 30, 2006, were discovered by management of the County during 2007. Accordingly, an adjustment has been made to net assets as of June 30, 2006, to correct the error.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2007 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering 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.



Charleston, South Carolina
December 13, 2007

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, 2007. 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 18 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, 2007, by \$271,045 (net assets). Of this amount, \$62,961 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$25,781 during the fiscal year ended June 30, 2007, with an \$11,653 increase resulting from governmental activities and a \$14,128 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 \$211,566. Approximately 29 percent of this total amount, \$62,462, 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 \$46,334 or 32 percent of the total general fund expenditures.
- Charleston County's long-term debt decreased by \$20,928 (7 percent) during the current fiscal year. A full discussion of the County's changes in long-term debt can be found on Pages 92-106.

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 41 and 42 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 64 through 66 of this report.

The statement of net assets shows the County's assets less its liabilities at June 30, 2007. 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), Radio Communications, 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 43 through 49, 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 134 of this report.

Proprietary Funds. Charleston County maintains and presents two different types of proprietary funds, enterprise, and internal service, shown on Pages 50 through 55 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, Radio Communications, 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 152 through 157.

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 159 through 163 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 165 through 167 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 62 through 119 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 172.

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 \$271,045 at the close of fiscal year 2007.

Of this amount, \$103,380 (38 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 \$27,975 (10 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, \$76,729 (28 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets, \$62,961 (24 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, 2007
(Recapped from page 41)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$349,555	\$337,908	\$102,080	\$ 79,969	\$451,635	\$417,877
Capital assets	219,755	226,155	45,360	40,764	265,115	266,919
Total assets	<u>\$569,310</u>	<u>\$564,063</u>	<u>\$147,440</u>	<u>\$120,733</u>	<u>\$716,750</u>	<u>\$684,796</u>
Long-term liabilities						
outstanding	\$235,492	\$250,644	\$ 19,405	\$ 21,530	\$254,897	\$272,174
Other liabilities	159,067	150,367	31,741	17,037	190,808	167,404
Total liabilities	<u>\$394,559</u>	<u>\$401,011</u>	<u>\$ 51,146</u>	<u>\$ 38,567</u>	<u>\$445,705</u>	<u>\$439,578</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 78,742	\$ 73,785	\$ 24,638	\$ 17,983	\$103,380	\$ 91,768
Restricted for future construction	22,442	32,686	5,533	21,397	27,975	54,083
Restricted - other	47,388	18,953	29,341	27,763	76,729	46,716
Unrestricted	26,179	37,628	36,782	15,023	62,961	52,651
Total net assets	<u>\$174,751</u>	<u>\$163,052</u>	<u>\$ 96,294</u>	<u>\$ 82,166</u>	<u>\$271,045</u>	<u>\$245,218</u>

The County's net assets increased by \$25,781 during the current fiscal year. This compares unfavorably to the fiscal year 2006 gain of \$42,888. 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.

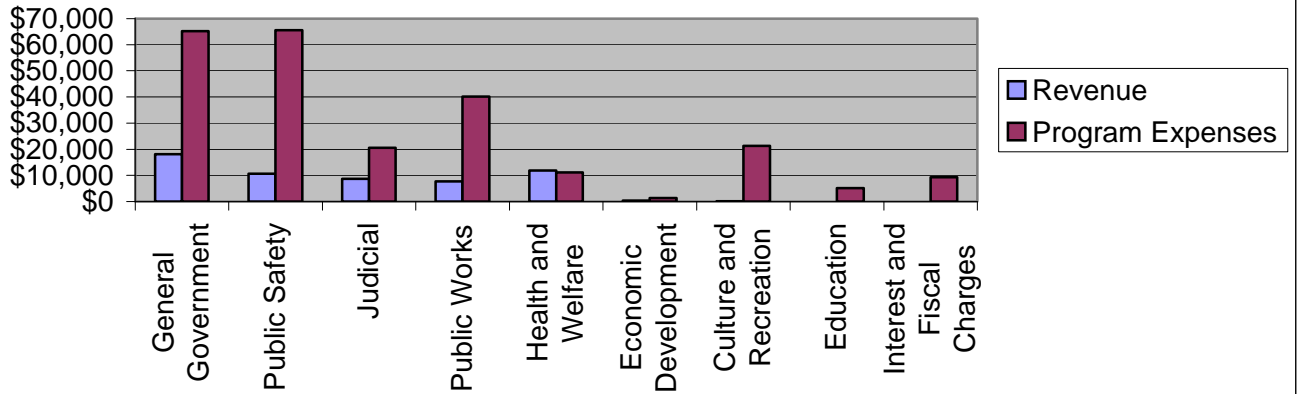
Governmental Activities. Governmental activity increased the County's net assets by \$11,653. Key elements of the increase:

- The transportation half cent sales tax was effective May 1, 2005. Transportation tax collected increased by \$2,405 for fiscal year 2007 (6.5 percent).
- Property taxes and local option sales tax increased by \$1,938 (1.6 percent) during the year.
- Investment earnings increased by \$4,480 (54.49 percent) during the year.
- Expenses for the year increased by \$26,467 (12.4 percent) with the substantial portion of that increase coming from public works \$16,468, general government \$10,224, judicial \$1,503 and a decrease in public safety \$1,856. The remaining increase \$128, reflects both inflation and the growth in the demand for services.

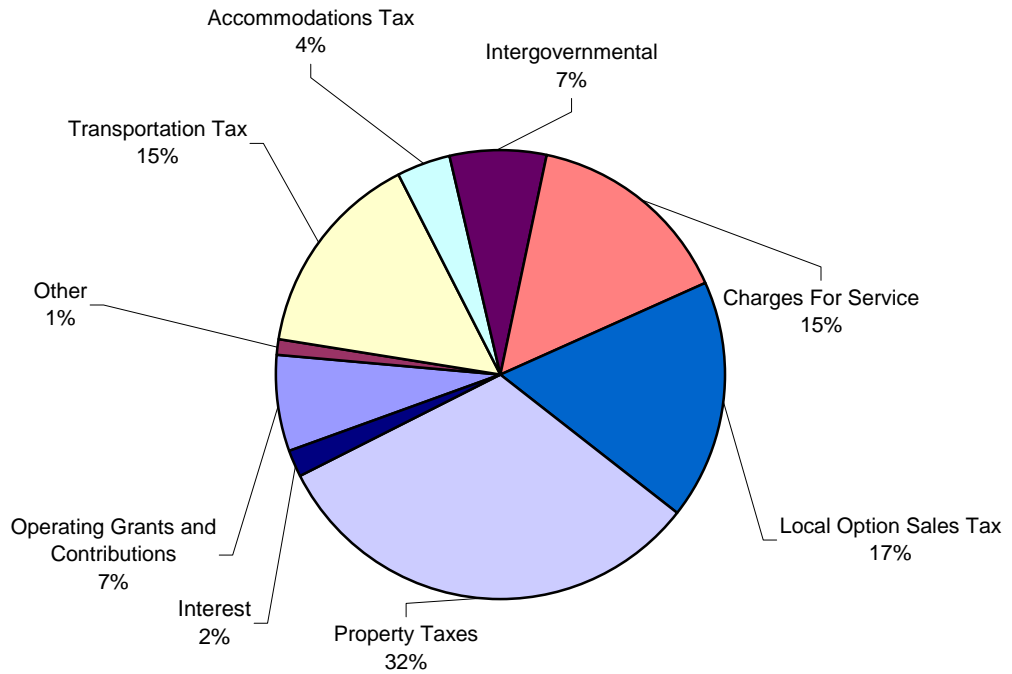
County of Charleston, South Carolina
Changes in Net Assets (Recapped from page 42)
For the Fiscal Year Ended June 30, 2007

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 39,400	\$ 34,526	\$ 47,867	\$ 43,245	\$ 87,267	\$ 77,771
Operating grants and contributions	18,216	21,436	979	2,933	19,195	24,369
Capital grants and contributions	-	-	1	904	1	904
General Revenues:						
Property taxes	82,290	82,217	-	-	82,290	82,217
Other taxes and fees	95,022	90,023	517	533	95,539	90,556
State aid to political subdivisions	16,098	14,603	-	-	16,098	14,603
Unrestricted investments earnings	5,422	5,757	3,369	1,782	8,791	7,539
Gain on sale of capital assets	-	514	95	4	95	518
Total Revenues	<u>256,448</u>	<u>249,076</u>	<u>52,828</u>	<u>49,401</u>	<u>309,276</u>	<u>298,477</u>
Program Expenses:						
Governmental Activities:						
General government	65,198	54,974	-	-	65,198	54,974
Public safety	65,620	67,476	-	-	65,620	67,476
Judicial	20,546	19,042	-	-	20,546	19,042
Public works	40,186	23,718	-	-	40,186	23,718
Health and welfare	11,112	10,993	-	-	11,112	10,993
Economic development	1,325	3,481	-	-	1,325	3,481
Culture and recreation	21,307	18,133	-	-	21,307	18,133
Education	5,138	5,005	-	-	5,138	5,005
Interest and fiscal changes	9,311	10,453	-	-	9,311	10,453
Business-Type Activities:						
Radio Communications	-	-	1,800	-	1800	-
E-911	-	-	984	888	984	888
Solid waste	-	-	30,230	32,431	30,230	32,431
Parking garages	-	-	1,754	1,712	1,754	1,712
DAODAS	-	-	8,984	8,667	8,984	8,667
Total Expenses	<u>239,743</u>	<u>213,275</u>	<u>43,752</u>	<u>43,698</u>	<u>283,495</u>	<u>256,973</u>
Excess of revenue over expenses	16,705	35,801	9,076	5,703	25,781	41,504
Transfers	(5,052)	(3,603)	5,052	3,603	-	-
Special item	-	1,384	-	-	-	1,384
Increase (Decreases) in Net Assets	11,653	33,582	14,128	9,306	25,781	42,888
Net assets, beginning	163,052	129,446	82,166	73,710	245,218	203,156
Prior Period Adjustments	46	24	-	(850)	46	(826)
Net Assets, beginning adjusted	<u>163,098</u>	<u>129,470</u>	<u>82,166</u>	<u>72,860</u>	<u>245,264</u>	<u>202,330</u>
Net Assets, ending	<u>\$174,751</u>	<u>\$163,052</u>	<u>\$96,294</u>	<u>\$82,166</u>	<u>\$271,045</u>	<u>\$245,218</u>

Expenses and Program Revenues - Governmental Activities

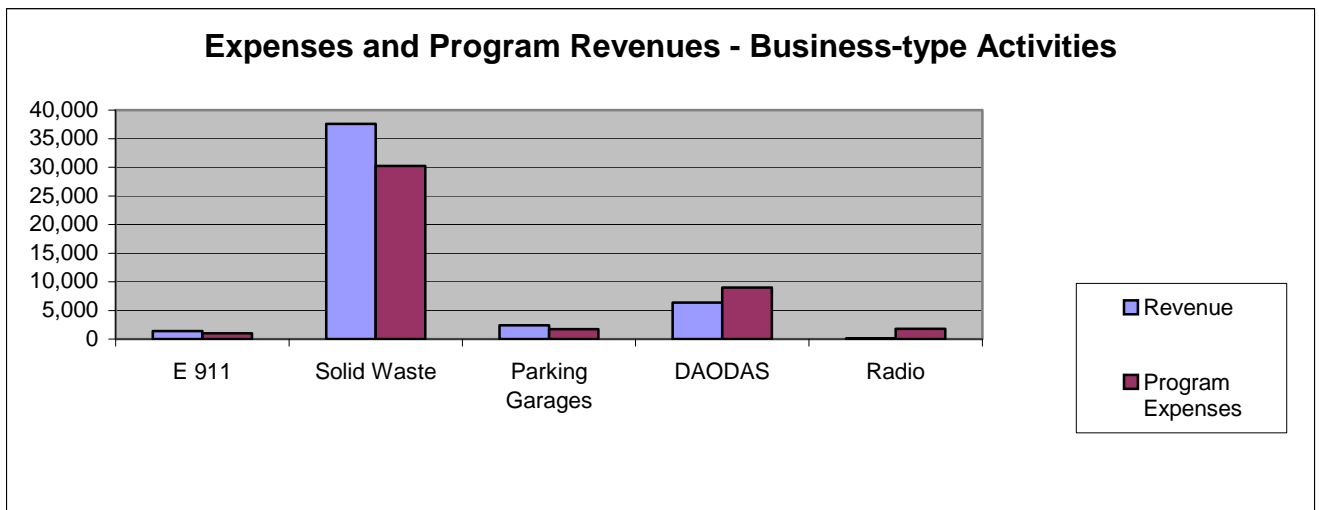
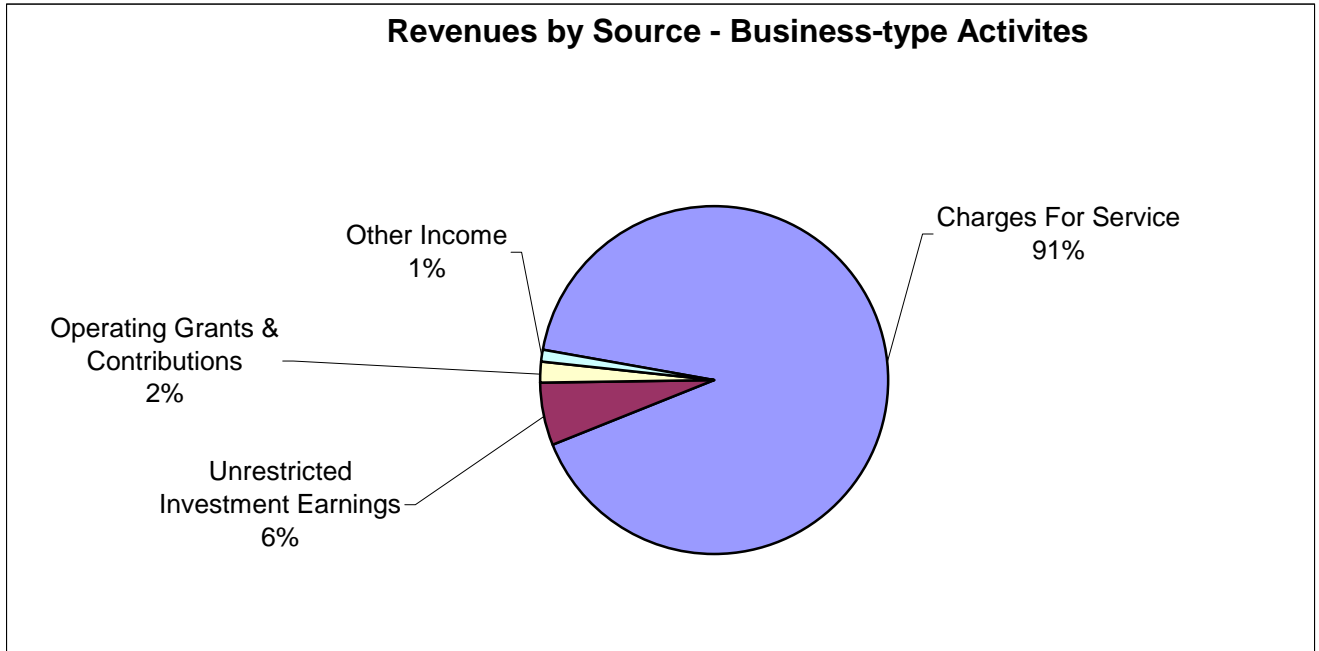


Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the County's net assets by \$14,128. The key element of this increase was:

- The solid waste fund had an increase in net assets of \$9,232. 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 increasing 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 \$211,566, an increase of \$6,751 in comparison with the prior year. Of this amount, \$11,309 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, \$786 and transportation and road sales tax, \$12,527. Approximately 30 percent of this ending fund balance, \$62,462 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 (\$11,766), 2) to pay debt service (\$18,252), 3) to pay for capital projects as restricted by bond covenants (\$22,442), 4) reserved for inventories and prepaid items (\$622), or 5) reserved for transportation projects (\$96,022).

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 \$46,334 while total fund balance reached \$49,702. 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 34 percent of that same amount. The net increase in the fund balance of the general fund was \$786 during the current year. Highlights in the general fund were as follows:

- An increase of \$1,865 in local option sales tax which is 4.4 percent over the previous year.
- An increase of \$357 in property taxes which is less than 1 percent over the previous year.

Capital projects funds have a combined total fund balance of \$22,442. These funds are 100 percent reserved either to cover existing encumbrances or for future capital construction. The fund balance for General Obligation Bond Capital Projects \$4,189 is shown as a major fund and the remaining funds \$18,253 are all non-major ones and are shown on Pages 128 and 134.

The special revenue funds have a combined total fund balance of \$121,170. The Transportation and Road Sales Tax Special Revenue fund balance \$101,368 is shown as a major fund and the remaining funds of \$19,802 are all non-major funds. Of this amount, \$16,128 is undesignated fund balance and, of the balance, \$3,674 is reserved for encumbrances and inventory. Remaining special revenue funds are shown as non-major governmental funds on Pages 124 through 127, and 130 through 133.

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 50 through 55, 152 through 157 and 159 through 163.

As of the end of the current fiscal year, Charleston County's proprietary funds reported combined ending net assets of \$96,294, an increase of \$14,128 in comparison with prior year. The solid waste fund accounted for \$9,230 of this increase.

General Fund Budgetary Highlights

Over the course of the year, County Council did not amend the original revenue budget as in the prior year. Actual revenues were \$1,793 over budgeted amounts.

The three most significant variances were taxes, which was \$1,405 over budget and interest income which was \$671 over budget and service charge income which was \$1,134 under 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 \$10,312 below the final budget amounts. The most significant contributions to this variance were the following:

Sheriff	\$737	Detention center salaries and benefits
	124	Professional medical services
	120	Juvenile detention
	67	School crossing guard
	575	Law enforcement
Public Works	\$141	Administration salaries
	200	Consultant fees
	37	Civil engineering
	363	Mosquito control
	769	Field operations
Emergency Medical Services	\$854	Salaries
County Council	\$563	Contingency
	17	Consultant fees
	15	Other
Delinquent Tax	\$439	Salaries and benefits
	50	Other
Magistrates	\$356	Salaries and benefits
Non-departmental	\$496	COLA and other salary adjustments
	250	Contingency

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, 2007, amounted to \$265,115 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, bridges and drainage easements. The total decrease in the County's investment in capital assets for the current fiscal year was .67 percent (a 2.8 percent decrease for governmental activities and an 11.28 percent increase for business-type activities).

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 3,970	\$ 3,970	\$ 3,951	\$ 3,951	\$ 7,921	\$ 7,921
Buildings	154,042	158,406	18,564	19,126	172,606	177,532
Improvements other than buildings	1,757	1,832	414	467	2,171	2,299
Machinery and equipment	34,741	24,902	6,477	5,664	41,218	30,566
Infrastructure	20,965	29,689	-	-	20,965	29,689
Construction in progress	4,280	7,356	15,954	11,556	20,234	18,912
Total	<u>\$ 219,755</u>	<u>\$ 226,155</u>	<u>\$ 45,360</u>	<u>\$ 40,764</u>	<u>\$ 265,115</u>	<u>\$ 266,919</u>

The major capital asset event during the current year was the incorporation of the Town of James Island. This resulted in a loss of disposal of infrastructure of \$8,570. This loss was recorded as a Public Works expense.

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 COP's and bonded debt outstanding of \$224,749. Of this amount, \$146,395 comprises debt backed by the full faith and credit of the government, \$67,863 is comprised of certificates of participation secured by the capital assets constructed with their proceeds, and \$10,491 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. As of June 30, 2007, this obligation is recorded at a net present value of \$36,108 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>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation bonds	\$ 146,395	\$ 153,448	\$ -	\$ -	\$ 146,395	\$ 153,448
Certificates of participation	57,631	62,427	10,232	11,057	67,863	73,484
Revenue bonds	-	-	10,491	11,724	10,491	11,724
Intergovernmental note payable	<u>36,108</u>	<u>36,988</u>	<u>-</u>	<u>-</u>	<u>36,108</u>	<u>36,988</u>
Total	<u>\$ 240,134</u>	<u>\$ 252,863</u>	<u>\$ 20,723</u>	<u>\$ 22,781</u>	<u>\$ 260,857</u>	<u>\$ 275,644</u>

The County's total bonded debt decreased by \$13,907 (5.8 percent) during the current fiscal year.

Charleston County achieved an "AAA" rating from Standard & Poor's Rating Group and maintains an "Aa1" rating from Moody's Investors Service, and an "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.

South Carolina statutes limit the amount of general obligation (G.O.) debt a governmental entity may issue (without referendum) to 8 percent of its total assessed value. The current G.O. debt limit for Charleston County is \$216,724 which is significantly in excess of the County's current G.O. outstanding balance of \$64,575 subject to the debt limitations.

Additional information on the County's long-term debt can be found in Note III. I. on Pages 92 through 106 of this report.

Economic Factors and Next Year's Budget Rates

- The unemployment rate for Charleston County at the close of 2006 was 5.1%.
- The net tax supported debt per capita was reduced by 7.5% during the 2007 fiscal year.
- The assessed value of all property in Charleston County increased by over 2 billion dollars in 2007.
- The operating and debt service millage remain the same for fiscal year 2008.
- The Local Option Sales Tax Credit remains unchanged.

The General Fund budgeted revenues for fiscal year 2008 increased by \$6,200 or 4.0 percent from 2007. The major increases are:

Local Option Sales Tax revenues	\$3,000	6.9% Increase
Property Tax Revenue	2,288	4.0% Increase
State Aid to Local Governments	1,765	11.0% Increase
EMS Charges	1,050	22.8% Increase
Federal Prisoner reimbursements	400	25.0% Increase

- The solid waste, recycling & disposal fee is increased by \$10 to a total of \$99 per residential property.
- State aid distribution is based on the ratio of the counties' population to the population of the state as a whole. Charleston County's population is growing faster than the state as a whole.
- Increase in the federal prisoner reimbursement is due to a projected increase in the number of federal prisoners housed in the county's facilities.

The General Fund budgeted expenditures for fiscal year 2008 increased by \$19,000 or 13.1% from fiscal year 2007. The major increases are:

Personnel increases	\$3,090	671.7% Increase
Sheriff Dispatch department	1,635	100.0% Increase
Technology Services	1,562	25.9% Increase
EMS Dispatch	1,290	100.0% Increase
Sheriff Detention Center	1,180	4.4% Increase
Sheriff Law Enforcement	-1,925	8.0% Decrease

- The largest increase in the general fund is from salary adjustments, the 2.5 percent cost of living increase.
- The changes to the Sheriff's budgeted expenditures result from separating the dispatch from the law enforcement division and adding additional personnel to the detention center.
- The EMS dispatch department was separated from the Emergency Medical Services Department. In addition, the decrease in the departmental budget is offset by the cost of transitioning to an outside billing agency.
- Expenditures for Technology Services reflect an increase in management contracts for technology services. A portion of the increase is due to transitioning to a new tax system.

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.



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BASIC FINANCIAL STATEMENTS



COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2007

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Non-pooled cash and cash equivalents	\$ 4,366,078	\$ 219,040	\$ 4,585,118	\$ 29,518,584
Pooled cash and cash equivalents	38,599,600	29,783,030	68,382,630	-
Pooled investments	73,999,180	650,000	74,649,180	-
Non-pooled investments	-	-	-	4,514,513
Cash with fiscal agent	125,000	-	125,000	-
Restricted cash - current portion	-	1,296,391	1,296,391	-
Receivables (net of allowances for uncollectibles)	165,807,211	14,012,371	179,819,582	34,480,775
Due from primary government	-	-	-	690,125
Internal balances - current	(11,188,043)	11,188,043	-	-
Inventories	942,188	-	942,188	449,931
Prepaid items and deposits	11,995	-	11,995	880,870
Note receivable - internal balances	(450,587)	450,587	-	-
Deferred issuance costs	1,219,175	410,752	1,629,927	297,182
Restricted assets - non-current:				
Temporarily restricted:				
Cash and cash equivalents	945,148	42,616,553	43,561,701	9,672,237
Non-pooled investments	75,177,903	1,452,253	76,630,156	332,526
Capital assets, net of accumulated depreciation :				
Land and easements- nondepreciable	3,969,604	3,950,930	7,920,534	28,041,437
Construction in progress - nondepreciable	4,279,701	15,953,840	20,233,541	2,339,412
Infrastructure - nondepreciable	8,500,461	-	8,500,461	-
Artwork - nondepreciable	-	-	-	11,000
Buildings	154,042,060	18,564,347	172,606,407	52,829,415
Improvements other than buildings	1,757,156	414,094	2,171,250	19,299,318
Machinery and equipment	34,740,785	6,477,213	41,217,998	26,429,565
Infrastructure	12,465,504	-	12,465,504	34,538,295
Library materials	-	-	-	21,835,366
Accumulated depreciation	-	-	-	(68,739,546)
Total assets	569,310,119	147,439,444	716,749,563	197,421,005
LIABILITIES				
Accounts payable	8,808,403	25,228,694	34,037,097	2,246,486
Accrued payroll and fringe benefits	3,424,914	336,367	3,761,281	1,181,648
Due to component units	690,125	-	690,125	-
Intergovernmental payable	6,656,166	41,006	6,697,172	20,212
Due to third parties	818,890	-	818,890	-
Interest payable	2,642,635	225,900	2,868,535	571,363
Unearned revenue	119,456,902	18,250	119,475,152	34,015,866
Noncurrent liabilities:				
Due within one year	16,569,284	5,891,166	22,460,450	5,791,130
Due in more than one year	235,492,069	19,404,534	254,896,603	36,996,712
Total liabilities	394,559,388	51,145,917	445,705,305	80,823,417
NET ASSETS				
Invested in capital assets, net of related debt	78,742,634	24,637,561	103,380,195	77,523,390
Restricted for:				
Incinerator operations	-	27,805,635	27,805,635	-
Purchase of capital assets	-	-	-	150,198
Construction and capital projects	22,441,838	5,532,500	27,974,338	145,967
Debt service	18,252,403	1,535,833	19,788,236	8,424,989
Transportation sales tax projects	29,135,338	-	29,135,338	-
Beach renourishment	-	-	-	155,601
Unrestricted	26,178,518	36,781,998	62,960,516	30,197,443
Total net assets	\$ 174,750,731	\$ 96,293,527	\$ 271,044,258	\$ 116,597,588

See notes to the financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

	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			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 65,198,099	\$ 18,098,660	\$ 25,638	\$ -	\$ (47,073,801)	\$ -	\$ (47,073,801)	\$ -
Public safety	65,619,715	6,622,976	3,986,964	-	(55,009,775)	-	(55,009,775)	-
Judicial	20,545,790	7,641,424	1,104,951	-	(11,799,415)	-	(11,799,415)	-
Public works	40,185,783	1,927,468	5,832,835	-	(32,425,480)	-	(32,425,480)	-
Health and welfare	11,112,177	4,930,221	6,945,624	-	763,668	-	763,668	-
Economic development	1,324,790	-	320,107	-	(1,004,683)	-	(1,004,683)	-
Culture and recreation	21,307,239	179,007	-	-	(21,128,232)	-	(21,128,232)	-
Education	5,137,843	-	-	-	(5,137,843)	-	(5,137,843)	-
Interest and fiscal charges	9,311,104	-	-	-	(9,311,104)	-	(9,311,104)	-
Total governmental activities	239,742,540	39,399,756	18,216,119	-	(182,126,665)	-	(182,126,665)	-
Business-type activities:								
E 911	984,112	1,379,569	-	1,240	-	396,697	396,697	-
Solid Waste	30,229,939	37,594,483	271,487	-	-	7,636,031	7,636,031	-
Parking Garage	1,753,719	2,424,078	-	-	-	670,359	670,359	-
DAODAS	8,984,048	6,361,075	707,912	-	-	(1,915,061)	(1,915,061)	-
Radio Communications	1,800,430	107,515	-	-	-	(1,692,915)	(1,692,915)	-
Total business-type activities	43,752,248	47,866,720	979,399	1,240	-	5,095,111	5,095,111	-
Total primary government	\$ 283,494,788	\$ 87,266,476	\$ 19,195,518	\$ 1,240	(182,126,665)	5,095,111	(177,031,554)	-
Component Units:								
Charleston County Library	\$ 14,702,743	\$ 526,655	\$ 13,552,307	\$ 622,171				(1,610)
Charleston County PRC	23,826,987	10,706,869	-	459,149				(12,660,969)
Cooper River Park & Playground	228,373	-	-	-				(228,373)
James Island PSD	9,880,844	4,713,840	-	-				(5,167,004)
North Charleston District	1,424,276	-	-	-				(1,424,276)
St. Andrew's Parish Parks & Playground	2,969,210	1,615,439	88,800	-				(1,264,971)
St. John's Fire District	7,691,731	-	-	-				(7,691,731)
St. Paul's Fire District	3,190,413	-	-	-				(3,190,413)
Charleston County Fire & Rescue	302,117	-	392,515	-				90,398
Total component units	\$ 64,216,694	\$ 17,562,803	\$ 14,033,622	\$ 1,081,320				(31,538,949)
General Revenues:								
Property taxes					82,289,668	-	82,289,668	-
Charleston County PRC					-	-	-	14,451,747
Cooper River Park & Playground					-	-	-	182,153
James Island PSD					-	-	-	5,987,575
North Charleston District					-	-	-	1,118,944
St. Andrew's Parish Parks & Playground					-	-	-	1,238,684
St. John's Fire District					-	-	-	9,078,520
St. Paul's Fire District					-	-	-	3,383,621
Local option sales tax					44,024,396	-	44,024,396	-
Transportation tax					39,521,307	-	39,521,307	-
Accommodations tax					9,176,823	-	9,176,823	-
Franchise tax					538,048	-	538,048	89,372
Alcohol beverage tax					-	505,366	505,366	-
Merchants inventory tax and manufacturer's depreciation					1,632,214	10,832	1,643,046	699,884
Motor carrier tax					129,110	-	129,110	-
Unrestricted state aid to political subdivisions					16,098,226	-	16,098,226	-
Grants and contributions not restricted to specific program					-	-	-	2,573
Unrestricted investment earnings					5,421,959	3,368,608	8,790,567	1,448,623
Gain on sale of capital assets					-	94,940	94,940	2,525
Fundraising and donations					-	-	-	84,191
Miscellaneous					-	-	-	411,095
Transfers					(5,052,023)	5,052,023	-	-
Total general revenues and transfers					193,779,728	9,031,769	202,811,497	38,179,507
Change in net assets					11,653,063	14,126,880	25,779,943	6,640,558
Net assets - beginning (see Note II. B.)					163,097,668	82,166,647	245,264,315	109,957,030
Net assets - ending					\$ 174,750,731	\$ 96,293,527	\$ 271,044,258	\$ 116,597,588

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

<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	\$ 3,112,770	\$ -	\$ -	\$ -	\$ 1,253,308	\$ 4,366,078
Pooled cash and cash equivalents	8,617,915	3,385,039	3,835,125	1,113,060	12,579,071	29,530,210
Pooled investments	25,448,323	9,989,889	11,329,274	3,285,563	23,946,131	73,999,180
Restricted investments	-	4,665,245	70,512,658	-	-	75,177,903
Restricted cash and cash equivalents	-	91,838	-	-	853,310	945,148
Receivables (net of allowances for uncollectibles)	118,097,231	16,421,335	17,564,904	-	13,555,175	165,638,645
Due from other funds	1,307,803	-	-	-	-	1,307,803
Inventory	610,379	-	-	-	-	610,379
Prepaid items and deposits	393	-	-	-	11,602	11,995
Total assets	<u>\$ 157,194,814</u>	<u>\$ 34,553,346</u>	<u>\$ 103,241,961</u>	<u>\$ 4,398,623</u>	<u>\$ 52,198,597</u>	<u>\$ 351,587,341</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
Accounts payable	\$ 1,792,013	\$ -	\$ 1,853,009	\$ 209,340	\$ 1,965,334	\$ 5,819,696
Accrued payroll and fringe benefits	3,184,024	-	12,888	-	153,639	3,350,551
Due to component units	690,125	-	-	-	-	690,125
Due to other funds	437,061	-	-	-	1,265,642	1,702,703
Intergovernmental payable	2,176,922	-	8,188	-	4,401,100	6,586,210
Due to third parties	818,890	-	-	-	-	818,890
Unearned revenue	98,394,211	16,300,943	-	-	6,358,233	121,053,387
Total liabilities	<u>107,493,246</u>	<u>16,300,943</u>	<u>1,874,085</u>	<u>209,340</u>	<u>14,143,948</u>	<u>140,021,562</u>
 Fund balances:						
Reserved for inventories and prepaid items	610,772	-	-	-	11,602	622,374
Reserved for encumbrances	2,757,038	-	5,346,365	-	3,662,206	11,765,609
Reserved for debt service	-	18,252,403	-	-	-	18,252,403
Reserved for capital projects	-	-	-	4,189,283	18,252,555	22,441,838
Reserved for transportation and road sales tax special revenue fund	-	-	96,021,511	-	-	96,021,511
Unreserved:						
Designated for rainy day	9,500,000	-	-	-	-	9,500,000
Designated for subsequent years' appropriation - general fund	8,500,000	-	-	-	-	8,500,000
Designated for subsequent years' appropriation - special revenue funds	-	-	-	-	16,128,286	16,128,286
Undesignated - general fund	28,333,758	-	-	-	-	28,333,758
Total fund balances	<u>49,701,568</u>	<u>18,252,403</u>	<u>101,367,876</u>	<u>4,189,283</u>	<u>38,054,649</u>	<u>211,565,779</u>
Total liabilities and fund balances	<u>\$ 157,194,814</u>	<u>\$ 34,553,346</u>	<u>\$ 103,241,961</u>	<u>\$ 4,398,623</u>	<u>\$ 52,198,597</u>	<u>\$ 351,587,341</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, 2007

Total Governmental Fund Balances \$211,565,779

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. 209,278,347

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

Deferred issuance costs	\$1,219,175	
Property taxes	1,608,113	
	2,827,288	2,827,288

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. 16,554,132

Elimination of indirect income and expenses between governmental funds and the enterprise funds which creates an internal balance. (11,230,204)

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	(146,394,774)	
Certificates of participation	(57,631,034)	
Lease payable	(3,794,360)	
Compensated absences	(7,687,633)	
Intergovernmental note payable	(36,107,877)	
Accrued interest payable	(2,628,933)	
	(254,244,611)	(254,244,611)

Net assets of governmental activities \$174,750,731

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, 2007

	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	\$ 102,723,524	\$ 16,755,068	\$ 39,521,307	\$ -	\$ 6,842,624	\$ 165,842,523
Intergovernmental	19,863,093	108,928	48,477	-	16,407,206	36,427,704
Permits and licenses	5,253,640	-	37,100	-	-	5,290,740
Fines and forfeitures	2,205,390	-	-	-	966,046	3,171,436
Interest	5,234,917	1,125,377	4,330,658	538,288	1,472,001	12,701,241
Service charges	19,824,819	-	-	-	11,496,439	31,321,258
Rental and use of property	700,547	-	-	-	48,598	749,145
Other revenues	1,920,878	598	-	-	990,622	2,912,098
Total revenues	<u>157,726,808</u>	<u>17,989,971</u>	<u>43,937,542</u>	<u>538,288</u>	<u>38,223,536</u>	<u>258,416,145</u>
Expenditures:						
Current:						
General government	41,165,521	-	8,129,680	-	244,688	49,539,889
Public safety	62,491,799	-	-	-	5,316,649	67,808,448
Judicial	16,816,852	-	-	-	2,532,304	19,349,156
Public works	8,953,619	-	18,414,812	-	3,523,740	30,892,171
Health and welfare	3,783,914	-	36,802	-	7,163,473	10,984,189
Economic development	550,728	-	-	-	776,683	1,327,411
Culture and recreation	13,277,590	-	1,828,881	-	5,395,232	20,501,703
Education	-	-	-	-	5,137,843	5,137,843
Capital outlay	-	-	-	11,847,418	4,938,158	16,785,576
Debt service	-	23,070,198	-	-	-	23,070,198
Total expenditures	<u>147,040,023</u>	<u>23,070,198</u>	<u>28,410,175</u>	<u>11,847,418</u>	<u>35,028,770</u>	<u>245,396,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,686,785</u>	<u>(5,080,227)</u>	<u>15,527,367</u>	<u>(11,309,130)</u>	<u>3,194,766</u>	<u>13,019,561</u>
Other financing sources (uses):						
Capital lease proceeds	-	-	-	-	1,429,804	1,429,804
Transfers in	1,939,171	5,141,870	1,980,218	-	11,403,521	20,464,780
Transfers out	(11,840,981)	(762,346)	(4,980,218)	-	(10,773,732)	(28,357,277)
Proceeds from sale of capital assets	1,661	-	-	-	192,893	194,554
Total other financing sources (uses)	<u>(9,900,149)</u>	<u>4,379,524</u>	<u>(3,000,000)</u>	<u>-</u>	<u>2,252,486</u>	<u>(6,268,139)</u>
Net change in fund balances	786,636	(700,703)	12,527,367	(11,309,130)	5,447,252	6,751,422
Fund balances at beginning of year (as restated)	48,914,932	18,953,106	88,840,509	15,498,413	32,607,397	204,814,357
Fund balances at end of year	<u>\$ 49,701,568</u>	<u>\$ 18,252,403</u>	<u>\$ 101,367,876</u>	<u>\$ 4,189,283</u>	<u>\$ 38,054,649</u>	<u>\$ 211,565,779</u>

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, 2007

Net Change in Fund Balances - Total Governmental Funds \$6,751,422

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	\$15,664,602	
Depreciation expense	<u>(12,451,845)</u>	3,212,757

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	22,132,834	
Accumulated depreciation	<u>(11,955,735)</u>	
Net book value	10,177,099	
Proceeds	<u>(194,554)</u>	
Loss on disposal	9,982,545	
Difference of proceeds and gain on sale		(10,177,099)

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>(7,157)</u>	(7,157)
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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. 14,231,313

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

Capital lease proceeds		(1,429,804)
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In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, interest is expensed when due. 126,603

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	(674,123)	
Deferred refunding costs	<u>(570,641)</u>	(1,244,764)

To record Internal service fund transfers 2,840,474

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. 186,125

Elimination of indirect income between governmental funds and the enterprise funds. (2,478,000)

The increase of governmental expenditures to avoid the doubling up of net loss from the internal service fund. (358,807)

Change in net assets of governmental activities \$11,653,063

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, 2007

<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	\$ 101,318,500	\$ 101,318,500	\$ 102,723,524	\$ 1,405,024
Intergovernmental	19,454,615	19,454,615	19,863,093	408,478
Permits and licenses	4,958,750	4,958,750	5,253,640	294,890
Fines and forfeitures	2,087,500	2,087,500	2,205,390	117,890
Interest	4,563,500	4,563,500	5,234,917	671,417
Service charges	20,959,000	20,959,000	19,824,819	(1,134,181)
Rental and use of property	625,000	625,000	700,547	75,547
Other revenues	1,967,405	1,967,405	1,920,878	(46,527)
Total revenues	155,934,270	155,934,270	157,726,808	1,792,538
 <u>EXPENDITURES</u>				
Current:				
General Government:				
County Council	1,593,473	1,408,539	809,431	599,108
Legal	850,917	950,383	870,053	80,330
Internal Auditor	186,680	188,141	188,044	97
Auditor	1,840,325	1,824,004	1,700,912	123,092
Treasurer	1,583,194	1,582,277	1,532,796	49,481
Register Mesne Conveyance	2,083,452	2,074,430	1,852,365	222,065
Legislative Delegation	172,383	173,954	173,856	98
Board of Elections & Voter Registration	1,006,005	1,005,581	964,880	40,701
County Administrator	1,133,085	1,083,143	807,810	275,333
Chief Operations Officer	475,127	475,277	398,704	76,573
Chief Support Officer	-	197,370	188,771	8,599
Planning Department	1,694,579	1,707,561	1,492,965	214,596
Human Resources	1,407,060	1,459,318	1,395,746	63,572
Safety & Risk Management	2,407,170	2,407,507	2,110,194	297,313
Facilities Management	10,918,545	9,876,017	9,722,189	153,828
Capital Projects Administration	1,300,175	1,300,952	1,158,311	142,641
Assessor	3,127,525	3,092,561	2,794,832	297,729
Chief Financial Officer	421,790	421,724	417,294	4,430
Budget	616,528	618,131	601,149	16,982
Business License/User Fee	368,578	370,578	364,108	6,470
Controller	1,033,214	1,032,342	977,350	54,992
Delinquent Tax	1,347,937	1,350,065	860,618	489,447
Grants Administration	729,856	731,493	675,705	55,788
Internal Services	383,460	386,710	381,244	5,466
Procurement	997,310	998,109	967,652	30,457
Technology Services	9,828,034	7,512,602	7,180,990	331,612
Communications Administration	294,700	-	-	-
Organizational Development	101,863	241,470	225,148	16,322
Non Departmental	1,661,254	1,487,775	34,904	1,452,871
Outside Agencies	325,500	327,500	317,500	10,000
Total general government	49,889,719	46,285,514	41,165,521	5,119,993

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, 2007

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Public Safety:				
Sheriff's Department	\$ 50,829,071	\$ 50,655,197	\$ 48,738,374	\$ 1,916,823
Building Services	1,436,200	1,436,931	1,308,879	128,052
Emergency Medical Services	12,696,782	12,574,032	11,803,211	770,821
Emergency Preparedness	685,619	685,619	641,335	44,284
Total public safety	65,647,672	65,351,779	62,491,799	2,859,980
Judicial:				
Public Defender	2,305,000	2,305,000	2,305,000	-
Clerk of Court	2,896,245	2,898,245	2,819,404	78,841
Coroner	567,272	562,148	493,883	68,265
Probate Court	1,795,491	1,803,210	1,767,954	35,256
Solicitor	4,231,476	4,339,202	4,204,160	135,042
Master-In-Equity	445,556	446,556	445,979	577
Medical Examiner's Commission	311,500	398,500	397,570	930
Magistrates	4,867,291	4,847,419	4,382,205	465,214
State Probation Office	850	850	697	153
Total judicial	17,420,681	17,601,130	16,816,852	784,278
Public Works				
Public Works Department	10,079,129	10,071,201	8,953,619	1,117,582
Total public works	10,079,129	10,071,201	8,953,619	1,117,582
Health and Welfare:				
State Agencies	398,497	398,497	377,578	20,919
Public Works - Mosquito Abatement	2,333,873	2,286,525	1,923,056	363,469
Veterans Affairs	233,497	239,830	237,114	2,716
Indigent Care	1,218,496	1,278,696	1,246,166	32,530
Total health and welfare	4,184,363	4,203,548	3,783,914	419,634
Economic Development	561,689	561,689	550,728	10,961
Culture and Recreation:				
Charleston County Library	13,277,590	13,277,590	13,277,590	-
Total culture and recreation	13,277,590	13,277,590	13,277,590	-
Total expenditures	161,060,843	157,352,451	147,040,023	10,312,428
Excess (deficiency) of revenues over (under) expenditures	(5,126,573)	(1,418,181)	10,686,785	12,104,966

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, 2007**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Other financing sources (uses):				
Transfers In	\$ 1,694,905	\$ 1,694,905	\$ 1,939,171	\$ 244,266
Transfers Out	(8,130,000)	(11,841,620)	(11,840,981)	639
Proceeds from Sale of Capital Assets	-	-	1,661	1,661
Total other financing sources and (uses)	(6,435,095)	(10,146,715)	(9,900,149)	246,566
Net change in fund balance	(11,561,668)	(11,564,896)	786,636	12,351,532
Fund balance at beginning of year (as restated)	48,914,932	48,914,932	48,914,932	-
Fund balance at end of year	\$ 37,353,264	\$ 37,350,036	\$ 49,701,568	\$ 12,351,532

See notes to financial statements

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

<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	\$ 214,840	\$ 3,000	\$ 1,200	\$ 219,040	\$ -
Pooled cash and cash equivalents	16,881,407	4,012,728	8,888,895	29,783,030	9,069,390
Pooled investments	650,000	-	-	650,000	-
Restricted cash - current portion	1,296,391	-	-	1,296,391	-
Cash with fiscal agent	-	-	-	-	125,000
Receivables (net of allowances for uncollectibles)	12,693,472	33,289	1,285,610	14,012,371	168,566
Note receivable - current portion	53,396	-	-	53,396	-
Due from other funds	-	-	-	-	437,061
Inventories	-	-	-	-	331,809
Total current assets	31,789,506	4,049,017	10,175,705	46,014,228	10,131,826
Noncurrent assets:					
Restricted cash and cash equivalents	42,616,553	-	-	42,616,553	-
Restricted investments	1,452,253	-	-	1,452,253	-
	44,068,806	-	-	44,068,806	-
Notes receivable - non-current portion	397,191	-	-	397,191	-
Deferred issuance costs	235,014	102,169	73,569	410,752	-
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	12,609,445	637,409	1,749,294	14,996,148	25,524,677
Construction in progress	15,953,840	-	-	15,953,840	-
Less accumulated depreciation	(9,654,540)	(2,954,106)	(2,715,883)	(15,324,529)	(16,730,055)
Total capital assets (net of accumulated depreciation)	24,609,532	11,892,835	8,858,057	45,360,424	10,476,926
Total noncurrent assets	69,310,543	11,995,004	8,931,626	90,237,173	10,476,926
Total assets	101,100,049	16,044,021	19,107,331	136,251,401	20,608,752

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

<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	\$ 24,904,565	\$ 119,996	\$ 204,133	\$ 25,228,694	\$ 2,988,707
Accrued payroll and fringe benefits	155,035	14,967	166,365	336,367	74,363
Compensated absences - current	71,902	5,708	59,287	136,897	41,337
Intergovernmental payable	11,938	1,698	27,370	41,006	69,956
Due to other funds	42,161	-	-	42,161	-
Unearned revenue	18,250	-	-	18,250	11,628
Accrued interest payable	179,667	25,328	20,905	225,900	13,702
Note payable - current	-	-	-	-	53,396
Lease payable - current	-	-	-	-	17,811
Certificates of participation - current	-	513,572	361,306	874,878	-
Revenue bonds - current restricted	1,296,391	-	-	1,296,391	-
Accrual for landfill closure - current	3,583,000	-	-	3,583,000	-
Total current liabilities	30,262,909	681,269	839,366	31,783,544	3,270,900
Noncurrent liabilities:					
Note payable	-	-	-	-	397,192
Compensated absences	447,990	35,566	369,384	852,940	325,697
Lease payable	-	-	-	-	60,832
Certificates of participation (net of unamortized discounts and deferred amount on refunding)	-	5,286,741	4,070,015	9,356,756	-
Revenue bonds (net of unamortized discounts) - restricted	9,194,838	-	-	9,194,838	-
Total noncurrent liabilities	9,642,828	5,322,307	4,439,399	19,404,534	783,721
Total liabilities	39,905,737	6,003,576	5,278,765	51,188,078	4,054,621
NET ASSETS					
Invested in capital assets, net of related debt	14,118,303	6,092,522	4,426,736	24,637,561	9,947,696
Restricted for incinerator operations	27,805,635	-	-	27,805,635	-
Restricted for construction	5,532,500	-	-	5,532,500	-
Restricted for debt service	1,535,833	-	-	1,535,833	-
Unrestricted	12,202,041	3,947,923	9,401,830	25,551,794	6,606,435
Total net assets	\$ 61,194,312	\$ 10,040,445	\$ 13,828,566	85,063,323	\$ 16,554,131
Adjustment to reflect the consolidation of internal service funds related to business-type activities				(1,455,783)	
Adjustment to reflect the elimination of indirect costs charged by the general fund				12,685,987	
Net assets Business-type activities				\$ 96,293,527	

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Parking Garages	Non-Major Other Funds	Total	
Operating revenues:					
Charges for services	\$ 2,581,330	\$ 2,424,078	\$ 7,835,534	\$ 12,840,942	\$ 36,401,477
User fees	23,036,599	-	-	23,036,599	-
Energy sales	9,227,193	-	-	9,227,193	-
Sale of recyclables	2,341,864	-	-	2,341,864	-
Other revenues	407,497	-	-	407,497	-
Total operating revenues	37,594,483	2,424,078	7,835,534	47,854,095	36,401,477
Operating expenses:					
Personnel services	6,512,747	660,930	5,515,860	12,689,537	3,283,058
Contractual services	3,728,035	189,623	1,709,528	5,627,186	46,259
Materials and supplies	798,116	51,978	730,421	1,580,515	6,580,995
Utilities	105,266	109,567	833,552	1,048,385	1,319,656
Repairs and maintenance	26,462	16,219	1,186,620	1,229,301	88,583
Rental expenses	31,738	-	285,743	317,481	293,297
Vehicle fleet charges	2,332,468	5,653	25,720	2,363,841	129,254
Employee benefits	-	-	-	-	20,883,279
Other expenses	1,359,868	37,244	2,399,179	3,796,291	1,293,224
Ash disposal	226,995	-	-	226,995	-
Incinerator operations	10,217,188	-	-	10,217,188	-
Operator's debt	11,523,258	-	-	11,523,258	-
Depreciation and amortization	1,301,261	360,368	441,453	2,103,082	2,467,561
Provision for landfill closure	(7,308,000)	-	-	(7,308,000)	-
Total operating expenses	30,855,402	1,431,582	13,128,076	45,415,060	36,385,166
Operating income (loss)	6,739,081	992,496	(5,292,542)	2,439,035	16,311
Nonoperating revenues (expenses):					
Interest income	2,792,734	198,328	377,546	3,368,608	227,459
Interest expense	(623,735)	(336,582)	(353,009)	(1,313,326)	(68,597)
Intergovernmental revenues	271,487	-	1,237,975	1,509,462	-
Gain (loss) on disposal of assets	94,699	-	241	94,940	150,280
Total nonoperating revenues (expenses)	2,535,185	(138,254)	1,262,753	3,659,684	309,142
Income (loss) before transfers	9,274,266	854,242	(4,029,789)	6,098,719	325,453
Transfer out	(42,161)	(143,820)	-	(185,981)	(457,276)
Transfer in	-	-	5,238,004	5,238,004	3,297,750
Change in net assets	9,232,105	710,422	1,208,215	11,150,742	3,165,927
Total net assets - beginning as previously reported	51,962,207	9,330,023	12,620,351		13,279,654
Prior period adjustments	-	-	-		108,550
Total net assets - beginning as restated	51,962,207	9,330,023	12,620,351		13,388,204
Total net assets - ending	\$ 61,194,312	\$ 10,040,445	\$ 13,828,566		\$ 16,554,131
Adjustment to reflect the elimination of indirect costs charged by the general fund				2,478,000	
Adjustment to reflect the allocation of internal service fund net revenue (expense) to business-type activities				498,138	
Change in net assets of business-type activities				\$ 14,126,880	

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	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	\$ 36,552,232	\$ 2,428,679	\$ 9,158,241	\$ 48,139,152	\$ 9,061,792
Cash receipts from interfund services provided	-	-	-	-	27,304,871
Cash payments to suppliers for goods and services	(20,807,825)	(328,054)	(7,092,831)	(28,228,710)	(31,396,242)
Cash payments to employees for services	(6,448,464)	(666,281)	(5,420,093)	(12,534,838)	(3,295,020)
Net cash provided by (used in) operating activities	9,295,943	1,434,344	(3,354,683)	7,375,604	1,675,401
Cash flows from noncapital financing activities:					
Transfers in (out)	42,161	(143,820)	5,238,004	5,136,345	2,840,474
Intergovernmental receipt	271,487	-	1,237,974	1,509,461	-
Net cash provided by (used in) noncapital financing activities	313,648	(143,820)	6,475,978	6,645,806	2,840,474
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(1,232,765)	(503,094)	(337,105)	(2,072,964)	(95,276)
Interest paid	(344,985)	(323,630)	(345,238)	(1,013,853)	(15,387)
Interfund loan principal payment received	50,291	-	-	50,291	-
Proceeds from sale of capital assets	320,466	-	1,241	321,707	500,892
Acquisition and construction of capital assets	(2,809,215)	(146,740)	-	(2,955,955)	(3,271,013)
Net cash provided by (used in) capital and related financing activities	(4,016,208)	(973,464)	(681,102)	(5,670,774)	(2,880,784)
Cash flows from investing activities:					
Interest received	2,144,264	198,328	368,049	2,710,641	200,900
Net cash provided by investing activities	2,144,264	198,328	368,049	2,710,641	200,900
Net increase (decrease) in cash and cash equivalents	7,737,647	515,388	2,808,242	11,061,277	1,835,991
Cash and cash equivalents at beginning of year	53,271,544	3,500,340	6,081,853	62,853,737	7,358,399
Cash and cash equivalents at end of year	\$ 61,009,191	\$ 4,015,728	\$ 8,890,095	\$ 73,915,014	\$ 9,194,390
Reconciliation to balance sheet:					
Non-pooled cash and cash equivalents	\$ 214,840	\$ 3,000	\$ 1,200	\$ 219,040	\$ -
Pooled cash and cash equivalents	16,881,407	4,012,728	8,888,895	29,783,030	9,069,390
Restricted cash and cash equivalents	43,912,944	-	-	43,912,944	-
Cash with fiscal agent	-	-	-	-	125,000
Cash and cash equivalents at end of year	\$ 61,009,191	\$ 4,015,728	\$ 8,890,095	\$ 73,915,014	\$ 9,194,390

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	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)	\$ 6,739,081	\$ 992,496	\$ (5,292,542)	\$ 2,439,035	\$ 16,311
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,301,261	360,368	441,453	2,103,082	2,467,561
Provision for landfill closure	(7,308,000)	-	-	(7,308,000)	-
Provision for uncollectible accounts	(138,004)	-	-	(138,004)	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	(8,089,892)	4,601	1,322,708	(6,762,583)	(31,810)
Increase in inventory	-	-	-	-	(8,212)
Increase (decrease) in accounts payable	9,452,894	82,230	77,931	9,613,055	(720,028)
Increase (decrease) in accrued payroll	64,283	(5,351)	95,767	154,699	(14,363)
Increase (decrease) in deferred revenue	(33,680)	-	-	(33,680)	(34,058)
Decrease in accrual for landfill closure	7,308,000	-	-	7,308,000	-
Total adjustments	2,556,862	441,848	1,937,859	4,936,569	1,659,090
Net cash provided by (used in) operating activities	<u>\$ 9,295,943</u>	<u>\$ 1,434,344</u>	<u>\$ (3,354,683)</u>	<u>\$ 7,375,604</u>	<u>\$ 1,675,401</u>

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2007

ASSETS

Non-pooled cash and cash equivalents	\$ 13,093,327
Pooled cash and cash equivalents	17,469,801
Pooled investments	3,671,623
Non-pooled investments	<u>2,999,070</u>
 Total assets	 <u><u>\$ 37,233,821</u></u>

LIABILITIES

Due to component units	\$ 356,724
Intergovernmental payable	21,646,711
Due to third parties	<u>15,230,386</u>
 Total liabilities	 <u><u>\$ 37,233,821</u></u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNITS
 June 30, 2007

<u>ASSETS</u>	Charleston County Library	Charleston County PRC	Cooper River Park & Playground	James Island PSD
Non-pooled cash and cash equivalents	\$ 1,812,935	\$ 18,729,389	\$ 1,922	\$ 6,368,543
Investments	-	-	-	1,797,015
Receivables (net of allowances for uncollectibles)	79,144	14,432,421	212,912	5,116,464
Due from primary government	-	(90,193)	1,768	435,959
Inventories	55,557	319,368	-	75,006
Prepaid items and deposits	197,339	372,156	-	-
Deferred issuance costs	-	-	-	283,861
Restricted Assets:				
Cash and cash equivalents	-	6,560,988	-	1,220,044
Investments	-	-	-	332,526
Capital Assets:				
Land and easements - nondepreciable	-	26,676,406	66,161	539,230
Buildings	-	40,354,248	183,786	1,501,339
Improvements other than buildings	-	19,217,607	-	46,964
Machinery and equipment	2,673,411	4,857,162	393,758	5,696,931
Infrastructure	-	4,401,887	-	30,136,408
Construction in progress	-	831,258	-	459,959
Library materials	21,835,366	-	-	-
Artwork - nondepreciable	11,000	-	-	-
Accumulated depreciation	(20,264,891)	(23,915,049)	(547,554)	(13,353,782)
Total assets	<u>6,399,861</u>	<u>112,747,648</u>	<u>312,753</u>	<u>40,656,467</u>
 <u>LIABILITIES</u>				
Accounts payable	420,764	1,136,089	-	491,158
Accrued payroll and fringe benefits	310,070	448,660	-	178,150
Intergovernmental payable	-	-	-	-
Interest payable	-	373,396	-	42,937
Unearned revenue	27,291	14,740,900	153,069	4,376,834
Noncurrent liabilities:				
Due within one year	60,611	3,815,353	-	750,233
Due in more than one year	801,292	21,116,586	-	8,276,826
Total liabilities	<u>1,620,028</u>	<u>41,630,984</u>	<u>153,069</u>	<u>14,116,138</u>
 <u>NET ASSETS</u>				
Invested in capital assets, net of related debt	4,254,886	48,213,937	96,151	16,321,517
Restricted for:				
Purchase of capital assets	10,298	-	-	139,900
Capital projects	-	145,967	-	-
Debt service	-	6,538,555	-	1,734,301
Beach renourishment	-	155,601	-	-
Unrestricted	514,649	16,062,604	63,533	8,344,611
Total net assets	<u>\$ 4,779,833</u>	<u>\$ 71,116,664</u>	<u>\$ 159,684</u>	<u>\$ 26,540,329</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, 2006	Totals
\$ 582,057	\$ 259,999	\$ 31,549	\$ 1,528,988	\$ 203,202	\$ 29,518,584
-	-	2,354,587	192,427	170,484	4,514,513
995,332	1,219,189	9,108,284	3,317,029	-	34,480,775
27,230	20,531	253,560	41,270	-	690,125
-	-	-	-	-	449,931
-	31,670	210,989	45,678	23,038	880,870
-	-	13,321	-	-	297,182
-	-	1,891,205	-	-	9,672,237
-	-	-	-	-	332,526
80,122	153,000	256,665	182,174	87,679	28,041,437
464,015	5,031,947	3,237,695	1,744,625	311,760	52,829,415
-	-	-	-	34,747	19,299,318
1,117,373	1,337,675	6,310,208	2,589,372	1,453,675	26,429,565
-	-	-	-	-	34,538,295
-	2,750	1,045,445	-	-	2,339,412
-	-	-	-	-	21,835,366
-	-	-	-	-	11,000
(1,258,892)	(2,451,393)	(3,679,268)	(2,145,662)	(1,123,055)	(68,739,546)
<u>2,007,237</u>	<u>5,605,368</u>	<u>21,034,240</u>	<u>7,495,901</u>	<u>1,161,530</u>	<u>197,421,005</u>
-	81,745	103,115	8,133	5,482	2,246,486
-	33,782	163,692	47,294	-	1,181,648
20,212	-	-	-	-	20,212
-	3,102	146,369	5,559	-	571,363
1,030,510	1,370,191	8,983,728	3,290,838	42,505	34,015,866
-	215,751	816,512	132,670	-	5,791,130
-	651,290	6,025,519	125,199	-	36,996,712
<u>1,050,722</u>	<u>2,355,861</u>	<u>16,238,935</u>	<u>3,609,693</u>	<u>47,987</u>	<u>80,823,417</u>
402,618	3,229,157	2,798,096	2,207,028	-	77,523,390
-	-	-	-	-	150,198
-	-	-	-	-	145,967
-	-	152,133	-	-	8,424,989
-	-	-	-	-	155,601
553,897	20,350	1,845,076	1,679,180	1,113,543	30,197,443
<u>\$ 956,515</u>	<u>\$ 3,249,507</u>	<u>\$ 4,795,305</u>	<u>\$ 3,886,208</u>	<u>\$ 1,113,543</u>	<u>\$ 116,597,588</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, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets										Chas County Volunteer Fire Rescue Squad Dec. 31, 2006	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	\$ 14,702,743	\$ 526,655	\$ 13,552,307	\$ 622,171	\$ (1,610)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,610)	
Charleston County PRC															
Governmental Activities															
General government	7,607,209	-	-	150,800	-	(7,456,409)	-	-	-	-	-	-	-	(7,456,409)	
Culture and recreation	2,565,890	680,289	-	-	-	(1,885,601)	-	-	-	-	-	-	-	(1,885,601)	
Planning and development	1,509,403	-	-	308,349	-	(1,201,054)	-	-	-	-	-	-	-	(1,201,054)	
Interest and fiscal charges	933,719	-	-	-	-	(933,719)	-	-	-	-	-	-	-	(933,719)	
Total governmental activities	12,616,221	680,289	-	459,149	-	(11,476,783)	-	-	-	-	-	-	-	(11,476,783)	
Business-type activities															
Park operations	11,210,766	10,026,580	-	-	-	(1,184,186)	-	-	-	-	-	-	-	(1,184,186)	
Total Charleston County PRC	23,826,987	10,706,869	-	459,149	-	(12,660,969)	-	-	-	-	-	-	-	(12,660,969)	
Cooper River Park & Playground															
Governmental Activities															
General government	14,377	-	-	-	-	(14,377)	-	-	-	-	-	-	-	(14,377)	
Culture and recreation	213,996	-	-	-	-	(213,996)	-	-	-	-	-	-	-	(213,996)	
Total governmental activities	228,373	-	-	-	-	(228,373)	-	-	-	-	-	-	-	(228,373)	
James Island PSD															
Governmental Activities															
General government	724,445	-	-	-	-	-	(724,445)	-	-	-	-	-	-	(724,445)	
Public safety	3,095,220	-	-	-	-	-	(3,095,220)	-	-	-	-	-	-	(3,095,220)	
Health and welfare	1,690,850	-	-	-	-	-	(1,690,850)	-	-	-	-	-	-	(1,690,850)	
Total governmental activities	5,510,515	-	-	-	-	-	(5,510,515)	-	-	-	-	-	-	(5,510,515)	
Business-type activities															
Wastewater	4,370,329	4,713,840	-	-	-	-	343,511	-	-	-	-	-	-	343,511	
Total James Island PSD	9,880,844	4,713,840	-	-	-	-	(5,167,004)	-	-	-	-	-	-	(5,167,004)	
North Charleston District															
Governmental Activities															
General government	20,574	-	-	-	-	-	-	(20,574)	-	-	-	-	-	(20,574)	
Public safety	1,011,055	-	-	-	-	-	-	(1,011,055)	-	-	-	-	-	(1,011,055)	
Public works	392,647	-	-	-	-	-	-	(392,647)	-	-	-	-	-	(392,647)	
Total governmental activities	1,424,276	-	-	-	-	-	-	(1,424,276)	-	-	-	-	-	(1,424,276)	

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
 For the Year Ended June 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets									Chas County Volunteer Fire Rescue Squad Dec. 31, 2006	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	\$ 1,026,784	\$ -	\$ 88,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (937,984)	\$ -	\$ -	\$ -	\$ -	\$ (937,984)	
Culture and recreation	799,705	513,127	-	-	-	-	-	-	(286,578)	-	-	-	-	(286,578)	
Interest	6,395	-	-	-	-	-	-	-	(6,395)	-	-	-	-	(6,395)	
	<u>1,832,884</u>	<u>513,127</u>	<u>88,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,230,957)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,230,957)</u>	
Business-type activities															
Family recreation	1,136,326	1,102,312	-	-	-	-	-	-	(34,014)	-	-	-	-	(34,014)	
Total St. Andrew's Parish Parks and Playground Commission	<u>2,969,210</u>	<u>1,615,439</u>	<u>88,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,264,971)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,264,971)</u>	
St. John's Fire District															
Governmental Activities															
Public safety	7,691,731	-	-	-	-	-	-	-	-	(7,691,731)	-	-	-	(7,691,731)	
St. Paul's Fire District															
Governmental Activities															
Public safety	3,190,413	-	-	-	-	-	-	-	-	-	(3,190,413)	-	-	(3,190,413)	
Charleston County Volunteer Fire & Rescue Squad															
Public Safety	302,117	-	392,515	-	-	-	-	-	-	-	-	-	90,398	90,398	
Total Component Units	<u>\$ 64,216,694</u>	<u>\$ 17,562,803</u>	<u>\$ 14,033,622</u>	<u>\$ 1,081,320</u>										<u>(31,538,949)</u>	
General Revenues															
Property taxes					-	14,451,747	182,153	5,987,575	1,118,944	1,238,684	9,078,520	3,383,621	-	35,441,244	
Merchants inventory tax and manufacturer's depreciation					-	357,683	55,574	-	219,061	29,677	19,057	18,832	-	699,884	
Franchise fees					-	-	-	-	89,372	-	-	-	-	89,372	
Grants not restricted to specific programs					-	2,573	-	-	-	-	-	-	-	2,573	
Unrestricted investment earnings					76,881	800,932	2	370,391	18,953	-	103,532	57,900	20,032	1,448,623	
Gain on sale of capital assets					-	-	-	-	-	-	-	2,525	-	2,525	
Fundraising and donations					-	-	-	-	-	13,175	-	-	71,016	84,191	
Miscellaneous					-	192,999	-	184,467	-	-	22,786	2,000	8,843	411,095	
Total General Revenues					<u>76,881</u>	<u>15,805,934</u>	<u>237,729</u>	<u>6,542,433</u>	<u>1,446,330</u>	<u>1,281,536</u>	<u>9,223,895</u>	<u>3,464,878</u>	<u>99,891</u>	<u>38,179,507</u>	
Change in Net Assets					75,271	3,144,965	9,356	1,375,429	22,054	16,565	1,532,164	274,465	190,289	6,640,558	
Net Assets Beginning of Year as restated					4,704,562	67,971,699	150,328	25,164,900	934,461	3,232,942	3,263,141	3,611,743	923,254	109,957,030	
Net Assets End of Year					<u>\$ 4,779,833</u>	<u>\$ 71,116,664</u>	<u>\$ 159,684</u>	<u>\$ 26,540,329</u>	<u>\$ 956,515</u>	<u>\$ 3,249,507</u>	<u>\$ 4,795,305</u>	<u>\$ 3,886,208</u>	<u>\$ 1,113,543</u>	<u>\$ 116,597,588</u>	

See notes to financial statements.

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

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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, 2007.

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

<u>Blended Component Units Reported with the Primary Government</u>	<u>Brief Description of Activities and Relationship to the County</u>	<u>Reporting Funds</u>
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. The Corporation exists solely for the benefit of Charleston County.	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 11 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
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<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
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<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

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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.

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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.

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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.

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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, 2006, but which were levied to finance fiscal year 2008 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
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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 statutes 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.
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
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JUNE 30, 2007

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 - 3 percent, February 1 - an additional 7 percent, March 16 - an additional 5 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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 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, 2007.

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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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.

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 net assets 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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2007, \$48,923,574 of net assets is restricted by enabling legislation.

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, radio 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 are the primary activity of the fund.

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.

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, Education, Emergency Medical Services, Fire Districts, Geographic Information Systems, Hazardous Materials Enforcement, Storm water Drainage, 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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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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.

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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, payables, and capital asset amounts in the General Operating fund, Special Revenue, and Internal Service funds.

	Primary Government		
	Governmental Fund Types		Proprietary Fund Type
	General Operating	Special Revenue	Internal Service
Equity July 1, 2006	\$48,934,222	\$104,303,780	\$13,279,654
Restatements:			
Accounts receivable	-	(43,125)	-
Capital assets	-	-	43,617
Accumulated depreciation	-	-	64,933
Accrued payroll and fringe benefits	(19,290)	-	-
Equity July 1, 2006 (as restated)	<u>\$48,914,932</u>	<u>\$104,260,655</u>	<u>\$13,388,204</u>
	Governmental	Component	
	Activities	Units	
	CCPRC		
Net Assets July 1, 2006	\$163,051,533	\$69,443,062	
Restatements:			
Capital assets	-	(700,014)	
Accumulated depreciation	-	(771,349)	
Fund restatements as noted above	46,135	-	
Net Assets July 1, 2006 (as restated)	<u>\$163,097,668</u>	<u>\$67,971,699</u>	

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 Section 6-5-15, *South Carolina Code of Law, 1976* (as amended) 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, 2007, \$3,707,168 of the County's bank balance of \$148,388,968 was exposed to custodial credit risk as follows:

Collateralized by securities held by the pledging Bank's Trust department not in the County's name	<u>\$ 3,707,168</u>
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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, 2007, the County had \$550,000 exposed to custodial credit risk on their investments which total \$157,950,029. \$151,279,336 is reported on the Statement of Net Assets and \$6,670,693 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, and the external investment pool is not rated.

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
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The County had \$33,421,138 invested in the South Carolina Local Government Investment Pool. \$84,697,659 has been invested in certificates of deposits or US Treasuries or US obligations and therefore by definition are not subject to credit risk. \$38,378,979 has been invested in U.S. Government Agencies. They are rated AAA for long-term unsecured debt and A1+ for short-term notes by Standards & Poor's. The remaining \$1,452,253 has been invested in A1/P1 Commercial Paper (Moody's/S&P highest rating).

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 investments have a fair value of \$39,831,232 as of June 30, 2007.

Investments Maturity:	Fair Value as of <u>June 30, 2007</u>
Less than one year	
Federal Home Loan Mortgage Corporation:	\$ 12,604,025
Federal Farm Credit Bank	4,846,199
Cortland Corporation CP	1,452,253
Federal National Mortgage Association	15,928,755
One to five years	
Federal Home Loan Bank	<u>5,000,000</u>
	<u>\$ 39,831,232</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 represent 7.98 percent and Federal National Mortgage Association represents 10.08 percent of the County's total investments.

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 \$1,358,358 at June 30, 2007. 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, 2006, Charleston County Volunteer Fire & Rescue Squad, Inc. had a bank balance exceeding FDIC limits by \$44,309. The Charleston County Volunteer Fire & Rescue Squad maintains cash and investments accounts with a local office of a national securities broker. The investments held by the broker are not federally insured. Thus, there is some credit risk associated with these investments. The fair value of these investments at December 31, 2006 is \$170,484. At June 30, 2007, the Charleston County Park and Recreation Commission had bank balances exceeding FDIC limits and uncollateralized of \$1,960,521. The James Island Public Service District had bank balances exceeding FDIC limits and uncollateralized of \$16,268. 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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 percent 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 – component units	\$ 206,115
Carrying amount of deposits - primary government	148,388,968
Carrying amount of deposits - component units	37,626,348
Carrying amount of investments - primary government	157,950,029
Carrying amount of investments – component units	6,205,397
Cash with fiscal agent – primary government	<u>125,000</u>
Total carrying amount of cash and investments	<u>\$ 350,501,857</u>
Non-pooled cash and cash equivalents	\$ 47,197,029
Pooled cash and cash equivalents	85,852,431
Restricted cash and cash equivalents	54,530,329
Pooled investments	78,320,803
Non-pooled investments	7,513,583
Restricted Investments	76,962,682
Cash with fiscal agent	<u>125,000</u>
Total carrying amount of cash and investments	<u>\$ 350,501,857</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

B. Receivables

Receivables as of June 30, 2007, including the applicable allowances for uncollectible accounts, are as follows:

Primary government:	Governmental Funds			
	General	Debt Service	Transportation Special Revenue Fund	Non-major Governmental Funds
Receivables:				
Current property taxes	\$ 101,259,633	\$16,624,716	\$ -	\$ 6,458,786
Delinquent property taxes	2,885,503	751,077	-	266,029
Accounts	12,810,266	-	-	452,194
Intergovernmental	17,206,595	-	17,261,465	6,781,149
Notes	-	-	-	319,513
Interest	-	309	303,439	2,849
Gross receivables	<u>134,161,997</u>	<u>17,376,102</u>	<u>17,564,904</u>	<u>14,280,520</u>
Less allowance for uncollectibles:				
Current property taxes	4,111,141	633,402	-	292,744
Delinquent property taxes	1,240,213	321,365	-	107,488
Accounts	10,713,412	-	-	58,433
Notes	-	-	-	266,680
Gross allowance	<u>16,064,766</u>	<u>954,767</u>	<u>-</u>	<u>725,345</u>
Net total receivable	<u>\$ 118,097,231</u>	<u>\$ 16,421,335</u>	<u>\$ 17,564,904</u>	<u>\$ 13,555,175</u>
		Proprietary		Totals
		Business-type Activities	Governmental Activities- Internal Service Funds	Primary Government
Receivables:				
Current property taxes	\$ -	\$ -	-	\$ 124,343,135
Delinquent property taxes	-	-	-	3,902,609
Accounts	17,302,202	6,520	-	30,571,182
Intergovernmental	715,000	162,046	-	42,126,255
Notes	-	-	-	319,513
Interest	13,702	-	-	320,299
Gross receivables	<u>18,030,904</u>	<u>168,566</u>	<u>-</u>	<u>201,582,993</u>
Less allowance for uncollectibles:				
Current property taxes	-	-	-	5,037,287
Delinquent property taxes	-	-	-	1,669,066
Accounts	4,018,533	-	-	14,790,378
Notes	-	-	-	266,680
Gross allowance	<u>4,018,533</u>	<u>-</u>	<u>-</u>	<u>21,763,411</u>
Net total receivable	<u>\$ 14,012,371</u>	<u>\$ 168,566</u>	<u>-</u>	<u>\$ 179,819,582</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Component Units:	<u>CCL</u>	<u>CCPRC</u>	<u>CRPPC</u>	<u>JIPSD</u>	<u>NCD</u>
Receivables:					
Current property taxes	\$ -	\$ 14,060,695	\$ 161,908	\$ 4,580,674	\$ 996,357
Delinquent property taxes	-	569,828	14,835	240,910	99,469
Accounts	79,144	144,512	-	535,380	-
Intergovernmental	-	425,687	51,700	-	-
Gross receivables	<u>79,144</u>	<u>15,200,722</u>	<u>228,443</u>	<u>5,356,964</u>	<u>1,095,826</u>
Less allowance for uncollectables:					
Current property taxes	-	534,306	8,840	203,840	54,401
Delinquent property taxes	-	233,995	6,691	11,160	46,093
Accounts	-	-	-	25,500	-
Gross allowance	-	768,301	15,531	240,500	100,494
Net total receivable	<u>\$ 79,144</u>	<u>\$ 14,432,421</u>	<u>\$ 212,912</u>	<u>\$ 5,116,464</u>	<u>\$ 995,332</u>

	<u>SAPPPC</u>	<u>SJFD</u>	<u>SPFD</u>	<u>Total Component Units</u>
Receivables:				
Current property taxes	\$ 1,239,929	\$ 9,233,969	\$ 3,290,838	\$ 33,564,370
Delinquent property taxes	63,243	172,882	261,223	1,422,390
Accounts	-	2,968	-	762,004
Intergovernmental	-	-	-	477,387
Gross receivables	<u>1,303,172</u>	<u>9,409,819</u>	<u>3,552,061</u>	<u>36,226,151</u>
Less allowance for uncollectables:				
Current property taxes	62,368	250,241	125,052	1,239,048
Delinquent property taxes	21,615	51,294	109,980	480,828
Accounts	-	-	-	25,500
Gross allowance	<u>83,983</u>	<u>301,535</u>	<u>235,032</u>	<u>1,745,376</u>
Net total receivable	<u>\$ 1,219,189</u>	<u>\$ 9,108,284</u>	<u>\$ 3,317,029</u>	<u>\$ 34,480,775</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, 2007, under these notes Receivable:

Year Ending June 30	Primary Government Business-type Activities
2008	\$ 80,001
2009	80,001
2010	80,001
2011	80,001
2012	80,001
2013-2014	<u>160,002</u>
Total minimum note payments	560,007
Less amount representing interest	<u>(109,420)</u>
Present value of minimum note payments	450,587
Less current portion	<u>(53,396)</u>
Long-term portion	<u>\$ 397,191</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2007 was as follows:

Governmental Activities:	Balance as restated July 1, 2006	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 2007
Capital assets not being depreciated:				
Land	\$ 3,969,604	\$ -	\$ -	\$ 3,969,604
Construction in progress	7,356,498	3,204,652	(6,281,449)	4,279,701
Infrastructure-easements, land	<u>10,356,003</u>	<u>310,538</u>	<u>(2,166,080)</u>	<u>8,500,461</u>
Total capital assets not being depreciated	<u>21,682,105</u>	<u>3,515,190</u>	<u>(8,447,529)</u>	<u>16,749,766</u>
Capital assets being depreciated:				
Buildings	203,186,866	224,125	(12,407)	203,398,584
Improvements other than buildings	3,204,089	-	-	3,204,089
Machinery and equipment	67,945,940	19,374,280	(6,375,988)	80,944,232
Infrastructure	<u>50,444,403</u>	<u>2,016,348</u>	<u>(16,019,712)</u>	<u>36,441,039</u>
Total capital assets being depreciated	<u>324,781,298</u>	<u>21,614,753</u>	<u>(22,408,107)</u>	<u>323,987,944</u>
Less accumulated depreciation:				
Buildings	(44,781,092)	(4,575,432)	-	(49,356,524)
Improvements other than buildings	(1,371,515)	(75,418)	-	(1,446,933)
Machinery and equipment	(42,935,472)	(7,789,004)	4,521,029	(46,203,447)
Infrastructure	<u>(31,111,548)</u>	<u>(2,479,552)</u>	<u>9,615,565</u>	<u>(23,975,535)</u>
Total accumulated depreciation	<u>(120,199,627)</u>	<u>(14,919,406)</u>	<u>14,136,594</u>	<u>(120,982,439)</u>
Total capital assets being depreciated, net	<u>204,581,671</u>	<u>6,695,347</u>	<u>(8,271,513)</u>	<u>203,005,505</u>
Governmental activities, Total capital assets, net	<u>\$ 226,263,776</u>	<u>\$ 10,145,604</u>	<u>\$ (16,654,109)</u>	<u>\$ 219,755,271</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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JUNE 30, 2007

	<u>Balance as July 1, 2006</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2007</u>
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 3,950,930	\$ -	\$ -	\$ 3,950,930
Construction in progress	<u>11,556,151</u>	<u>4,397,689</u>	<u>-</u>	<u>15,953,840</u>
Total capital assets not being depreciated	<u>15,507,081</u>	<u>4,397,689</u>	<u>-</u>	<u>19,904,770</u>
Capital assets being depreciated:				
Buildings	24,933,128	-	-	24,933,128
Improvements other than buildings	850,907	-	-	850,907
Machinery and equipment	<u>13,780,139</u>	<u>2,457,373</u>	<u>(1,241,364)</u>	<u>14,996,148</u>
Total capital assets being depreciated	<u>39,564,174</u>	<u>2,457,373</u>	<u>(1,241,364)</u>	<u>40,780,183</u>
Less accumulated depreciation:				
Buildings	(5,806,622)	(562,159)	-	(6,368,781)
Improvements other than buildings	(384,204)	(52,609)	-	(436,813)
Machinery and equipment	<u>(8,116,490)</u>	<u>(1,439,769)</u>	<u>1,037,324</u>	<u>(8,518,935)</u>
Total accumulated depreciation	<u>(14,307,316)</u>	<u>(2,054,537)</u>	<u>1,037,324</u>	<u>(15,324,529)</u>
Total capital assets being depreciated, net				
Business-type activities	<u>25,256,858</u>	<u>402,836</u>	<u>(204,040)</u>	<u>25,455,654</u>
Total capital assets, net	<u>\$ 40,763,939</u>	<u>\$ 4,800,525</u>	<u>\$ (204,040)</u>	<u>\$ 45,360,424</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General government	\$ 7,322,406
Public safety	2,661,500
Judicial	1,492,965
Public works	2,582,783
Health and welfare	128,600
Culture and recreation	731,152
Total	<u>\$ 14,919,406</u>

Business-type Activities:

Solid Waste	\$ 1,266,009
Parking Garages	354,762
DAODAS	276,829
E-911 Communications	156,937
Total	<u>\$ 2,054,537</u>

Component Units:

	Balance as Restated July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated:				
Land	\$ 27,890,395	\$ 151,042	\$ -	\$ 28,041,437
Artwork	11,000	-	-	11,000
Construction in progress	1,079,108	1,836,797	(576,493)	2,339,412
Total capital assets not being depreciated	<u>28,980,503</u>	<u>1,987,839</u>	<u>(576,493)</u>	<u>30,391,849</u>
Capital assets being depreciated:				
Buildings	52,210,684	1,333,630	(714,899)	52,829,415
Improvements other than buildings	18,338,235	961,083	-	19,299,318
Machinery and equipment	26,028,685	2,662,331	(2,261,451)	26,429,565
Infrastructure	34,210,392	359,434	(31,531)	34,538,295
Library materials	21,592,837	1,775,486	(1,532,957)	21,835,366
Total capital assets being depreciated	<u>152,380,833</u>	<u>7,091,964</u>	<u>(4,540,838)</u>	<u>154,931,959</u>
Less accumulated depreciation	<u>(65,590,309)</u>	<u>(7,044,319)</u>	<u>3,895,082</u>	<u>(68,739,546)</u>
Total capital assets being depreciated, net	<u>86,790,524</u>	<u>47,645</u>	<u>(645,756)</u>	<u>86,192,413</u>
Component units				
Total capital assets, net	<u>\$ 115,771,027</u>	<u>\$ 2,035,484</u>	<u>\$ (1,222,249)</u>	<u>\$ 116,584,262</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions of the component units as follows:

General government	\$ 1,958,610
Public safety	1,069,213
Culture and recreation	2,266,767
Health and welfare	113,410
Family recreation center	121,471
Park operations	865,453
Waste water	<u>649,395</u>
Total	<u>\$ 7,044,319</u>

Construction in progress in the Governmental Activities as of June 30, 2007, is composed of the following:

Primary government:	<u>Project Authorization</u>	<u>Expended to June 30, 2007</u>	<u>Commitments Outstanding</u>	<u>Required Future Financing</u>
Juvenile Detention Center	\$ 508,038	\$ 410,191	\$ -	General obligation bonds
Medic 2	1,800,064	1,793,703	8,403	None
Medic 6	39,166	20,719	-	None
Medic 7	47,084	2,832	-	None
Medic 15	995,481	969,809	16,421	None
Judicial Center Repairs	562,450	69,745	-	General obligation bonds
Fleet Auto Shop	518,789	144,928	66,118	General obligation bonds
Adult Detention Facility	5,240,325	867,774	4,401,727	General obligation bonds
K9 facilities/impound lot	<u>1,165,000</u>	<u>-</u>	<u>118,686</u>	General obligation bonds
Total primary government	<u>\$ 10,876,397</u>	<u>\$ 4,279,701</u>	<u>\$ 4,611,355</u>	

Commitments outstanding represent signed contracts and outstanding encumbrances of the County. As of June 30, 2007, the County has assets under capital lease with a total cost of \$6,004,524 and a net book value of \$1,506,286. 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
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Construction in progress as of June 30, 2007, in the Business-type activities is composed of the following:

Primary government:	<u>Project Authorization</u>	<u>Expended to June 30, 2007</u>	<u>Commitments Outstanding</u>	<u>Required Future Financing</u>
Solid Waste Lined Landfill	<u>\$ 16,301,987</u>	<u>\$ 15,953,840</u>	<u>\$ 164,126</u>	None
Total primary government	<u>\$ 16,301,987</u>	<u>\$ 15,953,840</u>	<u>\$ 164,126</u>	
Component Unit:				
CCPRC				
Remley's Point boat landing	\$ 30,000	\$ 28,585	\$ -	None
Folly Beach Pier	1,219,210	421,020	1,196	None
Dog park improvements	328,263	250,336	67,814	None
Signage relocation	25,000	7,196	8,805	None
Beach Walker erosion control	240,000	34,415	11,058	None
IOP restroom expansion	89,000	74,306	8,779	None
CRM comprehensive study	15,400	15,400	-	None
SAPPPC				
Future renovations	-	2,750	-	None
SJFD				
Fire stations construction	1,936,196	1,045,445	890,751	None
JIPSD				
Waste water upgrade	636,238	459,959	176,279	Impact fees
Ellis Creek project	<u>219,925</u>	<u>-</u>	<u>-</u>	Impact fees
Total component units	<u>\$ 4,739,232</u>	<u>\$ 2,339,412</u>	<u>\$ 1,164,682</u>	

D. Inter-fund Receivables and Payables

The composition of primary government interfund balances at June 30, 2007, is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Major governmental funds: General Fund	\$ 1,307,803	\$ 437,061
Non-major governmental funds	-	1,265,642
Major enterprise funds: Solid Waste	-	42,161
Internal service funds	<u>437,061</u>	<u>-</u>
Total	<u>\$ 1,744,864</u>	<u>\$ 1,744,864</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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

E. Inter-fund Transfers

A summary of transfers is as follows:

	Transfer In	Transfer Out
Major governmental funds:		
General Fund	\$ 1,939,171	\$ (11,840,981)
Debt Service Fund	5,141,870	(762,346)
G.O.B. Capital projects	-	-
Transportation and road sales tax	1,980,218	(4,980,218)
Non-major governmental funds	11,403,521	(10,773,732)
Major business-type activities:		
Solid Waste	-	(42,161)
Parking Garage	-	(143,820)
Non-major business-type activities	5,238,004	-
Internal Service Funds	<u>3,297,750</u>	<u>(457,276)</u>
Total	<u>\$ 29,000,534</u>	<u>\$ (29,000,534)</u>

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 \$10,781 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 2007 no new leases were signed. 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, 2007, is \$138,773.

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

Year Ending June 30	CCL
2008	\$ 98,022
2009	33,336
2010	33,336
2011	<u>16,668</u>
	<u>\$ 181,362</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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G. Landfill Closure and Post-Closure Cost

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 30 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 \$3,583,000 reported as the accrual for landfill closure and post-closure at June 30, 2007, represents the estimated remaining cost reported less \$13,350,000 deferred 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%	\$ 5,244,478	\$ 1,319,200	\$ 6,563,678	\$ -
Bees Ferry:					
Ash storage facility	100%	929,018	448,500	1,377,518	-
72 acres	100%	6,038,809	-	6,038,809	-
68 acres	100%	4,290,000	5,437,000	9,727,000	-
Bees Ferry lined landfill	4.1636%	395,550	184,450	580,000	13,350,000
Totals		<u>\$16,897,855</u>	<u>\$ 7,389,150</u>	<u>\$ 24,287,005</u>	<u>\$ 13,350,000</u>

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2007. 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 199 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, 2007. James Island PSD borrowed \$600,000 at 4.0 percent 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	-	600,000	600,000	-
SJFD	-	1,500,000	1,500,000	-
SAPPPC	-	300,000	300,000	-
	<u>\$ -</u>	<u>\$ 5,900,000</u>	<u>\$ 5,900,000</u>	<u>\$ -</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

I. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2007.

Primary Government:	Balance July 1, 2006	Increase	Decrease	Balance June 30, 2007	Amounts Due in One Year
Governmental activities					
General obligation bonds	\$153,448,297	\$ -	\$ 7,053,523	\$ 146,394,774	\$ 9,329,461
Certificates of participation	62,427,073	-	4,796,039	57,631,034	5,012,822
Intergovernmental note payable	36,988,439	-	880,562	36,107,877	931,019
Capital lease payable	3,474,081	1,429,804	1,030,883	3,873,002	959,694
Compensated absences	7,398,574	992,380	336,288	8,054,666	336,288
Total	<u>\$263,736,464</u>	<u>\$ 2,422,184</u>	<u>\$14,097,295</u>	<u>\$ 252,061,353</u>	<u>\$ 16,569,284</u>
Business-type activities					
Certificates of participation	\$ 11,056,789	\$ -	\$ 825,155	\$ 10,231,634	\$ 874,878
Revenue bonds	11,723,994	-	1,232,765	10,491,229	1,296,391
Accrual for landfill closure	10,891,000	-	7,308,000	3,583,000	3,583,000
Compensated absences	876,924	154,176	41,263	989,837	136,897
Total	<u>\$ 34,548,707</u>	<u>\$ 154,176</u>	<u>\$ 9,407,183</u>	<u>\$ 25,295,700</u>	<u>\$ 5,891,166</u>

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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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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, 2007, 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 percent to 6.125 percent 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	\$ 21,915,000
May 1, 2001	General Obligation Refunding and Capital Improvement Bonds, Series 2001, 4.10 percent to 5.25 percent 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	6,970,000
April 2, 2004	General Obligation Refunding Bonds, Series 2004, 2.00 percent to 4.00 percent 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	53,585,000
May 2, 2006	General Obligation Transportation Sales Tax Bonds, Series 2006 (referendum,) 4.00 percent to 5.00 percent 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>	147,470,000
Less: Deferred refunding cost			(3,296,116)
Add: Premium			<u>2,220,890</u>
General obligation debt per statement of net assets			146,394,774
Less current portion, including deferred refunding cost and premium			<u>(9,329,461)</u>
Long-term portion outstanding			<u>\$137,065,313</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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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, 2007, 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 percent to 6.00 percent interest, semi-annual principal and interest payments beginning in 1996, matures 2021. These bonds were partially refunded in May 2004.	\$ 85,000,000	\$ 12,085,000
May 1, 2004	Certificates of Participation, Series 2004, Charleston Public Facilities Corporation, 2.00 percent to 5.00 percent interest, semi-annual principal and interest payments beginning in 2004, matures 2016.	44,160,000	36,355,000
March 3, 2005	Certificates of Participation, Series 2005, Charleston Public Facilities Corporation, 5.00 percent to 5.125 percent 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>	68,385,000
Less: Discount applicable to business-type activities			(12,665)
Deferred refunding cost			(3,049,050)
Add: Premium			<u>2,539,383</u>
Certificate of participation debt per statement of net assets			67,862,668
Less current portion, including deferred refunding cost, premium and discount			<u>(5,887,700)</u>
Long-term portion outstanding			<u>\$ 61,974,968</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, 2007, 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 percent to 5.00 percent interest, semi-annual principal and interest payments beginning in 2005, matures in 2014.	<u>\$ 14,525,000</u>	<u>\$ 10,780,000</u>
		<u>\$ 14,525,000</u>	10,780,000
	Less: Deferred refunding cost applicable to business-type activities		(664,017)
	Add: Premium applicable to business-type activities.		<u>375,246</u>
	Revenue bond debt per statement of net assets		10,491,229
	Less current portion, including deferred refunding cost and premium		<u>(1,296,391)</u>
	Long-term portion outstanding		<u>\$ 9,194,838</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, 2007, 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 percent, matures in 2014.	<u>\$ 791,600</u>	<u>\$ 450,587</u>
	Less current portion	<u>\$ 791,600</u>	<u>(53,396)</u>
	Debt per statement of net assets		<u>\$ 397,191</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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JUNE 30, 2007

Annual requirements to amortize primary government notes payable outstanding at June 30, 2007, are as follows:

Year Ending June 30	Internal Service Fund	Principal	Interest
2008	\$ 80,001	\$ 53,396	\$ 26,605
2009	80,001	56,692	23,309
2010	80,001	60,193	19,808
2011	80,001	63,910	16,091
2012	80,001	67,856	12,145
2013-2014	160,002	148,540	11,462
Total	<u>\$ 560,007</u>	<u>\$ 450,587</u>	<u>\$ 109,420</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 percent.

Annual requirements to amortize the intergovernmental note payable outstanding at June 30, 2007, are as follows:

Year Ending June 30	Intergovernmental Note Payable	Principal	Interest
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	3,000,000	1,163,460	1,836,540
2013-2017	15,000,000	6,897,050	8,102,950
2018-2022	15,000,000	9,112,857	5,887,143
2023-2027	15,000,000	12,040,535	2,959,465
2028	3,000,000	2,837,414	162,586
Total	<u>\$ 63,000,000</u>	<u>\$ 36,107,877</u>	<u>\$ 26,892,123</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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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, 2007 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 percent to 3.7 percent per annum.	\$ 841,831	\$ 421,582
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 percent.	17,392	3,731
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 percent per annum.	2,425,425	1,891,936
Lease dated March 2005 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 percent to 1.781 percent per annum.	844,468	143,524
Leases dated August 2006 to February 2007 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in six equal installments of \$98,639 through November 2009, includes principal and interest at 2.26 percent to 3.042 percent per annum.	567,698	471,481
Lease dated June 2007 payable to Bank of America for the purchase of new fire trucks. Payable in seven annual installments of \$144,656 through June 2014, includes principal and interest at 4.19 percent per annum	862,105	862,105
<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 percent per annum.	100,110	78,643
	<u>\$ 5,659,029</u>	<u>3,873,002</u>
	Less current portion	<u>(959,694)</u>
	Long-term portion outstanding	<u>\$ 2,913,308</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007

A summary of the annual requirements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2008	\$ 959,694	\$ 166,195	\$ 1,125,889
2009	693,403	130,034	823,437
2010	480,221	99,421	579,642
2011	393,682	77,145	470,827
2012	395,367	57,994	453,361
2013-2015	<u>950,635</u>	<u>58,988</u>	<u>1,009,623</u>
Total	<u>\$ 3,873,002</u>	<u>\$ 589,777</u>	<u>\$ 4,462,779</u>



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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Amortization of Long-term Debt. Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2007, 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	
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	147,470,000	61,659,096	68,385,000	21,895,306	10,780,000	2,243,500	312,432,902
Less amount in Business-type activities before discounts and deferred costs	-	-	(10,748,038)	(3,402,500)	(10,780,000)	(2,243,500)	(27,174,038)
Subtotal	147,470,000	61,659,096	57,636,963	18,492,806	-	-	285,258,865
Less discounts and deferred refunding costs	(3,296,116)	-	(2,195,963)	-	-	-	(5,492,079)
Add Premiums	2,220,890	-	2,190,035	-	-	-	4,410,925
Total debt- governmental activity	\$146,394,774	\$ 61,659,096	\$57,631,034	\$ 18,492,806	\$ -	\$ -	\$ 284,177,710

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

<u>Year Ending</u> <u>June 30</u>	<u>Certificates</u> <u>Of Participation</u>		<u>Revenue Bonds</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
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	181,128	4,528	-	-	185,656
	<u>10,748,038</u>	<u>3,402,500</u>	<u>10,780,000</u>	<u>2,243,500</u>	<u>27,174,038</u>
Subtotal					
Less discounts and deferred refunding costs	(853,087)	-	(664,017)	-	(1,517,104)
Add Premiums	<u>336,683</u>	<u>-</u>	<u>375,246</u>	<u>-</u>	<u>711,929</u>
Total business-type activities debt	<u>\$ 10,231,634</u>	<u>\$ 3,402,500</u>	<u>\$ 10,491,229</u>	<u>\$ 2,243,500</u>	<u>\$ 26,368,863</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, 2007.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, 2007:

Number of Issues	Current Amount Outstanding (in millions)	Original Issue Amount (in billions)
120	\$431	\$1

The following is a summary of the changes in long-term obligations of the component units for the year ended June 30, 2007:

Component Units:	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>	<u>Amounts Due in One year</u>
Accrued compensated absences	\$ 2,475,367	\$ 736,822	\$ (611,618)	\$ 2,600,571	\$ 1,063,218
General obligation bonds	26,017,264	-	(3,180,478)	22,836,786	2,315,224
Capital lease obligations	5,391,039	5,792,443	(1,744,673)	9,438,809	1,756,149
Revenue bonds	8,028,531	250,000	(524,453)	7,754,078	586,345
Notes payable	<u>180,322</u>	<u>70,133</u>	<u>(92,857)</u>	<u>157,598</u>	<u>70,194</u>
Total	<u>\$ 42,092,523</u>	<u>\$ 6,849,398</u>	<u>\$ (6,154,079)</u>	<u>\$ 42,787,842</u>	<u>\$ 5,791,130</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

	<u>Range of Maturity Dates</u>	<u>Range of Interest Rates</u>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2007</u>
Accrued compensated absences:						
CCL			\$ 793,710	\$ 583,415	\$ (515,222)	\$ 861,903
CCPRC			689,685	32,672	-	722,357
JIPSD			323,625	1,135	(3,233)	321,527
SAPPPC			29,043	12,774	(19,598)	22,219
SJFD			565,739	12,438	-	578,177
SPFD			<u>73,565</u>	<u>94,388</u>	<u>(73,565)</u>	<u>94,388</u>
Total accrued compensated absences			<u>2,475,367</u>	<u>736,822</u>	<u>(611,618)</u>	<u>2,600,571</u>
General obligation bonds:						
CCPRC	2003 - 2015	2.00% - 6.75%	25,548,272	-	(3,151,636)	22,396,636
JIPSD	2003 - 2036	4.30% - 7.625%	<u>468,992</u>	<u>-</u>	<u>(28,842)</u>	<u>440,150</u>
Total general obligation bonds			<u>26,017,264</u>	<u>-</u>	<u>(3,180,478)</u>	<u>22,836,786</u>
Capital lease obligations:						
CCPRC	2006 - 2010	2.05% - 4.41%	592,434	1,959,178	(738,666)	1,812,946
JIPSD	2003 - 2016	4.07% - 6.88%	1,202,263	245,063	(268,395)	1,178,931
SAPPPC	2004 - 2008	4.67%	68,371	-	(48,774)	19,597
SJFD	2007 - 2021	3.695% - 5.593%	3,527,971	3,390,000	(654,117)	6,263,854
SPFD	2007 - 2011	4.67%	<u>-</u>	<u>198,202</u>	<u>(34,721)</u>	<u>163,481</u>
Total capital lease obligations			<u>5,391,039</u>	<u>5,792,443</u>	<u>(1,744,673)</u>	<u>9,438,809</u>
Revenue Bonds:						
SAPPPC	2006 - 2016	3.95% - 3.99%	479,404	250,000	(61,777)	667,627
JIPSD	2018 - 2037	3.60% - 5.75%	8,245,912	-	(521,147)	7,724,765
Less deferred refunding costs			<u>(696,785)</u>	<u>-</u>	<u>58,471</u>	<u>(638,314)</u>
Total revenue bonds			<u>8,028,531</u>	<u>250,000</u>	<u>(524,453)</u>	<u>7,754,078</u>
Notes payable						
SAPPPC	2006 - 2010	3.89% - 5.81%	<u>180,322</u>	<u>70,133</u>	<u>(92,857)</u>	<u>157,598</u>
Total component units long-term obligations			<u>\$42,092,523</u>	<u>\$ 6,849,398</u>	<u>\$ (6,154,079)</u>	<u>\$ 42,787,842</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

General Obligation Bonds:

Year Ending June 30	CCPRC	JIPSD	Total Component Units
2008	\$ 3,104,289	\$ 52,985	\$ 3,157,274
2009	3,567,189	39,005	3,606,194
2010	3,038,639	36,926	3,075,565
2011	2,413,991	30,902	2,444,893
2012	2,495,791	30,902	2,526,693
2013-2017	10,092,681	154,510	10,247,191
2018-2022	2,529,347	144,199	2,673,546
2023-2027	-	113,130	113,130
2028-2032	-	113,130	113,130
2033-2037	-	102,668	102,668
Total	<u>27,241,927</u>	<u>818,357</u>	<u>28,060,284</u>
Less interest and plus unamortized premium included above	<u>(4,845,291)</u>	<u>(378,207)</u>	<u>(5,223,498)</u>
Debt per statement of net assets	<u>\$ 22,396,636</u>	<u>\$ 440,150</u>	<u>\$ 22,836,786</u>

Future minimum capital lease payments:

Year Ending June 30	CCPRC	JIPSD	SAPPPC	SJFD	SPFD	Total Component Units
2008	\$ 868,936	\$ 285,403	\$ 19,938	\$ 910,573	\$ 45,694	\$ 2,130,544
2009	649,784	269,828	-	910,573	45,694	1,875,879
2010	392,998	269,828	-	910,573	45,694	1,619,093
2011	-	222,185	-	819,722	-	1,087,601
2012	-	168,580	-	749,982	-	918,562
2013-2017	-	106,391	-	2,710,768	-	2,817,159
2018-2021	-	-	-	<u>1,320,904</u>	-	<u>1,320,904</u>
Future minimum capital lease payments	1,911,718	1,322,215	19,938	8,333,095	182,776	11,769,742
Less amount representing interest	<u>(98,772)</u>	<u>(143,284)</u>	<u>(341)</u>	<u>(2,069,241)</u>	<u>(19,295)</u>	<u>(2,330,933)</u>
Debt per statement of net assets	<u>\$1,812,946</u>	<u>\$ 1,178,931</u>	<u>\$ 19,597</u>	<u>\$ 6,263,854</u>	<u>\$ 163,481</u>	<u>\$ 9,438,809</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Revenue Bonds:

<u>Year ending June 30</u>	<u>JIPSD</u>	<u>SAPPPC</u>	<u>Total Component Units</u>
2008	\$ 867,265	\$ 128,329	\$ 995,594
2009	864,814	128,329	993,143
2010	869,946	128,329	998,275
2011	867,139	105,773	972,912
2012	837,740	60,605	898,345
2013-2017	4,344,988	212,093	4,557,081
2018-2022	940,687	-	940,687
2023-2027	298,320	-	298,320
2028-2032	263,883	-	263,883
2033-2037	<u>124,485</u>	<u>-</u>	<u>124,485</u>
Total	10,279,267	763,458	11,042,725
Less interest and deferred refunding costs included above	<u>(3,192,816)</u>	<u>(95,831)</u>	<u>(3,288,647)</u>
Debt per statement of net assets	<u>\$ 7,086,451</u>	<u>\$ 667,627</u>	<u>\$ 7,754,078</u>

Notes Payable:

<u>Year ending June 30</u>	<u>SAPPPC</u>
2008	\$ 75,361
2009	71,364
2010	<u>20,431</u>
Total	167,156
Less interest included above	<u>(9,558)</u>
Debt per statement of net assets	<u>\$ 157,598</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, 2007, the following debt issues outstanding are considered defeased:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Primary government:		
General Obligation Bonds:		
Series 1994	\$ 14,285,000	
Series 1999	20,045,000	
Series 2001	<u>18,200,000</u>	
Total General Obligation Bonds	<u>52,530,000</u>	
Certificates of Participation:		
Series 1995	<u>37,304,936</u>	<u>\$ 8,795,064</u>
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>-</u>	<u>11,180,000</u>
Total Revenue Bonds	<u>-</u>	<u>11,180,000</u>
Total primary government	<u>\$ 89,834,936</u>	<u>\$ 19,975,064</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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		\$ 2,678,231,459
Value of merchants inventory and manufacturers depreciation		<u>30,814,409</u>
Total assessed value		<u>\$ 2,709,045,868</u>
 Debt limitation - eight percent of total assessed value		 \$ 216,723,669
 Total bonded debt:		
General Obligation Bonds	\$147,470,000	
Less:		
Bonds issued pursuant to referendum:		
Series 2006 G.O. Bond Transportation Sales tax	\$ (65,000,000)	
Series 2004 Refunding G.O. Bond:	(12,894,303)	
Series 1999 Refunding G.O. Bond:	<u>(5,000,000)</u>	<u>(82,894,303)</u>
 Total debt subject to debt limit		 <u>64,575,697</u>
 Legal debt margin		 <u>\$ 152,147,972</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 capital 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 \$96,021,511 for the current fiscal year.

Designated for rainy day. An amount of \$9,500,000 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 2008 budget ordinance designates \$8,500,000 of the ending fiscal year 2007 General Fund Balance for fiscal year 2008 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, 2007

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 \$2,290,000 reported in the Fund at June 30, 2007, 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 2007 and 2006 were:

<u>Year Ended June 30</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2007	\$ 2,880,000	\$ 1,723,905	\$ (2,313,905)	\$ 2,290,000
2006	2,880,000	3,627,358	(3,627,358)	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, 2007

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	\$ 6,268,044
Deferred issuance costs	73,569
Capital assets	<u>7,827,742</u>
Total assets	<u>\$ 14,169,355</u>
Liabilities:	
Current liabilities	\$ 704,563
Certificates of participation	4,070,015
Other long-term obligations	<u>363,814</u>
Total liabilities	<u>5,138,392</u>
Net Assets:	
Invested in capital assets, net of related debt	3,396,421
Unrestricted	<u>5,634,542</u>
Total net assets	<u>9,030,963</u>
Total liabilities and net assets	<u>\$ 14,169,355</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:	<u>DAODAS</u>
Operating revenues	\$ 6,361,075
Depreciation and amortization	(284,516)
Other operating expenses	<u>(9,959,975)</u>
Operating income (loss)	<u>(3,883,416)</u>
Nonoperating revenues (expenses):	
Interest income	252,067
Interest expense	(343,512)
Intergovernmental revenue	1,224,110
Gain (loss) on disposal of assets	<u>241</u>
Total nonoperating revenues (expenses)	<u>1,132,906</u>
Transfers in	<u>3,287,409</u>
Change in net assets	536,899
Beginning net assets	<u>8,494,064</u>
Ending net assets	<u>\$ 9,030,963</u>

Condensed Statement of Cash Flows:	<u>DAODAS</u>
Net cash provided (used) by:	
Operating activities	\$ (3,676,427)
Noncapital financing activities	4,511,518
Capital and related financing activities	(681,102)
Investing activities	<u>252,067</u>
Net increase (decrease)	406,056
Beginning cash and cash equivalents	<u>4,786,696</u>
Ending cash and cash equivalents	<u>\$ 5,192,752</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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C. Subsequent Events

On October 17, 2007, County Council authorized an award of a contract for the construction of the auto repair garage at the Azalea Drive complex in the amount of \$3,730,000.

On October 17, 2007, County Council authorized staff to enter into the Phase II Motorola Contract Amendment in the amount of \$4,485,797 to fully complete the digital upgrade of the radio system.

On November 7, 2007, County Council approved the transfer of 2144 Melbourne Avenue to the City of North Charleston. The net book value of this building at June 30, 2007, was \$3,210,352. This transfer of property is part of an agreement with the City of North Charleston for the relocation of the John Ancrum SPCA.

On November 21, 2007, County Council authorized to award several contracts:

- a. Repairs to the Charleston County Judicial Center with an initial contract price not to exceed \$3,427,500.
- b. Contract to purchase a revenue billing and collection software solution with an initial contract price not to exceed \$1,854,186.
- c. Design and build services for the Charleston County Detention Center expansion with an initial contract price of \$90,295,000.

On December 5, 2007, Charleston County issued General Obligation sales tax bonds in the amount of \$150,000,000. These sales tax bonds were approved in November 2006 by the voters of Charleston County. The proceeds of these bonds will be used for road improvements and greenspace projects. The County also issued General Obligation bonds in the amount of \$75,000,000 for approved capital projects.

On October 22, 2007, the James Island Public Service District borrowed \$600,000 from its proprietary fund on a promissory note that matures February 18, 2008. Interest will be paid at 3.5 percent 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, 2007, the District has not borrowed any funds on this TAN. The entire \$2,000,000 is available to the District as of the date of their audit report (October 23, 2007). 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 2008.

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, 2007, 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, 2008, 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 percent of this cost through negotiations between the District's legal counsel and the contractor.

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In August 2007 the Charleston County Park and Recreation Commission signed a contract to purchase approximately 434 acres known as the Harmony Hall tract near Meggett, South Carolina for the use in developing a future park location. The purchase price was \$10,000,000 with funds coming from the taxpayer approved half-cent sales tax. The Commission subsequently closed on the property on September 27, 2007.

On July 10, 2007 the Charleston County Park and Recreation Commission signed a contract to purchase 1,568 acres known as the Long Savannah Plantation property for use in developing a future park location. The purchase price was \$6,500,000, to be provided from proceeds of the taxpayer approved half-cent sales tax.

In September 2007 the Charleston County Park and Recreation Commission entered into a construction contract to repair Folly Pier for approximately \$456,000.

Additionally, the Charleston County Park and Recreation Commission has committed to pay \$1.5 million to the Trust for Public Land in return for a one-third undivided interest of Morris Island. Additionally, the Commission would be the long-term manager of any park developed at Morris Island, as agreed with the Town of Folly Beach. This purchase is contingent upon the development and acceptance of a master plan for Morris Island.

Effective July 2007 the Retirement Division of the State Budget and Control Board increased the employer's required contributions for the South Carolina Retirement System from 8.05 percent to 9.06 percent of annual covered payroll.

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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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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.

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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
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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.

In July 2005 the county entered into an agreement with the LPA Group Incorporated for program management services of the County's \$150,000,000 roads portion of the half-cent sales tax monies (Roadwise Program). The original contract amount was \$18,329,782 over a five year period beginning July 2005. The services are to include; design work, right of way easements, consulting on feasibility, land acquisitions, engineering work, developing bid specifications, and construction services. The contract was amended August 23, 2007. The amended contract amount is \$17,973,126. The length of the contract remained unchanged. Starting September 2007, the contract contains for a monthly base fee of \$306,020, plus ten percent of work completed. This base fee increases each fiscal year.

The following is a schedule by fiscal year of the minimum future payments under this contract:

<u>Year ending June 30</u>	
2008	\$ 3,767,314
2009	3,842,753
2010	<u>4,022,181</u>
TOTAL	<u>\$ 11,632,248</u>

The amount paid for these services for the year-ended June 30, 2007, was \$4,754,804.

On July 1, 2006, the County entered into an agreement with the John Ancrum Society for the prevention of Cruelty to Animals (JASPCA) for the care and impoundment of animals delivered to the shelter by the County. The original agreement with the JASPCA was dated January 23, 1979, and has been updated several times since then. The amended noncancelable portion of the agreement calls for the County to pay a base monthly fee of \$34,539. Additionally, the County agrees to pay the JASPCA \$5.77 for the receiving and immunization of each animal placed in custody and \$5.77 boarding fee per animal per day. The County will also pay a euthanasia fee of \$5.77 fee for each animal. The County also agrees to pay any reasonable out-of-pocket expenses associated with animal cruelty cases.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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The noncancelable portion of the agreement states the County shall continue to pay the JASPCA the then current monthly fee for a five-year period plus any annual increases in the CPI during such five-year period.

The future payments under this agreement are as follows:

<u>Year ending June 30</u>	
2008	\$ 414,468
2009	414,468
2010	414,468
2011	414,468
2012	414,465
TOTAL	<u>\$ 2,072,340</u>

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 \$155,601 has been reserved for beach renourishment as of June 30, 2007.

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 city of Charleston and Charleston County Park and Recreation Commission entered into an agreement that terminated the Master Lease of the Charleston Maritime Center dated August 1, 1995, between the two parties. This agreement grants the Commission the right of first refusal for the purchase of the Maritime Center for a period of 50 years from the date of execution of the agreement. In the event that the Commission does elect to purchase the Maritime Center, then the City of Charleston will credit \$1,500,000 toward the purchase price. If the Commission elects not to purchase the Maritime Center, then the City of Charleston will pay the Commission \$1,500,000 from the proceeds of the sale.

The Charleston County Park and Recreation Commission has an agreement with the Charleston County School District to cooperate in the operation of a Community Education Program. Each sponsor has determined which of its facilities and resources is available to the Community Education Program and agrees to supply the cost of necessary part-time professional staff that may be required. Available state, federal, and private funding is sought with the remaining costs shared to the extent agreed upon by the parties. The agreement with the School District was modified in July 1992 to provide for one-half of the Commission's share of the expenses to be paid to the school district prior to December 21 of each fiscal year and the balance to be paid by March 12 of the following year. Total payments made prior to June 30, 2007, for the 2007 program year were \$417,998. The agreement was modified for the 2006 program year to provide for an equitable sharing of increased program fees collected during the year. The amount accrued as program revenue under this agreement was \$343,590.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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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, 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 August 22, 2005, the Charleston County Park and Recreation Commission entered into an agreement with K.L.B. Group DBA Locklear's Beach City Grill to allow this corporation to operate the restaurant at the Folly Pier. The original lease term was for five years beginning October 1, 2005. The building held for rent had an estimated cost of \$775,000 and an estimated net book value of \$560,260 and included in the Business-Type capital assets. Rent started at \$7,400 per month and increases each October based on the current CPI. The new rental per month based on the CPI increased to \$7,622 per month on October 1, 2007. The lease also provided for contingent rentals of 6 percent of annual sales greater than \$1,200,000.

On August 16, 2007, the Commission and K.L.B. Group agreed to suspend the contract for convenience during the time period October 1, 2007 through March 1, 2008, so that the Commission could progress with repairs to the Folly Beach Fishing Pier building. In return, the lessee will receive an extension of the lease for the period of time the building is closed for repairs. The lease is currently expected to be suspended for five months in fiscal year ending 2008, and extended for five months during the fiscal year ending 2011.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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The following is a schedule by years of the minimum future rentals on the non-cancelable operating lease as of June 30, 2007:

<u>Year Ending June 30</u>	<u>Amount</u>
2008	\$ 51,800
2009	88,800
2010	88,800
2011	<u>59,200</u>
Total minimum lease rentals	<u>\$ 288,600</u>

Total rent income of \$121,955 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, 2006, in the amount of \$40,953. 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 28, 2007, the Commission entered into another one year contract with the City covering the period from July 1, 2007, to June 30, 2008, with essentially identical terms as previous contracts.

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. As of June 30, 2007, the leased assets have a book value of \$96,151.

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, 2008.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 were \$2,820,271 for the fiscal year ending June 30, 2007. 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.

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 442 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, 2007, the County recognized expenses of \$1,048,988 for healthcare, which were net of retiree contributions of \$1,053,308. The James Island Public Service District had 22 employees who had retired and receiving benefits under this plan. The District recognized expenses of \$97,052 for health care premium net of retiree contributions of \$50,317.

H. Funds Held by Coastal Community Foundation

As of June 30, 2007, the Coastal Community Foundation was holding \$411,815 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, \$14,414 is available for grants to the Library.

As of June 30, 2007, the Coastal Community Foundation was holding \$80,057 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, \$2,819 is available for grants to the Library.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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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.

Funding Policy - SCRS. Plan members are required to contribute 6.50 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 8.05 percent of annual covered payroll. The contribution requirements of plan members and employers are established under authority of Title 9 of the South Carolina Code of Law, 1976 (as amended). 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 South Carolina Code of Law, 1976 (as amended).

Additionally, participating employers of the SCRS contribute .15 percent of payroll to provide a group life insurance benefit for their participants.

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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, 2007, 2006, and 2005:

	<u>Fiscal Year Ended June 30</u>		
<u>SCRS Contributions</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Primary government:	\$ 4,764,224	\$ 4,313,704	\$ 3,555,992
Component units:			
CCL	542,314	485,754	399,202
CCPRC	497,760	428,048	355,422
JIPSD	328,657	297,892	258,291
SAPPPC	90,314	88,968	73,214
SJFD	33,575	31,956	25,662
SPFD	<u>4,405</u>	<u>4,954</u>	<u>4,087</u>
Total SCRS	<u>\$ 6,261,249</u>	<u>\$ 5,651,276</u>	<u>\$ 4,671,870</u>
 <u>SCPORS Contributions</u>			
Primary government:	\$ 2,831,604	\$ 2,839,254	\$ 2,657,406
Component units:			
SJFD	385,573	378,872	357,292
SPFD	<u>173,041</u>	<u>158,866</u>	<u>158,957</u>
Total SCPORS	<u>\$ 3,390,218</u>	<u>\$ 3,376,992</u>	<u>\$ 3,173,655</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.

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. 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.

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. The Corporation exists solely for the benefit of the County.

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 general capital assets (excluding real estate) 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 proceeds 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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2007

<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	762,395	-	-	153,828
Pooled investments	2,256,974	-	-	-
Restricted cash and cash equivalents	853,310	-	-	-
Receivables (net of allowances for uncollectibles)	2,122,501	86,650	118,042	697,415
Inventory	-	-	-	-
Prepaid Items and Deposits	-	-	-	-
Total assets	\$ 5,995,180	\$ 86,650	\$ 118,042	\$ 851,243
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 362,902	\$ -	\$ 14,030	\$ 207,965
Accrued payroll and fringe benefits	4,174	-	8,470	5,933
Due to other funds	-	86,650	92,103	-
Intergovernmental payable	3,600,244	-	-	273,451
Unearned revenue	-	-	-	35,874
Total liabilities	3,967,320	86,650	114,603	523,223
Fund balances:				
Reserved for inventory and prepaid items	-	-	-	-
Reserved for encumbrances	94	-	3,439	328,020
Reserved for capital projects	-	-	-	-
Unreserved:				
Designated for subsequent years' appropriation	2,027,766	-	-	-
Total fund balances	2,027,860	-	3,439	328,020
Total liabilities and fund balances	\$ 5,995,180	\$ 86,650	\$ 118,042	\$ 851,243

See notes to financial statements.

Special Revenue Funds

Construction Public Works	Economic Development	Education	Emergency Medical Services	Fire Districts	Geographic Information Systems
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,463,587	594,015	-	435	1,216,016	64,183
7,266,719	-	-	-	-	-
-	-	-	-	-	-
887,644	188,383	4,999,758	53,809	1,397,977	-
-	-	-	-	-	-
-	11,602	-	-	-	-
\$ 10,617,950	\$ 794,000	\$ 4,999,758	\$ 54,244	\$ 2,613,993	\$ 64,183

\$ 46,002	\$ 90,402	\$ -	\$ 1,715	\$ 6,557	\$ 64,183
-	1,925	-	-	30,822	-
-	-	58,218	52,094	-	-
9,302	277,657	-	-	17,010	-
1,050	30,000	4,941,540	-	1,328,066	-
56,354	399,984	4,999,758	53,809	1,382,455	64,183

-	11,602	-	-	-	-
3,108,636	-	-	-	24,532	-
-	-	-	-	-	-
7,452,960	382,414	-	435	1,207,006	-
10,561,596	394,016	-	435	1,231,538	-
\$ 10,617,950	\$ 794,000	\$ 4,999,758	\$ 54,244	\$ 2,613,993	\$ 64,183

CONTINUED

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2007

Special Revenue Funds

<u>ASSETS</u>	Grants Contributions Trust	Hazardous Materials Enforcement	Stormwater Drainage	Safety Enforcement	Sheriff
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ 32,261	\$ 52,077
Pooled cash and cash equivalents	4,385	259,123	753,901	252,904	255,989
Pooled investments	-	-	-	-	762,191
Restricted cash and cash equivalents	-	-	-	-	-
Receivables (net of allowances for uncollectibles)	-	-	358,981	268,545	21,254
Inventory	-	-	-	-	-
Prepaid Items and Deposits	-	-	-	-	-
Total assets	\$ 4,385	\$ 259,123	\$ 1,112,882	\$ 553,710	\$ 1,091,511
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ -	\$ 401	\$ 46,884	\$ 15,245	\$ 18,215
Accrued payroll and fringe benefits	-	5,583	8,853	11,422	3,332
Due to other funds	-	-	-	-	-
Intergovernmental payable	-	-	-	398	3,770
Unearned revenue	-	-	-	-	-
Total liabilities	-	5,984	55,737	27,065	25,317
 Fund balances:					
Reserved for inventory and prepaid items	-	-	-	-	-
Reserved for encumbrances	-	47	161,167	3,287	32,297
Reserved for capital projects	-	-	-	-	-
Unreserved:					
Designated for subsequent years' appropriation	4,385	253,092	895,978	523,358	1,033,897
Total fund balances	4,385	253,139	1,057,145	526,645	1,066,194
Total liabilities and fund balances	\$ 4,385	\$ 259,123	\$ 1,112,882	\$ 553,710	\$ 1,091,511

See notes to financial statements.

Special Revenue Funds

Social Services	Solicitor	Victim Notification	Workforce Investment Act	Charleston Development Corp
\$ -	\$ 1,134,217	\$ 34,753	\$ -	\$ -
3,855	542,777	574,061	377	45,515
-	-	-	-	-
-	-	-	-	-
-	100,023	-	1,721,432	1,250
-	-	-	-	-
-	-	-	-	-
<u>\$ 3,855</u>	<u>\$ 1,777,017</u>	<u>\$ 608,814</u>	<u>\$ 1,721,809</u>	<u>\$ 46,765</u>
\$ 3,276	\$ 2,494	\$ 109	\$ 508,351	\$ 6,558
-	29,673	13,684	29,768	-
-	-	-	976,577	-
-	22,975	-	195,410	-
-	-	-	11,703	10,000
<u>3,276</u>	<u>55,142</u>	<u>13,793</u>	<u>1,721,809</u>	<u>16,558</u>
-	-	-	-	-
318	369	-	-	-
-	-	-	-	-
<u>261</u>	<u>1,721,506</u>	<u>595,021</u>	<u>-</u>	<u>30,207</u>
<u>579</u>	<u>1,721,875</u>	<u>595,021</u>	<u>-</u>	<u>30,207</u>
<u>\$ 3,855</u>	<u>\$ 1,777,017</u>	<u>\$ 608,814</u>	<u>\$ 1,721,809</u>	<u>\$ 46,765</u>

CONTINUED

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2007

Capital Projects Funds

<u>ASSETS</u>	<u>Construction</u>	<u>General Services Construction</u>	<u>Equipment Replacement Fund</u>	<u>ITS/ Management Information Systems</u>	<u>Public Works Construction</u>	<u>Total Nonmajor Governmental Funds</u>
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,253,308
Pooled cash and cash equivalents	2,342,565	-	655,081	1,488,385	145,694	12,579,071
Pooled investments	6,918,923	-	1,923,978	4,402,951	414,395	23,946,131
Restricted cash and cash equivalents	-	-	-	-	-	853,310
Receivables (net of allowances for uncollectibles)	531,511	-	-	-	-	13,555,175
Inventory	-	-	-	-	-	-
Prepaid Items and Deposits	-	-	-	-	-	11,602
Total assets	\$ 9,792,999	\$ -	\$ 2,579,059	\$ 5,891,336	\$ 560,089	\$ 52,198,597
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 63,818	\$ -	\$ 9,468	\$ 496,759	\$ -	\$ 1,965,334
Accrued payroll and fringe benefits	-	-	-	-	-	153,639
Due to other funds	-	-	-	-	-	1,265,642
Intergovernmental payable	-	-	-	883	-	4,401,100
Unearned revenue	-	-	-	-	-	6,358,233
Total liabilities	63,818	-	9,468	497,642	-	14,143,948
Fund balances:						
Reserved for inventory and prepaid items	-	-	-	-	-	11,602
Reserved for encumbrances	-	-	-	-	-	3,662,206
Reserved for capital projects	9,729,181	-	2,569,591	5,393,694	560,089	18,252,555
Unreserved:						
Designated for subsequent years' appropriation	-	-	-	-	-	16,128,286
Total fund balances	9,729,181	-	2,569,591	5,393,694	560,089	38,054,649
Total liabilities and fund balances	\$ 9,792,999	\$ -	\$ 2,579,059	\$ 5,891,336	\$ 560,089	\$ 52,198,597

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Revenue Funds			
	Accommo- dations	Disaster Funds	Child Support Enforcement	Community Development
Revenues:				
Property and local option sales tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	45,666	-	789,880	2,796,129
Permits and licenses	-	-	-	-
Fines and forfeitures	-	-	-	-
Service charges	9,176,823	-	-	-
Interest	133,341	-	-	-
Rental and use of property	-	-	-	-
Other revenues	-	-	-	53,083
Total revenues	9,355,830	-	789,880	2,849,212
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	77,439	-
Judicial	-	-	625,798	-
Public works	-	-	-	-
Health and welfare	-	-	-	2,910,027
Economic development	-	-	-	-
Culture and recreation	5,395,232	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	5,395,232	-	703,237	2,910,027
Excess (deficiency) of revenues over (under) expenditures	3,960,598	-	86,643	(60,815)
Other financing sources (uses):				
Capital lease proceeds	-	-	-	-
Transfers in	-	43,125	1,060	179,246
Transfers out	(4,043,623)	-	(95,548)	(4,246)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(4,043,623)	43,125	(94,488)	175,000
Net change in fund balance	(83,025)	43,125	(7,845)	114,185
Fund balances at beginning of year (as restated)	2,110,885	(43,125)	11,284	213,835
Fund balances at end of year	\$ 2,027,860	\$ -	\$ 3,439	\$ 328,020

See notes to financial statements.

Special Revenue Funds

Construction Public Works	Economic Development	Education	Emergency Medical Services	Fire Districts	Geographic Information Systems
\$ -	\$ 398,264	\$ 5,060,918	\$ -	\$ 1,383,442	\$ -
5,407,485	300,106	76,925	53,809	451,065	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
389,891	-	-	-	-	-
-	-	-	-	-	-
325,350	20,001	-	-	2,000	-
<u>6,122,726</u>	<u>718,371</u>	<u>5,137,843</u>	<u>53,809</u>	<u>1,836,507</u>	<u>-</u>
-	-	-	-	-	73,448
-	-	-	57,508	2,630,969	-
-	-	-	-	-	-
2,895,555	-	-	-	-	-
-	-	-	-	-	-
-	776,683	-	-	-	-
-	-	-	-	-	-
-	-	5,137,843	-	-	-
-	-	-	-	-	-
<u>2,895,555</u>	<u>776,683</u>	<u>5,137,843</u>	<u>57,508</u>	<u>2,630,969</u>	<u>73,448</u>
<u>3,227,171</u>	<u>(58,312)</u>	<u>-</u>	<u>(3,699)</u>	<u>(794,462)</u>	<u>(73,448)</u>
-	-	-	-	862,106	-
5,206,718	35,800	-	4,134	25,500	-
(5,203,555)	(35,800)	-	-	-	(62,189)
-	-	-	-	14,819	-
<u>3,163</u>	<u>-</u>	<u>-</u>	<u>4,134</u>	<u>902,425</u>	<u>(62,189)</u>
3,230,334	(58,312)	-	435	107,963	(135,637)
<u>7,331,262</u>	<u>452,328</u>	<u>-</u>	<u>-</u>	<u>1,123,575</u>	<u>135,637</u>
<u>\$ 10,561,596</u>	<u>\$ 394,016</u>	<u>\$ -</u>	<u>\$ 435</u>	<u>\$ 1,231,538</u>	<u>\$ -</u>

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COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Revenue Funds				
	Grants Contributions Trust	Hazardous Materials Enforcement	Stormwater Drainage	Safety Enforcement	Sheriff
Revenues:					
Property and local option sales tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,313,558	103,500
Permits and licenses	-	-	-	-	-
Fines and forfeitures	-	25,044	-	75,719	237,114
Service charges	-	147,189	1,531,039	-	-
Interest	-	-	-	4,485	22,075
Rental and use of property	-	-	-	-	-
Other revenues	3,643	-	-	52,296	399,495
Total revenues	3,643	172,233	1,531,039	1,446,058	762,184
Expenditures:					
Current:					
General government	-	-	-	171,240	-
Public safety	-	299,700	-	1,083,189	854,075
Judicial	-	-	-	246,206	-
Public works	-	-	628,185	-	-
Health and welfare	6,256	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	6,256	299,700	628,185	1,500,635	854,075
Excess (deficiency) of revenues over (under) expenditures	(2,613)	(127,467)	902,854	(54,577)	(91,891)
Other financing sources (uses):					
Capital lease proceeds	-	-	-	-	-
Transfers in	-	164,004	-	187,646	55,736
Transfers out	-	-	-	(150,000)	(9,411)
Proceeds from sale of capital assets	-	-	-	-	139,213
Total other financing sources (uses)	-	164,004	-	37,646	185,538
Net change in fund balance	(2,613)	36,537	902,854	(16,931)	93,647
Fund balances at beginning of year (as restated)	6,998	216,602	154,291	543,576	972,547
Fund balances at end of year	\$ 4,385	\$ 253,139	\$ 1,057,145	\$ 526,645	\$ 1,066,194

See notes to financial statements.

Special Revenue Funds

Social Services	Solicitor	Victim Notification	Workforce Investment Act	Charleston Development Corp
\$ -	\$ -	\$ -	\$ -	\$ -
-	1,018,188	1,676	4,049,219	-
-	-	-	-	-
-	120,104	508,065	-	-
-	563,760	-	77,628	-
-	5,844	-	-	2,220
-	-	-	48,598	-
-	-	-	-	34,754
-	1,707,896	509,741	4,175,445	36,974
-	-	-	-	-
-	-	-	-	-
24,943	1,323,848	313,769	-	-
-	-	311,509	-	-
34,830	-	-	4,210,785	1,575
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
59,773	1,323,848	625,278	4,210,785	1,575
(59,773)	384,048	(115,537)	(35,340)	35,399
-	-	-	-	-
24,942	-	-	-	-
-	(44,566)	-	-	(31,942)
-	-	-	-	-
24,942	(44,566)	-	-	(31,942)
(34,831)	339,482	(115,537)	(35,340)	3,457
35,410	1,382,393	710,558	35,340	26,750
\$ 579	\$ 1,721,875	\$ 595,021	\$ -	\$ 30,207

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, 2007

	Capital Projects Funds					Total Nonmajor Governmental Funds
	Construction	General Services Construction	Equipment Replacement Fund	ITS/ Management Information Systems	Public Works Construction	
Revenues:						
Property and local option sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,842,624
Intergovernmental	-	-	-	-	-	16,407,206
Permits and licenses	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	966,046
Service charges	-	-	-	-	-	11,496,439
Interest	497,946	-	124,454	280,842	10,903	1,472,001
Rental and use of property	-	-	-	-	-	48,598
Other revenues	100,000	-	-	-	-	990,622
Total revenues	597,946	-	124,454	280,842	10,903	38,223,536
Expenditures:						
Current:						
General government	-	-	-	-	-	244,688
Public safety	-	-	-	-	-	5,316,649
Judicial	-	-	-	-	-	2,532,304
Public works	-	-	-	-	-	3,523,740
Health and welfare	-	-	-	-	-	7,163,473
Economic development	-	-	-	-	-	776,683
Culture and recreation	-	-	-	-	-	5,395,232
Education	-	-	-	-	-	5,137,843
Capital outlay	2,967,422	-	-	1,805,522	165,214	4,938,158
Total expenditures	2,967,422	-	-	1,805,522	165,214	35,028,770
Excess (deficiency) of revenues over (under) expenditures	(2,369,476)	-	124,454	(1,524,680)	(154,311)	3,194,766
Other financing sources (uses):						
Capital lease proceeds	-	-	-	567,698	-	1,429,804
Transfers in	2,047,964	-	454,276	2,492,189	481,181	11,403,521
Transfers out	(10,349)	(601,322)	-	-	(481,181)	(10,773,732)
Proceeds from sale of capital assets	22,021	-	16,840	-	-	192,893
Total other financing sources (uses)	2,059,636	(601,322)	471,116	3,059,887	-	2,252,486
Net change in fund balance	(309,840)	(601,322)	595,570	1,535,207	(154,311)	5,447,252
Fund balances at beginning of year (as restated)	10,039,021	601,322	1,974,021	3,858,487	714,400	32,607,397
Fund balances at end of year	\$ 9,729,181	\$ -	\$ 2,569,591	\$ 5,393,694	\$ 560,089	\$ 38,054,649

See notes to financial statements.



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**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, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 27,500	\$ 27,500	\$ 45,666	\$ 18,166
Service charges	8,785,300	8,888,850	9,176,823	287,973
Interest	95,000	95,000	133,341	38,341
Total revenues	8,907,800	9,011,350	9,355,830	344,480
Expenditures:				
Current:				
Culture and recreation	4,679,816	5,371,865	5,395,232	(23,367)
Total expenditures	4,679,816	5,371,865	5,395,232	(23,367)
Excess of revenues over expenditures	4,227,984	3,639,485	3,960,598	321,113
Other financing uses:				
Transfers out	(3,442,715)	(4,042,715)	(4,043,623)	(908)
Net change in fund balance	785,269	(403,230)	(83,025)	320,205
Fund balance at beginning of year	3,912,781	(934,083)	2,110,885	3,044,968
Fund balance at end of year	\$ 4,698,050	\$ (1,337,313)	\$ 2,027,860	\$ 3,365,173

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, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 726,564	\$ 790,242	\$ 789,880	\$ (362)
Total revenues	726,564	790,242	789,880	(362)
Expenditures:				
Current:				
Public safety	77,800	77,800	77,439	361
Judicial	648,764	629,238	625,798	3,440
Total expenditures	726,564	707,038	703,237	3,801
Excess of revenues over expenditures	-	83,204	86,643	3,439
Other financing sources (uses):				
Transfers in	-	1,060	1,060	-
Transfers out	-	(95,548)	(95,548)	-
Total other financing sources	-	(94,488)	(94,488)	-
Net change in fund balance	-	(11,284)	(7,845)	3,439
Fund balance at beginning of year	537	(7,815)	11,284	19,099
Fund balance at end of year	\$ 537	\$ (19,099)	\$ 3,439	\$ 22,538

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, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 405,000	\$ 405,000	\$ 398,264	\$ (6,736)
Intergovernmental	-	665,000	300,106	(364,894)
Other revenue	-	50,000	20,001	(29,999)
Total revenues	405,000	1,120,000	718,371	(401,629)
Expenditures:				
Current:				
Economic development	479,076	1,236,301	776,683	459,618
Total expenditures	479,076	1,236,301	776,683	459,618
Excess (deficiency) of revenues over (under) expenditures	(74,076)	(116,301)	(58,312)	57,989
Fund balance at beginning of year	661,487	141,864	452,328	310,464
Fund balance at end of year	\$ 587,411	\$ 25,563	\$ 394,016	\$ 368,453

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, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 4,838,000	\$ 5,115,000	\$ 5,060,918	\$ (54,082)
Intergovernmental	-	-	76,925	76,925
Total revenues	4,838,000	5,115,000	5,137,843	22,843
Expenditures:				
Current:				
Education	4,838,000	5,115,000	5,137,843	(22,843)
Total expenditures	4,838,000	5,115,000	5,137,843	(22,843)
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

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, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 68,561	\$ 60,925	\$ 53,809	\$ (7,116)
Total revenues	68,561	60,925	53,809	(7,116)
Expenditures:				
Current:				
Public safety	72,552	65,471	57,508	7,963
Total expenditures	72,552	65,471	57,508	7,963
Deficiency of revenues under expenditures	(3,991)	(4,546)	(3,699)	847
Other financing sources:				
Transfers in	3,991	4,546	4,134	(412)
Net change in fund balance	-	-	435	435
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435</u>	<u>\$ 435</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, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 1,364,900	\$ 1,364,900	\$ 1,383,442	\$ 18,542
Intergovernmental	477,357	482,464	451,065	(31,399)
Other revenue	-	2,000	2,000	-
Total revenues	<u>1,842,257</u>	<u>1,849,364</u>	<u>1,836,507</u>	<u>(12,857)</u>
Expenditures:				
Current:				
Public safety	3,656,478	3,700,324	2,630,969	1,069,355
Total expenditures	<u>3,656,478</u>	<u>3,700,324</u>	<u>2,630,969</u>	<u>1,069,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,814,221)</u>	<u>(1,850,960)</u>	<u>(794,462)</u>	<u>1,056,498</u>
Other financing sources (uses):				
Capital lease proceeds	1,117,000	1,117,000	862,106	(254,894)
Transfers in	-	25,500	25,500	-
Proceeds from sale of capital assets	-	-	14,819	14,819
Total other financing sources (uses)	<u>1,117,000</u>	<u>1,142,500</u>	<u>902,425</u>	<u>(240,075)</u>
Net change in fund balance	(697,221)	(708,460)	107,963	816,423
Fund balance at beginning of year	<u>479,406</u>	<u>(183,610)</u>	<u>1,123,575</u>	<u>1,307,185</u>
Fund balance at end of year	<u>\$ (217,815)</u>	<u>\$ (892,070)</u>	<u>\$ 1,231,538</u>	<u>\$ 2,123,608</u>

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, 2007

	<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	-	-	-	-
Total revenues	15,000	15,000	-	(15,000)
Expenditures:				
Current:				
General government	15,000	88,448	73,448	15,000
Total expenditures	15,000	88,448	73,448	15,000
Deficiency of revenues under expenditures	-	(73,448)	(73,448)	-
Other financing uses:				
Transfers out	-	(62,189)	(62,189)	-
Net change in fund balance	-	(135,637)	(135,637)	-
Fund balance at beginning of year	-	(42,012)	135,637	177,649
Fund balance at end of year	\$ -	\$ (313,286)	\$ -	\$ 313,286

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, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 25,044	\$ 15,044
Service charges	160,000	160,000	147,189	(12,811)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	170,000	170,000	172,233	2,233
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Public safety	391,109	391,119	299,700	91,419
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	391,109	391,119	299,700	91,419
	<hr/>	<hr/>	<hr/>	<hr/>
Deficiency of revenues under expenditures	(221,109)	(221,119)	(127,467)	93,652
Other financing sources:				
Transfers In	164,004	164,004	164,004	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(57,105)	(57,115)	36,537	93,652
Fund balance at beginning of year	152,261	25,122	216,602	191,480
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance at end of year	<u>\$ 95,156</u>	<u>\$ (31,993)</u>	<u>\$ 253,139</u>	<u>\$ 285,132</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STORM WATER DRAINAGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Service charges	\$ 2,232,000	\$ 2,232,000	\$ 1,531,039	\$ (700,961)
Total revenues	<u>2,232,000</u>	<u>2,232,000</u>	<u>1,531,039</u>	<u>(700,961)</u>
Expenditures:				
Current:				
Public works	<u>2,232,000</u>	<u>2,334,882</u>	<u>628,185</u>	<u>1,706,697</u>
Total expenditures	<u>2,232,000</u>	<u>2,334,882</u>	<u>628,185</u>	<u>1,706,697</u>
(Deficiency) excess of revenues (under) over expenditures	-	(102,882)	902,854	1,005,736
Fund balance at beginning of year	<u>154,291</u>	<u>154,291</u>	<u>154,291</u>	-
Fund balance at end of year	<u>\$ 154,291</u>	<u>\$ 51,409</u>	<u>\$ 1,057,145</u>	<u>\$ 1,005,736</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, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental	\$ 103,500	\$ 103,500	\$ 103,500	\$ -
Fines and forfeitures	322,000	322,000	237,114	(84,886)
Interest	9,500	9,500	22,075	12,575
Other revenues	318,950	318,950	399,495	80,545
Total revenues	753,950	753,950	762,184	8,234
Expenditures:				
Current:				
Public safety	822,337	1,175,042	854,075	320,967
Total expenditures	822,337	1,175,042	854,075	320,967
(Deficiency) excess of revenues (under) over expenditures	(68,387)	(421,092)	(91,891)	329,201
Other financing sources and uses:				
Transfers in	95,059	104,470	55,736	(48,734)
Transfers out	(48,507)	(57,918)	(9,411)	48,507
Proceeds from sale of capital assets	-	-	139,213	139,213
Total other financing sources and (uses)	46,552	46,552	185,538	138,986
Net change in fund balance	(21,835)	(374,540)	93,647	468,187
Fund balance at beginning of year	738,436	(506,466)	972,547	1,479,013
Fund balance at end of year	\$ 716,601	\$ (881,006)	\$ 1,066,194	\$ 1,947,200

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, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 787,881	\$ 815,874	\$ 1,018,188	\$ 202,314
Fines and forfeitures	40,000	40,000	120,104	80,104
Service charges	477,576	477,576	563,760	86,184
Interest	-	-	5,844	5,844
Total revenues	1,305,457	1,333,450	1,707,896	374,446
Expenditures:				
Current:				
Judicial	1,262,479	1,342,089	1,323,848	18,241
Total expenditures	1,262,479	1,342,089	1,323,848	18,241
Excess (deficiency) of revenues over (under) expenditures	42,978	(8,639)	384,048	392,687
Other financing uses:				
Transfers out	-	(65,515)	(44,566)	20,949
Net change in fund balance	42,978	(74,154)	339,482	413,636
Fund balance at beginning of year	88,030	45,080	1,382,393	1,337,313
Fund balance at end of year	\$ 131,008	\$ (29,074)	\$ 1,721,875	\$ 1,750,949

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, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 1,676	\$ (324)
Fines and forfeitures	547,000	547,000	508,065	(38,935)
Total revenues	549,000	549,000	509,741	(39,259)
Expenditures:				
Current:				
Public safety	405,935	406,430	313,769	92,661
Judicial	327,539	327,582	311,509	16,073
Total expenditures	733,474	734,012	625,278	108,734
Deficiency of revenues under expenditures	(184,474)	(185,012)	(115,537)	69,475
Net change in fund balance	(184,474)	(185,012)	(115,537)	69,475
Fund balance at beginning of year	403,060	346,814	710,558	363,744
Fund balance at end of year	<u>\$ 218,586</u>	<u>\$ 161,802</u>	<u>\$ 595,021</u>	<u>\$ 433,219</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
VICTIM NOTIFICATION SPECIAL REVENUE FUND
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES COLLECTED
June 30, 2007

	<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	\$ 2,004,265	\$ -	\$ 2,004,265	\$ 2,004,265	\$ -	\$ 2,004,265
Wildlife/littering	153,405	39,124	114,281	114,281	-	114,281
DUI/DUS/BUI	12,397	12,397	-	-	-	-
Assessments	2,221,518	2,019,632	201,886	-	201,886	201,886
Surcharges	877,198	758,337	118,862	-	118,862	118,862
	<u>5,268,783</u>	<u>2,829,490</u>	<u>2,439,294</u>	<u>2,118,546</u>	<u>320,748</u>	<u>2,439,294</u>
Clerk of Court:						
Fines:						
General sessions	94,954	44,250	50,704	50,704	-	50,704
Family court	6,125	2,767	3,358	3,358	-	3,358
DUI	6,861	6,861	-	-	-	-
Assessments	109,331	71,108	38,223	-	38,223	38,223
Surcharges	242,456	93,362	149,094	-	149,094	149,094
	<u>459,728</u>	<u>218,348</u>	<u>241,379</u>	<u>54,062</u>	<u>187,317</u>	<u>241,379</u>
	<u>\$ 5,728,511</u>	<u>\$ 3,047,838</u>	<u>\$ 2,680,673</u>	<u>\$ 2,172,608</u>	<u>\$ 508,065</u>	<u>\$ 2,680,673</u>

See notes to financial statements.



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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.

Radio Communications - This fund is used to account for the comprehensive communications support to Charleston County agencies and neighboring external public safety agencies, including management of the 800 MHz public safety radio system, operation of the communications electronic maintenance facility, and management of the command post's emergency equipment and vehicles for response to emergencies and natural disasters.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2007

<u>ASSETS</u>	<u>DAODAS</u>	<u>E-911 Communications</u>	<u>Radio Communications</u>	<u>Totals</u>
Current assets:				
Non-pooled cash and cash equivalents	\$ 1,200	\$ -	\$ -	\$ 1,200
Pooled cash and cash equivalents	5,191,552	3,370,376	326,967	8,888,895
Accounts receivables (net of allowances for uncollectibles)	1,075,292	209,543	775	1,285,610
Total current assets	6,268,044	3,579,919	327,742	10,175,705
Deferred issuance costs	73,569	-	-	73,569
Capital assets:				
Buildings	9,554,391	-	-	9,554,391
Improvements other than buildings	270,255	-	-	270,255
Machinery and equipment	259,377	1,489,917	-	1,749,294
Less accumulated depreciation	(2,256,281)	(459,602)	-	(2,715,883)
Total capital assets (net of accumulated depreciation)	7,827,742	1,030,315	-	8,858,057
Total noncurrent assets	7,901,311	1,030,315	-	8,931,626
Total assets	14,169,355	4,610,234	327,742	19,107,331

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2007

<u>LIABILITIES AND EQUITY</u>	<u>DAODAS</u>	<u>E-911 Communications</u>	<u>Radio Communications</u>	<u>Totals</u>
Current liabilities:				
Accounts payable	\$ 78,541	\$ 65,094	\$ 60,498	\$ 204,133
Accrued payroll and fringe benefits	158,363	2,255	5,747	166,365
Compensated absences-current	58,392	202	693	59,287
Intergovernmental payable	27,056	-	314	27,370
Accrued interest payable	20,905	-	-	20,905
Certificates of participation - current	361,306	-	-	361,306
Total current liabilities	704,563	67,551	67,252	839,366
Certificates of participation (net of unamortized discounts)	4,070,015	-	-	4,070,015
Compensated absences	363,814	1,255	4,315	369,384
Total noncurrent liabilities	4,433,829	1,255	4,315	4,439,399
Total liabilities	5,138,392	68,806	71,567	5,278,765
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	3,396,421	1,030,315	-	4,426,736
Unrestricted	5,634,542	3,511,113	256,175	9,401,830
Total net assets	\$ 9,030,963	\$ 4,541,428	\$ 256,175	\$ 13,828,566

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, 2007

	DAODAS	E-911 Communications	Radio Communications	Totals
Operating revenues:				
Charges for services	\$ 6,361,075	\$ 1,379,569	\$ 94,890	\$ 7,835,534
Other revenues	-	-	-	-
Total operating revenues	6,361,075	1,379,569	94,890	7,835,534
Operating expenses:				
Personnel services	5,208,919	78,393	228,548	5,515,860
Contractual services	1,637,897	160	71,471	1,709,528
Materials and supplies	509,269	11,729	209,423	730,421
Utilities	192,892	640,660	-	833,552
Repairs and maintenance	179,364	76,975	930,281	1,186,620
Rental expenses	197,525	-	88,218	285,743
Vehicle fleet charges	21,442	1,399	2,879	25,720
Other expenses	2,012,667	124,894	261,618	2,399,179
Depreciation and amortization	284,516	156,937	-	441,453
Total operating expenses	10,244,491	1,091,147	1,792,438	13,128,076
Operating income (loss)	(3,883,416)	288,422	(1,697,548)	(5,292,542)
Nonoperating revenues (expenses):				
Interest income	252,067	125,479	-	377,546
Interest expense	(343,512)	-	(9,497)	(353,009)
Intergovernmental revenues	1,224,110	1,240	12,625	1,237,975
Gain on disposal of assets	241	-	-	241
Total nonoperating revenues (expenses)	1,132,906	126,719	3,128	1,262,753
Income (loss) before contributions and transfers	(2,750,510)	415,141	(1,694,420)	(4,029,789)
Transfers in	3,287,409	-	1,950,595	5,238,004
Change in net assets	536,899	415,141	256,175	1,208,215
Total net assets - beginning	8,494,064	4,126,287	-	12,620,351
Total net assets - ending	\$ 9,030,963	\$ 4,541,428	\$ 256,175	\$ 13,828,566

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended June 30, 2007

	DAODAS	E-911 Communications	Radio Communications	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 6,247,098	\$ 2,817,028	\$ 94,115	\$ 9,158,241
Cash payments to suppliers for goods and services	(4,799,030)	(790,723)	(1,503,078)	(7,092,831)
Cash payments to employees for services	(5,124,495)	(77,805)	(217,793)	(5,420,093)
Net cash provided by operating activities	(3,676,427)	1,948,500	(1,626,756)	(3,354,683)
Cash flows from noncapital financing activities:				
Transfers in	3,287,409	-	1,950,595	5,238,004
Intergovernmental receipt	1,224,109	1,240	12,625	1,237,974
Net cash provided by (used in) noncapital financing activities	4,511,518	1,240	1,963,220	6,475,978
Cash flows from capital and related financing activities:				
Principal paid on long-term debt	(337,105)	-	-	(337,105)
Interest paid	(345,238)	-	-	(345,238)
Proceeds from sale of fixed assets	1,241	-	-	1,241
Acquisition and construction of capital assets (including capitalized interest)	-	-	-	-
Net cash used in capital and related financing activities	(681,102)	-	-	(681,102)
Cash flows from investing activities:				
Interfund loan principal payment received	-	-	-	-
Interest received (paid)	252,067	125,479	(9,497)	368,049
Net cash provided by investing activities	252,067	125,479	(9,497)	368,049
Net increase in cash and cash equivalents	406,056	2,075,219	326,967	2,808,242
Cash and cash equivalents at beginning of year	4,786,696	1,295,157	-	6,081,853
Cash and cash equivalents at end of year	\$ 5,192,752	\$ 3,370,376	\$ 326,967	\$ 8,890,095
Reconciliation to balance sheet:				
Non-pooled cash and cash equivalents	\$ 1,200	\$ -	\$ -	\$ 1,200
Pooled cash and cash equivalents	5,191,552	3,370,376	326,967	8,888,895
Cash and cash equivalents at end of year	\$ 5,192,752	\$ 3,370,376	\$ 326,967	\$ 8,890,095

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended June 30, 2007

	<u>DAODAS</u>	<u>E-911 Communications</u>	<u>Radio Communications</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (3,883,416)	\$ 288,422	\$ (1,697,548)	\$ (5,292,542)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	284,516	156,937	-	441,453
Changes in assets and liabilities:				
(Increase) decrease in receivables	(113,977)	1,437,460	(775)	1,322,708
Increase (decrease) in accounts payable	(47,974)	65,093	60,812	77,931
Increase (decrease) in accrued payroll	84,424	588	10,755	95,767
Total adjustments	206,989	1,660,078	70,792	1,937,859
Net cash provided by (used in) operating activities	<u>\$ (3,676,427)</u>	<u>\$ 1,948,500</u>	<u>\$ (1,626,756)</u>	<u>\$ (3,354,683)</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, 2007

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits Trust	Telecom- munications	Totals
ASSETS						
Current assets:						
Pooled cash and cash equivalents	\$ 1,665,163	\$ 461,797	\$ 5,129,575	\$ 1,609,188	\$ 203,667	\$ 9,069,390
Cash with fiscal agent	-	-	125,000	-	-	125,000
Receivables (net of allowances for uncollectibles)	62,100	2,259	50	96,772	7,385	168,566
Due from other funds	-	-	120,915	316,146	-	437,061
Inventories	331,809	-	-	-	-	331,809
Total current assets	2,059,072	464,056	5,375,540	2,022,106	211,052	10,131,826
Capital assets:						
Buildings	1,550,503	131,801	-	-	-	1,682,304
Machinery and equipment	24,697,185	434,940	72,845	-	319,707	25,524,677
Less accumulated depreciation	(16,124,042)	(348,651)	(16,261)	-	(241,101)	(16,730,055)
Total capital assets (net of accumulated depreciation)	10,123,646	218,090	56,584	-	78,606	10,476,926
Total assets	12,182,718	682,146	5,432,124	2,022,106	289,658	20,608,752
LIABILITIES						
Current liabilities:						
Accounts payable	340,586	103,931	2,342,086	55,087	147,017	2,988,707
Accrued payroll and fringe benefits	41,673	17,594	9,027	-	6,069	74,363
Compensated absences-current	35,333	332	5,340	-	332	41,337
Intergovernmental payable	831	116	69,009	-	-	69,956
Unearned revenue	11,628	-	-	-	-	11,628
Accrued interest payable	13,702	-	-	-	-	13,702
Note payable - current	53,396	-	-	-	-	53,396
Leases payable - current	-	17,811	-	-	-	17,811
Total current liabilities	497,149	139,784	2,425,462	55,087	153,418	3,270,900
Noncurrent liabilities:						
Compensated absences	220,142	70,219	33,268	-	2,068	325,697
Leases payable	-	60,832	-	-	-	60,832
Note payable	397,192	-	-	-	-	397,192
Total noncurrent liabilities	617,334	131,051	33,268	-	2,068	783,721
Total liabilities	1,114,483	270,835	2,458,730	55,087	155,486	4,054,621
NET ASSETS						
Invested in capital assets, net of related debt	9,673,058	139,447	56,584	-	78,606	9,947,695
Unrestricted	1,395,177	271,864	2,916,810	1,967,019	55,566	6,606,436
Total net assets	\$ 11,068,235	\$ 411,311	\$ 2,973,394	\$ 1,967,019	\$ 134,172	\$ 16,554,131

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, 2007

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits Trust	Telecom- munications	Totals
Operating revenues:						
Charges for services	\$ 9,250,600	\$ 1,682,833	\$ 4,679,246	\$ 19,249,427	\$ 1,539,371	\$ 36,401,477
Total operating revenues	9,250,600	1,682,833	4,679,246	19,249,427	1,539,371	36,401,477
Operating expenses:						
Personnel services	1,844,823	745,362	393,037	-	299,836	3,283,058
Contractual services	1,752	3,539	40,968	-	-	46,259
Materials and supplies	5,953,775	450,078	162,451	-	14,691	6,580,995
Utilities	91,812	23,462	-	-	1,204,382	1,319,656
Repairs and maintenance	12,409	26,183	37,388	-	12,603	88,583
Rental expenses	-	293,297	-	-	-	293,297
Vehicle fleet charges	100,648	11,207	10,837	-	6,562	129,254
Employee benefits	-	-	2,313,907	18,569,372	-	20,883,279
Other expenses	1,229,110	24,772	27,073	-	12,269	1,293,224
Depreciation	2,342,773	72,780	11,601	-	40,407	2,467,561
Total operating expenses	11,577,102	1,650,680	2,997,262	18,569,372	1,590,750	36,385,166
Operating income (loss)	(2,326,502)	32,153	1,681,984	680,055	(51,379)	16,311
Nonoperating revenues (expenses):						
Interest income	-	-	227,459	-	-	227,459
Interest expense	(28,181)	(13,857)	-	(26,559)	-	(68,597)
Gain (Loss) on disposal - capital assets	153,965	(3,685)	-	-	-	150,280
Total nonoperating revenues (expenses)	125,784	(17,542)	227,459	(26,559)	-	309,142
Income (loss) before transfers	(2,200,718)	14,611	1,909,443	653,496	(51,379)	325,453
Transfers out	(454,276)	(3,000)	-	-	-	(457,276)
Transfers in	3,294,750	-	-	-	3,000	3,297,750
Change in net assets	639,756	11,611	1,909,443	653,496	(48,379)	3,165,927
Total net assets - beginning as previously reported	10,319,929	399,700	1,063,951	1,313,523	182,551	13,279,654
Prior period adjustments	108,550	-	-	-	-	108,550
Total net assets - beginning as restated	10,428,479	399,700	1,063,951	1,313,523	182,551	13,388,204
Total net assets - ending	\$ 11,068,235	\$ 411,311	\$ 2,973,394	\$ 1,967,019	\$ 134,172	\$ 16,554,131

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended June 30, 2007

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits Trust	Telecom- munications	Totals
Cash flows from operating activities:						
Cash received from customers	\$ 8,975,803	\$ 28,031	\$ -	\$ -	\$ 57,958	\$ 9,061,792
Cash receipts from interfund services provided	256,486	1,658,692	4,673,263	19,231,509	1,484,921	27,304,871
Cash payments to suppliers for goods and services	(7,576,517)	(855,477)	(3,250,016)	(18,514,785)	(1,199,447)	(31,396,242)
Cash payments to employees for services	(1,845,243)	(769,725)	(383,022)	-	(297,030)	(3,295,020)
Net cash provided by (used in) operating activities	(189,471)	61,521	1,040,225	716,724	46,402	1,675,401
Cash flows from noncapital financing activities:						
Transfers in (out)	2,840,474	(3,000)	-	-	3,000	2,840,474
Net cash provided by noncapital financing activities	2,840,474	(3,000)	-	-	3,000	2,840,474
Cash flows from capital and related financing activities:						
Principal paid on long-term debt	(78,472)	(16,804)	-	-	-	(95,276)
Proceeds from capital lease	-	-	-	-	-	-
Interest paid	(1,530)	(13,857)	-	-	-	(15,387)
Proceeds from sale of capital assets	497,892	3,000	-	-	-	500,892
Acquisition and construction of capital assets (including capitalized interest)	(3,212,623)	(39,610)	(10,838)	-	(7,942)	(3,271,013)
Net cash used in capital and related financing activities	(2,794,733)	(67,271)	(10,838)	-	(7,942)	(2,880,784)
Cash flows from investing activities:						
Interest received (paid)	-	-	227,459	(26,559)	-	200,900
Net cash provided by investing activities	-	-	227,459	(26,559)	-	200,900
Net increase (decrease) in cash and cash equivalents	(143,730)	(8,750)	1,256,846	690,165	41,460	1,835,991
Cash and cash equivalents at beginning of year	1,808,893	470,547	3,997,729	919,023	162,207	7,358,399
Cash and cash equivalents at end of year	<u>\$ 1,665,163</u>	<u>\$ 461,797</u>	<u>\$ 5,254,575</u>	<u>\$ 1,609,188</u>	<u>\$ 203,667</u>	<u>\$ 9,194,390</u>
Reconciliation to balance sheet:						
Pooled cash and cash equivalents	\$ 1,665,163	\$ 461,797	\$ 5,129,575	\$ 1,609,188	\$ 203,667	\$ 9,069,390
Cash with fiscal agent	-	-	125,000	-	-	125,000
Cash and cash equivalents at end of year	<u>\$ 1,665,163</u>	<u>\$ 461,797</u>	<u>\$ 5,254,575</u>	<u>\$ 1,609,188</u>	<u>\$ 203,667</u>	<u>\$ 9,194,390</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, 2007

	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)	\$ (2,326,502)	\$ 32,153	\$ 1,681,984	\$ 680,055	\$ (51,379)	\$ 16,311
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	2,342,773	72,780	11,601	-	40,407	2,467,561
Changes in assets and liabilities:						
(Increase) decrease in receivables	(18,311)	3,891	(5,980)	(17,918)	6,508	(31,810)
(Increase) decrease in inventory	(8,212)	-	-	-	-	(8,212)
Increase (decrease) in accounts payable	(144,741)	(22,939)	(657,395)	54,587	50,460	(720,028)
Increase (decrease) in accrued payroll	(420)	(24,364)	10,015	-	406	(14,363)
Decrease in deferred revenue	(34,058)	-	-	-	-	(34,058)
Total adjustments	2,137,031	29,368	(641,759)	36,669	97,781	1,659,090
Net cash provided by (used in) operating activities	\$ (189,471)	\$ 61,521	\$ 1,040,225	\$ 716,724	\$ 46,402	\$ 1,675,401

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, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>ASSETS</u>				
Non-pooled cash and cash equivalents:				
Held by Business License/User Fee Third parties	\$ 160,287	\$ 59,238	\$ 178,274	\$ 41,251
Held by Clerk of Court Third parties	2,528,143	20,196,432	19,058,273	3,666,302
Held by Controller Third parties	13,534	5,300	18,500	334
Held by Delinquent Tax Third parties	1,345,400	60,835,336	55,307,660	6,873,076
Held by Family Court Third parties	520,404	32,503,828	32,564,647	459,585
Held by Magistrates Third parties	151,960	120,171	151,960	120,171
Held by Master-In-Equity Third parties	2,275,087	12,646,395	13,390,470	1,531,012
Held by Probate Third parties	1,588	5,588	5,489	1,687
Held by Sheriff Third parties	62,424	4,705,862	4,642,118	126,168
Held by Solicitor Third parties	214,263	328,483	269,005	273,741
Total non-pooled cash and cash equivalents	7,273,090	131,406,633	125,586,396	13,093,327
Investments				
Held by Treasurer Third parties	4,965,940	-	1,294,317	3,671,623
Held by Delinquent Tax Third parties	6,855,358	2,999,070	6,855,358	2,999,070
Total Investments	11,821,298	2,999,070	8,149,675	6,670,693

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, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>ASSETS</u>				
Pooled cash and cash equivalents:				
Held by Treasurer				
C & B Fire Department	\$ 9,277	\$ 6,485	\$ 9,277	\$ 6,485
Charleston County Airport	(1,038)	-	-	(1,038)
Charleston County PRC	(11,848)	14,771,597	15,048,555	(288,806)
Charleston County School District	20,311,170	300,418,732	315,352,650	5,377,252
City of Charleston	5,553,038	60,382,269	60,780,633	5,154,674
City of Folly Beach	17,479	1,584,659	1,596,831	5,307
City of Folly Beach/James Island	31	40,499	40,498	32
City of Isle of Palms	17,238	3,111,797	3,116,047	12,988
City of North Charleston	2,433,910	30,637,692	29,928,009	3,143,593
Cooper River PPC	6,186	238,879	243,297	1,768
East Cooper Fire District	68	-	-	68
James Island PSD	367,810	5,617,999	5,612,144	373,665
James Island Fireman's Fund	-	51,456	51,456	-
North Charleston District	41,935	1,348,823	1,379,785	10,973
S. C. Fireman's Association	-	1,519,752	1,519,752	-
St. Andrew's PPPC	44,713	1,281,859	1,306,040	20,532
St. Andrew's Public Service District	153,451	5,324,181	5,411,465	66,167
St. John's Fire District	300,086	9,462,176	9,564,941	197,321
St. John's Firemen's Fund	231,497	236,374	236,374	231,497
St. Paul's Fire District	109,854	3,371,932	3,440,515	41,271
State Agencies	318,970	3,489,666	3,584,192	224,444
Third parties	(701,840)	25,996,605	26,265,915	(971,150)
Town of Awendaw Firemen's Assoc	-	36,076	36,076	-
Town of Awendaw	8,345	248,913	252,930	4,328
Town of Lincolnville	8,034	99,567	105,432	2,169
Town of McClellanville	5,861	239,829	244,221	1,469
Town of Mount Pleasant	3,694,571	17,858,485	17,883,119	3,669,937
Town of Sullivan's Island	10,552	1,336,473	1,335,949	11,076
Town of Summerville	24,526	68,168	28,054	64,640
Total held by Treasurer	32,953,876	488,780,943	504,374,157	17,360,662
Held by Drug Seizure Trust				
Third parties	124,664	135,777	151,302	109,139
Total pooled cash and cash equivalents	33,078,540	488,916,720	504,525,459	17,469,801
Total assets	\$ 52,172,928	\$ 623,322,423	\$ 638,261,530	\$ 37,233,821

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, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>LIABILITIES</u>				
Due to component units:				
Charleston County PRC	\$ (11,848)	\$ 14,771,597	\$ 15,048,555	\$ (288,806)
Cooper River PPC	6,186	238,879	243,297	1,768
James Island PSD	367,810	5,617,999	5,612,144	373,665
North Charleston District	41,935	1,348,823	1,379,785	10,973
St. Andrew's PPC	44,713	1,281,859	1,306,040	20,532
St. John's Fire District	300,086	9,462,176	9,564,941	197,321
St. Paul's Fire District	109,854	3,371,932	3,440,515	41,271
	<u>858,736</u>	<u>36,093,265</u>	<u>36,595,277</u>	<u>356,724</u>
Total due to component units				
Intergovernmental payable:				
C & B Fire Department	9,277	6,485	9,277	6,485
Charleston County Airport	(1,038)	-	-	(1,038)
Charleston County School District	25,277,110	300,418,732	316,646,967	9,048,875
City of Charleston	5,553,038	60,382,269	60,780,633	5,154,674
City of Folly Beach	17,479	1,584,659	1,596,831	5,307
City of Folly Beach/James Island	31	40,499	40,498	32
City of Isle of Palms	17,238	3,111,797	3,116,047	12,988
City of North Charleston	2,433,910	30,637,692	29,928,009	3,143,593
East Cooper Fire District	68	-	-	68
James Island Fireman's Fund	-	51,456	51,456	-
S. C. Firemen's Association	-	1,519,752	1,519,752	-
St. John's Fireman's Fund	231,497	236,374	236,374	231,497
St. Andrew's Public Service District	153,451	5,324,181	5,411,465	66,167
State Agencies	318,970	3,489,666	3,584,192	224,444
Town of Awendaw Firemen's Assoc	-	36,076	36,076	-
Town of Awendaw	8,345	248,913	252,930	4,328
Town of Lincolnville	8,034	99,567	105,432	2,169
Town of McClellanville	5,861	239,829	244,221	1,469
Town of Mount Pleasant	3,694,571	17,858,485	17,883,119	3,669,937
Town of Sullivan's Island	10,552	1,336,473	1,335,949	11,076
Town of Summerville	24,526	68,168	28,054	64,640
	<u>37,762,920</u>	<u>426,691,073</u>	<u>442,807,282</u>	<u>21,646,711</u>
Total intergovernmental payable				
Due to third parties	<u>13,551,272</u>	<u>160,538,085</u>	<u>158,858,971</u>	<u>15,230,386</u>
Total liabilities	<u>\$ 52,172,928</u>	<u>\$ 623,322,423</u>	<u>\$ 638,261,530</u>	<u>\$ 37,233,821</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, 2007

Function	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 3,219,184	\$ 75,250,937	\$ 1,055,674	\$ 37,841,595	\$ -	\$ 144,927	\$ 117,512,317
Public safety	70,036	30,109,906	67,191	14,777,702	-	4,065,028	49,089,863
Judicial	-	60,715,205	-	889,974	-	69,745	61,674,924
Public works	125,898	413,993	-	1,204,240	44,941,502	-	46,685,633
Health and welfare	-	1,542,834	2,081,222	681,775	-	-	4,305,831
Culture and recreation	554,487	33,683,407	-	24,269	-	-	34,262,163
Total	\$ 3,969,605	\$ 201,716,281	\$ 3,204,087	\$ 55,419,555	\$ 44,941,502	\$ 4,279,701	\$ 313,530,731

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, 2007

Function	Balance July 1, 2006	Additions *	Deletions *	Balance June 30, 2007
General government	\$ 112,845,860	\$ 13,454,055	\$ (8,787,599)	\$ 117,512,316
Public safety	44,157,068	5,166,815	(234,020)	49,089,863
Judicial	61,630,893	59,272	(15,241)	61,674,924
Public works	62,419,888	2,432,586	(18,166,842)	46,685,632
Health and welfare	4,280,570	25,260	-	4,305,830
Culture and recreation	34,262,162	-	-	34,262,162
Total	\$ 319,596,441	\$ 21,137,988	\$ (27,203,702)	\$ 313,530,726

* 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.	173 - 179
Revenue Capacity These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	180 - 183
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.	184 - 187
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.	188 - 189
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.	190 - 198
Financial Assurance Coverage	199

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	(A)	(A)	(A)	(A)	\$ 38,880,686	\$ 40,126,334	\$ 49,998,715	\$ 57,359,439	\$ 73,784,397	\$ 78,742,634
Restricted	(A)	(A)	(A)	(A)	51,356,705	28,420,510	32,932,674	60,338,152	51,638,770	69,829,579
Unrestricted	(A)	(A)	(A)	(A)	65,557,470	41,986,611	33,263,298	11,749,363	37,628,366	26,178,518
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>	<u>\$ 174,750,731</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	(A)	(A)	(A)	(A)	\$ 20,476,139	\$ 22,345,734	\$ 18,801,715	\$ 20,241,171	\$ 17,983,156	\$ 24,637,561
Restricted	(A)	(A)	(A)	(A)	27,483,291	14,418,181	8,462,709	11,141,799	49,159,942	34,873,968
Unrestricted	(A)	(A)	(A)	(A)	7,081,588	25,676,672	38,441,936	42,327,249	15,023,549	36,781,998
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>	<u>\$ 96,293,527</u>
Primary Government										
Invested in Capital Assets, Net of Related Debt	(A)	(A)	(A)	(A)	\$ 59,356,825	\$ 62,472,068	\$ 68,800,430	\$ 77,600,610	\$ 91,767,553	\$ 103,380,195
Restricted	(A)	(A)	(A)	(A)	78,839,996	42,838,691	41,395,383	71,479,951	100,798,712	104,703,547
Unrestricted	(A)	(A)	(A)	(A)	72,639,058	67,663,283	71,705,234	54,076,612	52,651,915	62,960,516
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>	<u>\$ 271,044,258</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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Expenses										
Governmental Activities:										
General Government	(A)	(A)	(A)	(A)	\$ 40,355,391	\$ 42,030,869	\$ 44,073,903	\$ 48,480,730	\$ 54,974,087	\$ 65,198,099
Public Safety	(A)	(A)	(A)	(A)	49,424,542	57,667,474	60,199,756	65,411,630	67,475,922	65,619,715
Judicial	(A)	(A)	(A)	(A)	13,274,645	15,150,950	16,303,000	17,626,761	19,042,092	20,545,790
Public Works	(A)	(A)	(A)	(A)	12,371,692	14,249,365	13,047,445	14,569,632	23,717,878	40,185,783
Health and Welfare	(A)	(A)	(A)	(A)	11,240,334	13,698,800	12,259,223	11,823,614	10,992,770	11,112,177
Economic Development	(A)	(A)	(A)	(A)	730,879	584,991	1,057,507	943,669	3,481,117	1,324,790
Culture and Recreation	(A)	(A)	(A)	(A)	14,145,906	14,744,185	17,464,877	16,731,110	18,133,308	21,307,239
Education	(A)	(A)	(A)	(A)	3,549,382	3,592,277	3,735,895	3,931,038	5,004,959	5,137,843
Interest and Fiscal Charges	(A)	(A)	(A)	(A)	9,931,428	10,697,842	9,306,029	10,107,693	10,453,449	9,311,104
Total Governmental Activities Expenses	(A)	(A)	(A)	(A)	155,024,199	172,416,753	177,447,635	189,625,877	213,275,582	239,742,540
Business-Type Activities:										
E 911	(A)	(A)	(A)	(A)	945,397	923,506	905,427	1,167,080	888,812	984,112
Solid Waste	(A)	(A)	(A)	(A)	26,371,802	26,266,186	27,252,627	29,335,704	32,430,587	30,229,939
Parking Garage	(A)	(A)	(A)	(A)	2,669,181	2,705,187	2,322,980	1,922,169	1,712,310	1,753,719
DOADAS	(A)	(A)	(A)	(A)	8,786,426	7,795,981	8,185,395	8,493,417	8,667,219	8,984,048
Radio Communications	(A)	(A)	(A)	(A)	-	-	-	-	-	1,800,430
Total Business-Type Activities Expenses	(A)	(A)	(A)	(A)	38,772,806	37,690,860	38,666,429	40,918,370	43,698,928	43,752,248
Total Primary Government Expenses	(A)	(A)	(A)	(A)	\$ 193,797,005	\$ 210,107,613	\$ 216,114,064	\$ 230,544,247	\$ 256,974,510	\$ 283,494,788
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	(A)	(A)	(A)	(A)	\$ 10,150,792	\$ 13,676,611	\$ 15,440,672	\$ 17,935,275	\$ 19,041,161	\$ 18,098,660
Public Safety	(A)	(A)	(A)	(A)	5,768,142	6,721,223	7,878,504	6,290,751	6,157,762	6,622,976
Judicial	(A)	(A)	(A)	(A)	5,494,170	5,900,661	7,292,551	7,253,058	7,778,889	7,641,424
Public Works	(A)	(A)	(A)	(A)	216,747	108,535	143,354	179,664	196,147	1,927,468
Health and Welfare	(A)	(A)	(A)	(A)	654,450	804,262	558,244	788,557	1,150,312	4,930,221
Culture and Recreation	(A)	(A)	(A)	(A)	79,220	68,828	66,441	73,303	201,705	179,007
Education	(A)	(A)	(A)	(A)	-	-	10,170	-	-	-
Operating Grants and Contributions	(A)	(A)	(A)	(A)	15,693,824	17,389,105	16,592,529	19,298,359	21,435,951	18,216,119
Capital Grants and Contributions	(A)	(A)	(A)	(A)	-	-	-	3,131,573	-	-
Total Governmental Activities Program Revenues	(A)	(A)	(A)	(A)	38,057,345	44,669,225	47,982,465	54,950,540	55,961,927	57,615,875
Business-Type Activities:										
Charges for Services:										
E 911	(A)	(A)	(A)	(A)	1,148,171	1,120,349	1,273,381	1,940,631	1,265,946	1,379,569
Solid Waste	(A)	(A)	(A)	(A)	29,199,399	29,429,531	32,729,983	33,605,612	35,799,249	37,594,483
Parking Garage	(A)	(A)	(A)	(A)	2,720,599	2,833,338	8,290,653	2,008,933	2,066,315	2,424,078
DAODAS	(A)	(A)	(A)	(A)	4,374,792	3,707,126	3,783,036	5,519,478	4,113,731	6,361,075
Radio Communications	(A)	(A)	(A)	(A)	-	-	-	-	-	107,515
Operating Grants and Contributions	(A)	(A)	(A)	(A)	4,172,690	3,629,030	3,092,077	1,138,657	2,933,166	979,399
Capital Grants and Contributions	(A)	(A)	(A)	(A)	-	-	-	-	904,389	1,240
Total Business-Type Activities Program Revenues	(A)	(A)	(A)	(A)	41,615,651	40,719,374	49,169,130	44,213,311	47,082,796	48,847,359
Total Primary Government Program Revenues	(A)	(A)	(A)	(A)	\$ 79,672,996	\$ 85,388,599	\$ 97,151,595	\$ 99,163,851	\$ 103,044,723	\$ 106,463,234

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

(CONTINUED)

UNAUDITED

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Net (Expense)/Revenue										
Governmental Activities	(A)	(A)	(A)	(A)	\$ (116,966,854)	\$ (127,747,528)	\$ (129,465,170)	\$ (134,675,337)	\$ (157,313,655)	\$ (182,126,665)
Business-Type Activities	(A)	(A)	(A)	(A)	2,842,845	3,028,514	10,502,701	3,294,941	3,383,868	5,095,111
Total Primary Government Net (Expense)/Revenue	(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>	<u>\$ (177,031,554)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes by Source:										
Property Tax	(A)	(A)	(A)	(A)	\$ 76,672,139	\$ 76,262,067	\$ 76,421,626	\$ 77,341,114	\$ 82,216,983	\$ 82,289,668
Local Option Sales Tax	(A)	(A)	(A)	(A)	32,061,842	32,445,350	35,629,077	38,100,097	42,159,174	44,024,396
Transportation Tax	(A)	(A)	(A)	(A)	-	-	-	5,870,000	37,116,336	39,521,307
Accommodations Tax	(A)	(A)	(A)	(A)	6,561,848	6,683,992	6,927,227	7,611,446	8,292,848	9,176,823
Franchise fees	(A)	(A)	(A)	(A)	689,269	545,425	589,622	793,129	774,254	538,048
Merchants Inventory tax and manufacture's depreciation	(A)	(A)	(A)	(A)	1,607,919	1,682,766	1,715,716	1,677,255	1,563,067	1,632,214
Motor Carrier Tax	(A)	(A)	(A)	(A)	171,651	132,567	77,160	108,871	116,292	129,110
State Aid to political subdivisions	(A)	(A)	(A)	(A)	13,839,678	13,654,987	13,781,116	13,959,555	14,603,288	16,098,226
Grants and contributions not restricted to certain program	(A)	(A)	(A)	(A)	217,231	-	-	-	-	-
Unrestricted Investment Earnings	(A)	(A)	(A)	(A)	3,957,860	727,946	469,755	2,495,650	5,757,314	5,421,959
Gain (loss) on Sale of Capital Assets	(A)	(A)	(A)	(A)	181,165	(214,959)	387,618	-	514,247	-
Miscellaneous	(A)	(A)	(A)	(A)	-	-	-	-	-	-
Transfers	(A)	(A)	(A)	(A)	(2,816,345)	(2,509,762)	8,151,631	(3,289,535)	(3,601,887)	(5,052,023)
Total Governmental Activities	(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>	<u>193,779,728</u>
Business-Type activities:										
Property Taxes	(A)	(A)	(A)	(A)	-	359	48	64	65	-
Alcoholic Beverage Tax	(A)	(A)	(A)	(A)	481,219	514,357	528,466	542,927	523,037	505,366
Merchants Inventory tax and manufacture's depreciation	(A)	(A)	(A)	(A)	11,015	10,832	10,832	10,832	10,832	10,832
Unrestricted investment earnings	(A)	(A)	(A)	(A)	1,155,267	640,025	396,412	832,632	1,782,440	3,368,608
Gain (loss) on Sale of Capital Assets	(A)	(A)	(A)	(A)	(111,664)	(22,975)	-	-	3,811	94,940
Transfers	(A)	(A)	(A)	(A)	2,816,345	2,509,762	(8,151,631)	3,289,535	3,601,887	5,052,023
Total Business-Type Activities	(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>	<u>9,031,769</u>
Total Primary Government	(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>	<u>\$ 202,811,497</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)	15,952,645	(5,910,675)	5,534,161	13,463,709	33,582,201	11,653,063
Business-Type Activities	(A)	(A)	(A)	(A)	7,195,027	6,680,874	3,286,828	7,970,931	9,305,940	14,126,880
Total Primary Government	(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>	<u>\$ 25,779,943</u>

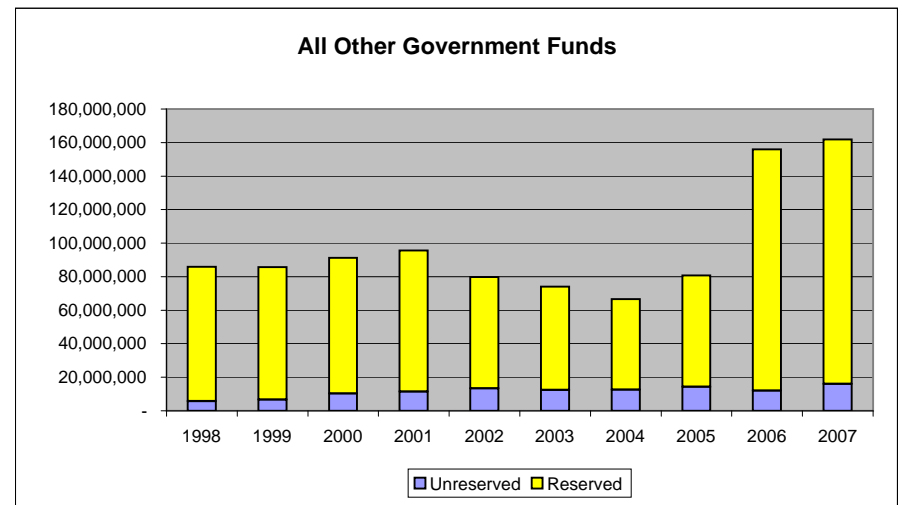
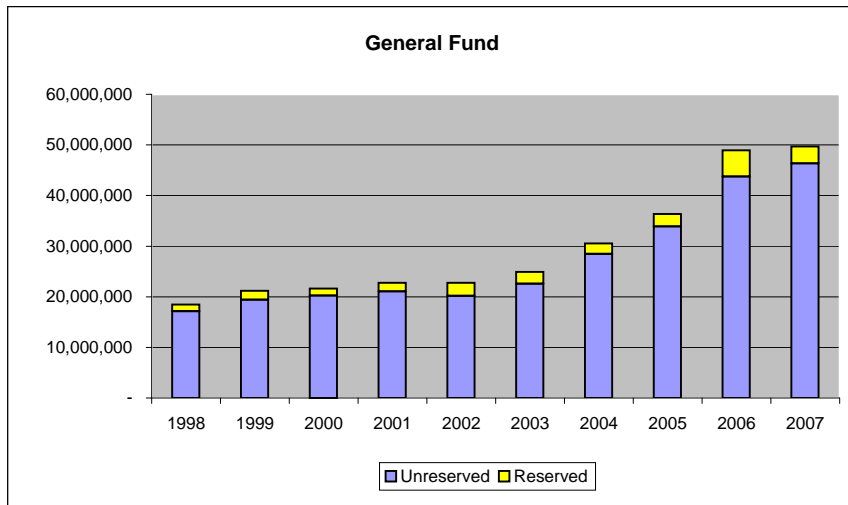
(A) GASB 34 was not implemented until the 2002 fiscal year; change in net asset information is not available prior to that fiscal year.

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

UNAUDITED

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 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	\$ 3,367,810
Unreserved	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	46,333,758
Total General Fund	\$ 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	\$ 49,701,568
All Other Governmental Funds										
Reserved										
Inventories and prepaid items	\$ -	\$ -	\$ 7,905	\$ -	\$ -	\$ 212,671	\$ 204,652	\$ 299,021	\$ 11,603	\$ 11,602
Encumbrances	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	9,008,571
Debt Service	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	18,252,403
Capital Projects Funds	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	22,441,838
Transportation and road sales tax	-	-	-	-	-	-	-	-	78,931,458	96,021,511
Unreserved, Reported In:										
Special Revenue Funds	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	16,128,286
Total All Other Governmental Funds	\$ 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	\$ 161,864,211

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes by Source:										
Property Tax	\$ 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	\$ 82,296,820
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	44,024,396
Transportation Tax	-	-	-	-	-	-	-	5,870,000	37,116,336	39,521,307
Intergovernmental	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	36,427,704
Fees, Permits, Licenses	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	5,290,740
Fines and Forfeitures	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	3,171,436
Interest	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	12,701,241
Service Charges	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	31,321,258
Rental and Use of Property	2,388,548	2,366,356	2,338,124	1,772,953	987,732	977,369	913,155	764,147	824,999	749,145
Other Revenues	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	2,912,098
Total Revenues	<u>\$ 145,932,746</u>	<u>\$ 165,793,565</u>	<u>\$ 169,049,515</u>	<u>\$ 171,066,119</u>	<u>\$ 174,508,458</u>	<u>\$ 177,382,480</u>	<u>\$ 185,755,556</u>	<u>\$ 214,130,346</u>	<u>\$ 251,127,141</u>	<u>\$ 258,416,145</u>
Expenditures										
Current:										
General Government	\$ 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	\$ 49,539,889
Public Safety	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	67,808,448
Judicial	-	-	-	-	13,288,448	13,741,592	14,573,036	16,001,052	17,593,865	19,349,156
Public Works	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	30,892,171
Health and Welfare	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	10,984,189
Economic Development	663,659	646,337	632,264	654,977	732,242	582,206	1,055,405	953,526	3,480,343	1,327,411
Culture and recreation	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	20,501,703
Education and intergovernmental	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	5,137,843
Capital Outlay	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	16,785,576
Debt Service:										
Principal	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	14,163,474
Interest and Fiscal Charges	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	8,906,724
Bond Issuance Costs	-	-	152,923	363,146	-	-	887,728	314,963	288,427	-
Total Expenditures	<u>148,663,112</u>	<u>155,020,608</u>	<u>177,959,396</u>	<u>183,944,937</u>	<u>184,686,665</u>	<u>177,098,460</u>	<u>189,120,240</u>	<u>190,466,168</u>	<u>227,408,085</u>	<u>245,396,584</u>
Excess of Revenues Over (Under) Expenditures	\$ (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	\$ 13,019,561

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

(CONTINUED)

UNAUDITED

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Other Financing Sources (Uses)										
Capital Lease Proceeds	\$ -	\$ -	\$ -	\$ -	\$ 679,887	\$ 915,806	\$ 431,614	\$ 844,468	\$ 841,831	\$ 1,429,804
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	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	20,464,780
Transfers Out	(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)	(28,357,277)
Sale of Capital Assets	-	-	-	-	118,014	24,645	1,144,447	1,572,599	1,390,616	194,554
Total Other Financing Sources (Uses)	(8,857,718)	(7,721,867)	14,443,592	17,852,198	(5,537,811)	(3,868,283)	10,695,963	(3,616,750)	62,732,332	(6,268,139)
Speical Item	-	-	-	-	-	-	(9,151,217)	-	1,383,940	-
Net Change in Fund Balances	\$ (11,588,084)	\$ 3,051,090	\$ 5,533,711	\$ 4,973,380	\$ (15,716,018)	\$ (3,584,263)	\$ (1,819,938)	\$ 20,047,428	\$ 87,835,328	\$ 6,751,422
Capital Asset Expenditures	\$ 11,755,236	\$ 16,809,600	\$ 36,436,215	\$ 33,296,043	\$ 24,354,576	\$ 12,453,729	\$ 14,125,020	\$ 10,692,730	\$ 16,576,342	\$ 15,664,602
Debt Service as a Percentage of Noncapital Expenditures	12.8%	12.6%	11.3%	11.8%	10.4%	11.1%	13.0%	10.7%	11.2%	10.0%

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
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%
2007	2,308,701,112	210,195,223	159,335,124	2,678,231,459	160.8	49,446,157,317	5.42%

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
County Direct Rates:										
Charleston County Government Operating	65.8	69.2	69.2	50.8	50.8	50.8	51.3	40.2	40.2	40.2
Charleston County Government Debt Service	16.3	16.6	16.6	10.4	10.4	10.4	9.9	6.6	6.6	6.6
Park and Recreation Commission Operating	4.5	4.5	4.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Park and Recreation Commission Debt Service	5.7	5.6	5.6	3.7	3.7	3.7	3.7	2.1	2.1	2.1
Trident Technical College	2.8	2.8	2.8	2.1	2.1	2.1	2.1	2.0	2.0	2.0
County School Board Operating	90.0	90.0	90.0	89.1	89.3	105.1	109.0	91.1	92.8	92.8
County School Board Debt Service	15.6	29.8	25.2	20.4	20.4	12.1	12.4	15.8	13.6	13.6
Total Direct Rate	200.7	218.5	213.9	180.0	180.2	187.7	191.9	161.3	160.8	160.8
Fire District Rates:	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	16.5 - 40.3
City/Town Rates:	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	18.5 - 92.8
Public Service District Rates:	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	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	2007			1998		
		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	\$ 36,136,700	1	1.35%	\$ 29,222,980	1	2.9%
Bell South	Telecommunications	18,727,070	2	0.70%	17,117,050	3	1.7%
MeadWestvaco	Paper and Chemicals	18,157,805	3	0.68%	28,208,640	2	2.8%
Kiawah Real Estate Co.	Real Estate	7,581,340	4	0.28%	-		
Cellco	Telecommunications	5,416,820	5	0.20%	-		
Charleston Place LLC	Hotels and Convention Center	5,380,080	6	0.20%	-		
Berkeley Electric Co-Op	Electric and Gas Utility	5,203,040	7	0.19%	3,050,340	6	0.3%
North Charleston Joint Venture II	Retail	4,897,680	8	0.18%	2,278,020	7	0.2%
IMI Mt Pleasant	Retail	3,953,040	9	0.15%	-		
Citadel Mall CMBS LLC	Retail	3,717,860	10	0.14%	-		
Albright & Wilson	Chemicals	-			4,442,220	4	0.4%
Cummins Engine	Engine Fabrication	-			3,057,419	5	0.3%
Charleston Center, LLC	Hotels and Convention Center	-			2,123,220	8	0.2%
Evening Post	News Media	-			1,714,710	9	0.2%
Charleston Joint Venture	Retail	-			1,657,910	10	0.2%
Totals		<u>\$ 109,171,435</u>		<u>4.1%</u>	<u>\$ 92,872,509</u>		<u>9.2%</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
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%	1,116,962	74,642,486	98.4%
2007	76,026,583	76,026,583	73,199,901	96.3%	1,569,694	74,769,595	98.3%

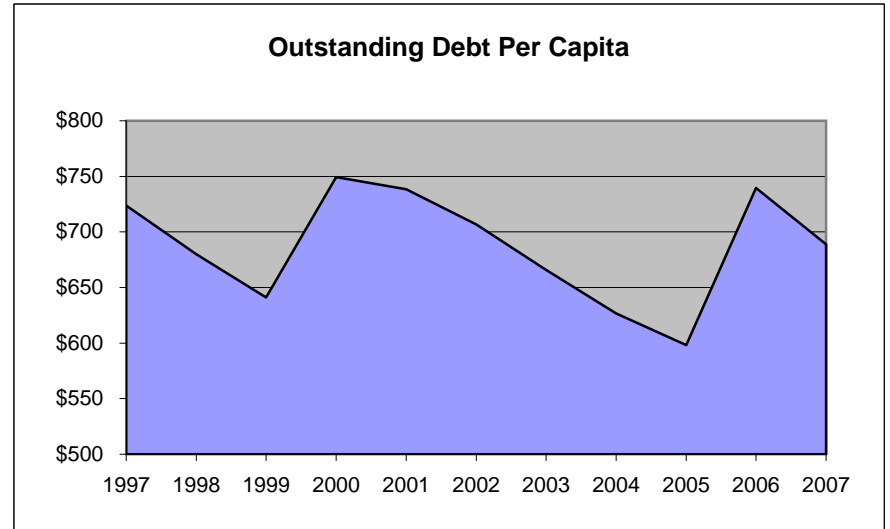
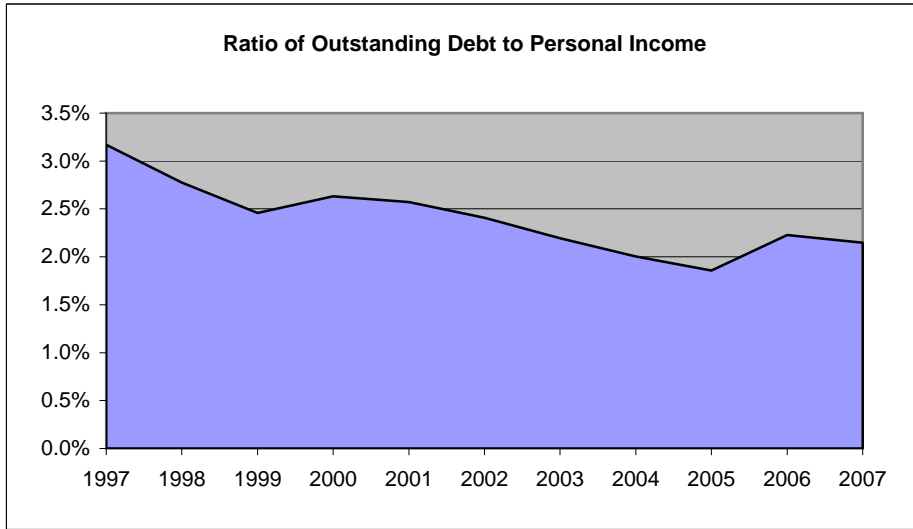
Source: This Information was Provided by the Charleston County Treasurers Office

**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	153,448,297	62,427,073	3,474,081	11,065,789	11,723,994	-	242,139,234	2.2%	739
2007	146,394,774	57,631,034	3,873,002	10,231,634	10,491,229	-	228,621,673	2.1%	689

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**

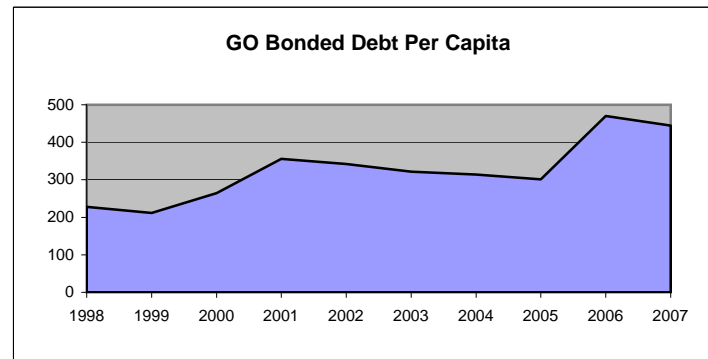
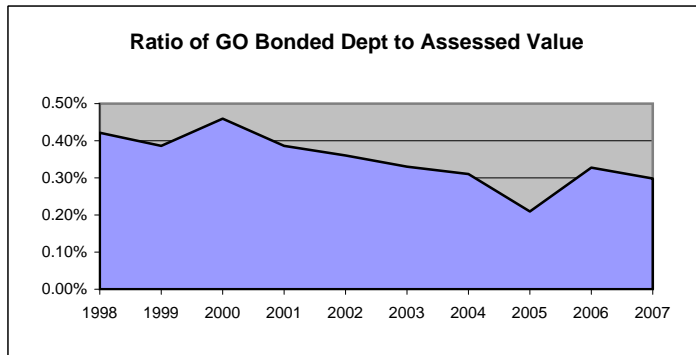
UNAUDITED

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>Gross G.O. 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	329,482	47,282,058,031	155,025,000	0.33%	471
2007	331,917	49,446,157,317	147,470,000	0.30%	444

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**

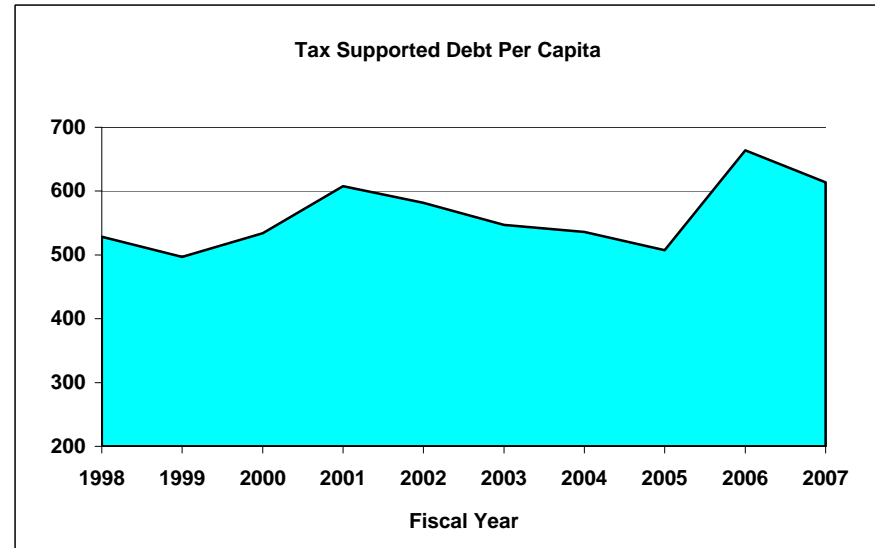
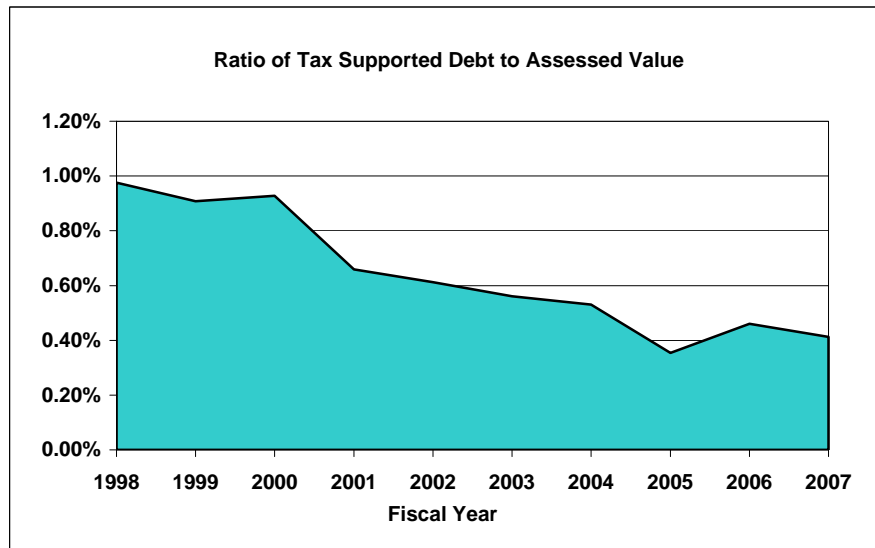
UNAUDITED

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
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	62,427,073	3,474,081	217,452,073	0.46%	664
2007	331,917	49,446,157,317	146,394,774	57,361,034	3,873,002	203,755,808	0.41%	614

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.

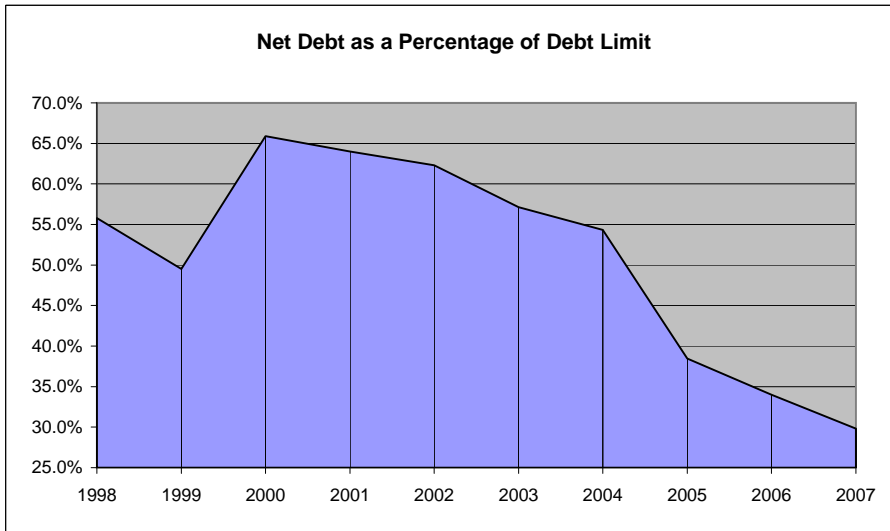
Note 3 See the Schedule for Demographic and Economic Statistics for population data.



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

UNAUDITED

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 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	\$ 216,723,669
Total Net Debt Applicable to Debt Limit	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	64,575,697
Legal Debt Margin	\$ 36,489,486	\$ 43,512,901	\$ 31,457,405	\$ 49,253,408	\$ 51,220,190	\$ 60,231,777	\$ 66,075,319	\$ 120,447,904	\$ 136,021,404	\$ 152,147,972
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	55.8%	49.5%	65.9%	64.0%	62.3%	57.1%	54.3%	38.5%	34.0%	29.8%



Legal Debt Margin Calculation for Fiscal Year 2007

Total Assessed Value	\$ 2,709,045,868
Debt Limit (8% of Total Assessed Value)	216,723,669
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	147,470,000
Less: Debt Issued Through Referendum	(82,894,303)
Total Amount of Debt Applicable to Debt Limit	<u>64,575,697</u>
Legal Debt Margin	<u>\$ 152,147,972</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.

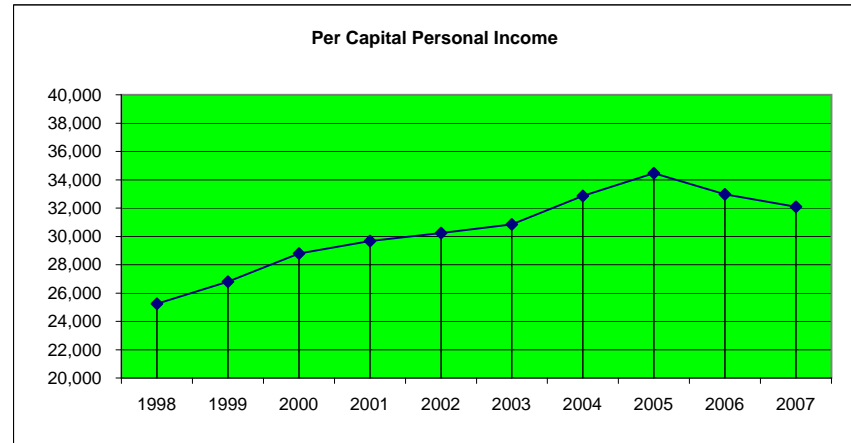
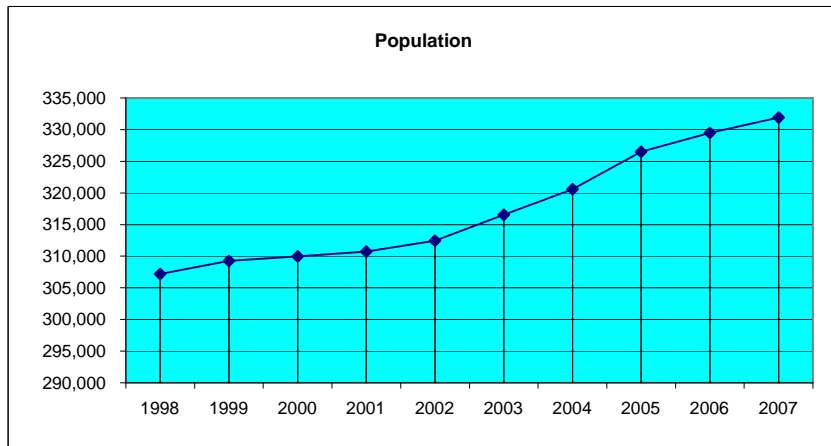
**COUNTY OF CHARLESTON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Median Age	School Enrollment
1998	307,174	7,753,972,000	25,243	3.0%	31.4	44,878
1999	309,247	8,289,886,000	26,807	3.0%	31.6	43,443
2000	309,969	8,924,061,000	28,790	3.0%	31.8	43,212
2001	310,715	9,220,256,000	29,674	3.2%	31.9	41,864
2002	312,449	9,449,358,000	30,243	3.8%	33.9	41,830
2003	316,540	9,763,420,000	30,844	4.2%	34.5	43,783
2004	320,586	10,534,845,000	32,861	4.4%	35.3	41,870
2005	326,497	11,254,449,000	34,470	4.7%	35.5	41,912
2006	329,482	10,864,012,000	32,973	5.0%	36.2	48,500
2007	331,917	10,650,553,000	32,088	5.2%	36.0	43,247

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 2007 159,669
County Employment for 1998 139,281

Employer	2007			1998		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Medical University of South Carolina (MUSC)	10,000	1	6.26%	7,528	1	5.40%
Charleston Air Force Base	6,150	2	3.85%	6,000	2	4.31%
Charleston County School District	5,400	3	3.38%	5,109	3	3.67%
Roper St. Francis Healthcare	3,400	4	2.13%	3,250	4	2.33%
Piggly Wiggly Carolina Co. Inc.	2,500	5	1.57%	1,800	7	1.29%
Charleston County	2,100	6	1.32%	2,214	5	1.59%
City of Charleston	1,700	7	1.06%	1,597	9	1.15%
Mead Westvaco	1,700	8	1.06%	2,205	6	1.58%
Bi Lo Stores	1,350	9	0.85%	1,311	10	0.94%
College of Charleston	1,200	10	0.75%	-	-	-
Wal Mart Stores	-	-	-	1,745	8	1.25%
Totals	35,500		22.23%	32,759		23.52%

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	437.99	464.59								
County Council	-	-	11.00	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	7.00
Assessor	-	-	49.00	49.00	44.00	44.00	44.00	47.00	47.00	47.00
Auditor	-	-	31.00	31.00	31.00	31.00	30.00	30.00	30.00	29.00
Budget	-	-	6.00	6.00	6.00	6.00	6.00	6.00	6.00	8.00
Capital Projects Admin.	-	-	20.00	20.00	20.00	20.00	17.00	17.00	17.00	16.00
Chief Deputy Administrator	-	-	17.00	14.00	5.00	5.00	5.00	5.00	5.00	4.00
Chief Financial Officer	-	-	-	-	3.00	3.00	4.00	4.00	4.00	4.00
Chief Support Officer	-	-	-	-	-	-	-	-	-	3.00
Controller	-	-	14.00	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	12.00
Elections/Voter Registration	-	-	8.50	8.50	8.50	8.50	8.50	10.00	10.00	10.00
Facilities Management	-	-	-	-	-	-	70.00	70.00	70.00	63.00
Grants Administration	-	-	13.25	13.25	13.25	12.25	11.25	11.25	11.25	9.75
Human Resources	-	-	16.00	16.00	16.00	15.00	14.00	14.00	14.00	14.00
Information Technologies	-	-	-	-	10.00	13.00	13.00	8.00	9.00	17.00
Internal Auditor	-	-	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Internal Services	-	-	153.80	157.40	156.00	149.60	77.60	76.60	72.60	68.60
Legal	-	-	5.84	5.84	5.84	5.56	5.56	5.56	5.56	6.56
Legislative Delegation	-	-	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Organization Development	-	-	-	-	-	-	-	-	-	4.00
Planning	-	-	24.00	24.00	25.00	25.00	25.00	25.00	26.00	24.00
Procurement Services	-	-	16.00	17.00	16.00	15.00	15.00	15.00	15.00	16.00
Radio Communications	-	-	2.00	2.00	3.00	3.00	3.00	3.00	3.00	-
Register Mesne Conveyance	-	-	29.25	30.00	30.00	30.00	30.00	30.00	30.00	33.00
Revenue Collections	-	-	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Safety & Risk Management	-	-	3.00	3.00	5.00	6.00	6.00	6.00	6.00	6.00
Treasurer	-	-	19.00	19.00	20.00	19.00	18.00	18.00	18.00	18.00
Other (No longer Used)	-	-	1.75	7.00	6.00	6.00	-	-	-	-
Total General Government	437.99	464.59	468.39	475.99	476.59	468.91	457.91	456.41	454.41	455.91

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

(CONTINUED)

UNAUDITED

Public Safety	816.31	848.31								
Building Services	-	-	22.00	21.00	23.00	22.00	21.00	21.00	22.00	22.00
Emergency Management	-	-	7.00	8.00	7.00	7.00	6.00	20.00	25.00	27.00
Emergency Medical	-	-	160.00	164.00	168.00	167.00	170.00	161.00	169.00	174.00
Planning	-	-	1.00	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	780.31
Other (No longer Used)	-	-	-	-	1.00	-	-	-	-	-
Total Public Safety	<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>	<u>1,004.31</u>
Judicial	201.16	213.41								
Clerk of Court	-	-	53.00	54.00	54.00	53.00	53.00	53.00	53.00	54.00
Coroner	-	-	5.00	6.00	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	70.41
Master-In-Equity	-	-	6.00	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	19.30
Solicitor	-	-	67.00	72.00	74.00	77.00	79.00	79.00	81.00	88.00
Other (No longer Used)	-	-	-	-	-	-	-	-	-	-
Total Judicial	<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>	<u>243.71</u>
Public Works	274.00	275.00								
Business License User Fee	-	-	12.00	12.00	12.00	11.00	11.00	12.00	12.00	13.00
Chief Deputy Administrator	-	-	-	-	-	-	-	-	1.00	1.00
Public Works	-	-	174.00	174.00	173.00	162.00	159.00	159.00	161.00	168.00
Solid Waste	-	-	131.00	131.00	131.00	127.00	126.00	126.00	126.00	126.00
Other (No longer Used)	-	-	-	-	-	-	-	-	-	-
Total Public Works	<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>	<u>308.00</u>
Health and Welfare	274.75	248.25								
DAODAS	-	-	181.50	169.50	170.50	125.00	131.00	131.00	131.00	133.00
Facilities Management	-	-	-	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Grants Administration	-	-	33.75	20.75	20.75	18.75	25.75	25.75	25.75	26.25
Public Works	-	-	29.00	29.00	29.00	26.00	24.00	24.00	24.00	23.00
Veterans Affairs	-	-	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Other (No longer Used)	-	-	-	-	-	-	-	-	-	-
Total Health and Welfare	<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>	<u>187.25</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								
Business License User Fee	-	-	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Planning	-	-	-	-	-	-	-	-	-	1.00
Total Culture and Recreation	<u>214.00</u>	<u>214.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>4.00</u>
Economic Development	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00
Total	<u>2,219.21</u>	<u>2,264.56</u>	<u>2,108.36</u>	<u>2,112.21</u>	<u>2,121.84</u>	<u>2,076.66</u>	<u>2,114.16</u>	<u>2,155.66</u>	<u>2,176.18</u>	<u>2,204.18</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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Auditor - Tax Notices Processed	218,000	223,000	492,000	506,960	530,520	503,520	520,000	545,000	600,000	590,283
RMC Documents Recorded	94,000	100,000	104,525	105,000	110,000	143,674	142,244	143,500	147,569	133,772
Zoning Applications Processed	-	-	2,804	3,051	3,000	2,761	3,340	3,400	3,741	3,336
Illegal Businesses Located	-	-	-	567	563	982	998	831	714	278
Public Safety										
Building inspections performed	15,000	15,000	17,586	18,016	18,000	15,965	18,323	22,563	28,191	23,702
Bad Check warrants served	-	-	6,103	5,633	5,280	2,632	2,432	7,107	3,774	6,124
Daily costs per prisoner	-	-	30	31	32	33	40	40	40	40
Judicial										
Marriage Licenses Issued	4,200	4,230	5,161	5,200	4,800	2,275	2,429	3,712	3,733	3,877
Master in Equity Cases Disposed of	-	-	771	605	640	833	1,323	1,248	718	998
Health and Welfare										
Veterans claims filed	7,124	7,100	7,134	7,200	7,300	7,318	7,438	8,505	8,038	9,215
Economic Development										
Number of new companies relocating to Charleston	-	-	-	-	-	2	5	6	2	7
Number of new jobs from relocating companies	838	1,000	840	165	166	1,016	223	1,929	708	293
Culture & Recreation										
Library visits per capita	4.84	5.52	4.68	5.00	5.00	5.26	5.50	5.60	6.21	6.38
Library Cards In Use	-	-	243,570	265,675	265,955	309,033	247,821	277,688	305,320	329,189
Solid Waste										
Total tons of incinerated waste	-	222,580	220,115	215,542	220,000	220,000	230,673	222,108	227,383	227,514
Parking Garages										
Average Operating Revenue Per Space	-	-	1,226	1,198	1,106	1,032	1,124	1,384	1,623	1,777
Average Operating Expenditure Per Space	-	-	587	569	781	1,059	1,091	685	945	767

Sources: Charleston County Budget Performance Measures

Note: Some of the operating indicators have not been documented for a full 10 years.

**COUNTY OF CHARLESTON
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

UNAUDITED

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Automobiles	0	0	0	0	56	60	70	77	80	84
Buildings	0	0	0	0	21	21	21	28	28	28
Public Safety										
Police Cars	0	0	0	0	112	149	197	231	290	325
Fire Trucks	0	0	0	0	0	0	6	7	8	11
Ambulances	0	0	0	0	0	0	0	17	23	24
Judicial										
Magistrate Courts	0	0	0	0	13	14	14	14	14	15
Public Works										
Paved Streets (in Miles)	0	0	0	0	0	124	163	186	195	132
Ground Equipment	0	0	0	0	30	33	34	34	39	41
Solid Waste										
Collection/Refuse Trucks	0	0	0	0	25	28	31	36	41	45
Culture & Recreation										
Libraries, Main and Branches	0	0	0	0	15	15	15	15	15	15

Note 1. GASB 34 was implemented in fiscal year 2002; detailed capital asset information not available prior to that fiscal year.

Note 2. Town of James Island was created in 2007 creating a decrease in county owned infrastructure.

Note 3. Some indicators have been added through the years. Their number start in the year they were added.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
USER FEE RATE HISTORY
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Residential		Non-Residential	
	Single Family Residences (1)	Multi-Family Residences (2)	One-half Cubic Yard or Less Per Week (3)	More Than One-half Cubic Yard Per Week (4)
2007	89	63	78	155
2006	89	63	78	155
2005	89	63	78	155
2004	89	63	78	155
2003	89	63	78	155
2002	89	63	78	155
2001	89	63	78	155
2000	89	63	78	155
1999	89	63	78	155
1998	89	63	78	155

(1) Per residence.

(2) Per unit.

(3) Per property.

(4) Per average number of cubic yards per week.

**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	
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
2007	40,753,403	29,554,141	11,199,262	1,232,765	344,985	1,577,750	7.10

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

Note: 2 Gross revenues include interest, operating grants, and loss on disposal of fixed assets.

Note: 3 Total operating expenses are exclusive of depreciation and amortization.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
USER FEE BILLING HISTORY
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	User Fee Billed	User Fee Revenue	User Fee Applied to Payment of the Disposal Fee	User Fee Applied to Other Purposes	Net Unused User Fee	Year End Working Capital Balance (A)
2007	23,539,944	23,174,604	10,636,050	10,159,150	2,379,404	38,076,483
2006	23,203,440	21,464,636	9,086,077	21,138,074	(8,759,515)	35,697,079
2005	22,808,943	21,802,327	6,347,904	22,689,167	(7,234,744)	44,456,594
2004	21,547,735	21,321,884	4,868,276	7,286,315	9,167,293	51,691,338
2003	21,093,317	20,689,423	7,006,550	11,517,490	2,165,383	42,524,045
2002	20,135,112	20,212,756	7,936,098	6,939,688	5,336,970	40,358,662
2001	20,159,507	20,212,264	6,897,169	8,430,582	4,884,513	35,021,692
2000	19,233,423	18,924,112	698,808	8,289,193	4,536,111	30,137,179
1999	18,810,183	18,615,860	5,952,212	7,604,711	5,058,937	25,601,068
1998	18,303,773	18,059,456	7,456,504	6,523,273	4,079,679	20,542,131

(A) Working capital balance net of revenue bond related funds.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
DISPOSAL FEE RATE HISTORY
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Disposal Fee			Sources Used To Pay Disposal Fee					
	Incinerator Operations	Debt Service	Total Disposal Fee	Incinerator Operations	Debt Service	Total Disposal Fee	Incinerator Operations	Debt Service	Total Disposal Fee
2007	10,217,188	11,523,258	21,740,446	3,772,500	5,787,124	-	1,877,203	10,636,050	22,072,877
2006	9,742,483	10,015,279	19,757,762	3,430,833	4,698,308	-	1,782,440	9,086,077	18,997,658
2005	7,910,814	7,326,349	15,237,163	3,634,265	4,493,514	-	761,480	6,347,904	15,237,163
2004	7,719,190	5,769,142	13,488,332	3,498,333	4,856,830	-	263,893	4,868,276	13,487,332
2003	7,849,844	6,064,112	13,913,956	3,363,333	3,329,393	-	214,680	7,006,550	13,913,956
2002	8,364,178	6,518,299	14,882,477	3,302,912	3,288,578	-	354,889	7,936,098	14,882,477
2001	6,902,651	6,206,723	13,109,374	2,959,441	2,730,311	104,167	418,286	6,897,169	13,109,374
2000	6,849,886	6,271,086	13,120,972	3,595,295	2,547,428	437,500	441,941	6,098,808	13,120,972
1999	6,862,392	5,692,091	12,554,483	3,197,637	2,187,468	804,167	412,999	5,952,212	12,554,483
1998	6,595,010	7,209,886	13,804,896	2,988,875	1,711,167	1,054,167	593,686	7,456,504	13,804,399

(1) In April 1996 the United States Navy closed its base in Charleston, South Carolina.
Since that date the Navy has been making the minimum required payments under the Navy Steam Agreement.

**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	\$ 116,529,449	
Total expenditures	<u>\$ 328,578,732</u>	
Requirement is no less than 5%		<u><u>35.46%</u></u>

2. Ratio of annual debt service expenditures - Primary Government

Total debt service expenditures	\$ 26,267,678	
Total expenditures	<u>\$ 328,578,732</u>	
Requirement is no more than 20%		<u><u>7.99%</u></u>

2. Financial assurance limitation test:

Financial assurance limitation under financial test:

Total Revenue - Primary Government	\$ 348,014,499	
Maximum percent of revenue eligible for self-insured local government financial test	<u>43%</u>	
Limitation on deferred cost of closure		\$ 149,646,235

Total estimated closure and post-closure costs for County landfills:

Estimated costs from Note III.G. on landfill closure	\$ 37,637,005	
Less: Expenditures to date	\$ (20,704,005)	
Restricted assets committed to closure	<u>\$ (3,583,000)</u>	
Balance of closure costs being deferred		<u>\$ 13,350,000</u>
Additional permissible deferred cost		<u><u>\$ 136,296,235</u></u>



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