

**COUNTY OF CHARLESTON, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

WITH

REPORT OF INDEPENDENT AUDITOR



PREPARED BY:

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TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page(s)</u>
Letter of Transmittal	2-13
GFOA Certificate of Achievement	14
Organizational Chart	15
Principal Officials	16
 FINANCIAL SECTION	
Report of Independent Auditor	19-20
Management’s Discussion and Analysis	21-35
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets.....	37
Statement of Activities.....	38-39
Fund Financial Statements	
Balance Sheet-Governmental Funds	41
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	42
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	43
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	44
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund.....	45-47
Statement of Net Assets – Proprietary Funds.....	48-49
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	51
Statement of Cash Flows – Proprietary Funds	52-53
Statement of Fiduciary Net Assets – Agency Funds.....	55
Combining Statement of Net Assets – Discretely Presented Component Units.....	56-57
Combining Statement of Activities – Discretely Presented Component Units	58-59
Notes to Financial Statements.....	60-119
Required Supplementary Financial Information:	
Schedules of Funding Progress and Employer Contributions – Other Post-Employment Benefits.....	121-122
Supplementary Financial Information:	
Combining Financial Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	128-132
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	134-138
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Accommodations Special Revenue Fund.....	140
Child Support Enforcement Special Revenue Fund.....	141
Economic Development Special Revenue Fund	142
Education Special Revenue Fund	143
Fire Districts Special Revenue Fund	144
Hazardous Materials Enforcement Special Revenue Fund.....	145
Public Defender Special Revenue Fund.....	146

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Year Ended June 30, 2012**

Sheriff Special Revenue Fund	147
Solicitor Special Revenue Fund	148
Stormwater Drainage Special Revenue Fund	149
Victim Notification Special Revenue Fund.....	150
Victim Notification Special Revenue Fund:	
Schedule of Fines, Assessments, and Surcharges Collected.....	151
Combining Statements of Nonmajor Enterprise Funds:	
Combining Statement of Net Assets – Nonmajor Enterprise Funds	153-154
Combining Statement of Revenues, Expenses, and Changes in Fund	
Net Assets – Nonmajor Enterprise Fund.....	155
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	156-157
Combining Statements of Internal Service Funds:	
Combining Statement of Net Assets – Internal Service Funds	159
Combining Statement of Revenues, Expenses, and Changes in Fund	
Net Assets – Internal Service Funds.....	161
Combining Statement Cash Flows – Internal Service Funds.....	162-163
Combining Statement of Changes in Assets and Liabilities – Agency Funds	165-167
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Function	169
Schedule of Changes by Function	170

STATISTICAL TABLES-UNAUDITED

TABLE

Net Assets by Component.....	173
Changes in Net Assets	174-176
Fund Balances of Governmental Funds.....	177
Changes in Fund Balances of Governmental Funds	178-179
Assessed Value and Estimated Actual Value of Taxable Property.....	180
Property Tax Rates – Direct and Overlapping Governments.....	181
Computation of Direct and Overlapping Governmental Activities Debt	182
Principal Property Taxpayers	183
Property Tax Levies and Collections.....	184
Ratio of Outstanding Debt by Type	185
Ratio of General Obligation Bonded Debt to Assessed Value and General Obligation	
Bonded Debt Per Capita	186
Ratio of Total Tax Supported Debt to Assessed Value and Total Supported Debt	
Per Capita	187
Legal Debt Margin Information	188
Pledged Revenue Bond Coverage.....	189
Demographic and Economic Statistics.....	190
Principal Employers.....	191
Full-Time Equivalent County Government Employees by Function	192-194
Operating Indicators by Function/Program	195
Capital Asset Statistics by Function	196
User Fee Rate History.....	197
User Fee Billing History.....	198
Disposal Fee History	199
Key Facility Operational Data – Environmental Management Enterprise Fund.....	200
Financial Assurance Coverage – Municipal Solid Waste Landfill Facilities	201

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INTRODUCTORY SECTION





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February 27, 2013

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, 2012.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and fairness of presentation of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to ensure compliance with applicable laws, regulations and County policies, and safeguards the County's assets. It is designed to compile sufficient reliable information for the preparation of the County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the 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 belief, this financial report is complete and accurate in all material respects, and presents fairly the financial position and results of operations of the various funds and component units of the County.

Charleston County's financial statements have been audited by Scott and Company LLC, 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, 2012, 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, 2012, 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 under the S.C Home Rule Act, Section 4-9-10 et seq., of the Code of Laws of S.C. (1976 as amended). Policy-making and legislative authority is vested in a governing council consisting of nine Council members. The Council is elected to single member districts on a partisan basis.

Charleston County Council is responsible for, among other duties, passing ordinances and policies, approving the budget, appointing committee members, and hiring the County's Clerk of Council, County 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 government (except those services provided by countywide elected officials), and for appointing the heads of the various non-elected County departments. The County has approximately 2,100 employees.

Charleston County 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 the 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
- Property assessments, tax billing, collection, and disbursement 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 governmental 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. The 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 Financial Statements starting on page 62.

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's Budget Office by February 1 each year. The County Administrator presents the proposed budget to County Council for review during May. Council is required to hold public hearing(s) 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 (e.g., public safety), and department (e.g., 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. 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 three Deputy County Administrators and two Assistant Administrators the authority to transfer between departments under their authority. County Council may effect changes in fund totals through amendment to the budget ordinance or the County Administrator has the authority to change fund totals, with the exception of the General Fund, if available sources (revenues, transfer in, and fund balance) differ from the budget.

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 45-47 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 nonmajor governmental fund subsection of this report, which begins on page 140.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

Charleston's Economy at a Glance. Charleston County's economic base is diversified and growing. The Charleston-North Charleston Metropolitan Statistical Area ranked 11th in the Milken Institute's "Best-Performing Cities 2011", up from 19th last year, and from 30th in 2009. The Charleston region also experienced the largest growth in manufacturing jobs of any US metro area, from the first quarter of 2010 to the fourth quarter of 2011, as reported by the Brookings Institution Report in May 2012. 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 six engines of growth:

- The Port of Charleston, fueling the manufacturing and supply chain sectors in Charleston, statewide, and around the nation.
- The military, with significant Air Force, Navy, Army, and Coast Guard facilities in Charleston.
- The tourism industry, with a year round tourist season.
- The medical industry, focused around the Medical University of South Carolina (MUSC), the State's teaching hospital.
- Manufacturing and service companies, where recruitment activity has grown with the focus on a tri-county collaborative industry recruitment program.
- Higher education, with 25 colleges and universities offering a range of two-year, bachelor's, master's and doctoral degree programs.

Recent Economic Indicators. General economic indicators for 2011 were reported by the Charleston Metro Chamber Economic Outlook Board in March of 2012. Highlights are as follows:

Population - The Charleston metro area population increased by over 8 percent, 506,875 to 549,033 persons, from 2000 to 2010. According to the U.S. Census Bureau's Population Estimates Program's (PEP) report as of July 1, 2011, the population in the metro area is 682,121, meaning that the percentage growth from 2010 to 2011 was 2.2 percent. This percentage growth is significant as it surpasses the State of South Carolina's growth (1.2 percent) and the United States growth (0.9 percent) during the same period.

Labor Force & Employment - Since the Naval Base closed in 1995, the civilian labor force in the Charleston region has grown by 31.6 percent, from 245,940 to 323,653 persons as of 2011. As of June 2012, the Charleston region is experiencing 8.2 percent unemployment, compared to the state of South Carolina at 9.4 percent.

Housing - A total of 9,088 homes were sold in the Charleston region in 2011. The forecast, by the Charleston Metro Chamber of Commerce's Center for Business Research, is for sales to increase by 3.5 percent in 2012.

Retail Sales - Total retail sales for the Charleston area increased in 2011 by eight percent over the previous year, totaling \$20.38 billion with over \$13 billion of that total being spent in Charleston County. The City of North Charleston has led the state in sales tax collection for over a decade.

Visitor Industry - The Charleston region attracted over 4.51 million visitors in 2011, generating an economic impact of \$3.22 billion. Hotel occupancy rates were 70 percent for the year, and the average daily rate for lodging was \$117 per night. Attendance rates at area attractions increased by 4.5 percent during 2011. The impact of additional cruise passengers to the Charleston area contributed to the increase. The industry is expected to continue to strengthen over the next few years. The arrival of low-cost carrier Southwest Airlines in May of 2010 boosted both leisure travel as well as convention visitation. Kiawah Island will be host to the 2012 PGA Championship golf tournament in August 2012, which is expected to have a significant impact on the tourism industry in the Charleston region.

Port Activity - The Port of Charleston is consistently recognized as one of the nation's most efficient and productive ports. Each day, an average of six vessels sail into our state's harbors, carrying cargo worth more than \$150 million. In 2011, the Port of Charleston handled 1.38 million TEUs (twenty foot equivalent cargo containers), which was an increase of 1.2 percent from the previous year. Break-bulk cargo totaled 788,288 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 South Carolina Ports Authority plans to invest nearly \$1.3 billion during the next decade on capital projects. The agency's fiscal year 2012 capital plan calls for \$81.7 million in the development and enhancement of new and existing facilities.

Airport Activity - Total passenger activity at the Charleston International Airport increased by 15 percent in 2011 as a result of Southwest's new service to Charleston. Passenger volumes for all airlines serving Charleston increased during the year with Southwest's low fare impact resulting in a dramatic drop in ticket prices for nearly all flights. An additional increase of three percent in passenger volume is expected for 2012. The Charleston International Airport

also began redevelopment and expansion of the airport terminal in 2012. The first phase will include an expansion of the parking area outside the terminal for airplanes servicing Charleston. The second phase will include terminal construction that will include additional gates, a renovated baggage handling area, and other improvements.

BRIEF SECTOR PROFILES

The Port. The Port of Charleston is one of the busiest container ports of the U.S. East and Gulf Coasts and is also one of the nation's most productive and efficient ports. Port volume is expected to increase in the coming years due to the new three-berth, 280-acre marine terminal under construction at the former Charleston Naval Base. The State Ports Authority (SPA) fiscal year 2012 capital improvement program calls for \$81.7 million in development and enhancements of new and existing facilities. In addition, the SPA plans to invest nearly \$1.3 billion on capital projects over the next decade.

The Charleston customs district ranks as the nation's eighth largest in dollar value of international shipments, with the Port of Charleston's cargo valued at over \$50 billion in 2011. Top commodities that pass through Charleston docks include consumer goods, agricultural products, vehicles, machinery, chemicals and metals. 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 SPA, which operates the Port of Charleston, employs approximately 470 people. In the Charleston region, the Port of Charleston is directly and indirectly responsible for 50,700 jobs, which provides \$2.2 billion in labor income, and \$7.1 billion in annual economic impact. Statewide, international trade through the SPA's facilities provides 260,800 jobs paying \$11.8 billion in wages to South Carolinians. In all, trade pumps nearly \$44.8 billion into the state economy and generates \$1.5 billion in state and local taxes.

The Military. The military has 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 \$4.67 billion. This figure does not include the private sector contractors in Charleston who do work on behalf of the military.

In October 2010 Charleston Air Force Base and the Charleston Naval Weapons Station merged to create Joint Base Charleston. They are now the region's largest single employer with 20,172 employees. The combined payroll of Joint Base Charleston has an economic impact of \$4.36 billion to the Charleston region annually. The Air Force portion of Joint Base Charleston is home to the 437th Airlift along with 6,150 (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 Naval Consolidated Brig, which houses prisoners from all branches of the armed services, is located on the Joint Base Charleston campus. The brig has 400 cells and can hold 288 inmates.

The Space and Naval Warfare Systems Center Atlantic (SPAWAR) is a high technology, engineering facility that designs, builds, tests, fields, and supports the Navy as well as other federal customers. SPAWAR Atlantic is responsible for integrating the Mine Resistant Ambush Protected (MRAP) vehicles that are used to protect the war fighters on the ground in Iraq and Afghanistan. The facility employs over 3,100 Civil Service employees with an average salary of \$75,678 and supports an estimated 80 local defense contractors operating in the region, which employ 12,000 contractor employees. SPAWAR's economic impact on South Carolina's economy is estimated at \$2.6 billion.

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 3,000 students each year. The Army's Combat Equipment Group Afloat and Surface Deployment Distribution Command 841st Transportation Battalion both transport equipment to support the war efforts. The U.S. Coast Guard and Federal Law Enforcement Training Center also operate facilities in the region, and train more than 12,000 students annually.

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 4.51 million visitors in 2011, providing an economic impact of \$3.22 billion to the local economy. The hospitality industry directly employs 35,200 people in Charleston County, accounting for 12.4 percent of the workforce. When direct and indirect employment from the hospitality industry is combined, the total number employed balloons to over 50,000.

Charleston received significant international and national recognition in 2011 as it was named the nation's number one destination by *Conde Nast Traveler* in late 2011, and the number three destination in the world, ranking only behind Sydney, Australia, and Florence, Italy.

Charleston hoteliers have widely expanded the regional room inventory and range of choices in the past decade. Charleston County's inventory of hotel rooms stood at 15,017 at the end of 2011, with a 70 percent occupancy rate and an average daily rate of \$117 per night.



The past few years have seen the emergence of a new facet to Charleston's tourism market – the cruise ship industry. Both Carnival Cruise Lines and Celebrity Cruise Lines have chosen to make Charleston a new departure and arrival point. In addition, many other cruise lines (including Holland America Cruises, Oceania Cruises, Princess Cruises, Costa Cruises, P & O Cruises, Aida Cruises, Regent Seven Seas Cruises, and Crystal Cruises) bring their ships to Charleston as a port of call. The SPA is in the process of upgrading its passenger terminal to more

effectively meet new security requirements, as well as to better serve the growing number of cruise customers. The cruise business has an estimated \$37 million annual impact on the Charleston market.

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 Appétit*, 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 \$194 per day in 2011 on food, accommodations, local attractions, shopping, and other entertainment.

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, 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 which give students a variety of options for their focus of study. Enrollment in the six colleges collectively stands at 2,560, with over 1,300 faculty members being employed. In fiscal year 2011, MUSC received over \$243 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. Among the programs that have earned distinguished reputations at the MUSC are: neuroscience, substance abuse, cardiovascular medicine, drug sciences, prenatal medicine, ophthalmology, hearing loss, genetics, rheumatology, and cancer care.

Several of the private hospitals are currently in a growth mode. Roper St. Francis Healthcare recently completed a 308,000 square-foot, \$164 million campus in Mt. Pleasant which includes a medical office building (90,000 square feet, \$21 million) and a leading-edge hospital (218,000 square feet - \$143 million). The 85-bed full-service hospital opened in late 2010. The hospital includes 24-hour emergency care, women's services, inpatient and outpatient surgery, and intensive and critical care units. East Cooper Regional Medical Center also opened a new hospital on April 1, 2010, in Mt. Pleasant to replace its existing facility. The new 250,000 square-foot hospital cost \$160 million to build, and is 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.

Manufacturing and Service Companies. In 2011, Charleston County continued its success in the recruitment of new jobs and capital investment. Over \$131.9 million in capital investment and 761 jobs were announced. These numbers put Charleston County in the top ten in the state in both jobs creation and capital investment for the year.

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 Mount 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.

Local economic developers were seeking an updated economic development recruitment strategy when they hired Avalanche Consulting / McCallum Sweeney in 2010. Laboring for over a year, the group in 2011 unveiled the strategy *Opportunity Next*, identifying four primary vertical industry targets for the Charleston region:

- Aerospace
- Biomedical
- Advanced Security & IT
- Wind Energy

In addition to the list above, local economic developers also continue to nurture the automotive sector, a long-standing source of high-paying manufacturing jobs in the tri-county region.

Aerospace - The date of October 28, 2009, is now forever etched in Charleston County and South Carolina history books as the day that The Boeing Company announced that it had chosen North Charleston as the location for a second final assembly site for the 787 Dreamliner program. Boeing's selection of Charleston was the largest economic development announcement in South Carolina history, featuring a commitment to create 3,800 direct jobs and make a minimum \$750 million capital investment. A recent economic impact study valued Boeing's future economic impact to South Carolina's economy at \$6.1 billion each year, with an additional \$3 billion to state tax revenues over the next 30 years. The impact on the Charleston region specifically accounts for \$5.9 billion of the total, including more than 15,000 direct, indirect, and induced jobs that will be created as a result of Boeing's presence.



The Final Assembly Building had its official ribbon cutting on June 10, 2011. The first aircraft built at the North Charleston facility was completed and rolled out on April 27, 2012. The impressive Boeing campus became complete when the 1.2 million square-foot assembly building was joined by a visitor's center, a tail fin and rudder facility, an enlarged employee training center, and a cutting-edge delivery center where aircraft customers will be entertained, delivery ceremonies held, and where the finished airliners will be presented.

This latter function deserves further mention, because the 787 Delivery Center will present unprecedented cultural and economic opportunities for the Charleston area. Heads of state, aircraft executives, and many guests comprising the international delegations will journey to Charleston to be entertained and to take part in week-long ceremonies marking the delivery of their aircraft fleets. Extensive hospitality industry impacts are anticipated, along with vast opportunities for local service providers and very significant consumerism by the international visitors. Boeing is scheduled to deliver the first North Charleston-made 787s to Air India in September 2012.

Biomedical - MUSC completed and opened the \$120 million two-building complex comprising a Drug Discovery Building and the Bioengineering Building in October 2011. The Drug Discovery Building is 114,000 square feet, and will house leading edge laboratory space as well as bio-tech start up space. The South Carolina Research Authority MUSC Innovation Center continues to be a wonderful asset for the biomedical community. The Center is equipped with 11 high-tech labs for use by its entrepreneurial tenants. This facility is a critical piece of infrastructure in the commercialization of pharmaceutical discoveries emanating from the Medical University of South Carolina.

Advanced Security & IT – Information technology companies continued to expand in Charleston during 2011, anchored by nationally known companies servicing research and development contracts from the U.S. Navy's (SPAWAR) Center Atlantic. SPAWAR Systems Center Atlantic added a new \$9.5 million Consolidated Engineering Laboratory in 2011 that will focus on service oriented architecture, server virtualization, cloud computing models, cyber security, virtual storage and other state-of-the-art innovations.

Wind Energy – Wind Energy represents a real growth opportunity for the Charleston region. The sector is anchored locally by the Clemson University Restoration Institute's drive train test facility. The facility is expected to be ready to receive its first turbine by December 2012. It will then undergo a four-month period to evaluate the control systems and other analytic equipment. The fully commissioned facility will be open for use by any qualified public or private partner early in 2013. The project is expected to cost \$98 million, of which \$45 million will be financed by a U.S. Department of Energy grant.

Automotive – The Charleston region's automotive sector is an important employer, represented by many of the major industry players. Within Charleston County this list includes General Dynamics Land Systems – Force Protection (mine resistant military vehicles), Streit USA Armoring (maker of armored cars), Cummins Turbo Technologies (turbo-charged engines for Dodge Ram pick-up), Daimler Vans (re-assembly of Sprinter vans), and Robert Bosch (automotive components) to name a few. Cummins and Streit grabbed headlines during 2011-12 as they expanded their operations at Palmetto Commerce Park, investing \$23.8 million and adding 63 new jobs. A newcomer Morgan Olson, a converter of Sprinter vans to cargo trucks, entered the market in 2012 creating 119 new jobs.

Higher Education. There are 25 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 14,834 students; College of Charleston, with 11,772 students; The Citadel, with 3,339 students; Charleston Southern University, with 3,231 students; and Medical University of South Carolina with 2,560 students.

WHY CHARLESTON?

Companies relocating to Charleston, as well as entrepreneurs, who start businesses 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's history spans over 300 years 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. Familiar scenes in historic downtown Charleston are sightseeing pedestrians and 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, and local stage and theater groups.

Sports are an important part of the Charleston social landscape in a town where the median age is 35. Sporting events contribute over \$50 million annually to the regional economy and employ 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 Boston Bruins. 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 Women's Tennis Association Tier 1 event, is played at the Family Circle Tennis Center (capacity 10,200) on Daniel Island. The 2012 tournament was attended by 88,972 people with an economic impact of over \$30 million. The Cooper River Bridge Run 10K hosted 44,200 runners in April 2012. Kiawah Island's world class Ocean Course has been selected to host the 94th Annual PGA Championship in August of 2012.

Competitive Posture. Charleston has won numerous accolades in recent years from esteemed business and travel publications. Charleston was named one of the Top Ten Places to visit before you die by Andrew Harper. *Forbes* named Charleston one of the Best Places for Business & Careers in their July 2011 issue. *The Wall Street Journal* ranked Charleston as the #1 "brain gainer metro" in 2011. In November 2010 GQ magazine named Charleston the "coolest small city in America."

The Charleston region offers a sizeable real estate portfolio for a mid-sized market, with over 17.2 million square feet in upscale executive buildings and offices. The 27.1 million square feet of retail space in the region is distributed between regional malls, strip centers, and the downtown Charleston central business district. Office space vacancy rates are currently at 12.47 percent. The average lease rate for office space is \$18.65 per square-foot in the region.

Over 20 industrial parks are strategically located throughout the Charleston region. As of March 2012, the Charleston region had over 45.3 million square feet of warehouse and flex space. Vacancy stands at 13.67 percent and average lease rates are \$5.78 per square-foot for industrial space.

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. Daily non-stop service is available to 15 cities in the U.S. including Atlanta, Charlotte, Chicago, Houston, New York, Philadelphia, and Washington D.C.

MAJOR COUNTY INITIATIVES

Charleston County's initiatives in fiscal year 2012 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.

The **Charleston County Library** adopted a five-year Strategic Plan after gathering input about services and future needs from local residents, elected officials, and community leaders. The resulting study included the following:

- 75 percent of County residents visited a library in the past six months
- 90 percent had a positive impression of the library
- The majority of residents supported increased library funding
- Key issues included the need to renovate and build new facilities, upgrade technology, and increase hours and services

The **Library** also offered numerous free programs that included:



- 13 children's programs attended by more than 4,250 people held during Piccolo Spoleto consisting of ballet, opera, music and marionette shows.
- Events, classes, lectures and exhibits attended by more than 194,000 people. This represents a 25 percent increase in program attendance in one year.
- Summer reading programs offered for children, young adults, and adults attended by more than 44,000 people during the eight-week event.
- A pre-literacy grant funded the Babygarten program that provided six-week classes for children under 18 months of age with a parent or caregiver. The play-filled environment included nursery rhymes, songs and read-aloud books. Children were taught reading skills and parents were encouraged to continue the interactive teaching at home.

In addition to free programs, the library's website now offers free downloadable e-Books, audio books, and music for county residents.

Due to an overwhelming community response, Charleston County Council voted to continue the **Summer Youth Work Program** in 2012. The program goals were for students to obtain summer employment and explore the various career opportunities that exist within County departments while gaining critical workforce skills. All students were screened in advance, providing them with interview training skills, professional behavior training, and an orientation.

The **Charleston County Clerk of Court** was the first in the state to provide an online juror response service. With this new option, those who receive a jury summons can go online to www.charlestoncounty.org to complete and submit the appropriate form for jury duty. Online users can also download exemption forms if applicable. The new process is more convenient for the public and more efficient for the court system.

The expansion of the **Register of Mesne Conveyance** Department website includes more than 1,100 scanned historical plats creating a permanent record in the event that the originals are lost or destroyed. The earliest plat dates to 1706. The scans have helped to correct water stains, mildew and old age damage that have made the originals difficult to read. The website is also helpful to historians wanting to know where buildings were previously located within the city.

Expanding upon the **Technology Services Business Continuity Plan**, a new web application named CourtPlus enables searches and access to court records via the Internet. Users can create a list of favorite cases and configure notifications to track filings. CourtPlus.org is optimized for mobile devices and includes a notification feature, which allows instant access to court records.

Charleston County **Coroner, Rae Wooten**, was named **2012 Coroner of the Year** by the South Carolina Coroner's Association. Ms. Wooten joined the Charleston County Coroner's Office in April 1995. She became Chief Deputy Coroner in July 1996, and continued in that position until September 1, 2006, when she was appointed by the Governor to complete the term of the previous coroner upon her resignation. She was subsequently elected to her first four-year term in 2008, and is a candidate for re-election in November 2012.

Joni Rennhack, an employee with Charleston County Government **Building's Inspection Services Department**, was awarded the first Flood Plain Manager of the Year Award by the South Carolina Association of Hazard Mitigation during the group's annual meeting in Greenville. Rennhack, a 15-year employee of the County, not only has the honor of being the first winner of the new award, but has the distinction of having the award named after her. Rennhack helped Charleston County obtain the National Flood Insurance Program Community Rating System (CRS) rating of 4. The County's rating results in an annual \$9.8 million in savings (a 30% reduction) on flood insurance premiums for citizens who live in the unincorporated areas of Charleston County.

Fitch Ratings upgraded Charleston County's **bond rating to AAA**. Fitch Ratings cited strong financial management and fiscal discipline, favorable operating results, consistent maintenance of reserves, and an increased stable local economy. Charleston County joins 33 counties out of 3,000 counties nationwide (the top one percent) with AAA ratings from all three rating agencies.

The **Technology Services Department** was recognized by the U.S. Environmental Protection Agency (EPA) for its commitment to energy savings measures and its enrollment in the LowCarbon IT Campaign with the following initiatives:

- **PC Power Settings** – More than 70 percent of PCs on the Charleston County network are configured to go into sleep mode after a brief period of inactivity. This results in an estimated savings of \$75 per computer per year.
- **Server Virtualization** – Hosting multiple virtual servers on a single physical server results in direct savings on power heating and air costs.
- **Purchasing ENERGY STAR compliant IT equipment** – All PCs and servers used by Charleston County are ENERGY STAR compliant meeting the EPA guidelines on consuming less energy.

Transportation Solutions:



The Transportation Sales Tax's weekly local program, *Charleston County RoadWise*, was launched to discuss the goals, challenges, and successes of the Transportation Sales Tax Program. Viewers are taken to the various project sites, see the progress taking place, and hear from the people responsible for construction. Guests with varied areas of expertise are interviewed each week.

The Charleston County **RoadWise Program** was extremely busy during FY 2012 with the commencement/completion of several major bonded improvement projects throughout the County. The improvements completed helped to alleviate traffic flow and drainage problems throughout the county. The installation of dedicated bike lanes as well as shared-use bicycle/vehicle travel lanes helped to advance pedestrian and bicyclist mobility on heavily traveled roads.

Urban/Rural Parkland and Rural Greenspace:

Greenbelt projects during fiscal year 2012 included seven rural projects that were recommended by the Greenbelt Bank Board and approved by County Council. These projects totaled \$3.25 million in rural funding to protect 2,108 acres. Of the rural funds awarded, \$1.6 million was used for 344 acres of land providing public access and use. The rural projects were located in McClellanville, Hollywood and on Wadmalaw Island.

Additionally, Council approved five urban projects recommended by the Urban Grants Review Committee and the Charleston County Park and Recreation Commission. These urban projects are located in the municipalities of North Charleston and Folly Beach, as well as the Six Mile area of unincorporated Mount Pleasant. Greenbelt funds awarded for the urban projects totaled just under \$700,000. These projects provide 6.4 acres of land for public access and use.

The **Community Services Department** will administer two U.S. Environmental Protection Agency (EPA) Brownfield Assessment Grants totaling \$400,000 awarded to Charleston County. The funding will provide assessment, safe clean up and the reuse of brownfields. The program will bring in community groups and residents to help identify potentially polluted sites. The County will use the federal grant funds to further neighborhood revitalization by identifying sites located in residential areas that are in need of redevelopment and to further economic development by working to create a redevelopment plan for industrial and commercial sites.



Environmental Management:

In fiscal year 2009, County Council established several goals for the **Environmental Management Department**, including closing the waste-to-energy incinerator and increasing county-wide recycling to 40 percent. The County closed the incinerator in January 2010, and has made advances toward reaching the 40 percent recycling goal by expanding the recycling program to accept all paper and plastics. Staff and consultants continue to analyze the best approach, and the cost of improving the overall Environment Management Program.

In September 2011, Environmental Management kicked off a partnership with the Charleston County School District to implement environmentally sustainable programs and practices within Charleston County Schools. Charleston County Environmental Management provided every school across the district with the ability to recycle all paper, plastic, cans and cardboard. As a result of this collaboration, the next generation of decision makers are being educated about environmental habits emphasizing the reduction of the amount of waste we produce, as well as learning how to recycle or reuse the resources we can.

Also, in partnership with food waste collectors from commercial businesses, the Environmental Management Department is composting food waste previously sent to the municipal solid waste landfill. The food is now made into finished compost and then sold to Charleston County citizens at a reasonable price. Charleston County has the only site in South Carolina that is approved by DHEC to do full-scale commercial food composting. The program allows for the acceptance of up to 100 tons per week and is part of a larger goal to recycle 40 percent of its stream of solid waste.



Awards and Acknowledgements:

Charleston County Government's offices, departments and employees have been honored with numerous awards and recognitions in FY 2012. These awards reflect Charleston County employees' dedication to providing the best services to our citizens.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting for the 24th consecutive year to Charleston County for its fiscal year 2011 Comprehensive Annual Financial Report. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting given to governments that demonstrate a constructive "spirit of full disclosure" to communicate clearly the County's financial story. 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.

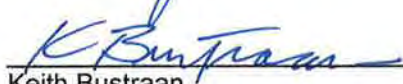
Charleston County also received its 23rd consecutive Distinguished Budget Presentation Award for its fiscal year 2012 budget from GFOA. According to the GFOA, the award reflects the commitment of Charleston County Government and its staff to meeting the highest principles of governmental budgeting. The award was given based not only on how well the County budgets its funds, but also on how well it communicates to the public how the money is spent.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Charleston County's Finance Department. Special thanks go to the team headed by Carla Ritter, who with the assistance of Summer Gillespie, Chrisanne Porter, and Marcus White of the Finance Department 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 from Grants Administration; Jackie Proveaux from the Public Works Department; and Reggie Fuller of the Economic Development Office. Much appreciation also goes to Dawn Murray of the Finance Department who provided administrative support for the financial notes and the Management's Discussion and Analysis, as well as support to the external auditors. Substantial assistance also came from the staff members of the County Administrator and Deputy Administrator for Finance. Thank yous are also extended to the staff of Scott and Company LLC, the external auditors, for their efforts in assisting the County produce this Comprehensive Annual Financial Report.

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



W. Kurt Taylor
County Administrator



Keith Bustraan
Deputy Administrator for Finance



Corine Altenhein
Charleston County Finance Director

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, 2011

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.



Christopher P. Morrell

President

Jeffrey R. Emen

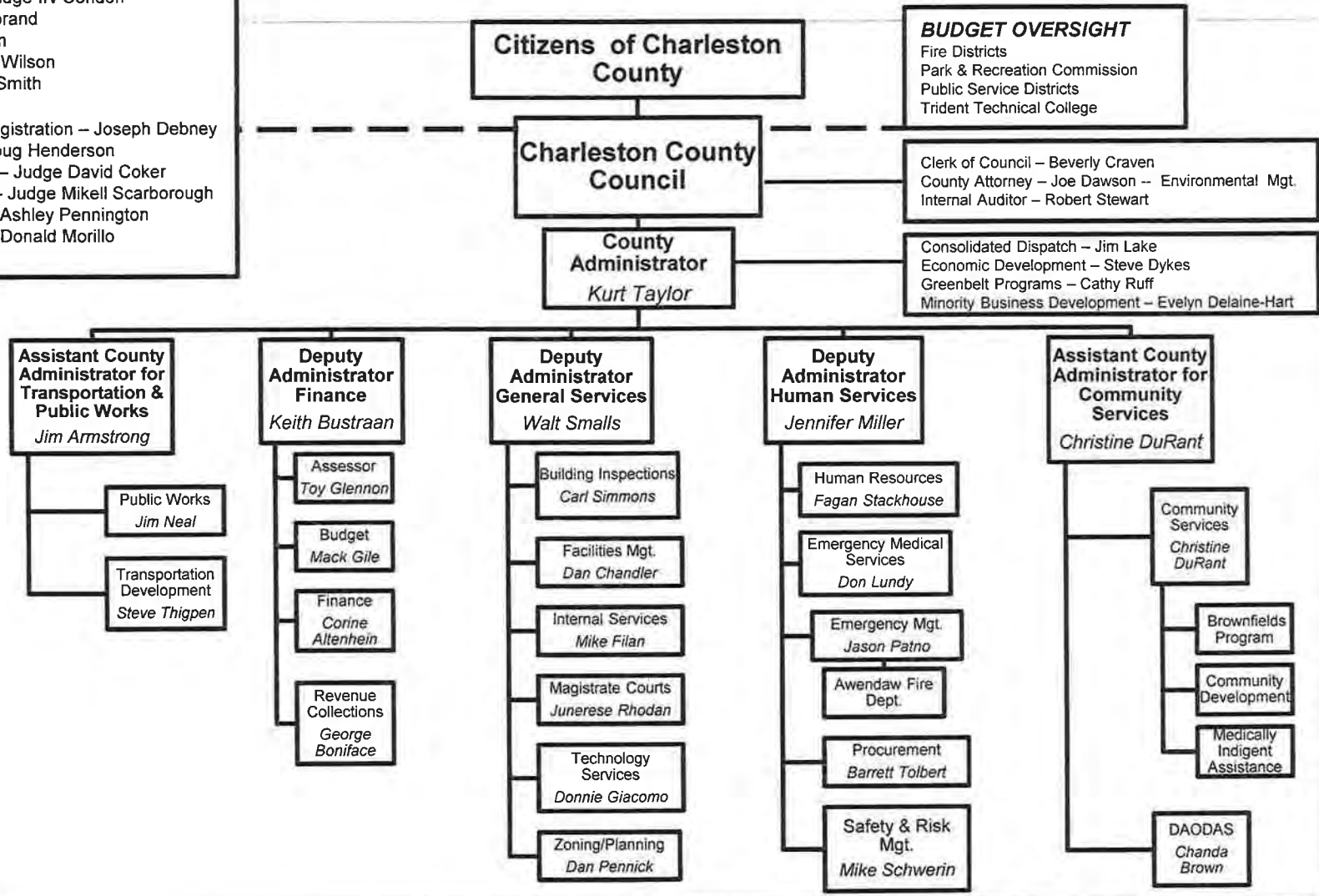
Executive Director

Charleston County, South Carolina Organizational Chart County Departments

Effective 06/30/2012

ELECTED
 Auditor – Peggy Moseley
 Clerk of Court – Julie Armstrong
 Coroner – Rae Wooten
 Probate Court – Judge Irv Condon
 RMC – Charlie Lybrand
 Sheriff – Al Cannon
 Solicitor – Scarlett Wilson
 Treasurer – Andy Smith

APPOINTED
 Elections/Voter Registration – Joseph Debney
 Library Board – Doug Henderson
 Magistrate Courts – Judge David Coker
 Master -in-Equity – Judge Mikell Scarborough
 Public Defender – Ashley Pennington
 Veterans Affairs – Donald Morillo



**COUNTY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL OFFICIALS
For the Year Ended June 30, 2012**

MEMBERS OF COUNTY COUNCIL

	<u>Number of Years In Office</u>	<u>Term Expiration Date</u>	
Teddie E. Pryor	7½	12/31/2014	Chairman, District 5
J. Elliott Summey	3½	12/31/2012	Vice Chairman, District 3
Herb Sass	1	12/31/2014	District 1
Henry D. Schweers	5½	12/31/2014	District 2
Henry E. Darby	7½	12/31/2012	District 4
A. Victor Rawl	3½	12/31/2012	District 6
Colleen T. Condon	7	12/31/2012	District 7
Anna B. Johnson	1½	12/31/2014	District 8
Joseph K. Qualey	1½	12/31/2014	District 9

ELECTED OFFICIALS

Peggy Moseley	20	06/30/2013	Auditor
Julie J. Armstrong	20½	12/31/2012	Clerk of Court
Rae Wooten	6	12/31/2012	Coroner
Irvin G. Condon	18½	12/31/2014	Probate Court
Charlie Lybrand	18½	12/31/2014	Register Mesne Conveyance
James A. Cannon, Jr.	24½	12/31/2012	Sheriff
Scarlett A. Wilson	5	12/31/2012	Solicitor
Andrew Smith	15	06/30/2013	Treasurer

OTHER OFFICIALS

	<u>Number of Years With County</u>	<u>Years In Current Position</u>	
W. Kurt Taylor	21	½	County Administrator *
Keith D. Bustraan	25½	11	Assistant Administrator for Finance
Walter L. Smalls	13	6	Assistant Administrator for General Services
Jennifer Miller	24	5	Assistant Administrator for Human and Environmental Services
Corine Altenhein	22	5	Finance Director

*W Kurt Taylor was previously the Deputy
County Administrator – was appointed
County Administrator in January 2012

FINANCIAL SECTION



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Independent Auditor's 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 aggregate discretely presented component units, and the budgetary comparison schedule of the general fund, of the County of Charleston, South Carolina (the "County"), as of and for the year ended June 30, 2012, 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's non-major governmental, enterprise, internal service, and fiduciary funds, and the respective budgetary comparison schedules for the special revenue funds, presented as supplementary information in the accompanying combining financial statements and schedules, as of and for the year ended June 30, 2012, 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. 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 for the component units, is based solely on the reports of 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. Those standards 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 as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, enterprise, internal service, and fiduciary fund of the County as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the special revenue funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the schedules of capital assets used in the operation of governmental funds as well as the victim notification schedule of fines, assessments and surcharges collected, are fairly stated, in all material respects, in relation to the portion of the basic financial statements from which they have been derived as of June 30, 2012.

As discussed in Note II.B. to the financial statements, the County made adjustments that resulted in restatements of beginning net assets for one of its discretely presented component units, to correct an error made in the County's financial statements for the year ended June 30, 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2013, on our consideration of the County'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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Scott and Company LLC

Columbia, South Carolina
February 27, 2013

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, 2012. The Management Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, providing an overview of the County's financial activity and identifying changes in the County's financial condition, material deviations from the financial budget and individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2 through 13 of this report, and the County's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Charleston County reported net assets (total assets less total liabilities) of \$101,436 at June 30, 2012, comprised of \$1,017,834 in total assets offset by \$916,398 in total liabilities.
- The County's unrestricted net assets were (\$401,327) at June 30, 2012. The negative balance resulted from expenditures in the transportation sales tax fund. The County issued transportation sales tax general obligation bonds in fiscal years 2007, 2008 and 2012. The proceeds from these bonds are used for state and municipal road projects, and Charleston County Park and Recreation Commission (PRC), municipal and special purpose district greenbelt acquisitions. The assets created by these expenditures are not Charleston County assets, even though the County is responsible for the debt used to acquire these assets. The debt service on these bonds is paid from the ½ percent transportation sales tax.
- The government's total net assets decreased by \$46,376 during the fiscal year ended June 30, 2012, with a \$56,308 decrease resulting from governmental activities and a \$9,932 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 \$353,709, which is a \$129,661 increase from the prior year. Approximately 12 percent or \$42,944 of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$42,944 or approximately 27 percent of the total general fund expenditures.
- Charleston County's total assets increased by \$174,582, while total liabilities increased by \$220,958.

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements. Government-wide financial statements are designed to provide readers with a broad overview of the financial position of Charleston County and are similar to private sector financial statements. They include a statement of net assets and a statement of activities. These statements appear on pages 37 through 39 of this report.

The statement of net assets shows the County's assets less its liabilities at June 30, 2012. 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 distinguish between functions of Charleston County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

Charleston County's government-wide financial statements include component units of the County. Component units can be blended or discretely presented. Component units are 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 and 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 62 through 64 of this report.

The government-wide financial statements can be found on pages 56 through 59 of this report.

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

Governmental Funds. Governmental funds, presented on pages 45 through 47, essentially account for the same functions as those reported under the governmental activities on 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 (GOB) 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 128 through 138 of this report.

Proprietary Funds. Charleston County maintains and presents two different types of proprietary funds, enterprise and internal service, shown on pages 48 through 53 of this report.

Enterprise funds report in greater detail the same information presented as business-type activities in the government-wide financial statements for Environmental Management and Parking Garages. DAODAS, E-911 Communications Radio Communications, and Revenue Collections are presented in one total column termed as "Nonmajor Other Funds" but may be separately reviewed in the combining statements on pages 153 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, Employee Benefits, and Telecommunications. 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 60 through 119 of the report.

Other Information. Individual statements, which present more detailed views of nonmajor funds used in governmental and business-type funds, begin on page 140. 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 \$101,436 at the close of fiscal year 2012. This was a decrease of \$46,376 or 31.4 percent during fiscal year 2012.

A portion of the County's net assets, \$151,331, is investment in capital assets (e.g., land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Although the County's 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, \$351,432, represents resources that are subject to external restrictions on how they may be used. These include funds for road projects, operation of the environmental management department which are held by a trustee, and construction/purchase of capital assets.

Unrestricted net assets are (\$401,327), resulting from expenditure of capital proceeds in the transportation and road sales tax special revenue fund. These expenditures were for state and municipal road projects and PRC, municipal and special purpose district greenbelt acquisitions. The assets created by these expenditures are not Charleston County's, even though the County is responsible for the debt used to pay for these assets.

At the end of 2012 the County had positive balances in two of the three categories of net assets for the primary government as well as all three categories for the business-type activities. The governmental activities had positive balances in two of the three categories. Unrestricted net assets have a negative balance resulting from the County spending proceeds from the transportation and road sales tax general obligation bonds. These proceeds were spent on greenbelt purchases, where the asset does not belong to the County, and on non-County road projects, which are also not recorded as County assets.

Charleston County's Net Assets
June 30, 2012
(Recapped from page 37)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011 (restated)	2012	2011 (restated)	2012	2011 (restated)
Current and other assets	\$529,012	\$381,129	\$120,374	\$111,516	\$ 649,386	\$ 492,645)
Capital assets	321,570	306,888	46,878	43,721	368,448	350,609
Total assets	\$850,582	\$688,017	\$167,252	\$155,237	\$ 1,017,834	\$ 843,254
Long-term liabilities						
outstanding	\$661,471	\$468,703	\$ 12,572	\$ 14,335	\$ 674,043	\$ 483,038
Other liabilities	207,486	181,380	34,869	31,023	242,355	212,403
Total liabilities	\$868,957	\$650,083	\$ 47,441	\$ 45,358	\$ 916,398	\$ 695,441
Net assets:						
Invested in capital assets, net of related debt	\$113,296	\$109,880	\$ 38,035	\$ 32,625	\$151,331	\$142,505
Restricted for:						
Environmental trust operations	-	-	51,142	45,008	51,142	45,008
Capital projects	41,931	37,749	570	543	42,501	38,292
Transportation and road sales tax projects	213,333	90,160	-	-	213,333	90,160
Other special revenue projects	22,863	24,096	-	-	22,863	24,096
Debt service	19,123	19,695	2,470	2,557	21,593	22,252
Unrestricted	(428,921)	(243,646)	27,594	29,146	(401,327)	(214,500)
Total net assets	(\$18,375)	\$37,934	\$119,811	\$109,879	\$101,436	\$147,813

The County's net assets decreased by \$46,376 during fiscal year 2012. The governmental activities had a decrease in net assets of \$56,308. This is due primarily to expenditures in the transportation and road sales tax special revenue fund. During fiscal year 2012 proceeds from the 2011 transportation sales tax general obligation bonds (GOBs) were used by the PRC, municipalities, and other special purpose districts to acquire greenspace within the County. This property is not an asset of Charleston County. In addition, proceeds from the 2006, 2007 and 2011 GOBs were used to construct and improve roads that are not assets of the County.

The business type activities had an increase in net assets of \$9,932 resulting primarily from activity in the environmental management fund. User fee revenues are increased as the one-time credit of \$25 on the fiscal year 2011 tax bill was eliminated. In addition, the user fee is set at a rate designed to accumulate net assets for future pay-as-you go project funding.

County of Charleston, South Carolina
Changes in Net Assets (Recapped from pages 38 and 39)
For the Fiscal Year Ended June 30, 2012

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 39,861	\$ 44,329	\$ 41,692	\$ 38,332	\$ 81,553	\$ 82,661
Operating grants and contributions	25,771	15,639	779	768	26,550	16,408
Capital grants and contributions	2,620	396	-	-	2,620	396
General Revenues:						
Property taxes	107,177	106,384	-	-	107,177	106,384
Other taxes and fees	99,969	91,329	606	538	100,575	91,866
State aid to political subdivisions	10,780	12,111	-	-	10,780	12,111
Unrestricted investments earnings	1,277	837	32	85	1,309	922
Gain on sale of capital assets	239	-	189	19	428	19
Total Revenues	287,694	271,025	43,298	39,742	330,992	310,767
Program Expenditures:						
Governmental Activities:						
General government	60,157	55,668	-	-	60,157	55,668
Public safety	86,502	82,517	-	-	86,502	82,517
Judicial	26,578	26,116	-	-	26,578	26,116
Public works	92,741	80,325	-	-	92,741	80,325
Health and welfare	7,174	7,903	-	-	7,174	7,903
Economic development	4,314	1,457	-	-	4,314	1,457
Culture and recreation	30,821	38,886	-	-	30,821	38,886
Education	6,643	5,885	-	-	6,643	5,885
Interest and fiscal charges	26,019	20,739	-	-	26,019	20,739
Business-Type Activities:						
DAODAS	-	-	7,761	7,803	7,761	7,803
E-911 communications	-	-	1,616	1,565	1,616	1,565
Environmental management	-	-	21,278	19,920	21,278	19,920
Parking garages	-	-	1,975	1,968	1,975	1,968
Radio communications	-	-	2,469	2,226	2,469	2,226
Revenue collections	-	-	1,321	1,483	1,321	1,483
Total Expenditures	340,949	319,496	36,420	34,965	377,369	354,461
Excess (deficiency) of revenues over (under) expenditures	(53,255)	(48,471)	6,878	4,777	(46,377)	(43,694)
Transfers	(3,054)	(2,322)	3,054	2,322	-	-
Increase (Decrease) in Net Assets	(56,309)	(50,793)	9,932	7,099	(46,377)	(43,694)
Net assets, beginning	37,934	88,727	109,879	102,780	147,813	191,507
Net Assets, ending	(\$18,375)	\$37,934	\$119,811	\$109,879	\$101,436	\$147,813

Governmental Activities. Governmental activities decreased the County's net assets by \$56,309. Key elements of the decrease are:

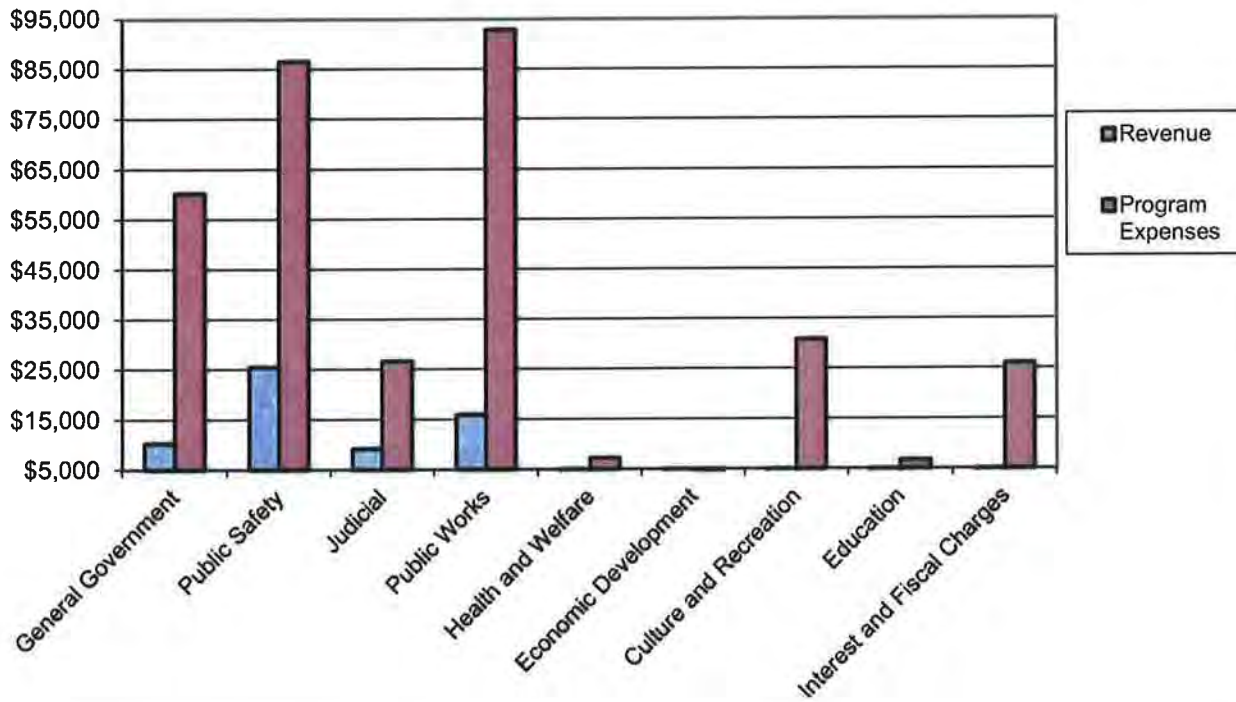
Total expenditures for the year increased by \$21,452 (6.7 percent) as follows:

- Public works expenditures increased \$12,416 (15.5 percent) reflecting increased spending on the road projects funded from transportation and road sales tax and public works construction special revenue funds.
- Interest and fiscal charges increased \$5,280 (25.5 percent) due the issuance of \$167,000 in transportation sales tax and \$27,100 in capital improvement program GOBs in July 2011.
- General government expenditures increased \$4,489 (8.1 percent). This increase is primarily due to the phase III upgrade to the County's 800 MHz radio system paid for in the capital projects construction fund. In addition facilities management had an increase in maintenance contracts as the warranties on equipment at the new detention center expired.
- Public safety expenditures show an increase of \$3,985 (4.8 percent.). This increase can be attributed to the following: 1) grants received for computers and consultants for the new consolidated dispatch center, 2) various grants for the Sheriff's offices for items such as SWAT team supplies, DUI enforcement, secure schools (pass-through) and, 3) increased personnel costs in the general fund for emergency medical services, consolidated dispatch and the Sheriff's office
- Economic development expenditures are increased \$2,857 (196.1 percent) due to a pass-through wind-turbine grant received during fiscal year 2012.
- Offsetting these increases is a decrease in culture and recreation of \$8,065 (20.7 percent) due to a reduction in allocations for greenbelt purchases as the greenbelt program is nearing the end of its funding.

Total revenues for the year showed an increase of \$16,669 (6.2 percent.)

- Operating grants and contributions increased by \$10,132 (64.8 percent) during the year. This increase is due to the following: 1) grants received for computers and consultants for the new consolidated dispatch center, 2) various grants for the Sheriff's office for items such as SWAT team supplies, DUI enforcement, secure schools (pass-through) and, 3) a pass-through wind-turbine grant for economic development.
- Other taxes and fees increased by \$8,640 (9.5 percent). The local option sales tax, transportation sales tax and accommodations tax all showed growth during the fiscal year because of increased consumer spending.
- Capital grants and contributions increased by \$2,224 (561.6 percent) due to grants received for capital purchases by the Sheriff's office and consolidated dispatch. The Sheriff's office purchased marine equipment and a vehicle for the bomb squad. Consolidated dispatch purchased equipment for the new dispatch center.
- Charges for services decreased by \$4,468 (10.1 percent) during the year which reflects a one-time settlement of a lawsuit on the judicial center project during fiscal year 2011. In addition, federal prisoner per diem is reduced as fewer prisoners are being housed by Charleston County.
- State aid to political subdivisions decreased by \$1,331 (11.0 percent) due to a decrease in state revenues and the decision by state lawmakers to provide funding at an amount less than called for by the legislated state formula.

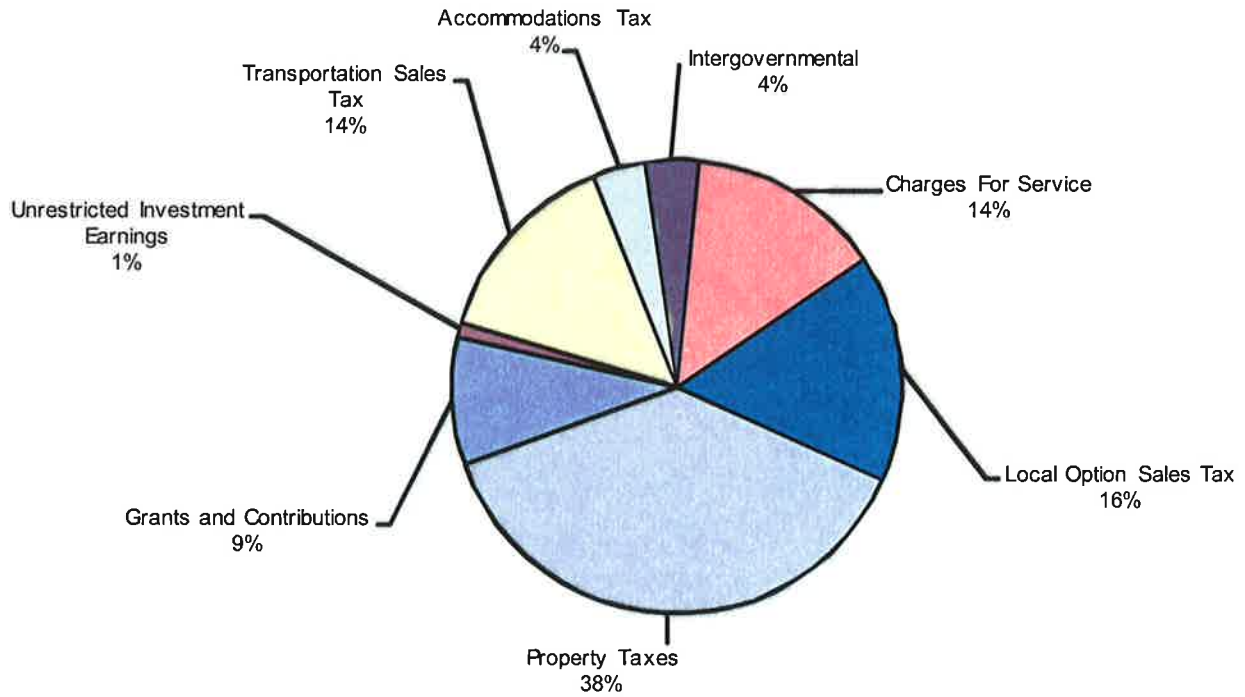
Expenses and Program Revenues - Governmental Activities



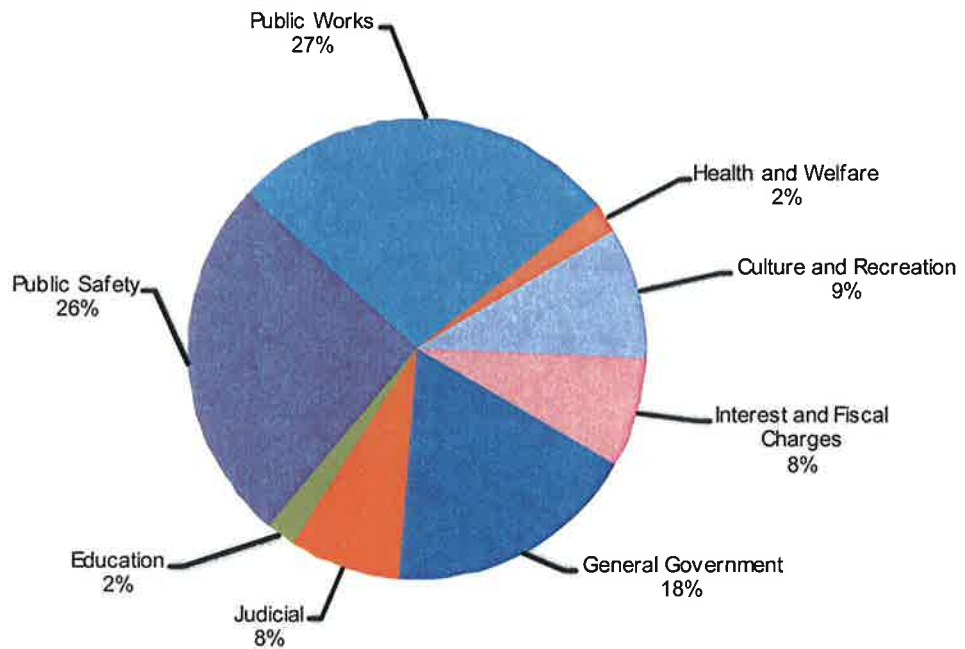
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Revenues by Source - Governmental Activities



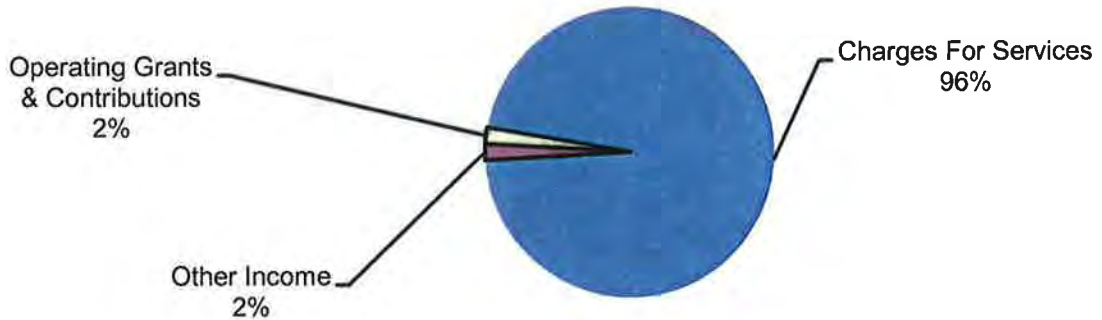
Expenses by Program - Governmental Activities



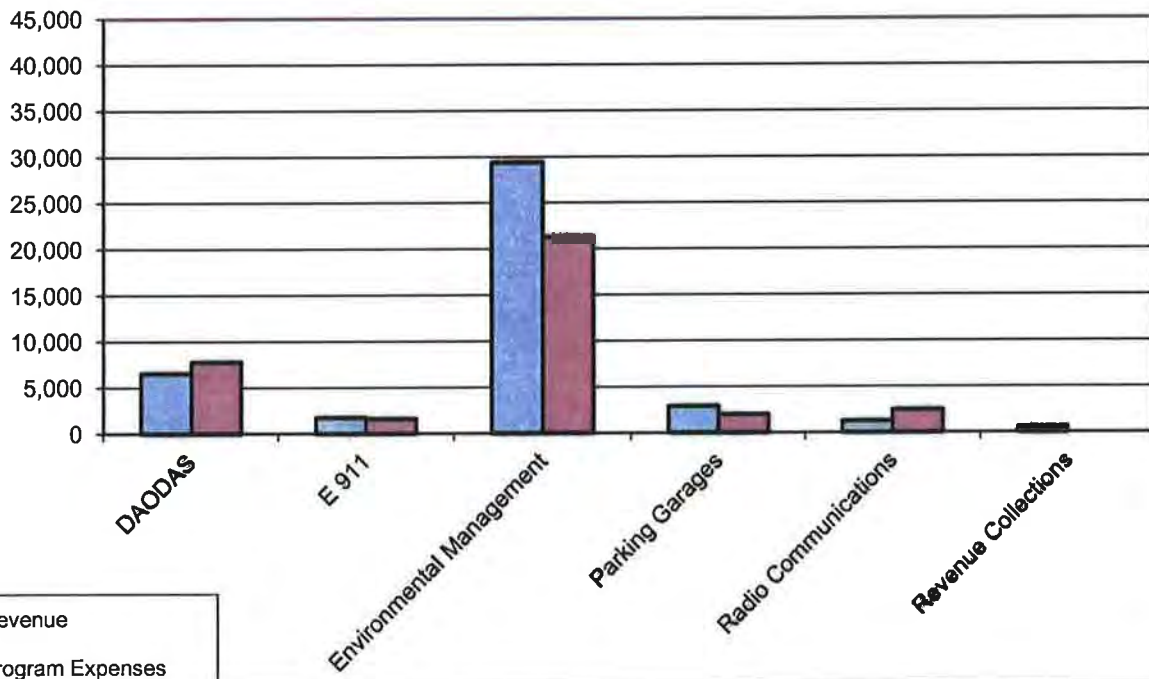
Business-type Activities. Business-type activities increased the County's net assets by \$9,932. The key element of this increase was:

- Environmental management had an increase in net assets of \$6,187. User fee revenues are increased as the one-time credit of \$25 on the fiscal year 2011 tax bill was eliminated. In addition, the user fee is set at a rate designed to accumulate net assets for future pay-as-you go project funding.

Revenues by Source - Business-type Activites



Expenses and Program Revenues - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$353,709, an increase of \$129,661 in comparison with the prior year. This increase is largely due to the transportation and road sales tax special revenue fund. The County issued \$167,000 in new general obligation bonds in July 2012, with a premium of \$20,867. This is offset by road and greenbelt funding during the current fiscal year.

The ending fund balance of \$353,709 for the governmental funds is composed of five components: unassigned fund balance of \$42,944, assigned fund balance of \$12,579, committed fund balance of \$41,931, restricted fund balance of \$255,320 and nonspendable fund balance of \$935.

Unassigned fund balance accounts for approximately 12.1 percent or \$42,944 of the total fund balance. Unassigned fund balance is available for spending at Charleston County's discretion.

Assigned fund balance for the current fiscal year is \$12,579 or 3.6 percent of ending fund balance. Assigned fund balance includes \$8,821 budgeted for use in the 2013 budget and \$3,758 which was encumbered at the end of fiscal year 2012. Assigned fund balances are intended to be used by Charleston County for specific purposes.

Committed fund balance is \$41,931 or 11.9 percent of ending fund balance and is comprised of the fund balances in the capital project funds. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of County Council.

The restricted fund balance totals \$255,320 or 72.2 percent of ending fund balance. The major restricted fund balances are for: 1) roads and stormwater projects of \$226,132, 2) debt service of \$19,123, 3) \$4,042 for public safety activities (primarily comprised of balances in the Sheriff's office), and 4) \$3,644 for judicial services (primarily balances in the Solicitor's office.) The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Nonspendable fund balance is \$935 or 0.3 percent of ending fund balance. Nonspendable fund balance accounts for inventories recorded in the general fund.

General Fund. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$42,944 while total fund balance reached \$56,459. Unassigned fund balance is made up of two components: the rainy day fund and all other unassigned fund balance. The rainy day fund totals \$8,588 and is composed of \$2,888 from the general fund and \$5,700 from the environmental management fund. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.7 percent of total general fund expenditures, while total fund balance represents 35.0 percent of that same amount. This meets the County's financial policy of maintaining an unassigned fund balance of 1½ to 2 months of expenditures. Excluding the rainy day fund from the calculation, unassigned fund balance is 24.8 percent of expenditures, which also meets the financial policy. There was an increase of \$4,110 in the total fund balance of the general fund during the current year. Highlights of the general fund were as follows:

Revenues were \$2,823 or 1.6 percent higher than the previous fiscal year.

- Property and local option sales tax revenues were \$5,151 or 4.3 percent over the previous year. Local option sales tax collections were \$4,704 higher than the prior fiscal year. The County saw an increase in collections in every month of the fiscal year, representing higher consumer spending with the strengthening of the economy.
- Intergovernmental revenues decreased \$2,901 or 12.5 percent. Federal prisoner per diem decreased by \$1,403 as the number of federal prisoners being housed in the detention center was reduced. State aid to political subdivisions decreased \$1,331. In the past few years the state has not funded state aid at the formula level because of state economic conditions which resulted in reduced state revenues.

Expenditures increased by \$4,696 or 3.0 percent.

- Public Safety expenditures are up \$2,331 or 3.2 percent. Emergency medical services, the Sheriff's office and consolidated dispatch all experienced increased personnel costs. This is partially due to the 2 percent COLA that was awarded in October 2011. In addition, this represents increased employer costs for retirement, employee health insurance benefits (including the accrual for other post-employment benefits) and worker's compensation.
- General Government expenditures are increased \$1,255 or 2.9 percent. Technology services had increased cost for IT management contract, and for replacement of servers. Facilities management had increases for utility charges and maintenance contracts due to the expiration of warranties on equipment at the new detention center.

Transfers out decreased \$6,532 or 37.4 percent. Fiscal year 2011 included a one-time mid-year budget adjustment which increased transfers out by \$8,600.

Debt Service Fund. The debt service fund balance is \$19,123 and is \$572 or 2.9 percent lower than the prior fiscal year. The use of fund balance was anticipated in the fiscal year 2012 budget.

Transportation and Road Sales Tax Special Revenue Fund. This fund balance was increased \$123,174 or 136.6 percent from the prior fiscal year. The County issued \$167,000 in new general obligation bonds in July 2012. This is offset by spending on road and greenbelt projects. The County has several large road projects that are currently under way.

GOB Capital Projects Fund. This fund showed an increase in fund balance of \$6,802 or 25.2 percent. The County issued \$27,100 in new general obligation bonds during the fiscal year. Expenditures increased \$13,261. The construction of the new consolidated dispatch center and the renovation of the replacement law enforcement center were well underway during the current fiscal year. Transfers in decreased \$5,731 resulting from a one-time transfer made during the fiscal year 2011 mid-year review.

Other Governmental Funds. The other governmental funds had a decrease in fund balance of \$3,853 or 11.1 percent from the prior fiscal year.

Nonmajor Capital Projects Funds. The nonmajor capital projects funds reflect a total fund balance of \$8,124 and are shown on pages 131 through 132 and 137 through 138. The fund balance for the nonmajor capital projects funds decreased \$2,620 from fiscal year 2011. The construction fund decreased \$3,283 due to costs for the phase III upgrade to the County's 800 MHz radio system. Offsetting this is the increase of \$474 and \$189 in the ITS/MIS and equipment replacement funds, respectively.

Nonmajor Special Revenue Funds. The nonmajor special revenue funds have a combined total fund balance of \$22,864, all classified as restricted. Nonmajor special revenue funds are shown on pages 128 through 131, and 134 through 137. The fund balance for the non-major special revenue funds decreased \$1,233 from the prior year. The largest decrease in fund balance is \$2,334 in the construction public works fund which accounts for state C-fund expenditures. This decrease is offset by increases of \$525 and \$308 in the economic development and solicitor funds, respectively.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Total net assets for the enterprise funds at June 30, 2012, are \$93,063 (before the elimination of internal service fund charges and indirect costs.) The major funds are environmental management and the parking garages with total net assets of \$80,223. The nonmajor proprietary funds have total net assets of \$12,840. These funds include DAODAS, E-911 communications, radio communications, and revenue collections. See pages 48 through 53, 153 through 157 and 159 through 163 for the proprietary funds statements.

As of the end of the current fiscal year, Charleston County's enterprise funds reported combined ending net assets of \$93,063 (before internal eliminations), an increase of \$6,769 or 7.8 percent in comparison with the prior year. The environmental management fund accounted for \$6,187 of this increase due to the elimination of the tax year 2011 one-time credit of \$25 for the user fee. In addition, the user fee is set at a rate designed to accumulate net assets for future pay-as-you go project funding. In addition, the parking garages had an increase of \$484 or 4.2 percent due to a reduction in the transfer-out for fiscal year 2012.

General Fund Budgetary Highlights

During fiscal year 2012 County Council approved an adjustment to the general fund budget totaling \$2,055. In addition, the Administrator made adjustments to the budget in accordance with the guidelines contained in the budget ordinance.

The budget was adjusted by \$2,055 during the fiscal year. The source of funds was additional revenues from property taxes and charges and fees. The adjustment funded a Cost of Living Adjustment (COLA) effective October 7, 2011. This was the first COLA given since fiscal year 2009.

Actual revenues and transfers in were \$9,243 over the final budget. The most significant revenue variances are outlined below:

- Property and local option sales taxes were over budget by \$9,585. Local option sales tax collections exceeded the budget by \$5,754 reflecting an increase in consumer spending throughout the fiscal year. Real property tax collections were over budget \$1,810 resulting from better than anticipated collections. Finally, delinquent tax collections were \$888 over budget due to a delay in the delinquent tax sale.
- Service charges were over budget by \$1,076. EMS charges exceeded budget by \$702 due to increases in call volume.
- Intergovernmental revenues were under budget by \$1,838 primarily due to decreases in federal inmate per diem resulting from a decrease in inmates held.

Actual expenditures and transfers out were \$4,960 under the final budgeted amounts. The most significant contributions to this variance were the following:

- Technology services was \$1,603 below budget. Multi-year projects, such as funding for state mandates and the business continuity plan were not completed during the fiscal year. The budget for these projects was rolled to fiscal year 2013. Capital purchases of \$266 were not completed by the end of the fiscal year, but were encumbered and rolled to fiscal year 2013. In addition, there were savings in maintenance contracts.
- The Sheriff's office was \$1,029 below budget. Illegal alien assistance funds of \$565 were not spent during fiscal year 2012. These funds were rolled to fiscal year 2013. Additional savings were seen throughout the Sheriff's budget. The majority of these savings were encumbered at fiscal year-end.
- Facilities Management was \$809 below budget largely due to savings on air conditioning supplies and maintenance contracts. These savings were encumbered at the end of the fiscal year.

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, 2012, amounted to \$368,448 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, bridges and drainage easements. The County's investment in capital assets increased \$17,839 or 5.1 percent for the current year and is primarily due to the new consolidated dispatch center and the renovations for a new law enforcement center.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land and easements	\$ 21,213	\$ 16,704	\$ 3,951	\$ 3,951	\$ 25,164	\$ 20,655
Buildings	232,507	236,257	18,380	16,451	250,887	252,708
Improvements other than buildings	686	733	14,576	15,389	15,262	16,122
Machinery and equipment	35,581	25,708	9,971	6,488	45,552	32,196
Infrastructure	14,520	15,222	-	-	14,520	15,222
Construction in progress	<u>17,063</u>	<u>12,264</u>	<u>-</u>	<u>1,442</u>	<u>17,063</u>	<u>13,706</u>
Total	<u>\$ 321,570</u>	<u>\$ 306,888</u>	<u>\$ 46,878</u>	<u>\$ 43,721</u>	<u>\$ 368,448</u>	<u>\$ 350,609</u>

Additional information on the County's capital assets can be found in Note III. C. on pages 83 through 87 of this report.

Long-Term Debt. At the end of the current fiscal year, Charleston County had total certificates of participation (COPs) and bonded debt outstanding of \$637,805. Of this amount, \$597,380 comprises debt backed by the full faith and credit of the government (general obligation bonds), \$37,193 is comprised of certificates of participation secured by the capital assets constructed with their proceeds, and \$3,232 is comprised of revenue bond debt secured solely by solid waste user fees.

In addition to the bonded debt, Charleston County signed a contract with the S.C. Infrastructure Bank to pay \$3,000 a year starting on January 1, 2004, for a period of 25 years as the County's commitment toward the new Arthur Ravenel, Jr. Bridge over the Cooper River. As of June 30, 2012, this obligation is recorded at a net present value of \$30,888 using a discount rate of 5.7%. 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ 597,380	\$ 394,957	\$ -	\$ -	\$ 597,380	\$ 394,957
Certificates of participation	31,583	35,246	5,610	6,252	37,193	41,498
Revenue bonds	-	-	3,232	4,844	3,232	4,844
Intergovernmental note payable	<u>30,888</u>	<u>32,051</u>	<u>-</u>	<u>-</u>	<u>30,888</u>	<u>32,051</u>
Total	<u>\$ 659,851</u>	<u>\$ 462,254</u>	<u>\$ 8,842</u>	<u>\$ 11,096</u>	<u>\$ 668,693</u>	<u>\$ 473,350</u>

The County's total bonded debt increased by \$195,343 (41.3 percent) during the current fiscal year. The county issued \$194,100 in general obligation bonds during the current fiscal year. During July 2011, the County issued \$27,100 in general obligation capital improvement bonds which will be used for defraying a portion of the costs for the nursing school facility at the tri-county Trident Technical College and the costs for the Charleston County Law Enforcement Center. In addition, the County issued \$167,000 in general obligation transportation sales tax bonds to provide funds to defray a portion of the costs for certain road projects and the costs for greenbelt projects.

The July 2011 GOBs were rated Aaa by Moody's Investor Services and AAA by Standard and Poor's Corporation. Fitch, Inc upgraded the County's outstanding 2004 and 2006 GOBs to AAA during August 2011.

During March 2012 the County issued \$32,095 general obligation transportation sales tax refunding bonds. The bonds refunded a portion of the Series 2006 general obligation transportation sales tax bonds. The refunding bonds were rated Aaa by Moody's Investor Services, AAA by Standard and Poor's Corporation and AAA by Fitch, Inc.

South Carolina statutes limit the amount of general obligation (G.O.) debt a governmental entity may issue (without referendum) to 8 percent of its total assessed value. The current available G.O. debt limit for Charleston County is \$257,590. The outstanding debt at June 30, 2012 subject to the debt limitation is \$193,600. This would indicate that the County has not exceeded its limit.

Additional information on the County's long-term debt can be found in Note III. I. on pages 90 through 103 of this report.

Economic Factors and Next Year's Budget Rates

The fiscal year 2013 general fund budget is a balanced budget. Total disbursements are \$184,734, an increase of \$11,597 or 6.7 percent from the prior year. The budget includes the use of \$8,821 of fund balance for pay-as-you-go capital projects and other one-time expenditures. The millage was increased 0.8 mills from 39.1 mills for tax year 2011 to 39.9 mills. The local option sales tax credit was also increased. The general fund budgeted revenues for fiscal year 2013 increased by \$8,928 or 5.4 percent from 2012. The major changes are:

- The local option sales tax is anticipated to increase \$4,550 or 11.3 percent. This increase reflects the growth that was seen in collections during fiscal year 2012.
- State aid to local governments is increased \$2,895 or 27.2 percent. The distribution of state aid is determined by a formula. In the past few years the state has not funded state aid at the formula level. As a result of improvements in the state's available revenues the state approved a one-time increase in the funding level to local governments.

- Property tax revenues reflect an increase of \$4,760 or 4.5 percent resulting from the 0.8 mill increase in the tax year 2012 millage rate. The local option sales tax credit applied against property taxes is increased \$3,980 or 9.9 percent reflecting the growth in collections during fiscal year 2012.

The general fund budgeted disbursements for fiscal year 2013 are increased \$11,597 or 6.7 percent from fiscal year 2012. The major changes for fiscal year 2013 are:

- Transfers out are increased \$6,020 or 59.6 percent. This increase is a result of the County's decision to use the unanticipated fund balance from fiscal year 2012 for pay-as-you go projects including the new station alerting system and the total law enforcement system upgrade.
- Sheriff's budget is increased \$1,391 or 5.7 percent for the addition of five positions to allow for 24 hour coverage of the Sheriff's nonemergency phone line.
- Consolidated Dispatch is increased \$1,157 or 20.3 percent as funds are provided for the hiring of 17 additional telecommunicators for the next phase of the consolidation of emergency 911 services for all entities within the county.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2012

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Non-pooled cash and cash equivalents	\$ 4,210,033	\$ 332,418	\$ 4,542,451	\$ 38,940,419
Pooled cash and cash equivalents	95,175,449	11,669,025	106,844,474	-
Pooled investments	241,026,724	-	241,026,724	-
Non-pooled investments	-	-	-	80,179
Cash with fiscal agent	125,000	-	125,000	-
Restricted cash - current portion	-	1,697,892	1,697,892	-
Receivables (net of allowances for uncollectibles)	200,897,681	28,569,389	229,467,070	43,325,413
Interest receivable from note receivable	1,592	-	1,592	-
Due from primary government	-	-	-	2,578,311
Internal balances - current	(22,243,660)	22,243,660	-	-
Due from agency fund	149,042	-	149,042	-
Inventories	1,310,363	-	1,310,363	586,099
Prepaid items and deposits	-	-	-	845,141
Note receivable - within one year	356,108	-	356,108	-
Note receivable - more than one year	365,533	-	365,533	-
Deferred issuance costs	3,009,981	146,596	3,156,577	369,283
Other noncurrent assets	-	-	-	40,000
Restricted assets - non-current:				
Temporarily restricted:				
Cash and cash equivalents	1,466,149	55,716,313	57,182,462	9,517,189
Non-pooled investments	3,162,304	-	3,162,304	-
Capital assets, net of accumulated depreciation:				
Land and easements - nondepreciable	21,213,038	3,950,930	25,163,968	83,833,892
Construction in progress - nondepreciable	17,063,065	-	17,063,065	2,333,788
Infrastructure - nondepreciable	8,643,216	-	8,643,216	-
Artwork and other - nondepreciable	-	-	-	11,000
Buildings	232,506,813	18,379,720	250,886,533	64,081,604
Improvements other than buildings	686,490	14,575,732	15,262,222	18,987,035
Machinery and equipment	35,580,976	9,970,654	45,551,630	32,660,572
Infrastructure	5,876,372	-	5,876,372	43,268,615
Library materials	-	-	-	19,807,371
Accumulated depreciation	-	-	-	(87,666,905)
Total assets	850,582,269	167,252,329	1,017,834,598	273,599,006
LIABILITIES				
Accounts payable	16,368,322	29,146,951	45,515,273	2,047,014
Accrued payroll and fringe benefits	6,474,835	581,553	7,056,388	811,807
Intergovernmental payable	7,388,751	2,280,667	9,669,418	490,693
Interest payable	6,247,560	80,199	6,327,759	511,596
Tax anticipation note payable	-	-	-	1,325,000
Unearned revenue	142,439,096	2,115	142,441,211	38,804,093
Noncurrent liabilities:				
Due within one year	28,567,709	2,777,601	31,345,310	6,966,615
Due in more than one year	661,470,610	12,572,308	674,042,918	49,673,956
Total liabilities	868,956,883	47,441,394	916,398,277	100,630,774
NET ASSETS				
Invested in capital assets, net of related debt	113,295,767	38,035,202	151,330,969	135,337,156
Restricted for:				
Environmental trust operations	-	51,141,556	51,141,556	-
Capital projects	41,930,934	570,000	42,500,934	1,107,854
Transportation and road sales tax projects	213,333,488	-	213,333,488	-
Other special revenue projects	22,863,714	-	22,863,714	-
Debt service	19,122,743	2,470,361	21,593,104	16,845,234
Donors	-	-	-	36,710
Unrestricted	(428,921,260)	27,593,816	(401,327,444)	19,641,278
Total net assets	\$ (18,374,614)	\$ 119,810,935	\$ 101,436,321	\$ 172,968,232

See notes to the financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	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	\$ 60,157,225	\$ 9,999,742	\$ 223,216	\$ -	\$ (49,934,267)	\$ -	\$ (49,934,267)	\$ -
Public safety	86,501,938	12,539,246	10,260,732	2,620,425	(61,081,535)	-	(61,081,535)	-
Judicial	26,577,935	7,738,371	1,413,461	-	(17,426,103)	-	(17,426,103)	-
Public works	92,740,984	8,821,907	7,075,722	-	(76,843,355)	-	(76,843,355)	-
Health and welfare	7,173,509	250,352	3,683,501	-	(3,239,656)	-	(3,239,656)	-
Economic development	4,314,493	-	3,114,648	-	(1,199,845)	-	(1,199,845)	-
Culture and recreation	30,820,517	511,170	-	-	(30,309,347)	-	(30,309,347)	-
Education	6,642,621	-	-	-	(6,642,621)	-	(6,642,621)	-
Interest and fiscal charges	26,019,356	-	-	-	(26,019,356)	-	(26,019,356)	-
Total governmental activities	340,948,578	39,860,788	25,771,280	2,620,425	(272,696,085)	-	(272,696,085)	-
Business-type activities:								
DAODAS	7,760,727	5,916,198	612,435	-	-	(1,232,094)	(1,232,094)	-
E-911 Communications	1,616,207	1,747,860	-	-	-	131,653	131,653	-
Environmental Management	21,278,034	29,223,218	166,662	-	-	8,111,846	8,111,846	-
Parking Garages	1,974,977	2,902,769	-	-	-	927,792	927,792	-
Radio Communications	2,469,246	1,272,530	-	-	-	(1,196,716)	(1,196,716)	-
Revenue Collections	1,320,851	629,551	-	-	-	(691,300)	(691,300)	-
Total business-type activities	36,420,042	41,692,126	779,097	-	-	6,051,181	6,051,181	-
Total primary government	\$ 377,368,620	\$ 81,552,914	\$ 26,550,377	\$ 2,620,425	(272,696,085)	6,051,181	(266,644,904)	-
Component Units:								
Charleston County Library	\$ 15,362,399	\$ 509,294	\$ 13,672,252	\$ 299,716				(881,137)
Charleston County PRC	31,383,035	12,492,640	-	4,104,495				(14,785,900)
Cooper River Park & Playground	213,232	-	-	-				(213,232)
James Island PSD	11,435,241	5,556,694	-	-				(5,878,547)
North Charleston District	1,280,784	-	-	-				(1,280,784)
St. Andrew's Parish Parks & Playground	3,368,748	1,661,681	2,608	-				(1,704,459)
St. John's Fire District	10,596,434	-	9,334	209,798				(10,377,302)
St. Paul's Fire District	5,323,719	-	-	1,400,400				(3,923,319)
Charleston County Volunteer Rescue Squad	410,412	-	297,259	-				(113,153)
Total component units	\$ 79,374,004	\$ 20,220,309	\$ 13,981,453	\$ 6,014,409				(39,157,833)

General Revenues:				
Property taxes	107,176,522	-	107,176,522	-
Charleston County PRC	-	-	-	15,786,911
Cooper River Park & Playground	-	-	-	152,105
James Island PSD	-	-	-	6,241,202
North Charleston District	-	-	-	935,527
St. Andrew's Parish Parks & Playground	-	-	-	1,440,286
St. John's Fire District	-	-	-	10,740,556
St. Paul's Fire District	-	-	-	4,600,097
Local option sales tax	46,044,345	-	46,044,345	-
Transportation sales tax	40,672,545	-	40,672,545	-
Accommodations tax	11,010,862	-	11,010,862	-
Franchise tax	754,091	-	754,091	46,097
Alcohol beverage tax	-	594,682	594,682	-
Merchants inventory tax and manufacturer's depreciation	1,395,507	10,832	1,406,339	1,179,908
Motor carrier tax	92,429	-	92,429	-
Unrestricted state aid to political subdivisions	10,779,692	-	10,779,692	-
Grants and contributions not restricted to specific program	-	-	-	4,699
Unrestricted investment earnings	1,276,697	31,880	1,308,577	68,179
Gain on sale of capital assets	239,152	189,208	428,360	22,001
Fundraising and donations	-	-	-	43,332
Miscellaneous	-	-	-	543,648
Transfers	(3,054,286)	3,054,286	-	-
Total general revenues and transfers	216,387,556	3,880,888	220,268,444	41,804,548
Change in net assets	(56,308,529)	9,932,069	(46,376,460)	2,646,715
Net assets - beginning, as restated (component unit)	37,933,915	109,878,866	147,812,781	170,321,517
Net assets - ending	\$ (18,374,614)	\$ 119,810,935	\$ 101,436,321	\$ 172,968,232

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

<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	\$ 2,054,463	\$ -	\$ -	\$ -	\$ 2,155,570	\$ 4,210,033
Pooled cash and cash equivalents	34,961,849	6,697,005	-	-	26,994,386	68,653,240
Pooled investments	-	8,367,895	196,742,520	35,916,309	-	241,026,724
Restricted cash and cash equivalents	-	536,116	-	-	930,033	1,466,149
Restricted investments	-	3,162,304	-	-	-	3,162,304
Receivables (net of allowances for uncollectibles)	139,915,286	18,603,368	22,061,898	-	20,086,826	200,667,378
Due from other funds	7,003,760	-	-	-	94,469	7,098,229
Inventories	935,078	-	-	-	-	935,078
Total assets	\$ 184,870,436	\$ 37,366,688	\$ 218,804,418	\$ 35,916,309	\$ 50,261,284	\$ 527,219,135
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 1,950,784	\$ -	\$ 5,334,337	\$ 2,107,254	\$ 2,113,803	\$ 11,506,178
Accrued payroll and fringe benefits	5,824,275	-	35,418	-	482,047	6,341,740
Due to other funds	797,090	-	-	-	2,445,312	3,242,402
Intergovernmental payable	1,515,163	-	101,175	2,230	5,260,497	6,879,065
Deferred revenue	118,324,569	18,243,945	-	-	8,971,802	145,540,316
Total liabilities	128,411,881	18,243,945	5,470,930	2,109,484	19,273,461	173,509,701
 Fund balances:						
Nonspendable - Inventories	935,078	-	-	-	-	935,078
Restricted - Debt service	-	19,122,743	-	-	-	19,122,743
Restricted - General government	-	-	-	-	-	-
Restricted - Public safety	-	-	-	-	4,042,134	4,042,134
Restricted - Judicial	-	-	-	-	3,643,517	3,643,517
Restricted - Public works	-	-	213,333,488	-	13,176,783	226,510,271
Restricted - Health and welfare	-	-	-	-	33,488	33,488
Restricted - Economic Development	-	-	-	-	1,209,444	1,209,444
Restricted - Culture and Recreation	-	-	-	-	758,348	758,348
Committed - Capital project funds	-	-	-	33,806,825	8,124,109	41,930,934
Assigned - General government	8,965,055	-	-	-	-	8,965,055
Assigned - Public safety	3,363,637	-	-	-	-	3,363,637
Assigned - Judicial	8,585	-	-	-	-	8,585
Assigned - Public works	77,550	-	-	-	-	77,550
Assigned - Health and welfare	5,671	-	-	-	-	5,671
Assigned - Culture and recreation	158,530	-	-	-	-	158,530
Unassigned	42,944,449	-	-	-	-	42,944,449
Total fund balances	56,458,555	19,122,743	213,333,488	33,806,825	30,987,823	353,709,434
Total liabilities and fund balances	\$ 184,870,436	\$ 37,366,688	\$ 218,804,418	\$ 35,916,309	\$ 50,261,284	\$ 527,219,135

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSTS OF GOVERNMENTAL ACTIVITIES
June 30, 2012**

Total Governmental Fund Balances		\$ 353,709,434
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		312,318,681
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Deferred issuance costs	\$ 3,009,981	
Interest receivable	1,592	
Note receivable	721,641	
Property taxes	<u>3,101,230</u>	6,834,444
 Internal service funds are used by management to charge the costs of insurance, and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		 13,314,273
Elimination of indirect revenues and expenses between governmental funds and the enterprise funds which creates an internal balance.		(26,747,535)
 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	\$ (597,380,150)	
Certificates of participation	(31,582,499)	
Leases payable	(1,731,666)	
Compensated absences	(9,974,180)	
Intergovernmental note payable	(30,887,856)	
Accrued interest payable	<u>(6,247,560)</u>	<u>(677,803,911)</u>
 Net assets of governmental activities		 <u><u>\$ (18,374,614)</u></u>

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, 2012

	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	\$ 123,787,473	\$ 18,221,574	\$ 40,672,545	\$ -	\$ 10,370,193	\$ 193,051,785
Intergovernmental	20,357,270	333,318	9,987,310	-	20,772,023	51,449,921
Permits and licenses	4,215,705	-	-	-	-	4,215,705
Fines and forfeitures	1,952,482	-	-	-	792,366	2,744,848
Interest	1,217,421	233,397	404,157	138,727	78,589	2,072,291
Service charges	19,408,355	-	-	-	13,684,273	33,092,628
Rental and use of property	601,601	-	9,200	-	-	610,801
Other revenues	4,124,304	-	202	-	1,162,389	5,286,895
Total revenues	175,664,611	18,788,289	51,073,414	138,727	46,859,833	292,524,874
Expenditures:						
Current:						
General government	44,229,922	-	7,686,570	-	3,819,320	55,735,812
Public safety	75,304,483	-	-	-	7,410,888	82,715,371
Judicial	16,372,511	-	-	-	8,472,633	24,845,144
Public works	7,532,214	-	74,208,002	-	8,946,930	90,687,146
Health and welfare	4,269,154	-	-	-	2,849,654	7,118,808
Economic development	-	-	-	-	4,297,764	4,297,764
Culture and recreation	13,492,594	-	9,449,786	-	11,033,121	33,975,501
Education	-	-	-	927,553	5,715,068	6,642,621
Capital outlay	-	-	-	22,353,359	663,318	23,016,677
Debt service	-	23,633,962	21,230,537	236,947	-	45,101,446
Total expenditures	161,200,878	23,633,962	112,574,895	23,517,859	53,208,696	374,136,290
Excess (deficiency) of revenues over (under) expenditures	14,463,733	(4,845,673)	(61,501,481)	(23,379,132)	(6,348,863)	(81,611,416)
Other financing sources (uses):						
Capital lease proceeds	-	-	-	-	299,650	299,650
General obligation bonds issued	-	-	167,000,000	27,100,000	-	194,100,000
Refunding general obligation bonds issued	-	-	32,095,000	-	-	32,095,000
Bond premium	-	-	24,914,865	3,081,082	-	27,995,947
Payment to escrow agent for refunding	-	-	(36,334,680)	-	-	(36,334,680)
Transfers In	585,170	4,961,390	16,981,376	-	11,038,729	33,566,665
Transfers out	(10,938,992)	(687,955)	(19,981,376)	-	(9,089,571)	(40,697,894)
Proceeds from sale of capital assets	-	-	-	-	247,378	247,378
Total other financing sources (uses)	(10,353,822)	4,273,435	184,675,185	30,181,082	2,496,186	211,272,066
Net change in fund balances	4,109,911	(572,238)	123,173,704	6,801,950	(3,852,677)	129,660,650
Fund balances at beginning of year	52,348,644	19,694,981	90,159,784	27,004,875	34,840,500	224,048,784
Fund balances at end of year	\$ 56,458,555	\$ 19,122,743	\$ 213,333,488	\$ 33,806,825	\$ 30,987,823	\$ 353,709,434

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds		\$ 129,660,650
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	\$ 28,282,000	
Depreciation expense	<u>(13,884,763)</u>	14,397,237
In the statement of activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on disposal of capital assets:		
Cost of capital assets	\$ 2,005,426	
Accumulated depreciation	<u>(1,997,200)</u>	
Net book value	8,226	
Proceeds	<u>(247,378)</u>	
Gain on disposal	(239,152)	
Difference of proceeds and gain on sale		(8,226)
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		543,038
Other revenue which does not provide current resources		(347,690)
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.		18,302,723
Other financing source (use) which does not provide current resources or current uses:		
Capital lease proceeds	(299,650)	
General obligation bonds issued	(194,100,000)	
Refunding general obligation bonds issued	(32,095,000)	
Bond premium	(27,995,947)	
Payment to escrow agent for refunding	<u>36,334,680</u>	(218,155,917)
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, interest is expensed when due.		(1,344,645)
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	\$ (475,343)	
Deferred refunding costs and amortization of premium	<u>3,912,777</u>	3,437,434
To record internal service fund transfers.		4,076,943
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.		27,863
Elimination of indirect income between governmental funds and the enterprise funds.		(2,989,242)
The increase of governmental expenditures to avoid the doubling up of net loss from the internal service funds.		(3,908,697)
Change in net assets of governmental activities		<u><u>\$ (56,308,529)</u></u>

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, 2012**

<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 and local option sales taxes	\$ 113,402,500	\$ 114,202,500	\$ 123,787,473	\$ 9,584,973
Intergovernmental	21,795,133	22,195,133	20,357,270	(1,837,863)
Permits and licenses	3,869,950	3,939,950	4,215,705	275,755
Fines and forfeitures	1,893,372	1,893,372	1,952,482	59,110
Interest	1,106,500	1,106,500	1,217,421	110,921
Service charges	17,532,650	18,332,650	19,408,355	1,075,705
Rental and use of property	610,000	610,000	601,601	(8,399)
Other revenues	3,901,837	3,887,104	4,124,304	237,200
Total revenues	164,111,942	166,167,209	175,664,611	9,497,402
 <u>EXPENDITURES</u>				
Current:				
General Government:				
Assessor	3,696,889	3,637,294	3,495,478	141,816
Assistant Administrator for Transportation & Public Works	21,257	21,576	20,441	1,135
Auditor	2,010,059	2,036,991	2,003,478	33,513
Board of Elections & Voter Registration	1,557,582	1,569,452	1,465,331	104,121
Budget	629,988	606,302	595,893	10,409
Community Services	473,924	481,339	455,016	26,323
County Administrator	786,243	931,219	964,012	(32,793)
County Council	1,153,633	1,128,232	1,125,445	2,787
Deputy Administrator for Finance	468,122	474,889	470,908	3,981
Deputy Administrator for General Services	378,845	392,410	392,159	251
Deputy Administrator for Human Services	349,241	355,385	349,274	6,111
Delinquent Tax	1,136,449	1,144,167	1,031,985	112,182
Facilities Management	13,283,733	13,037,747	12,228,798	808,949
Finance	912,612	925,663	912,376	13,287
Human Resources	1,292,259	1,365,251	1,284,837	80,414
Internal Auditor	214,112	197,208	187,209	9,999
Legal	1,045,451	1,054,906	1,021,137	33,769
Legislative Delegation	179,755	182,169	172,333	9,836
Nondepartmental	38,793	13,793	(35,053)	48,846
Procurement	811,955	772,530	766,509	6,021
Register Mesne Conveyance	1,800,936	1,825,706	1,689,064	136,642
Safety & Risk Management	1,796,792	1,798,909	1,798,706	203
Technology Services	10,042,321	10,188,998	8,586,249	1,602,749
Treasurer	1,599,678	1,619,122	1,598,712	20,410
Zoning/Planning	1,502,843	1,732,061	1,649,625	82,436
Total general government	47,183,472	47,493,319	44,229,922	3,263,397

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, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Safety:				
Building Inspections	\$ 1,367,428	\$ 1,386,772	\$ 1,358,573	\$ 28,199
Consolidated Dispatch	6,004,700	5,556,011	5,481,139	74,872
Emergency Management	645,983	671,261	670,571	690
Emergency Medical Services	9,951,925	10,701,104	10,700,357	747
Sheriff	56,893,526	58,122,541	57,093,843	1,028,698
Total public safety	74,863,562	76,437,689	75,304,483	1,133,206
Judicial:				
Clerk of Court	3,311,933	3,353,511	3,114,414	239,097
Coroner	1,161,750	1,186,479	1,156,278	30,201
Magistrates	4,539,313	4,638,479	4,537,882	100,597
Master-In-Equity	572,041	580,242	579,380	862
Probate Court	2,072,294	2,093,797	2,065,586	28,211
Solicitor	4,997,578	4,942,468	4,918,971	23,497
Total judicial	16,654,909	16,794,976	16,372,511	422,465
Public Works:				
Transportation Development	359,684	431,197	430,511	686
Public Works Department	7,216,590	7,154,945	7,101,703	53,242
Total public works	7,576,274	7,586,142	7,532,214	53,928
Health and Welfare:				
Indigent Care	1,399,829	1,433,233	1,377,184	56,049
Public Works - Mosquito Abatement	1,789,280	2,245,149	2,238,906	6,243
State Agencies	380,203	380,203	360,021	20,182
Veterans Affairs	287,876	293,046	293,043	3
Total health and welfare	3,857,188	4,351,631	4,269,154	82,477
Culture and Recreation:				
Charleston County Library	13,322,999	13,492,594	13,492,594	-
Total culture and recreation	13,322,999	13,492,594	13,492,594	-
Total expenditures	163,458,404	166,156,351	161,200,878	4,955,473
Excess of revenues over expenditures	653,538	10,858	14,463,733	14,452,875

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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Transfers in	\$ 839,187	\$ 839,187	\$ 585,170	\$ (254,017)
Transfers out	(10,135,146)	(10,943,387)	(10,938,992)	4,395
Total other financing sources and (uses)	<u>(9,295,959)</u>	<u>(10,104,200)</u>	<u>(10,353,822)</u>	<u>(249,622)</u>
Net change in fund balance	(8,642,421)	(10,093,342)	4,109,911	14,203,253
Fund balance at beginning of year	<u>52,348,644</u>	<u>52,348,644</u>	<u>52,348,644</u>	<u>-</u>
Fund balance at end of year	<u>\$ 43,706,223</u>	<u>\$ 42,255,302</u>	<u>\$ 56,458,555</u>	<u>\$ 14,203,253</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

ASSETS	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Current assets:					
Non-pooled cash and cash equivalents	\$ 551	\$ 3,100	\$ 328,767	\$ 332,418	\$ -
Pooled cash and cash equivalents	-	2,419,088	9,249,937	11,669,025	26,522,209
Restricted cash - current portion	1,697,892	-	-	1,697,892	-
Cash with fiscal agent	-	-	-	-	125,000
Receivables (net of allowances for uncollectibles)	26,583,994	21,757	1,963,638	28,569,389	230,303
Due from other funds	-	-	-	-	797,090
Inventories	-	-	-	-	375,285
Total current assets	28,282,437	2,443,945	11,542,342	42,268,724	28,049,887
Noncurrent assets:					
Restricted cash and cash equivalents	55,716,313	-	-	55,716,313	-
	55,716,313	-	-	55,716,313	-
Deferred issuance costs	58,753	50,604	37,239	146,596	-
Capital assets:					
Land	1,600,610	2,350,320	-	3,950,930	-
Buildings	3,654,455	14,515,236	9,554,391	27,724,082	1,695,683
Improvements other than buildings	16,551,526	-	270,255	16,821,781	-
Machinery and equipment	19,505,254	630,204	2,180,048	22,315,506	28,060,216
Less accumulated depreciation	(14,511,942)	(4,573,006)	(4,850,315)	(23,935,263)	(20,504,620)
Total capital assets (net of accumulated depreciation)	26,799,903	12,922,754	7,154,379	46,877,036	9,251,279
Total noncurrent assets	82,574,969	12,973,358	7,191,618	102,739,945	9,251,279
Total assets	\$ 110,857,406	\$ 15,417,303	\$ 18,733,960	\$ 145,008,669	\$ 37,301,166

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012**

<u>LIABILITIES</u>	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Current liabilities:					
Accounts payable	\$ 28,818,745	\$ 50,798	\$ 277,408	\$ 29,146,951	\$ 4,862,144
Accrued payroll and fringe benefits	231,705	41,390	308,458	581,553	133,095
Compensated absences - current	7,482	-	15,379	22,861	33,130
Intergovernmental payable	10,616	2,312	2,267,739	2,280,667	509,686
Due to other funds	4,503,875	-	-	4,503,875	-
Unearned revenue	2,115	-	-	2,115	-
Accrued Interest payable	56,250	13,120	10,829	80,199	-
Lease payable - current	-	-	-	-	281,929
Certificates of participation - current	-	365,607	278,151	643,758	-
Revenue bonds - current restricted	1,697,982	-	-	1,697,982	-
Accrual for landfill closure - current	413,000	-	-	413,000	-
Total current liabilities	35,741,770	473,227	3,157,964	39,372,961	5,819,984
Noncurrent liabilities:					
OPEB liability	-	-	-	-	17,800,983
Accrual for landfill closure	4,947,000	-	-	4,947,000	-
Compensated absences	514,036	74,989	536,190	1,125,215	341,269
Lease payable	-	-	-	-	24,657
Certificates of participation (net of unamortized discounts and deferred amount on refunding)	-	2,765,907	2,199,880	4,965,787	-
Revenue bonds (net of unamortized discounts) - restricted	1,534,306	-	-	1,534,306	-
Total noncurrent liabilities	6,995,342	2,840,896	2,736,070	12,572,308	18,166,909
Total liabilities	42,737,112	3,314,123	5,894,034	51,945,269	23,986,893
NET ASSETS					
Invested in capital assets, net of related debt	23,567,615	9,791,239	4,676,348	38,035,202	8,944,693
Restricted for capital projects	570,000	-	-	570,000	-
Restricted for environmental trust	51,141,556	-	-	51,141,556	-
Restricted for debt service	2,470,361	-	-	2,470,361	-
Unrestricted	(9,629,238)	2,311,941	8,163,578	846,281	4,369,580
Total net assets	\$ 68,120,294	\$ 12,103,180	\$ 12,839,926	\$ 93,063,400	\$ 13,314,273
Adjustment to reflect the consolidation of internal service funds related to business-type activities				(1,743,188)	
Adjustment to reflect the elimination of indirect costs charged by the governmental funds				28,490,723	
				\$ 119,810,935	

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, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Operating revenues:					
Charges for services	\$ 1,366,269	\$ 2,901,720	\$ 11,813,796	\$ 16,081,785	\$ 44,597,041
User fees	26,407,988	-	-	26,407,988	-
Sale of recyclables	1,299,624	-	-	1,299,624	-
Other revenues	149,335	1,049	3,932	154,316	-
Total operating revenues	29,223,216	2,902,769	11,817,728	43,943,713	44,597,041
Operating expenses:					
Personnel services	5,948,054	933,425	7,195,733	14,077,212	3,235,171
Contractual services	7,490,764	214,776	767,871	8,473,411	4,962,449
Materials and supplies	1,451,393	89,696	750,328	2,291,417	8,657,398
Utilities	120,908	168,357	949,367	1,238,632	1,306,402
Repairs and maintenance	44,009	18,174	1,548,874	1,611,057	392,443
Rental expenses	130,577	-	447,573	578,150	21,031
Vehicle fleet charges	3,591,012	7,526	36,416	3,634,954	95,711
Employee benefits	-	-	-	-	25,493,684
Other expenses	1,322,554	42,609	3,573,924	4,939,087	1,327,947
Depreciation and amortization	2,619,876	312,576	436,478	3,368,930	2,895,454
Landfill closure	413,000	-	-	413,000	-
Total operating expenses	23,132,147	1,787,139	15,706,564	40,625,850	48,387,690
Operating income (loss)	6,091,069	1,115,630	(3,888,836)	3,317,863	(3,790,649)
Nonoperating revenues (expenses):					
Interest income	-	9,264	22,616	31,880	59,276
Interest expense	(259,715)	(179,601)	(174,569)	(613,885)	(38,761)
Intergovernmental revenues	166,662	-	623,267	789,929	-
Gain (loss) on disposal of capital assets	189,208	-	-	189,208	62,846
Total nonoperating revenues (expenses)	96,155	(170,337)	471,314	397,132	83,361
Income (loss) before transfers	6,187,224	945,293	(3,417,522)	3,714,995	(3,707,288)
Transfers in	-	-	3,515,692	3,515,692	4,580,414
Transfers out	-	(461,406)	-	(461,406)	(503,471)
Change in net assets	6,187,224	483,887	98,170	6,769,281	369,655
Total net assets - beginning	61,933,070	11,619,293	12,741,756		12,944,618
Total net assets - ending	\$ 68,120,294	\$ 12,103,180	\$ 12,839,926		\$ 13,314,273
Adjustment to reflect the elimination of indirect costs charged by governmental funds				173,544	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				2,989,244	
Change in net assets of business-type activities				\$ 9,932,069	

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 22,849,631	\$ 2,921,432	\$ 11,345,064	\$ 37,116,127	\$ 293,578
Cash receipts from interfund services provided	-	-	-	-	44,171,501
Cash payments to suppliers for goods and services	(9,213,529)	(976,104)	(8,823,981)	(19,013,614)	(37,124,244)
Cash payments to employees for services	(5,873,931)	(914,978)	(7,087,028)	(13,875,937)	(3,262,530)
Net cash (used in) provided by operating activities	7,762,171	1,030,350	(4,565,945)	4,226,576	4,078,305
Cash flows from noncapital financing activities:					
Transfers in	-	-	3,515,692	3,515,692	4,580,414
Transfers (out)	-	(461,406)	-	(461,406)	(503,471)
Interfund advances (repayments)	3,289,825	-	-	3,289,825	-
Intergovernmental receipt	116,282	-	893,672	1,009,954	-
Net cash provided by (used in) noncapital financing activities	3,406,107	(461,406)	4,409,364	7,354,065	4,076,943
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(1,611,385)	(373,766)	(308,491)	(2,293,642)	(481,706)
Interest paid	(280,295)	(173,920)	(143,546)	(597,761)	(45,342)
Proceeds from capital lease	-	-	-	-	45,070
Interfund loan principal payment received	216,396	-	-	216,396	-
Proceeds from sale of capital assets	222,208	-	-	222,208	237,571
Acquisition and construction of capital assets	(5,252,735)	(1,241,868)	(17,942)	(6,512,545)	(3,408,364)
Net cash used in capital and related financing activities	(6,705,811)	(1,789,554)	(469,979)	(8,965,344)	(3,652,771)
Cash flows from investing activities:					
Interest received	-	9,264	22,616	31,880	59,276
Net cash provided by investing activities	-	9,264	22,616	31,880	59,276
Net increase (decrease) in cash and cash equivalents	4,462,467	(1,211,346)	(603,944)	2,647,177	4,561,753
Cash and cash equivalents at beginning of year	52,952,289	3,633,534	10,182,648	66,768,471	22,085,456
Cash and cash equivalents at end of year	\$ 57,414,756	\$ 2,422,188	\$ 9,578,704	\$ 69,415,648	\$ 26,647,209
Reconciliation to balance sheet:					
Non-pooled cash and cash equivalents	\$ 551	\$ 3,100	\$ 328,767	\$ 332,418	\$ -
Pooled cash and cash equivalents	-	2,419,088	9,249,937	11,669,025	26,522,209
Restricted cash and cash equivalents	57,414,205	-	-	57,414,205	-
Cash with fiscal agent	-	-	-	-	125,000
Cash and cash equivalents at end of year	\$ 57,414,756	\$ 2,422,188	\$ 9,578,704	\$ 69,415,648	\$ 26,647,209

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 6,091,069	\$ 1,115,630	\$ (3,888,836)	\$ 3,317,863	\$ (3,790,649)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,619,876	312,576	436,478	3,368,930	2,895,454
Provision for landfill closure	413,000	-	-	413,000	-
Provision for uncollectible accounts	(428,524)	-	-	(428,524)	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	(6,358,061)	18,663	(472,664)	(6,812,062)	(131,962)
(Increase) decrease in inventories	-	-	-	-	(22,969)
Increase (decrease) in accounts payable	4,937,688	(434,966)	(749,628)	3,753,094	5,155,790
Increase (decrease) in accrued payroll	74,123	18,447	108,705	201,275	(27,359)
Increase in accrual for landfill closure	413,000	-	-	413,000	-
Total adjustments	1,671,102	(85,280)	(677,109)	908,713	7,868,954
Net cash provided by (used in) operating activities	\$ 7,762,171	\$ 1,030,350	\$ (4,565,945)	\$ 4,226,576	\$ 4,078,305

See notes to financial statements.

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**COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2012**

ASSETS

Non-pooled cash and cash equivalents	\$ 16,606,011
Pooled investments	103,740,069
	<hr/>
Total assets	\$ 120,346,080
	<hr/> <hr/>

LIABILITIES

Due to component units	\$ 3,347,529
Due to other funds	149,042
Intergovernmental payable	76,806,353
Due to third parties	40,043,156
	<hr/>
Total liabilities	\$ 120,346,080
	<hr/> <hr/>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2012

<u>ASSETS</u>	Charleston County Library	Charleston County PRC	Cooper River Park & Playground	James Island PSD
Non-pooled cash and cash equivalents	\$ 2,369,401	\$ 23,406,460	\$ 13,280	\$ 7,397,753
Investments	-	-	-	-
Receivables (net of allowances for uncollectibles)	76,063	19,408,537	148,769	5,617,099
Due from primary government	-	(680,413)	45,621	963,222
Inventories	31,261	535,384	-	19,454
Prepaid items and deposits	98,577	222,877	-	181,269
Deferred issuance costs	-	-	-	153,885
Other noncurrent assets	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	476,897	-	1,731,399
Capital assets:				
Land and easements - nondepreciable	-	81,237,345	66,161	544,230
Construction in progress - nondepreciable	-	1,063,868	-	908,423
Artwork and other - nondepreciable	11,000	-	-	-
Buildings	-	46,173,617	183,786	1,551,423
Improvements other than buildings	-	18,906,132	-	46,156
Machinery and equipment	2,237,999	6,850,085	370,933	6,859,473
Infrastructure	-	4,864,816	-	38,403,799
Library materials	19,807,371	-	-	-
Accumulated depreciation	(18,899,687)	(37,128,065)	(542,685)	(16,478,371)
Total assets	5,731,985	165,337,540	285,865	47,899,214
 <u>LIABILITIES</u>				
Accounts payable	448,796	1,114,364	-	137,676
Accrued payroll and fringe benefits	173,130	257,145	-	97,108
Intergovernmental payable	-	-	34,386	21,704
Interest payable	-	304,316	-	38,843
Tax anticipation note payable	-	-	-	-
Unearned revenue	18,957	16,575,052	141,020	4,722,617
Noncurrent liabilities:				
Due within one year	65,519	3,736,602	-	1,086,079
Due in more than one year	1,076,495	23,820,246	-	9,599,381
Total liabilities	1,782,897	45,807,725	175,406	15,703,408
 <u>NET ASSETS</u>				
Invested in capital assets, net of related debt	3,156,683	97,663,608	78,195	23,441,475
Restricted for:				
Debt service	-	14,726,306	-	1,750,647
Capital improvement program	-	476,897	-	-
Donors	36,710	-	-	-
Unrestricted	755,695	6,663,004	32,264	7,003,684
Total net assets	\$ 3,949,088	\$ 119,529,815	\$ 110,459	\$ 32,195,806

See notes to financial statements.

North Charleston District	St. Andrew's Parish Parks & Playground	St. John's Fire District	St. Paul's Fire District	Charleston County Volunteer Rescue Squad Dec. 31, 2011	Totals
\$ 509,048	\$ 598,435	\$ 3,304,672	\$ 904,087	\$ 437,283	\$ 38,940,419
-	-	7,565	72,614	-	80,179
922,704	1,414,991	11,057,581	4,679,669	-	43,325,413
399,483	193,494	726,491	930,413	-	2,578,311
-	-	-	-	-	586,099
-	18,829	223,131	81,742	18,716	845,141
-	-	166,262	49,136	-	369,283
-	40,000	-	-	-	40,000
-	-	7,308,893	-	-	9,517,189
71,068	519,000	586,806	721,603	87,679	83,833,892
-	-	54,529	306,968	-	2,333,788
-	-	-	-	-	11,000
481,541	5,447,075	5,774,396	4,158,005	311,761	64,081,604
-	-	-	-	34,747	18,987,035
798,310	1,452,263	7,872,216	4,237,242	1,982,051	32,660,572
-	-	-	-	-	43,268,615
-	-	-	-	-	19,807,371
(1,129,441)	(3,633,019)	(5,558,492)	(2,616,289)	(1,680,856)	(87,666,905)
<u>2,052,713</u>	<u>6,051,068</u>	<u>31,524,050</u>	<u>13,525,190</u>	<u>1,191,381</u>	<u>273,599,006</u>
-	39,868	177,334	119,637	9,339	2,047,014
-	66,112	116,281	102,031	-	811,807
434,603	-	-	-	-	490,693
-	1,245	142,730	24,462	-	511,596
-	75,000	-	1,250,000	-	1,325,000
919,399	1,353,923	10,696,135	4,327,448	49,542	38,804,093
-	235,541	1,335,375	507,499	-	6,966,615
-	516,126	11,818,607	2,843,101	-	49,673,956
<u>1,354,002</u>	<u>2,287,815</u>	<u>24,286,462</u>	<u>9,174,178</u>	<u>58,881</u>	<u>100,630,774</u>
221,478	3,107,775	3,816,879	3,851,063	-	135,337,156
-	260	277,521	90,500	-	16,845,234
-	300,000	-	330,957	-	1,107,854
-	-	-	-	-	36,710
477,233	355,218	3,143,188	78,492	1,132,500	19,641,278
<u>\$ 698,711</u>	<u>\$ 3,763,253</u>	<u>\$ 7,237,588</u>	<u>\$ 4,351,012</u>	<u>\$ 1,132,500</u>	<u>\$ 172,968,232</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
 For the Year Ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets									Chas County Volunteer Rescue Squad Dec. 31, 2011	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	\$ 15,362,399	\$ 509,294	\$ 13,672,252	\$ 299,716	\$ (881,137)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (881,137)	
Charleston County PRC															
Governmental activities:															
General government	12,810,511	-	-	4,104,495	-	(8,706,016)	-	-	-	-	-	-	-	(8,706,016)	
Culture and recreation	3,115,843	495,319	-	-	-	(2,620,524)	-	-	-	-	-	-	-	(2,620,524)	
Planning and development	1,144,568	-	-	-	-	(1,144,568)	-	-	-	-	-	-	-	(1,144,568)	
Interest and fiscal charges	846,475	-	-	-	-	(846,475)	-	-	-	-	-	-	-	(846,475)	
Total governmental activities	17,917,397	495,319	-	4,104,495	-	(13,317,583)	-	-	-	-	-	-	-	(13,317,583)	
Business-type activities:															
Park operations	13,465,638	11,997,321	-	-	-	(1,468,317)	-	-	-	-	-	-	-	(1,468,317)	
Total Charleston County PRC	31,383,035	12,492,640	-	4,104,495	-	(14,785,900)	-	-	-	-	-	-	-	(14,785,900)	
Cooper River Park & Playground															
Governmental activities:															
General government	12,623	-	-	-	-	(12,623)	-	-	-	-	-	-	-	(12,623)	
Culture and recreation	200,609	-	-	-	-	(200,609)	-	-	-	-	-	-	-	(200,609)	
Total governmental activities	213,232	-	-	-	-	(213,232)	-	-	-	-	-	-	-	(213,232)	
James Island PSD															
Governmental activities:															
General government	779,400	-	-	-	-	-	(779,400)	-	-	-	-	-	-	(779,400)	
Public safety	3,758,393	-	-	-	-	-	(3,758,393)	-	-	-	-	-	-	(3,758,393)	
Health and welfare	1,851,516	-	-	-	-	-	(1,851,516)	-	-	-	-	-	-	(1,851,516)	
Interest and fiscal charges	75,087	-	-	-	-	-	(75,087)	-	-	-	-	-	-	(75,087)	
Total governmental activities	6,464,396	-	-	-	-	-	(6,464,396)	-	-	-	-	-	-	(6,464,396)	
Business-type activities:															
Wastewater	4,970,845	5,556,694	-	-	-	-	585,849	-	-	-	-	-	-	585,849	
Total James Island PSD	11,435,241	5,556,694	-	-	-	-	(5,878,547)	-	-	-	-	-	-	(5,878,547)	
North Charleston District															
Governmental activities:															
General government	18,867	-	-	-	-	-	-	(18,867)	-	-	-	-	-	(18,867)	
Public safety	929,324	-	-	-	-	-	-	(929,324)	-	-	-	-	-	(929,324)	
Public works	332,593	-	-	-	-	-	-	(332,593)	-	-	-	-	-	(332,593)	
Total governmental activities	1,280,784	-	-	-	-	-	-	(1,280,784)	-	-	-	-	-	(1,280,784)	

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
 For the Year Ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets									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	Chas County Volunteer Rescue Squad Dec. 31, 2011	
St. Andrew's Parish Parks & Playground Commission														
Governmental activities:														
General government	\$ 1,317,966	\$ -	\$ 2,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,315,259)	\$ -	\$ -	\$ -	
Culture and recreation	545,004	492,348	-	-	-	-	-	-	-	(52,656)	-	-	-	
Interest	8,813	-	-	-	-	-	-	-	-	(8,813)	-	-	-	
Total governmental activities	1,871,683	492,348	2,608	-	-	-	-	-	-	(1,376,727)	-	-	-	
Business-type activities:														
Culture and recreation	1,497,065	1,169,333	-	-	-	-	-	-	-	(327,732)	-	-	-	
Total St. Andrew's Parish Parks & Playground Commission	3,368,748	1,661,681	2,608	-	-	-	-	-	-	(1,704,459)	-	-	-	
St. John's Fire District														
Governmental activities:														
Public safety	10,596,434	-	9,334	209,798	-	-	-	-	-	-	(10,377,302)	-	-	
St. Paul's Fire District														
Governmental activities:														
Public safety	5,323,719	-	-	1,400,400	-	-	-	-	-	-	-	(3,923,319)	-	
Charleston County Volunteer Rescue Squad														
Governmental activities:														
Public Safety	410,412	-	297,259	-	-	-	-	-	-	-	-	-	(113,153)	
Total Component Units	\$ 79,374,004	\$ 20,220,309	\$ 13,981,453	\$ 6,014,409										
General Revenues:														
Property taxes						15,786,911	152,105	6,241,202	935,527	1,440,286	10,740,556	4,600,097	-	
Merchants inventory tax and manufacturer's depreciation						626,028	55,574	26,232	211,586	228,761	17,985	13,742	-	
Franchise fees						-	-	-	46,097	-	-	-	-	
Grants not restricted to specific program						4,699	-	-	-	-	-	-	-	
Unrestricted investment earnings					31	60,228	-	4,525	1,273	-	971	550	601	
Gains on sale of capital assets						-	-	14,474	-	-	-	-	7,527	
Fundraising and donations						-	-	-	-	-	-	-	43,332	
Miscellaneous						416,121	3	70,198	2,352	-	35,991	15,504	1,379	
Total general revenues					31	16,893,987	207,682	6,356,631	1,196,835	1,669,047	10,796,503	4,630,993	52,839	
Change in net assets					(881,106)	2,108,087	(5,550)	478,984	(83,949)	(35,412)	419,201	707,674	(60,314)	
Net assets - beginning, as restated					4,830,194	117,421,728	116,009	31,717,722	782,660	3,798,665	6,818,387	3,643,338	1,192,814	
Net assets - end of year					\$ 3,949,088	\$ 119,529,815	\$ 110,459	\$ 32,195,806	\$ 698,711	\$ 3,763,253	\$ 7,237,588	\$ 4,351,012	\$ 1,132,500	

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

INDEX

	<u>Page(s)</u>
Summary of Significant Accounting Policies	
Introduction	61
Financial Reporting Entity	61-64
Basis of Presentation	65-68
Measurement Focus	68
Basis of Accounting	68-69
Assets, Liabilities and Equity	
Cash and Investments	70
Receivables and Payables	70-71
Inventories and Prepaid Items	71
Restricted Assets	72
Capital Assets	72
Long-term Obligations	73
Compensated Absences	73
Fund Equity	73-74
Accounting Estimates	74
Net Assets	74
Operating Revenues and Expenses	75
Interfund Activity	75
Stewardship, Compliance and Accountability	
Budgetary Information	75-76
Restatement of Prior Year Fund Equities	76
Detailed Notes On All Funds	
Cash Deposits, Cash Equivalents and Investments	76-79
Receivables	80-82
Capital Assets	83-87
Interfund Receivables and Payables	87
Interfund Transfers	88
Leases	88
Landfill Closure	89
Short-term Debt	89
Long-term Debt	90-103
Fund Equity	104
Other Information	
Risk Management	104-105
Segment Information	106
Subsequent Events	107
Contingent Liabilities	107-108
Commitments	108-112
Deferred Compensation Plan	112-113
Other Post-employment Benefits	113-115
Funds Held by Coastal Community Foundation	116
Employee Retirement Systems and Plans	116-117
Related Party	117
New Accounting Pronouncements	118-119

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012.

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, economic development 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 Rescue Squad Inc., 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 the Charleston County Volunteer Rescue Squad, Inc., has a June 30 year-end. The Charleston County Volunteer Rescue Squad, Inc. has a December 31 year-end.

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

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

Blended Component Units Reported with the Primary Government	Brief Description of Activities and Relationship to the County	Reporting Funds
<p>Charleston Public Facilities Corporation Administrative Office Address: 4045 Bridge View Drive Room 429 North Charleston, SC 29405 Telephone: (843) 958-4600</p> <p>Charleston Development Corporation Administrative Office Address: 4045 Bridge View Drive Suite B226 North Charleston, SC 29405 Telephone: (843) 958-4600</p>	<p>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.</p> <p>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.</p>	<p>Debt Service Fund- Certificates of Participation Enterprise Fund- Parking Garages DAODAS</p> <p>Special Revenue Fund- Charleston Development Corporation</p>
Discretely Presented Component Units	Brief Description of Activities and Relationship to the County	
<p>Charleston County Library (CCL) Administrative Office Address: 68 Calhoun Street Charleston, SC 29401 Telephone: (843) 805-6801</p>	<p>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.</p>	

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Discretely Presented Component Units	Brief Description of Activities and Relationship to the County
<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: PO Box 71846 N. Charleston, SC 29415 Telephone: (843) 764-3072</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 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>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Discretely Presented Component Units	Brief Description of Activities and Relationship to the County
<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>
<p>St. John's Fire District (SJFD) Administrative Office Address: P.O. Box 56 Johns Island, SC 29457 Telephone: (843) 559-9194</p>	<p>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.</p>
<p>St. Paul's Fire District (SPFD) Administrative Office Address: P.O. Box 65 Hollywood, SC 29449 Telephone: (843) 889-6450</p>	<p>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.</p>
<p>Charleston County Volunteer Rescue Squad, Inc. (CCVRS) Administrative Office Address: P.O. Box 5012 North Charleston, SC 24906 Telephone: (843) 225-7728</p>	<p>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.</p>

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 Capital Projects Fund – This fund accounts for financial resources to be used to complete several construction projects funded by bond issues. These include the Consolidated Dispatch Center, Detention Center expansion, and radio system improvements.

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.

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:

Environmental Management – This fund is used to account for the County's solid waste disposal activities, currently consisting of the following:

1. Incineration plant service agreement including ash disposal, which was terminated December 2009.
2. Landfill to dispose of all county dry goods and construction materials.
3. Service contracts for hauling and transfer of municipal solid waste

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, tipping fees at the landfill, and sale of recyclables.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Charleston County Council elected not to renew the service agreement with Montenay for the incinerator that ended November 30, 2009. The waste-to-energy facility has been dismantled according to the terms of the facility site lease removing all buildings and equipment improvements. Charleston County and Montenay are currently negotiating the final adjustment to the operation and maintenance fees according to the service agreement.

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.

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 – 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 and payments from retirees. The fund is administered by seven trustees; the Finance Director 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) Assistant Administrator of Finance. 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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 Revenue Collections Director, Clerk of Court (who administers both Clerk of Court and Family Court funds), 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 of 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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

Unearned/Deferred Revenue – Deferred and unearned 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, 2011, but which were levied to finance fiscal year 2013 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, at 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 represents 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.

The County also charges an annual storm water fee to real property owners in unincorporated areas and certain municipalities. This fee funds the County's storm water management program, which is now required under federal regulations. An allowance for uncollectible accounts is established based upon historical estimates.

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 nonspendable fund balance 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, 2012**

4. Restricted Assets

Certain assets of the County's Debt Service 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, 2012.

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
JUNE 30, 2012

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

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of the other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of invested in capital assets, net of related debt" or "restricted."

Fund Statements

The County has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. Fund balances are classified as follows:

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form, such as inventory or prepaid insurance, or because they are legally or contractually required to be maintained intact – such as a trust.

Restricted – Amounts that can be spent only for specific purposes because of County ordinances, state or federal laws, or externally imposed conditions by grantors or creditors – such as a millage adopted to pay the County's debt.

Committed – Amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., County Council). To be reported as committed, amounts cannot be used for any other purpose unless County Council takes the same highest level action to remove or change the constraint. Amounts in committed fund balance classification may be used for other purposes with appropriate due process by the County Council.

Assigned – Amounts the County intends to use for specific purpose. Intent can be expressed by an official or body to which County Council delegates the authority. At this time, Council has elected not to delegate this authority.

County Council is the County's highest level of decision making. County Council can establish, modify or rescind a fund balance commitment through adoption of a resolution or ordinance.

The County targets General Fund unassigned fund balance at a minimum of 1-1/2 to 2 months of the subsequent year's General Fund disbursements.

Unassigned – All amounts not included in other spendable classifications. The County permits funds to be expended in the following order: Committed, Assigned, and Unassigned.

9. Accounting Estimates

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

10. Net Assets

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

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2012, \$21,593,104 of net assets is restricted by enabling legislation.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, revenue collections, 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 goods or services 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 non-operating 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.

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, Fire Districts, Hazardous Materials Enforcement, Public Defender, 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. Certain reclasses have been made to the general fund presentation of the budget.

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 Assistant Administrators the authority to transfer between departments. The budget ordinance must be amended by Council to effect changes in fund totals.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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.

B. Restatement of Prior Year Fund Equities

During the fiscal year ended June 30, 2012, one of the County's component units made adjustments to the OPEB liability that resulted in a restatement of beginning net assets. This adjustment was due to a change to the pay as you go assumption.

	Component Unit
	CCPRC
Net assets, July 1, 2011	\$ 117,555,326
Restatements: OPEB liability	(133,598)
Net assets, July 1, 2011 (as restated)	\$ 117,421,728

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 otherwise meets the criteria established and prescribed by the local entity.

As of June 30, 2012, none of the County's bank balance of \$132,991,326 was exposed to custodial credit risk.

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, 2012, the County had no exposed custodial credit risk on its investments which total \$347,929,097. \$244,189,028 is reported on the Statement of Net Assets and \$103,740,069 is reported with Agency Funds. The County does not have a formal investment policy to address custodial credit risk.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

Credit Risk

The County had \$124,760,445 invested in the South Carolina Local Government Investment Pool (SCLGIP). \$2,295,000 has been invested in certificates of deposits and therefore by definition is not subject to credit risk. \$1,451,584 has been invested in debt securities of the Federal Home Loan Mortgage Discount Note, \$219,421,528 has been invested in Federal National Mortgage Assistance Pool. They are rated AAA and Aaa for long-term unsecured debt by Standards & Poor's and Moodys, respectively. The County has no formal policy relating to the credit risk of investments.

Investment Policy

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.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

The County's investments have a fair value of \$347,929,097 as of June 30, 2012.

	<u>Maturity Date</u>		
	<u>Less than 1 year</u>	<u>1 – 5 years</u>	<u>Over 5 years</u>
Investments and Maturity:			
Certificates of Deposits	\$ 2,295,000	\$ -	\$ -
SCLGIP	124,760,445	-	-
Federal Home Loan Mortgage Discount Note	1,451,584	-	-
Federal National Mortgage Assistance Pool	<u>141,513,068</u>	<u>67,909,000</u>	<u>10,000,000</u>
	<u>\$ 270,020,097</u>	<u>\$ 67,909,000</u>	<u>\$ 10,000,000</u>

Concentrations of Credit Risk

More than 5 percent of the County's investments are listed as follows:

Certificates of Deposits	.66%
SCLGIP	35.86%
Federal Home Loan Mortgage Discount Note	.42%
Federal National Mortgage Assistance Pool	<u>63.06%</u>
	100.00%

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

As of June 30, 2012, the Charleston County Park and Recreation Commission's total bank balance was \$14,328,489. Of this amount, \$13,195,900 was insured under FDIC or collateralized by government investments held by the pledging financial institution's trust department or agent in the Commission's name. The uncollateralized balance of \$1,132,589 resulted from a timing difference of accounts collateralized in excess of FDIC.

Credit Risk

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

Concentrations of Credit Risk

The component units have no formal policies that limit the amounts that may be invested in any one issuer.

Custodial Credit Risk-Investments

None of the component units have a formal investment policy for managing custodial credit risk. As of June 30, 2012, St. Paul's Fire District had \$72,614, James Island Public Service District had \$117,817 and St. John's Fire District had \$7,316,458 invested in the State Treasurer's Local Government Investment Pool.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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 - primary government	\$ 22,785
Cash on hand - component units	114,363
Carrying amount of deposits - primary government	186,851,045
Carrying amount of deposits - component units	41,034,352
Carrying amount of investments - primary government	347,928,557
Carrying amount of investments - component units	7,389,072
Cash with fiscal agent - primary government	<u>125,000</u>
 Total carrying amount of cash and investments	 <u>\$ 583,465,174</u>
 Non-pooled cash and cash equivalents	 \$ 60,088,881
Pooled cash and cash equivalents	106,844,474
Restricted cash and cash equivalents	68,397,543
Pooled investments	344,766,793
Non-pooled investments	3,242,483
Cash with fiscal agent	<u>125,000</u>
 Total carrying amount of cash and investments	 <u>\$ 583,465,174</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

B. Receivables

Receivables as of June 30, 2012, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>			
	<u>General</u>	<u>Debt Service</u>	<u>Transportation Special Revenue Fund</u>	<u>Non-major Governmental Funds</u>
Primary government:				
Receivables:				
Current property taxes	\$ 121,754,027	\$ 18,614,024	\$ -	\$ 9,187,466
Delinquent property taxes	4,953,303	1,089,403	-	565,693
Accounts	17,329,984	-	156,841	1,192,892
Intergovernmental	16,065,633	-	21,905,057	9,895,221
Notes	-	-	-	66,733
Gross receivables	<u>160,102,947</u>	<u>19,703,427</u>	<u>22,061,898</u>	<u>20,908,005</u>
Less allowance for uncollectibles:				
Current property taxes	6,075,526	874,860	-	489,138
Delinquent property taxes	1,042,194	225,199	-	116,168
Accounts	13,069,941	-	-	149,140
Notes	-	-	-	66,733
Gross allowance	<u>20,187,661</u>	<u>1,100,059</u>	<u>-</u>	<u>821,179</u>
Net total receivable	<u>\$ 139,915,286</u>	<u>\$ 18,603,368</u>	<u>\$ 22,061,898</u>	<u>\$ 20,086,826</u>
	<u>Proprietary</u>	<u>Totals</u>		
	<u>Business-type Activities</u>	<u>Governmental Activities-Internal Service Funds</u>	<u>Primary Government</u>	
Receivables:				
Current property taxes	\$ -	\$ -	\$ 149,555,517	
Delinquent property taxes	-	-	6,608,399	
Accounts	33,467,474	178,240	52,325,431	
Intergovernmental	1,002,851	52,063	48,920,825	
Notes	-	-	66,733	
Gross receivables	<u>34,470,325</u>	<u>230,303</u>	<u>257,476,905</u>	
Less allowance for uncollectibles:				
Current property taxes	-	-	7,439,524	
Delinquent property taxes	-	-	1,383,561	
Accounts	5,900,936	-	19,120,017	
Notes	-	-	66,733	
Gross allowance	<u>5,900,936</u>	<u>-</u>	<u>28,009,835</u>	
Net total receivable	<u>\$ 28,569,389</u>	<u>\$ 230,303</u>	<u>\$ 229,467,070</u>	

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Component Units:

	<u>CCL</u>	<u>CCPRC</u>	<u>CRPPC</u>	<u>JIPSD</u>	<u>NCD</u>
Receivables:					
Current property taxes	\$ -	\$ 16,523,739	\$ 148,614	\$ 4,944,615	\$ 914,551
Delinquent property taxes	-	952,597	11,787	312,482	80,084
Accounts	76,063	281,618	-	254,097	-
Intergovernmental	-	2,474,908	-	379,905	-
Gross receivables	<u>76,063</u>	<u>20,232,862</u>	<u>160,401</u>	<u>5,891,099</u>	<u>994,635</u>
Less allowance for uncollectible:					
Current property taxes	-	741,916	7,594	221,500	46,734
Delinquent property taxes	-	82,409	4,038	14,500	25,197
Accounts	-	-	-	38,000	-
Gross allowance	-	<u>824,325</u>	<u>11,632</u>	<u>274,000</u>	<u>71,931</u>
Net total receivable	<u>\$ 76,063</u>	<u>\$ 19,408,537</u>	<u>\$ 148,769</u>	<u>\$ 5,617,099</u>	<u>\$ 922,704</u>

	<u>SAPPPC</u>	<u>SJFD</u>	<u>SPFD</u>	<u>Total Component Units</u>
Receivables:				
Current property taxes	\$ 1,310,327	\$ 10,923,213	\$ 4,717,593	\$39,482,652
Delinquent property taxes	88,613	315,403	491,966	2,252,932
Accounts	-	124,261	-	736,039
Intergovernmental	107,251	-	-	2,962,064
Gross receivables	<u>1,506,191</u>	<u>11,362,877</u>	<u>5,209,559</u>	<u>45,433,687</u>
Less allowance for uncollectible:				
Current property taxes	67,220	246,864	390,145	1,721,973
Delinquent property taxes	23,980	58,432	139,745	348,301
Accounts	-	-	-	38,000
Gross allowance	<u>91,200</u>	<u>305,296</u>	<u>529,890</u>	<u>2,108,274</u>
Net total receivable	<u>\$ 1,414,991</u>	<u>\$ 11,057,581</u>	<u>\$ 4,679,669</u>	<u>\$43,325,413</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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.

During March 2010, the County entered into an agreement with the City of Charleston where the County is to provide digital radio system and services for the City's police and fire services at an initial cost of \$1,431,217 for equipment. The County did not complete the 800 megahertz (MHz) upgrade until August 2010, at which point the City of Charleston owed the County the first of four payments of \$375,207.

Primary Government

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 375,207
2014	<u>375,207</u>
Total minimum note payments	750,414
Less amount representing interest	<u>(28,773)</u>
Present value of minimum note payments	721,641
Less current portion	<u>(356,108)</u>
Long-term portion	<u>\$ 365,533</u>



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**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2012, was as follows:

Governmental Activities:	<u>Balance July 1, 2011</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2012</u>
Capital assets not being depreciated:				
Land	\$ 16,704,242	\$ 4,508,796	\$ -	\$ 21,213,038
Construction in progress	12,264,371	15,181,241	(10,382,547)	17,063,065
Infrastructure-easements, land	8,557,395	89,448	(3,627)	8,643,216
Total capital assets not being depreciated	<u>37,526,008</u>	<u>19,779,485</u>	<u>(10,386,174)</u>	<u>46,919,319</u>
Capital assets being depreciated:				
Buildings	303,183,365	3,289,151	-	306,472,516
Improvements other than buildings	2,166,637	-	-	2,166,637
Machinery and equipment	84,105,251	18,669,528	(3,911,975)	98,862,804
Infrastructure	37,877,422	349,698	-	38,227,120
Total capital assets being depreciated	<u>427,332,675</u>	<u>22,308,377</u>	<u>(3,911,975)</u>	<u>445,729,077</u>
Less accumulated depreciation:				
Buildings	(66,926,700)	(7,039,003)	-	(73,965,703)
Improvements other than buildings	(1,434,135)	(46,012)	-	(1,480,147)
Machinery and equipment	(58,397,553)	(8,545,511)	3,661,236	(63,281,828)
Infrastructure	(31,212,453)	(1,138,295)	-	(32,350,748)
Total accumulated depreciation	<u>(157,970,841)</u>	<u>(16,768,821)</u>	<u>3,661,236</u>	<u>(171,078,426)</u>
Total capital assets being depreciated, net	<u>269,361,834</u>	<u>5,539,556</u>	<u>(250,739)</u>	<u>274,650,651</u>
Governmental activities				
Total capital assets, net	<u>\$ 306,887,842</u>	<u>\$ 25,319,041</u>	<u>\$ (10,636,913)</u>	<u>\$ 321,569,970</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

	<u>Balance as July 1, 2011</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2012</u>
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 3,950,930	\$ -	\$ -	\$ 3,950,930
Construction in progress	<u>1,442,511</u>	<u>1,241,868</u>	<u>(2,684,379)</u>	<u>-</u>
Total capital assets not being depreciated	<u>5,393,441</u>	<u>1,241,868</u>	<u>(2,684,379)</u>	<u>3,950,930</u>
Capital assets being depreciated:				
Buildings	25,068,058	2,656,024	-	27,724,082
Improvements other than buildings	16,799,704	28,355	(6,278)	16,821,781
Machinery and equipment	<u>18,286,302</u>	<u>5,280,746</u>	<u>(1,251,542)</u>	<u>22,315,506</u>
Total capital assets being depreciated	<u>60,154,064</u>	<u>7,965,125</u>	<u>(1,257,820)</u>	<u>66,861,369</u>
Less accumulated depreciation:				
Buildings	(8,617,040)	(727,322)	-	(9,344,362)
Improvements other than buildings	(1,410,885)	(841,442)	6,278	(2,246,049)
Machinery and equipment	<u>(11,798,538)</u>	<u>(1,754,784)</u>	<u>1,208,470</u>	<u>(12,344,852)</u>
Total accumulated depreciation	<u>(21,826,463)</u>	<u>(3,323,548)</u>	<u>1,214,748</u>	<u>(23,935,263)</u>
Total capital assets being depreciated, net				
Business-type activities	<u>38,327,601</u>	<u>4,641,577</u>	<u>(43,072)</u>	<u>42,926,106</u>
Total capital assets, net	<u>\$ 43,721,042</u>	<u>\$ 5,883,445</u>	<u>\$ (2,727,451)</u>	<u>\$ 46,877,036</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Governmental Activities	
General government	\$ 7,556,360
Public safety	5,434,407
Judicial	1,409,341
Public works	1,568,920
Health and welfare	160,857
Economic development	11,393
Culture and recreation	<u>627,543</u>
Total	<u>\$ 16,768,821</u>

Business-type Activities	
DAODAS	244,724
E-911 Communications	141,920
Environmental Management	\$ 2,584,623
Parking Garages	307,014
Radio Communications	<u>45,267</u>
Total	<u>\$ 3,323,548</u>

Component Units:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 75,953,794	\$ 7,880,098	\$ -	\$ 83,833,892
Artwork	11,000	-	-	11,000
Construction in progress	<u>2,165,713</u>	<u>3,329,628</u>	<u>(3,161,553)</u>	<u>2,333,788</u>
Total capital assets not being depreciated	<u>78,130,507</u>	<u>11,209,726</u>	<u>(3,161,553)</u>	<u>86,178,680</u>
Capital assets being depreciated:				
Buildings	60,956,988	3,198,845	(74,229)	64,081,604
Improvements other than buildings	19,120,570	59,641	(193,176)	18,987,035
Machinery and equipment	32,919,057	1,825,401	(2,083,886)	32,660,572
Infrastructure	42,249,469	1,345,061	(325,915)	43,268,615
Library materials	<u>22,339,056</u>	<u>1,386,715</u>	<u>(3,918,400)</u>	<u>19,807,371</u>
Total capital assets being depreciated	<u>177,585,140</u>	<u>7,815,663</u>	<u>(6,595,606)</u>	<u>178,805,197</u>
Less accumulated depreciation	<u>(86,277,155)</u>	<u>(7,670,024)</u>	<u>6,280,274</u>	<u>(87,666,905)</u>
Total capital assets being depreciated, net	<u>91,307,985</u>	<u>145,639</u>	<u>(315,332)</u>	<u>91,138,292</u>
Component units				
Total capital assets, net	<u>\$ 169,438,492</u>	<u>\$ 11,355,365</u>	<u>\$ (3,476,885)</u>	<u>\$ 177,316,972</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

General government	\$ 2,487,858
Public safety	1,512,041
Culture and recreation	2,693,314
Health and welfare	93,556
Waste water	<u>883,255</u>
 Total	 <u>\$ 7,670,024</u>

Construction in progress in the Governmental Activities as of June 30, 2012, is composed of the following:

Primary Government	<u>Project Authorization</u>	<u>Expended to June 30, 2012</u>	<u>Commitments Outstanding</u>	<u>Required Future Financing</u>
Consolidated Dispatch Center	\$ 26,620,000	\$ 12,802,532	\$ 7,070,704	General obligation bonds
Detention Center Admin Bldg.	610,000	55,776	106,250	None
Law Enforcement Center	12,500,000	141,943	519,707	General obligation bonds
Seahawk IOC Wireless	608,324	200,000	408,324	None
Pictometry Change Analysis	52,460	47,294	44,616	None
Radio System	<u>7,000,000</u>	<u>3,815,520</u>	<u>3,080,880</u>	General obligation bonds
Total primary government	<u>\$ 47,390,784</u>	<u>\$ 17,063,065</u>	<u>\$ 11,230,481</u>	

Commitments outstanding represent signed contracts and outstanding encumbrances of the County. As of June 30, 2012, the County has assets under capital lease with a total cost of \$7,686,978 and a net book value of \$3,814,081. The assets are computer equipment depreciated over a three to five year period, copier equipment depreciated over a five year period and two firefighting vehicles depreciated over an eight year period included in the County's machinery and equipment capital asset category. Also included is a capital lease for the Lee Building which is being depreciated over a 45 year period. This asset is included in the buildings capital asset category.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Component Unit	<u>Project Authorization</u>	<u>Expended to June 30, 2012</u>	<u>Commitments Outstanding</u>	<u>Required Future Financing</u>
CCPRC				
Meggett property	\$ -	\$ 1,900	\$ -	None
W.O. Thomas Boat landing	11,800	11,880	-	None
McLeod Plantation	987,827	862,918	117,686	None
Steamboat landing	24,995	19,286	5,709	None
West Ashley Phase I	181,585	93,892	87,693	None
Small projects	175,000	727	-	None
Folly Beach fishing pier	<u>120,440</u>	<u>73,265</u>	<u>47,175</u>	None
Total CCPRC	<u>1,501,647</u>	<u>1,063,868</u>	<u>258,263</u>	
JIPSD				
Waste water upgrade	<u>2,239,875</u>	<u>908,423</u>	<u>1,331,452</u>	Impact fees & Revenue Bonds
Total JIPSD	<u>2,239,875</u>	<u>908,423</u>	<u>1,331,452</u>	
SJFD Building	<u>3,732,201</u>	<u>54,529</u>	<u>144,500</u>	None
Total SJFD	<u>3,732,201</u>	<u>54,529</u>	<u>144,500</u>	
SPFD				
Station 1 Renovation	<u>480,000</u>	<u>306,968</u>	<u>169,503</u>	None
Total SPFD	<u>480,000</u>	<u>306,968</u>	<u>169,503</u>	
Total Component Units	<u>\$ 7,953,723</u>	<u>\$ 2,333,788</u>	<u>\$ 1,903,718</u>	

D. Interfund Receivables and Payables

The composition of primary government interfund balances at June 30, 2012, is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Major governmental funds: General Fund	\$ 7,003,760	\$ 797,090
Non-major governmental funds	94,469	2,445,312
Major enterprise funds: Environmental Management	-	4,503,875
Internal service funds	797,090	-
Agency Funds	-	149,042
Total	<u>\$ 7,895,319</u>	<u>\$ 7,895,319</u>

Interfund 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, 2012**

E. Interfund Transfers

A summary of transfers is as follows:

	Transfer In	Transfer Out
Major governmental funds:		
General Fund	\$ 585,170	\$ (10,938,992)
Debt Service Fund	4,961,390	(687,955)
Transportation and Road Sales Tax	16,981,376	(19,981,376)
Non-major governmental funds	11,038,729	(9,089,571)
Major business-type activities:		
Parking Garage	-	(461,406)
Non-major business-type activities	3,515,692	-
Internal Service Funds	4,580,414	(503,471)
 Total	\$ 41,662,771	\$ (41,662,771)

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 March 2008 the Charleston County Library entered into a new lease agreement for copiers. The lease agreement is for a sixty-month period commencing January 2008, with a minimum monthly charge of \$12,450, for a total minimum commitment of \$747,000 over the term of the lease. 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, 2012, is \$206,875.

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

Year Ending - June 30	CCL
2013	\$ 74,700

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 \$5,360,000 reported as the accrual for landfill closure and post-closure at June 30, 2012, represents the estimated remaining cost reported of \$22,898,000 less \$17,538,000 deferred to date based on the following information:

Landfill Site	Percentage Of Capacity Used	Estimated Costs Recognized			Balance To Be Recognized
		Closure	Post-closure	Total	
Romney Street	100%	\$ 5,244,478	\$ 560,200	\$ 5,804,678	\$ -
Bees Ferry:					
Ash storage facility	100%	929,018	319,500	1,248,518	-
68 acres	100%	6,038,809	-	6,038,809	-
54 acres	100%	6,190,000	3,537,000	9,727,000	-
Bees Ferry lined landfill	14%	2,130,313	719,687	2,850,000	17,480,000
Bees Ferry C&D landfill	97%	1,210,000	590,000	1,800,000	58,000
Totals		\$21,742,618	\$ 5,726,387	\$ 27,469,005	\$ 17,538,000

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2012. The County began to close the Landfills in 1994. 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 Deputy Administrator for Finance 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 201 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 or lines of credit to finance general operating expenditures during the fiscal year ended June 30, 2012. The activity in short-term debt for the fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
SAPPPC	\$ -	\$ 1,000,000	\$ 925,000	\$ 75,000
SPFD	-	1,250,000	-	1,250,000
SJFD	-	1,000,000	1,000,000	-
	<u>\$ -</u>	<u>\$ 3,250,000</u>	<u>\$ 1,925,000</u>	<u>\$ 1,325,000</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2012.

Primary Government:	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012	Amounts Due in One Year
<u>Governmental activities</u>					
General obligation bonds	\$394,957,209	\$ 248,766,267	\$ 46,343,326	\$ 597,380,150	\$ 22,357,082
Certificates of participation	35,245,570	-	3,663,071	31,582,499	3,591,890
Intergovernmental note payable	32,051,316	-	1,163,460	30,887,856	1,230,126
Capital lease payable	2,810,433	299,650	1,071,831	2,038,252	1,054,101
Compensated absences	9,904,172	778,917	334,510	10,348,579	334,510
OPEB	<u>13,833,426</u>	<u>3,967,557</u>	<u>-</u>	<u>17,800,983</u>	<u>-</u>
Total	<u>\$488,802,126</u>	<u>\$ 253,812,391</u>	<u>\$ 52,576,198</u>	<u>\$ 690,038,319</u>	<u>\$ 28,567,709</u>
<u>Business-type activities</u>					
Certificates of participation	\$ 6,252,256	\$ -	\$ 642,711	\$ 5,609,545	\$ 643,758
Revenue bonds	4,843,673	-	1,611,385	3,232,288	1,697,982
Accrual for landfill closure	4,947,000	413,000	-	5,360,000	413,000
Compensated absences	1,045,796	125,173	22,893	1,148,076	22,861
Total	<u>\$ 17,088,725</u>	<u>\$538,173</u>	<u>\$ 2,276,989</u>	<u>\$ 15,349,909</u>	<u>\$ 2,777,601</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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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 Bond's payable at June 30, 2012, is comprised of the following:

Issue Date	Title of Issues	Principal Amount	
		Original	Outstanding
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 was due in fiscal year 2005.	\$ 63,740,000	\$ 36,980,000
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 was due in fiscal year 2008.	65,000,000	23,700,000
December 5, 2007	General Obligation Bonds, Series 2007, 4.30 percent to 5.0 percent interest, semi-annual interest payments beginning in May 2008, matures 2028; the first annual principal payment is due in fiscal year 2010.	75,000,000	70,885,000
December 5, 2007	General Obligation Transportation Sales Tax Bonds, Series 2007 (referendum), 4.00 percent to 5.25 percent interest, semi-annual interest payments beginning in May 2008, matures 2027; the first annual principal payment is due in fiscal year 2010.	150,000,000	142,150,000
August 1, 2009	General Obligation Capital Improvement Bonds of 2009, Series A, 3.00 percent to 5.50 percent interest, annual principal payment beginning in fiscal year 2012, semi-annual interest payments beginning in fiscal year 2010, matures in fiscal year 2029.	50,000,000	48,900,000
August 1, 2009	General Obligation Refunding Bonds of 2009, Series B, 1.25 percent to 3.25 percent interest, annual principal payments beginning in fiscal year 2011, semi-annual interest payments beginning in fiscal year 2010, matures in fiscal year 2021.	20,775,000	14,735,000
July 27, 2011	General Obligation Capital Improvement Transportation Sales Tax Bonds of 2011, 3.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2011, first annual principal payment due in fiscal year 2013, matures in fiscal year 2030.	167,000,000	167,000,000

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

July 27, 2011	General Obligation Capital Improvement Bonds of 2011, 2.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2011, first annual principal payment due in fiscal year 2013, matures in fiscal year 2032.	27,100,000	27,100,000
March 22, 2012	General Obligation Transportation Sales Tax Refunding Bonds of 2012, 2.00 percent to 5.00 percent interest, semi-annual interest payments beginning in May 2012, first annual principal payment due in fiscal year 2013, matures in fiscal year 2025.	<u>32,095,000</u>	<u>32,095,000</u>
Subtotal		<u>\$650,710,000</u>	563,545,000
Less Deferred refunding cost			(6,753,745)
Add: Premium			<u>40,588,895</u>
General Obligation debt per statement of net assets			597,380,150
Less current portion, including deferred refunding cost and premium			<u>(22,357,082)</u>
Long-term portion outstanding			<u>\$ 575,023,068</u>

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 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, 2012, is comprised of the following:

Issue Date	Title of Issues	Principal Amount	
		Original	Outstanding
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	\$ 21,410,000
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>15,975,000</u>
Subtotal		<u>\$ 64,105,000</u>	37,385,000
Less: Deferred refunding cost			(1,187,067)
Add: Premium			<u>994,111</u>
Certificate of participation debt per statement of net assets			37,192,044
Less current portion, including deferred refunding cost and premium			<u>(4,235,648)</u>
Long-term portion outstanding			<u>\$ 32,956,396</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, is comprised of the following:

Issue Date	Title of Issues	Principal Amount	
		Original	Outstanding
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.	\$ 14,525,000	\$ 3,375,000
Subtotal		<u>\$ 14,525,000</u>	3,375,000
Less: Deferred refunding cost applicable to business-type activities			(174,194)
Add: Premium applicable to business-type activities			31,482
Revenue bond debt per statement of net assets			3,232,288
Less current portion, including deferred refunding cost and premium			<u>(1,697,982)</u>
Long-term portion outstanding			<u>\$ 1,534,306</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 beginning January 2004. 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, 2012, are as follows:

Year Ending June 30	Intergovernmental Note Payable	Principal	Interest
2013	\$ 3,000,000	\$ 1,230,126	\$ 1,769,874
2014	3,000,000	1,300,612	1,699,388
2015	3,000,000	1,375,137	1,624,863
2016	3,000,000	1,453,933	1,546,067
2017	3,000,000	1,537,243	1,462,757
2018-2022	15,000,000	9,112,857	5,887,143
2023-2027	15,000,000	12,040,532	2,959,468
2028	3,000,000	2,837,416	162,584
Total	<u>\$ 48,000,000</u>	<u>\$ 30,887,856</u>	<u>\$ 17,112,144</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, include the following:

<u>Governmental Activities</u>	<u>Original</u>	<u>Outstanding</u>
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	\$ 678,549
Lease dated February 2009 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight semi-annual installments of \$116,101 through October 2012, includes principal and interest at 10.6 percent per annum.	775,100	110,222
Leases dated December 2009 to February 2010 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight equal installments of \$97,901 through November 2013, includes principal and interest at 4.933 percent to 4.964 percent per annum.	702,710	279,742
Leases dated December 2010 to May 2011 payable to MB Financial Bank for the purchase of new computer equipment. Payable in eight equal semi-annual installments of \$74,383 through January 2015, includes principal and interest at 1.220 percent to 1.598 percent per annum.	575,857	363,503
Leases dated June 2012, payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight semi-annual installments of \$4,649 through April 2016, includes principal and interest at 7.181 percent per annum	32,575	32,575
Leases dated June 2012 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in ten semi-annual installments of \$31,338 through April 2017, includes principal and interest at 6.572 to 6.587 percent per annum.	267,075	267,075
<u>Internal Service Fund</u>		
Lease dated February 2010 payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in five annual installments of \$3,078 to \$9,234 through July 2013, and includes principal and interest of 5.114 to 7.807 percent per annum.	28,768	9,401
Lease dated July 2010 payable to Ontario Investments, Inc. for the purchase of a new copier. Payable in five equal installments of \$13,116 through July 2014, includes principal and interest at 6.366 percent per annum	56,974	34,823
Leases dated November 2010 payable to Ontario Investments, Inc. for the purchase of new copiers. Payable in three annual installments of \$24,242 through December 2012, includes principal and interest from 2.221 percent to 4.298 percent per annum.	83,282	29,226
Lease dated September 2008-February 2009 payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in five annual installments of \$250,598 through March 2013, and includes principal and interest at 7.285 to 10.994 percent per annum.	1,130,205	233,136
	<u>\$ 6,077,971</u>	<u>2,038,252</u>
Less current portion		(1,054,101)
Long-term portion outstanding		<u>\$ 984,151</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

A summary of the annual requirements are as follows:

Year Ending June 30	Principal	Interest	Totals
2013	\$ 1,054,101	\$ 85,499	\$ 1,139,600
2014	606,121	35,112	641,233
2015	253,522	13,773	267,295
2016	64,793	7,183	71,976
2017	59,715	2,962	62,677
Total	\$ 2,038,252	\$ 144,529	\$ 2,182,781



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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Amortization of Long-term Debt. Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2012, 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	
2013	\$ 19,520,000	\$ 25,015,686	\$ 4,270,000	\$ 1,833,119	\$ 1,710,000	\$ 168,750	\$ 52,517,555
2014	21,105,000	24,231,074	4,490,000	1,633,050	1,665,000	83,250	53,207,374
2015	22,795,000	23,353,734	4,690,000	1,414,393	-	-	52,253,127
2016	24,720,000	22,343,500	4,920,000	1,178,768	-	-	53,162,268
2017	27,010,000	21,185,150	5,190,000	927,787	-	-	54,312,937
2018	29,370,000	19,897,463	5,450,000	663,513	-	-	55,380,976
2019	31,965,000	18,462,451	4,135,000	385,945	-	-	54,948,396
2020	34,750,000	16,934,256	2,820,000	177,000	-	-	54,681,256
2021	32,050,000	15,369,308	1,420,000	35,500	-	-	48,874,808
2022	34,405,000	13,729,175	-	-	-	-	48,134,175
2023	35,475,000	12,055,268	-	-	-	-	47,530,268
2024	38,470,000	10,388,529	-	-	-	-	48,858,529
2025	41,620,000	8,620,103	-	-	-	-	50,240,103
2026	45,235,000	6,627,424	-	-	-	-	51,862,424
2027	48,925,000	4,409,917	-	-	-	-	53,334,917
2028	33,570,000	2,510,977	-	-	-	-	36,080,977
2029	22,055,000	1,290,750	-	-	-	-	23,345,750
2030	16,535,000	489,500	-	-	-	-	17,024,500
2031	1,945,000	119,900	-	-	-	-	2,064,900
2032	<u>2,025,000</u>	<u>40,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,065,500</u>
Totals	563,545,000	247,074,665	37,385,000	8,249,075	3,375,000	252,000	859,880,740
Less amount in Business-type activities before discounts and deferred costs	-	-	(5,778,712)	(1,254,655)	(3,375,000)	(252,000)	(10,660,367)
Subtotal	<u>563,545,000</u>	<u>247,074,665</u>	<u>31,606,288</u>	<u>6,994,420</u>	<u>-</u>	<u>-</u>	<u>849,220,373</u>
Less discounts and deferred refunding costs	(6,753,745)	-	(892,088)	-	-	-	(7,645,833)
Add Premiums	<u>40,588,895</u>	<u>-</u>	<u>868,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,457,194</u>
Total debt- governmental activity	<u>\$597,380,150</u>	<u>\$ 247,074,665</u>	<u>\$ 31,582,499</u>	<u>\$ 6,994,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 883,031,734</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Year Ending June 30	Certificates Of Participation		Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	
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
Subtotal	5,778,712	1,254,655	3,375,000	252,000	10,660,367
Less discounts and deferred refunding costs	(294,979)	-	(174,194)	-	(469,173)
Add Premiums	125,812	-	31,482	-	157,294
Total business-type activities debt	<u>\$ 5,609,545</u>	<u>\$ 1,254,655</u>	<u>\$ 3,232,288</u>	<u>\$ 252,000</u>	<u>\$ 10,348,488</u>

The 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, 2012.

Advance Refunding – The County issued \$32,095,000 general obligation transportation sales tax refunding bonds in March 2012 to provide resources to purchase U.S. Government Treasury Notes that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$30,910,000 of Series 2006 General Obligation Transportation Sales Tax Bonds. As a result, the refunded general obligation bonds are considered defeased and the liability has been removed from the Statement of Net Assets – Governmental Activities. This refunding was undertaken to substantially reduce interest cost to the County and to level future debt service requirements to minimize the impact on property tax millage. The revised debt service was decreased by \$1,691,422 over the next seventeen years and resulted in an economic gain of \$810,790. At June 30, 2012, \$32,095,000 of the bonds are considered defeased.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 following is a summary of the County's conduit debt at June 30, 2012:

Number of Issues	Current Amount Outstanding (in millions)	Original Issue Amount (in millions)
4	\$139	\$287

The following is a summary of the changes in long-term obligations of the component units for the year ended June 30, 2012:

Component Units	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>	<u>Amounts Due in One year</u>
Accrued compensated absences	\$ 3,542,651	\$ 1,430,122	\$ (1,240,301)	\$ 3,732,472	\$ 1,180,811
Net other post-employment benefits	3,206,842	921,491	(18,137)	4,110,196	19,860
General obligation bonds	29,435,922	8,137,238	(2,837,741)	34,735,419	2,974,814
Capital lease obligations	7,517,078	447,379	(1,340,950)	6,623,507	1,478,810
Revenue bonds	6,012,810	2,137,109	(752,098)	7,397,821	819,130
Notes payable	<u>46,230</u>	<u>-</u>	<u>(5,074)</u>	<u>41,156</u>	<u>5,770</u>
Total	<u>\$49,761,533</u>	<u>\$13,073,339</u>	<u>\$ (6,194,301)</u>	<u>\$ 56,640,571</u>	<u>\$ 6,479,195</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

	Range of Maturity Dates	Range of Interest Rates	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Accrued compensated absences:						
CCL			\$ 1,016,981	\$ 565,836	\$ (440,803)	\$ 1,142,014
CCPRC			1,010,185	521,550	(463,125)	1,068,610
JIPSD			406,211	34,529	-	440,740
SAPPPC			35,083	6,686	(7,646)	34,123
SJFD			731,457	48,704	-	780,161
SPFD			<u>342,734</u>	<u>252,817</u>	<u>(328,727)</u>	<u>266,824</u>
Total accrued compensated absences			<u>3,542,651</u>	<u>1,430,122</u>	<u>(1,240,301)</u>	<u>3,732,472</u>
Net other post-employment benefits:						
CCPRC			1,634,314	497,510	-	2,131,824
JIPSD			1,441,717	409,345	-	1,851,062
SPFD			<u>130,811</u>	<u>14,636</u>	<u>(18,137)</u>	<u>127,310</u>
Total net other post-employment benefits			<u>3,206,842</u>	<u>921,491</u>	<u>(18,137)</u>	<u>4,110,196</u>
General obligation bonds:						
CCPRC	2013 - 2021	2.00% - 4.00%	25,972,995	-	(2,023,960)	23,949,035
JIPSD	2013 - 2037	5.00% - 5.50%	369,297	-	(29,653)	339,644
SPFD	2013 - 2025	3.45% - 3.59%	3,093,630	334,661	(471,825)	2,956,466
SJFD	2013 - 2024	2.00% - 2.125%	<u>-</u>	<u>7,802,577</u>	<u>(312,303)</u>	<u>7,490,274</u>
Total general obligation bonds			<u>29,435,922</u>	<u>8,137,238</u>	<u>(2,837,741)</u>	<u>34,735,419</u>
Capital lease obligations:						
CCPRC	2013	2.05% - 4.41%	-	407,379	-	407,379
JIPSD	2013 - 2018	4.07% - 6.88%	1,555,440	-	(403,472)	1,151,968
SAPPPC	2013 - 2014	2.99% - 3.75%	241,389	40,000	(100,776)	180,613
SJFD	2013 - 2021	4.36% - 5.593%	<u>5,720,249</u>	<u>-</u>	<u>(836,702)</u>	<u>4,883,547</u>
Total capital lease obligations			<u>7,517,078</u>	<u>447,379</u>	<u>(1,340,950)</u>	<u>6,623,507</u>
Revenue Bonds:						
SAPPPC	2013 - 2019	3.41% - 3.95%	286,466	300,000	(90,691)	495,775
JIPSD	2013 - 2036	2.00% - 5.75%	6,130,769	1,837,109	(719,879)	7,247,999
Less deferred refunding costs			<u>(404,425)</u>	<u>-</u>	<u>58,472</u>	<u>(345,953)</u>
Total revenue bonds			<u>6,012,810</u>	<u>2,137,109</u>	<u>(752,098)</u>	<u>7,397,821</u>
Notes payable:						
SAPPPC	2013 - 2019	3.89% - 3.99%	<u>46,230</u>	<u>-</u>	<u>(5,074)</u>	<u>41,156</u>
Total component units long-term obligations			<u>\$49,761,533</u>	<u>\$13,073,339</u>	<u>\$ (6,194,301)</u>	<u>\$ 56,640,571</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

General Obligation Bonds

<u>Year Ending June 30</u>	<u>SJFD</u>	<u>SPFD</u>	<u>CCPRC</u>	<u>JIPSD</u>	<u>Total Component Units</u>
2013	\$ 536,212	\$ 291,194	\$ 3,577,141	\$ 30,902	\$ 4,435,449
2014	533,513	291,194	3,773,291	30,902	4,628,900
2015	535,712	291,193	4,408,653	30,902	5,266,460
2016	652,713	291,194	2,098,423	30,902	3,073,232
2017	537,212	291,193	2,174,923	30,902	3,034,230
2018-2022	3,734,863	1,455,969	11,094,847	144,379	16,430,058
2023-2027	2,074,281	764,872	-	113,130	2,952,283
2028-2032	-	-	-	113,130	113,130
2033-2037	-	-	-	24,479	24,479
Total	<u>8,604,506</u>	<u>3,676,809</u>	<u>27,127,278</u>	<u>549,628</u>	<u>39,958,221</u>
Less interest and plus unamortized premium included above	<u>(1,114,232)</u>	<u>(720,343)</u>	<u>(3,178,243)</u>	<u>(209,984)</u>	<u>(5,222,802)</u>
Debt per statement of net assets	<u>\$ 7,490,274</u>	<u>\$ 2,956,466</u>	<u>\$ 23,949,035</u>	<u>\$ 339,644</u>	<u>\$ 34,735,419</u>

Future minimum capital lease payments

<u>Year Ending June 30</u>	<u>CCPRC</u>	<u>JIPSD</u>	<u>SAPPPC</u>	<u>SJFD</u>	<u>Total Component Units</u>
2013	\$ 408,548	\$ 394,783	\$ 94,994	\$ 850,764	\$ 1,749,089
2014	-	288,393	61,956	850,764	1,201,113
2015	-	147,284	29,754	850,764	1,027,802
2016	-	147,284	-	734,198	881,482
2017	-	126,470	-	734,198	860,668
2018-2021	-	164,706	-	1,912,215	2,076,921
Future minimum capital lease payments	408,548	1,268,920	186,704	5,932,903	7,797,075
Less amount representing interest	<u>(1,169)</u>	<u>(116,952)</u>	<u>(6,091)</u>	<u>(1,049,356)</u>	<u>(1,173,568)</u>
Debt per statement of net assets	<u>\$ 407,379</u>	<u>\$ 1,151,968</u>	<u>\$ 180,613</u>	<u>\$ 4,883,547</u>	<u>\$ 6,623,507</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Revenue Bonds

<u>Year Ending June 30</u>	<u>JIPSD</u>	<u>SAPPPC</u>	<u>Total Component Units</u>
2013	\$ 1,025,573	\$ 118,651	\$ 1,144,224
2014	1,007,784	107,474	1,115,258
2015	1,014,481	107,493	1,121,974
2016	1,010,364	77,192	1,087,556
2017	979,119	46,890	1,026,009
2018-2022	1,579,174	78,149	1,657,323
2023-2027	1,016,517	-	1,016,517
2028-2032	875,907	-	875,907
2033-2036	<u>124,509</u>	<u>-</u>	<u>124,509</u>
Total	8,633,428	535,849	9,169,277
Less interest and deferred refunding costs included above	<u>(1,731,382)</u>	<u>(40,074)</u>	<u>(1,771,456)</u>
Debt per statement of net assets	<u>\$ 6,902,046</u>	<u>\$ 495,775</u>	<u>\$ 7,397,821</u>

Notes Payable

<u>Year Ending June 30</u>	<u>SAPPPC</u>
2013	\$ 7,271
2014	7,271
2015	7,271
2016	7,271
2017	7,271
2018-2020	<u>9,693</u>
Total	46,048
Less interest included above	<u>(4,892)</u>
Debt per statement of net assets	<u>\$ 41,156</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, the following debt issues outstanding are considered defeased:

	Governmental Activities	Business-type Activities
Primary Government:		
General Obligation Bonds:		
Series 1994	\$ 3,375,000	
Series 1999	11,630,000	
Series 2001	3,400,000	
Series 2006	<u>30,910,000</u>	
Total General Obligation Bonds	<u>49,315,000</u>	
Certificates of Participation:		
Series 1995	<u>32,473,907</u>	\$ <u>7,656,093</u>
Total Certificates of Participation	<u>32,473,907</u>	<u>7,656,093</u>
Revenue Bonds:		
Solid Waste User Fee Revenue Bonds		
Series 1994	<u>-</u>	<u>3,675,000</u>
Total Revenue Bonds	<u>-</u>	<u>3,675,000</u>
Total primary government	<u>\$ 81,788,907</u>	<u>\$ 11,331,093</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 8 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		\$3,192,931,405
Value of merchants inventory and manufacturers depreciation		<u>26,943,597</u>
 Total assessed value		 <u>\$3,219,875,002</u>
 Debt limitation-8 percent of total assessed value		 \$ 257,590,000
 Total bonded debt:		
General Obligation Bonds	\$ 563,545,000	
 Less:		
Bonds issued pursuant to referendum:		
Series 2004 Refunding G.O. Bond	\$ (5,000,000)	
Series 2007 G.O. Bond Transportation Sales tax	(142,150,000)	
Series 2006 G.O. Bond Transportation Sales tax	(23,700,000)	
Series 2011 G.O. Bond Transportation Sales tax	(167,000,000)	
Series 2012 G.O. Bond Transportation Sales tax	<u>(32,095,000)</u>	<u>(369,945,000)</u>
 Total debt subject to debt limit		 <u>193,600,000</u>
 Legal debt margin		 <u>\$ 63,990,000</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

J. Fund Equity

Nonspendable for inventories and prepaid items. These amounts do not represent available spendable resources even though they are components of net current assets.

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

Committed for capital projects. All capital project fund balances, are committed for the acquisition of capital assets, for the completion of existing projects and for future projects.

Restricted for special revenue funds. Amounts restricted in accordance with the various use restrictions placed on their assets under applicable grant agreements and legislation.

I.V. 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 \$4,065,000 reported in the Fund at June 30, 2012, is based on the requirements of the 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. The liability is included in the County's accounts payable as reported in the fund statement and statement of net assets.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Changes in the Fund's estimated claims liability amount in fiscal year 2012 and 2011 were:

Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2011	\$ 2,615,000	\$ 5,915,414	\$ (5,010,414)	\$ 3,520,000
2012	\$ 3,520,000	\$ 5,466,088	\$ (4,921,088)	\$ 4,065,000

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.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 environmental management. It is presented as a major business-type fund.

Condensed Statement of Net Assets	<u>DAODAS</u>
Assets:	
Current assets	\$ 2,524,210
Deferred issuance costs	37,239
Capital assets	<u>6,578,247</u>
Total assets	<u>\$ 9,139,696</u>
Liabilities:	
Current liabilities	\$ 652,152
Certificates of participation	2,199,880
Other long-term obligations	<u>396,638</u>
Total liabilities	<u>3,248,670</u>
Net Assets:	
Invested in capital assets, net of related debt	4,100,216
Unrestricted	<u>1,790,810</u>
Total net assets	<u>5,891,026</u>
Total liabilities and net assets	<u>\$ 9,139,696</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets	<u>DAODAS</u>
Operating revenues	\$ 6,510,880
Depreciation and amortization	(249,291)
Other operating expenses	<u>(8,768,493)</u>
Operating income (loss)	<u>(2,506,904)</u>
Nonoperating revenues (expenses):	
Interest income	4,877
Interest expense	(174,569)
Intergovernmental revenue	<u>623,267</u>
Total nonoperating revenues (expenses)	<u>453,575</u>
Net Transfers in	<u>1,901,473</u>
Change in net assets	(151,856)
Beginning net assets	<u>6,042,882</u>
Ending net assets	<u>\$ 5,891,026</u>

Condensed Statement of Cash Flows	<u>DAODAS</u>
Net cash provided (used) by:	
Operating activities	\$ (2,461,677)
Noncapital financing activities	2,795,145
Capital and related financing activities	(452,037)
Investing activities	<u>4,877</u>
Net increase (decrease)	(113,692)
Beginning cash and cash equivalents	<u>1,324,970</u>
Ending cash and cash equivalents	<u>\$ 1,211,278</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

C. Subsequent Events

Moody's Investors Service announced on February 5, 2013 that Charleston County was one of nine state and local government Aaa issuers for which it had changed the outlook from stable to negative. This was done in conjunction with an updated analysis of which Aaa issuers have indirect linkages to the federal government. Moody's currently rates the U.S. government Aaa with a negative outlook. An indirect linkage to the federal government's rating means that were the U.S. rating to be placed under review or downgraded the ratings on the linked entity would be placed under review or downgraded as well.

On August 20, 2012, the County closed on the sale of 164 Maple Street for a sales price of \$450,000.

In October 2012 St. Paul's Fire District issued Series 2012B General Obligation Bonds in the amount of \$1,600,000. The proceeds of the Bond will be expended, along with the other monies, for the purpose of: defraying the costs of purchasing and rehabilitating equipment and apparatuses, acquiring real property, construction, rehabilitating, repurposing, demolishing, improving, equipping and furnishing facilities of the District. The bonds are payable in 15 annual installments ranging from \$68,874 to \$1,518,836 and bear interest at 2.315%.

During the year ending June 30, 2012, Charleston County Council approved the future issuance of a tax anticipation note (TAN) for St. John's Fire District in the amount of \$1,000,000. Subsequent to June 30, 2012, the District has borrowed the entire \$1,000,000 from this TAN. As a result, none of the \$1,000,000 TAN is available to the District. Any advances received by the District against the TAN will bear interest at a rate equal to the interest rate paid by the South Carolina Investment Pool during the period the note is outstanding, and the principal and accrued interest, if any, is due and payable in March 2013.

On July 31, 2012, the Charleston County Park and Recreation Commission purchased a tract of land in Meggett consisting of approximately 14 acres of highlands. The purchase price was \$216,425.

On December 21, 2012, the Charleston County Park and Recreation received as a donation a tract of land on the Stono River consisting of a combination of 85.587 acres of highlands and marshland. The estimated fair market value of the property was \$1,650,000 at the time of donation.

On December 31, 2012, the Charleston County Park and Recreation Commission purchased a tract of land on Edisto Island consisting of approximately 10 acres of highlands. The purchase price was \$138,751 of which \$70,654 was funded by the Greenbelt Bank Board and \$68,097 from the Commission.

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 various lawsuits that are normal in the operations of a 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.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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

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

E. Commitments

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

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 Note I of these financial statements.

The County entered into an agreement with the South Carolina Transportation Infrastructure Bank (SCTIB) for the completion of the Mark Clark Expressway. This agreement was executed on June 8, 2007, between the County, the SCTIB, and The South Carolina Department of Transportation. The total project funding requested was \$420 million. Preliminary design is underway on the project.

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

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

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

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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. Amendment 1 of the contract was approved August 23, 2007, changing the contract amount to \$17,973,126 and leaving the contract length unchanged. Amendment 2 of the contract was approved October 20, 2008, changing the contract amount to \$17,882,899 and leaving the contract length the same. Starting November 2008, the contract contains for a monthly base fee of \$316,824, plus 10 percent of work completed. An amendment dated January 27, 2010, extends the term of the contract until June 30, 2014. This extension is subject to annual approval for continuation by the County. This amendment also fixed the contract amount of \$11,122,273 over a four year period.

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

<u>Year ending June 30</u>	
2013	\$ 2,536,401
2014	<u>1,930,560</u>
TOTAL	<u>\$ 4,466,961</u>

The amount paid for these services for the year-ended June 30, 2012, was \$3,887,160.

On April 7, 2008, the County entered into a ten-year agreement with the Charleston Animal Society formerly the John Ancrum Society for the Prevention of Cruelty to Animals for the care and impoundment of animals delivered to the shelter by the County. The original agreement with the Society was dated January 23, 1979, and has been updated several times since then. The amended non-cancelable portion of the agreement calls for the County to pay a base monthly fee of \$34,539. Additionally, the County agrees to pay the Society \$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.

As part of the contract, the County provided \$4,500,000 in funds and property towards the construction of a new shelter. Upon early termination of the agreement by the Society, the Society shall repay the County a pro-rata portion of the \$4,500,000.

This contract was amended on July 1, 2009. The amended, non-cancellable portion of the agreement calls for the County to pay a base monthly fee of \$51,772, as well as \$7.48 for the receiving and immunization of each animal placed in the custody of the Society, and \$7.48 boarding fee per animal per day. The County will also pay a euthanasia fee of \$7.48 to the Society for each animal euthanized.

In addition, the County agrees to pay a cremation fee of \$7.48 for each dead animal brought to the shelter by a law enforcement officer, animal control officer of the County or municipality within the County. The Society will bill the County separately for stray animals that it receives from citizens of the County.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The non-cancelable portion of the agreement states the County shall continue to pay the Society the current monthly fee for a five-year period plus any annual increases in the CPI during such five-year period if the County terminates the contract. The agreement was amended February 1, 2011. The following language was added: The Society may contract for accounting services in order to maintain an accurate record of fees and costs associated with the intake of animals delivered to Society. The Society will submit monthly invoices to the County for reimbursement. These monthly invoices shall include an itemized bill for said accounting services. The Society will be entirely responsible for any and all costs that exceed Fifteen Hundred (\$1,500.00) Dollars per month. The County may, at any time, request from Society a full audit of the accounting services and duties performed by accountant and Society will comply within a reasonable time with any and all such requests.

The Charleston County Park and Recreation Commission has entered into an agreement with the City of Folly Beach to restrict \$60,000 each year to provide for the re-nourishment of the erosion that occurs along Folly Beach. During the year ended June 30, 2012, \$0 funds were transferred to the City of Folly Beach for re-nourishment. Capital Projects fund balance of \$475,856 has been reserved for beach re-nourishment.

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, 2012, for the 2012 program year were \$513,505. The agreement was modified for the 2012 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 \$0.

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.

On June 29, 1988, Kiawah Island was sold to Kiawah Resort Associates. The Charleston County Park and Recreation Commission has been in contact with the 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.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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 Department of Transportation and Charleston County 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 a 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 \$1,253,494 and an estimated net book value of \$840,200. Rent started at \$7,400 per month and increases each November based on the current CPI. The new rental per month based on the CPI increased to \$8,437 per month on November 1, 2011. The lease also provided for contingent rentals of 7.25 percent of annual sales greater than \$1,200,000.

In August 2009 the Commission and K.L.B. Group entered into an agreement to allow the corporation to exercise the option of extending the lease for an additional five years, with the option terminating on October 31, 2015.

The following is a schedule by years of the minimum future rentals on the non-cancelable operating lease as of June 30, 2012:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 101,244
2014	101,244
2015	101,244
2016	<u>33,748</u>
Total minimum lease rentals	<u>\$ 337,480</u>

Total rent income of \$100,260 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 an 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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

balance carried forward from June 30, 2008, in the amount of \$61,340. 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 April 26, 2012, the Commission entered into another one year contract with the City covering the period from July 1, 2012 to June 30, 2013, 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, 2012, the leased assets have a book value of \$78,195.

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 and possession, but not legal title to, all of the District's fixed property and equipment. 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. To fulfill the contract at June 30, 2012, the District owes the City \$434,082. This contract was extended for one year until June 30, 2013.

During the 2011 fiscal year, the City of Charleston, SC completed an audit of the taxes remitted to the James Island Public Service District for the last five years relating to properties which were annexed into the City of Charleston. The City of Charleston is required to remit to the District the portion of ad valorem tax the City collects from annexed properties representing the District's fire department budget that would have been collected by the District had the properties not been annexed into the city. As a result of this audit, the City determined the District had been overpaid \$395,328 in the general fund and overpaid \$35,946 in debt service. The District will repay the excess remittances over a five (5) year period beginning in fiscal year 2011 at the rate of \$79,066 per year in the general fund and \$7,189 through the debt service fund. The City will reduce future tax payments each year due to the District until this overpayment has been recovered by the City.

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. Effective December 23, 2008, the County suspended this match of \$75 per quarter. The total contributions made by the County's plan members were \$1,823,183 for the fiscal year ending June 30, 2012.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Total contributions made by the Charleston County Library's plan members were \$210,135 for the fiscal year ending June 30, 2012.

G. Other Post-Employment Benefits

Plan Description

The County provides post-employment health, life and dental care benefits, as per the requirement of a local ordinance, for certain retirees and their dependents. This plan is a single employer defined benefit plan. 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. Effective July 1, 2008, the County modified its post-employment benefits policy as follows:

A) Increase years of service with the County:

1. Twenty five years of service with the County for the fifty percent of health premium benefit
2. Fifteen years of service with the County for the twenty five percent of health premium benefit

B) Reduce surviving spouse benefit to one year for future retirees who start work with the County January 1, 2009 and later

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. At July 1, 2011, the District had 141 covered participants. Of this number, 114 participants are current employees and 27 are retirees. The District's regular insurance providers underwrite the retiree's insurance policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. Effective November 1, 2010, the District will limit the amount it contributes to the health premium, and the contribution will be subject to annual appropriation.

During the fiscal year ended June 30, 2006, the St. Paul's Fire District established a policy that allowed retiree insurance benefits. The plan was amended in 2009 to cease coverage at the earlier of the date of death or the date the participant becomes eligible for Medicare coverage. The plan was further curtailed at the end of the 2010 fiscal year, continuing coverage for those individuals who had retired prior to June 30, 2010, but providing no coverage to any employee retiring after that date.

The Charleston County Park and Recreation Commission provide retiree benefits as follows:

A) Any covered employee who retires with at least 20 years, but less than 25 years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50 percent of the retiree cost and 50 percent of the dependent cost for health and dental coverage.

B) Any covered employee who retires with 25 years or more years of Commission-covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular, position. The Commission will pay 100 percent of the retiree cost and 65 percent of the dependent cost for health and dental coverage.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

- C) The health and dental insurance premium for surviving spouses and dependents of deceased retirees will be waived for one year after the retiree's death. Following one year, the surviving spouse and/or dependents are eligible to continue coverage at the same proportional cost (50 percent or 65 percent) as in effect prior to the retiree's death. Survivors may remain on the plan until death or remarriage, whichever comes first.
- D) Employees may opt out of the plan. The Commission is not required to contribute at an actuarially determined rate, but has elected to contribute based on an advanced funding basis based on the actuarial determined amount.

Funding Policy

As of year-end, there were 437 employees who had retired from the County and are receiving health insurance premium coverage benefits. The County currently finances the plan on a pay-as-you-go basis. For the year ended June 30, 2012, the County recognized expenses of \$1,523,984 for healthcare, which were net of retiree contributions of \$1,438,530. The James Island Public Service District had 27 employees who had retired and receiving benefits under their plan. The District recognized expenses of \$123,303 for health care premium net of retiree contributions of \$71,382. The St. Paul's Fire District had 3 employees who had retired and receiving benefits under their plan. The District recognized expenses of \$18,137 for health care premiums. The Charleston County Park and Recreation Commission had 5 employees who are retired and receiving benefits.

The County's annual cost (expense) for other post-employment benefits is calculated based on the annual required contribution (ARC) of the employer, which is actuarially determined based upon the requirements and parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year plus the amount necessary to amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years. The current ARC is based on a level percent of payroll increasing at 3 percent.

For the year ended June 30, 2012, the County's annual OPEB cost was \$5,952,395 for the post-employment healthcare plan. The County's annual OPEB cost for the current year is as follows:

Annual Required Contribution	\$ 5,906,635
Interest on OPEB obligation	622,504
Adjustment to ARC	<u>(576,744)</u>
Annual OPEB cost (expense) end of year	5,952,395
Net estimated employer contributions	<u>(1,984,838)</u>
Increase in net OPEB obligation	\$ 3,967,557
Net OPEB obligation/(asset) beginning of year	\$ 13,833,426
Net OPEB obligation/(asset) end of year	\$ 17,800,983

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the County's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Investment rate of return	4.5% net of expenses
Actuarial cost method	Projected Unit credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	Open 30-year period
Salary Growth	3.00% per annum
Inflation	3.00% per annum
Medical Trend	7.25%; 4.5% after 13 years
Drug Trend	8%; 4.5% after 13 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending June 30, 2012, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
June 30, 2010	\$4,402,193	\$1,749,534	39.7%	\$10,938,993
June 30, 2011	\$4,570,445	\$1,676,012	36.7%	\$13,833,426
June 30, 2012	\$5,952,395	\$1,984,838	33.3%	\$17,800,983

Schedule of Funding Progress and Status

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2007	\$ -	\$52,972,306	\$52,972,306	0%	\$93,550,000	56.62%
7/1/2008	\$ -	\$52,972,306	\$52,972,306	0%	\$97,800,000	54.16%
7/1/2009	\$ -	\$47,374,110	\$47,374,110	0%	\$96,600,000	49.04%
7/1/2010	\$ -	\$47,374,110	\$47,374,110	0%	\$99,400,000	47.66%
7/1/2011	\$ -	\$54,526,503	\$54,526,503	0%	\$98,300,000	55.47%

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

H. Funds Held by Coastal Community Foundation

As of June 30, 2012, the Coastal Community Foundation was holding \$406,548 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. During the year, \$10,000 was awarded as grants to the Library. Of the balance, \$5,064 is available for grants to the Library.

As of June 30, 2012, the Coastal Community Foundation was holding \$80,054 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, \$2,878 is available for grants to the Library.

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

I. Employee Retirement Systems and Plans

South Carolina Retirement and Police Officers' Retirement Systems

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

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 9.385 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).

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 11.363 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).

Additionally, participating employers of the SCRS contribute .15 percent of payroll to provide a group life insurance benefit for their participants; and participating employers of the SCPORS contribute .4 percent of payroll to provide a group life insurance benefit and accidental death benefits for their participants.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012, 2011, and 2010:

<u>SCRS Contributions</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Primary Government	\$ 6,117,302	\$ 6,025,133	\$ 6,038,511
Component units:			
CCL	679,873	653,680	641,886
CCPRC	820,708	810,537	750,734
JIPSD	402,039	395,833	393,616
SAPPPC	108,404	106,196	109,493
SJFD	36,652	36,538	47,767
SPFD	<u>9,811</u>	<u>9,464</u>	<u>9,998</u>
 Total SCRS	 <u>\$ 8,174,789</u>	 <u>\$ 8,037,381</u>	 <u>\$ 7,992,005</u>
 <u>SCPORS Contributions</u>			
Primary Government	\$ 3,669,060	\$ 3,694,484	\$ 3,303,451
Component units:			
SJFD	559,356	525,406	492,090
SPFD	<u>272,394</u>	<u>258,948</u>	<u>267,074</u>
 Total SCPORS	 <u>\$ 4,500,810</u>	 <u>\$ 4,478,838</u>	 <u>\$ 4,062,615</u>

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

J. Related Party

During the year St. Paul's Fire District paid \$13,650 to Charleston County in cost sharing for radios used by first responders throughout the County, and \$95,347 for vehicle maintenance performed by the County. In addition, the District entered into a short-term financing agreement with the County for a \$1,250,000 Tax Anticipation Note.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

During the year there were several transactions between Charleston County Library and Charleston County. These transactions were as follows:

Amounts given to CCL by the County:	Amount
Appropriation (including supplemental appropriation)	\$ <u>13,520,899</u>
Amounts paid to the County by CCL:	
Janitorial services	102,831
Carpet cleaning	24,209
Workers' compensation	296,024
OPEB expenditures	355,369
Insurance coverage-building & contents, liability, fidelity bond, theft	89,967
Motor vehicle repairs	20,456
Motor vehicle fuel charges	26,615
Other general services	115,987
Solid Waste User Fee	21,840
Health, life and dental insurance (Library employees covered through County plan)	\$ 864,500
Other minor charges	<u>1,037</u>
	<u>\$ 1,918,835</u>
Other transactions:	
Rent-free use of County-owned Library buildings and County-owned vehicles	\$ <u> </u> *-

*Not determined

K. Pending GASB Pronouncements

GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34, effective for periods beginning after June 15, 2012, improves financial reporting by enhancing guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The County will implement the new requirements for the 2013 financial statements.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements, effective for periods beginning after December 15, 2011, will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The County will implement the new guidance with the 2013 financial statements.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective for periods beginning after December 15, 2011, improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The County will implement the new guidance with the 2013 financial statements.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, intends to improve financial reporting by clarifying the appropriate use of the financial statement elements "deferred outflows of resources" and "deferred inflows of resources" to ensure consistency in financial reporting. The statement is effective for financial statements for periods beginning after December 15, 2012. The County will implement the new guidance with the 2014 financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

GASB Statement No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62, intends to improve financial reporting by resolving conflicting guidance in previous pronouncements regarding the accounting and presentation of risk financing activities, operating leases and certain loan transactions. The statement is effective for financial statements for periods beginning after December 15, 2012. The County will implement the new guidance with the 2014 financial statements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, intends to improve financial reporting for most governments that provide their employees with pension benefits. The statement is effective for financial statements for periods beginning after June 15, 2014. The County will implement the new guidance with the 2015 financial statements.

Management has not yet determined the impact implementation of these standards will have on the County's financial statements, if any.

**CHARLESTON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY FINANCIAL
INFORMATION**



**COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFITS – DEFINED BENEFIT HEALTH CARE PLAN
FISCAL YEAR ENDED JUNE 30, 2012 (UNAUDITED)**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b- a)/c)</u>
Primary Government						
7/1/2007	\$ -	\$ 52,972,306	\$ 52,972,306	0%	\$ 93,550,000	56.62%
7/1/2008	\$ -	\$ 52,972,306	\$ 52,972,306	0%	\$ 97,800,000	54.16%
7/1/2009	\$ -	\$ 47,374,110	\$ 47,374,110	0%	\$ 96,600,000	49.04%
7/1/2010	\$ -	\$ 47,374,110	\$ 47,374,110	0%	\$ 99,400,000	47.66%
7/1/2011	\$ -	\$ 54,526,503	\$ 54,526,503	0%	\$ 98,300,000	55.47%
Component Units						
<u>7/1/2007</u>						
JIPSD	\$ -	\$ 6,024,106	\$ 6,024,106	0%	\$ 4,105,074	146.74%
CCPRC	\$ -	\$ 3,089,213	\$ 3,089,213	0%	\$ 6,457,330	47.84%
SPFD	\$ -	\$ 3,111,459	\$ 3,111,459	0%	\$ 2,022,100	153.87%
<u>7/1/2008</u>						
JIPSD	\$ -	\$ 6,024,106	\$ 6,024,106	0%	\$ 4,333,412	139.01%
CCPRC	\$ -	\$ 3,089,213	\$ 3,089,213	0%	\$ 7,155,052	43.18%
SPFD	\$ -	\$ 1,138,768	\$ 1,138,768	0%	\$ 2,299,864	49.51%
<u>7/1/2009</u>						
JIPSD	\$ -	\$ 5,493,663	\$ 5,493,663	0%	\$ 4,227,757	130.00%
CCPRC	\$ -	\$ 3,089,213	\$ 3,089,213	0%	\$ 7,780,156	39.71%
SPFD	\$ -	\$ 120,334	\$ 120,334	0%	\$ -	0%
<u>7/1/2010</u>						
JIPSD	\$ -	\$ 5,493,663	\$ 5,493,663	0%	\$ 4,331,757	127.00%
CCPRC	\$ -	\$ 3,058,193	\$ 3,058,193	0%	\$ 8,003,946	38.21%
SPFD	\$ -	\$ 130,811	\$ 130,811	0%	\$ -	0%
<u>7/1/2011</u>						
JIPSD	\$ -	\$ 5,824,192	\$ 5,824,192	0%	\$ 4,319,558	135.00%
CCPRC	\$ -	\$ 4,321,784	\$ 4,321,784	0%	\$ 7,780,156	55.55%
SPFD	\$ -	\$ 127,310	\$ 127,310	0%	\$ -	0%

CONTINUED

**COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFITS – DEFINED BENEFIT HEALTH CARE PLAN
FISCAL YEAR ENDED JUNE 30, 2012 (UNAUDITED)**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percent of ARC Contributed
Primary Government		
2008	\$ 5,874,245	28.30%
2009	\$ 5,947,354	31.49%
2010	\$ 4,402,193	39.74%
2011	\$ 4,570,445	36.67%
2012	\$ 5,952,395	33.3%
Component Units		
<u>2008</u>		
JIPSD	\$ 481,068	27.78%
CCPRC	\$ 378,935	0%
SPFD	\$ 367,100	0%
<u>2009</u>		
JIPSD	\$ 504,234	30.05%
CCPRC	\$ 378,935	0%
SPFD	\$ 242,038	0%
<u>2010</u>		
JIPSD	\$ 510,638	26.08%
CCPRC	\$ 378,935	0%
SPFD	\$ -	0%
<u>2011</u>		
JIPSD	\$ 510,638	28.69%
CCPRC	\$ 363,911	0%
SPFD	\$ -	0%
<u>2012</u>		
JIPSD	\$ 532,649	23.15%
CCPRC	\$ 497,510	0%
SPFD	\$ -	0%

Note: The amounts shown as Actual Contribution include the implicit subsidy.

CHARLESTON COUNTY, SOUTH CAROLINA SUPPLEMENTARY FINANCIAL INFORMATION



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



CHARLESTON COUNTY COMBINING SCHEDULES - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

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

Accommodations – This fund is used to account for the two percent local accommodation tax 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.

American Recovery and Reinvestment Act – This fund was established to account for grants received under the economic stimulus package enacted by the United States Congress. The Act was intended to provide a stimulus to the United States economy in the wake of the economic downturn. The budget is adopted on a project length basis.

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 a project-length basis.

Fire Districts – This fund was established to account for revenues generated by a property tax levy for the Awendaw Consolidated Fire District, East Cooper Fire District, Northern Charleston County Fire District, and West St. Andrew's Fire District. In addition, this fund accounts for revenues received under a contract with the Towns of McClellanville and Awendaw for the Awendaw Consolidated Fire District 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.

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. The budget is adopted on an annual basis.

Public Defender - This fund was established to account for the activities of the Ninth Circuit Public Defender. The Public Defender is mandated to defend in the State court system all persons within Charleston County who are required by Statute, State or Federal Constitution to be provided with a legal counsel at public expense. 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.

Solicitor – This fund was established to account for funds provided by the State, grants for reducing domestic violence, grants for prosecuting DUI cases 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.

Storm Water Drainage – This fund was established to account for the storm water fee the County began charging November 1, 2006. This fee funds the County's storm water management program which is required under federal regulations. The program regulates run off from all properties and activities that have the potential to pollute local water systems. The fee provides funds for operations, maintenance and capital improvements. 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 budget is adopted on an annual basis.

Charleston Development Corporation – This fund is used to account for the County's non-profit blended component unit. This entity was established in September 2004 to further human, social, and economic development in the County of Charleston. The Corporation exists solely for the benefit of the County. The budget is adopted on a project-length basis.

Nonmajor 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.

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.

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.

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, 2012**

<u>ASSETS</u>	<u>Special Revenue Funds</u>			
	<u>Accommo- dations</u>	<u>American Recovery & Reinvestment Act</u>	<u>Child Support Enforcement</u>	<u>Community Development</u>
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Pooled cash and cash equivalents	2,033,001	48	-	320,587
Restricted cash and cash equivalents	930,033	-	-	-
Receivables (net of allowances for uncollectibles)	2,563,996	100,550	177,399	450,676
Due from other funds	-	-	-	-
Total assets	\$ 5,527,030	\$ 100,598	\$ 177,399	\$ 771,263
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 363,399	\$ 4,406	\$ 25,951	\$ 300,778
Accrued payroll and fringe benefits	-	4,037	20,819	13,549
Due to other funds	-	33,986	82,334	-
Intergovernmental payable	4,405,283	58,121	219	70,782
Deferred revenue	-	-	-	13,093
Total liabilities	4,768,682	100,550	129,323	398,202
 Fund balances:				
Restricted	758,348	48	48,076	373,061
Committed	-	-	-	-
Total fund balances	758,348	48	48,076	373,061
Total liabilities and fund balances	\$ 5,527,030	\$ 100,598	\$ 177,399	\$ 771,263

See notes to financial statements.

Special Revenue Funds

<u>Construction Public Works</u>	<u>Economic Development</u>	<u>Education</u>	<u>Emergency Medical Services</u>	<u>Fire Districts</u>
\$ -	\$ -	\$ -	\$ -	\$ -
8,422,650	1,559,188	17,163	802	653,080
-	-	-	-	-
2,253,945	11,935	7,330,105	178	2,154,033
-	-	-	-	-
<u>\$ 10,676,595</u>	<u>\$ 1,571,123</u>	<u>\$ 7,347,268</u>	<u>\$ 980</u>	<u>\$ 2,807,113</u>
\$ 388,978	\$ 340,179	\$ -	\$ 980	\$ 8,365
-	21,500	-	-	65,045
-	-	-	-	-
-	-	157,789	-	92,068
-	-	7,189,479	-	1,769,230
<u>388,978</u>	<u>361,679</u>	<u>7,347,268</u>	<u>980</u>	<u>1,934,708</u>
10,287,617	1,209,444	-	-	872,405
-	-	-	-	-
<u>10,287,617</u>	<u>1,209,444</u>	<u>-</u>	<u>-</u>	<u>872,405</u>
<u>\$ 10,676,595</u>	<u>\$ 1,571,123</u>	<u>\$ 7,347,268</u>	<u>\$ 980</u>	<u>\$ 2,807,113</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012**

<u>ASSETS</u>	<u>Special Revenue Funds</u>			
	<u>Hazardous Materials Enforcement</u>	<u>Public Defender</u>	<u>Safety Enforcement</u>	<u>Sheriff</u>
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ 36,487	\$ 51,009
Pooled cash and cash equivalents	208,206	980,228	12,696	2,269,639
Restricted cash and cash equivalents	-	-	-	-
Receivables (net of allowances for uncollectibles)	-	-	3,625,081	11,500
Due from other funds	-	-	-	-
Total assets	\$ 208,206	\$ 980,228	\$ 3,674,264	\$ 2,332,148
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 7,917	\$ 21,870	\$ 524,950	\$ 8,639
Accrued payroll and fringe benefits	6,429	169,716	47,815	9,910
Due to other funds	-	-	2,228,291	-
Intergovernmental payable	-	1,630	371,360	72
Deferred revenue	-	-	-	-
Total liabilities	14,346	193,216	3,172,416	18,621
 Fund balances:				
Restricted	193,860	787,012	501,848	2,313,527
Committed	-	-	-	-
Total fund balances	193,860	787,012	501,848	2,313,527
Total liabilities and fund balances	\$ 208,206	\$ 980,228	\$ 3,674,264	\$ 2,332,148

See notes to financial statements.

Special Revenue Funds				Capital Projects Funds
Solicitor	Storm Water Drainage	Victim Notification	Charleston Development Corp	Construction
\$ 2,045,556	\$ -	\$ 22,518	\$ -	\$ -
319,284	1,792,413	168,051	33,488	5,010,455
-	-	-	-	-
613,003	794,425	-	-	-
94,469	-	-	-	-
\$ 3,072,312	\$ 2,586,838	\$ 190,569	\$ 33,488	\$ 5,010,455
\$ 3,074	\$ 37,430	\$ 1,911	\$ -	\$ 66,007
68,452	38,160	16,615	-	-
100,701	-	-	-	-
91,656	-	6,740	-	-
-	-	-	-	-
263,883	75,590	25,266	-	66,007
2,808,429	2,511,248	165,303	33,488	-
-	-	-	-	4,944,448
2,808,429	2,511,248	165,303	33,488	4,944,448
\$ 3,072,312	\$ 2,586,838	\$ 190,569	\$ 33,488	\$ 5,010,455

**COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012**

<u>ASSETS</u>	<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Equipment Replacement Fund</u>	<u>General Services Construction</u>	<u>ITS / MIS</u>	
Non-pooled cash and cash equivalents \$	-	\$ -	\$ -	\$ 2,155,570
Pooled cash and cash equivalents	606,515	-	2,586,892	26,994,386
Restricted cash and cash equivalents	-	-	-	930,033
Receivables (net of allowances for uncollectibles)	-	-	-	20,086,826
Due from other funds	-	-	-	94,469
Total assets	\$ 606,515	\$ -	\$ 2,586,892	\$ 50,261,284
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 8,969	\$ -	\$ -	\$ 2,113,803
Accrued payroll and fringe benefits	-	-	-	482,047
Due to other funds	-	-	-	2,445,312
Intergovernmental payable	4,777	-	-	5,260,497
Deferred revenue	-	-	-	8,971,802
Total liabilities	13,746	-	-	19,273,461
 Fund balances:				
Restricted	-	-	-	22,863,714
Committed	592,769	-	2,586,892	8,124,109
Total fund balances	592,769	-	2,586,892	30,987,823
Total liabilities and fund balances	\$ 606,515	\$ -	\$ 2,586,892	\$ 50,261,284

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, 2012

	Special Revenue Funds			
	Accommo- dations	American Recovery & Reinvestment Act	Child Support Enforcement	Community Development
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	92,221	427,297	1,170,781	2,638,273
Fines and forfeitures	-	-	-	-
Service charges	11,010,862	-	-	-
Interest	5,389	-	-	-
Other revenues	-	-	-	3,205
Total revenues	11,108,472	427,297	1,170,781	2,641,478
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	810	89,050	-
Judicial	-	257,339	629,333	-
Public works	-	-	-	-
Health and welfare	-	157,635	-	2,678,389
Economic development	-	-	-	-
Culture and recreation	11,033,121	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	11,033,121	415,784	718,383	2,678,389
Excess (deficiency) of revenues over (under) expenditures	75,351	11,513	452,398	(36,911)
Other financing sources (uses):				
Capital lease proceeds	-	-	-	-
Transfers in	-	-	-	56,650
Transfers out	(28,366)	(11,513)	(407,712)	(45,137)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(28,366)	(11,513)	(407,712)	11,513
Net change in fund balance	46,985	-	44,686	(25,398)
Fund balances at beginning of year	711,363	48	3,390	398,459
Fund balances at end of year	\$ 758,348	\$ 48	\$ 48,076	\$ 373,061

See notes to financial statements.

Special Revenue Funds

Construction Public Works	Economic Development	Education	Emergency Medical Services	Fire Districts	Hazardous Materials Enforcement
\$ -	\$ 1,707,951	\$ 7,038,430	\$ -	\$ 1,623,812	\$ -
4,562,821	3,050,000	147,678	26,601	644,268	-
-	-	-	-	-	-
-	-	-	-	-	192,413
28,641	-	-	-	-	-
-	64,648	-	127	3,128	-
4,591,462	4,822,599	7,186,108	26,728	2,271,208	192,413
-	-	-	-	-	-
-	-	-	28,166	2,215,610	222,728
-	-	-	-	-	-
6,925,420	-	-	-	-	-
-	4,297,764	-	-	-	-
-	-	-	-	-	-
-	-	5,715,068	-	-	-
-	-	-	-	-	-
6,925,420	4,297,764	5,715,068	28,166	2,215,610	222,728
-	-	-	-	-	-
(2,333,958)	524,835	1,471,040	(1,438)	55,598	(30,315)
-	-	-	-	-	-
5,994,387	-	-	1,438	86,800	-
(5,994,387)	-	(1,471,040)	-	(86,800)	(9,025)
-	-	-	-	-	-
-	-	(1,471,040)	1,438	-	(9,025)
-	-	-	-	-	-
(2,333,958)	524,835	-	-	55,598	(39,340)
-	-	-	-	-	-
12,621,575	684,609	-	-	816,807	233,200
\$ 10,287,617	\$ 1,209,444	\$ -	\$ -	\$ 872,405	\$ 193,860

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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, 2012

	<u>Special Revenue Funds</u>		
	<u>Public Defender</u>	<u>Safety Enforcement</u>	<u>Sheriff</u>
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	1,400,442	4,764,133	103,500
Fines and forfeitures	-	103,229	211,556
Service charges	122,878	-	-
Interest	2,869	379	2,480
Other revenues	25,000	40,300	370,190
Total revenues	1,551,189	4,908,041	687,726
Expenditures:			
Current:			
General government	-	3,800	-
Public safety	-	4,011,156	640,951
Judicial	4,445,510	1,151,624	-
Public works	-	-	-
Health and welfare	-	13,430	-
Economic development	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Capital outlay	-	-	-
Total expenditures	4,445,510	5,180,010	640,951
Excess (deficiency) of revenues over (under) expenditures	(2,894,321)	(271,969)	46,775
Other financing sources (uses):			
Capital lease proceeds	-	-	-
Transfers in	2,885,066	252,887	92,352
Transfers out	-	-	(42,751)
Proceeds from sale of capital assets	-	-	140,101
Total other financing sources (uses)	2,885,066	252,887	189,702
Net change in fund balance	(9,255)	(19,082)	236,477
Fund balances at beginning of year	796,267	520,930	2,077,050
Fund balances at end of year	\$ 787,012	\$ 501,848	\$ 2,313,527

See notes to financial statements.

Special Revenue Funds				Capital Projects Funds	
Solicitor	Storm Water Drainage	Victim Notification	Charleston Development Corp	Construction	Equipment Replacement Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,033,066	327,028	8,707	-	375,207	-
37,700	-	439,881	-	-	-
810,310	1,547,130	680	-	-	-
5,951	5,666	-	96	25,193	1,925
295,247	-	-	544	-	-
2,182,274	1,879,824	449,268	640	400,400	1,925
-	-	-	-	3,815,520	-
-	-	202,417	-	-	-
1,761,395	-	227,432	-	-	-
-	2,021,510	-	-	-	-
-	-	-	200	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	305,734	-
1,761,395	2,021,510	429,849	200	4,121,254	-
420,879	(141,686)	19,419	440	(3,720,854)	1,925
-	-	-	-	-	-
112,924	-	100,000	-	410,000	717,471
(226,260)	-	-	-	(20,000)	(589,500)
-	-	-	-	47,740	59,537
(113,336)	-	100,000	-	437,740	187,508
307,543	(141,686)	119,419	440	(3,283,114)	189,433
2,500,886	2,652,934	45,884	33,048	8,227,562	403,336
\$ 2,808,429	\$ 2,511,248	\$ 165,303	\$ 33,488	\$ 4,944,448	\$ 592,769

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, 2012

	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>General Services Construction</u>	<u>ITS / MIS</u>	
Revenues:			
Property taxes	\$ -	\$ -	\$ 10,370,193
Intergovernmental	-	-	20,772,023
Fines and forfeitures	-	-	792,366
Service charges	-	-	13,684,273
Interest	-	-	78,589
Other revenues	-	360,000	1,162,389
	<u>-</u>	<u>360,000</u>	<u>46,859,833</u>
Total revenues	<u>-</u>	<u>360,000</u>	<u>46,859,833</u>
Expenditures:			
Current:			
General government	-	-	3,819,320
Public safety	-	-	7,410,888
Judicial	-	-	8,472,633
Public works	-	-	8,946,930
Health and welfare	-	-	2,849,654
Economic development	-	-	4,297,764
Culture and recreation	-	-	11,033,121
Education	-	-	5,715,068
Capital outlay	681	356,903	663,318
	<u>681</u>	<u>356,903</u>	<u>53,208,696</u>
Total expenditures	<u>681</u>	<u>356,903</u>	<u>53,208,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(681)</u>	<u>3,097</u>	<u>(6,348,863)</u>
Other financing sources (uses):			
Capital lease proceeds	-	299,650	299,650
Transfers in	-	328,754	11,038,729
Transfers out	-	(157,080)	(9,089,571)
Proceeds from sale of capital assets	-	-	247,378
	<u>-</u>	<u>471,324</u>	<u>2,496,186</u>
Total other financing sources (uses)	<u>-</u>	<u>471,324</u>	<u>2,496,186</u>
Net change in fund balance	<u>(681)</u>	<u>474,421</u>	<u>(3,852,677)</u>
Fund balances at beginning of year	<u>681</u>	<u>2,112,471</u>	<u>34,840,500</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,586,892</u>	<u>\$ 30,987,823</u>

See notes to financial statements.

**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, 2012**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 79,000	\$ 79,000	\$ 92,221	\$ 13,221
Service charges	10,040,000	10,736,000	11,010,862	274,862
Interest	25,000	25,000	5,389	(19,611)
Total revenues	10,144,000	10,840,000	11,108,472	268,472
Expenditures:				
Current:				
Culture and recreation	10,192,190	11,069,254	11,033,121	36,133
Total expenditures	10,192,190	11,069,254	11,033,121	36,133
Excess (deficiency) of revenues over (under) expenditures	(48,190)	(229,254)	75,351	304,605
Other financing uses:				
Transfers out	(27,700)	(27,700)	(28,366)	(666)
Net change in fund balance	(75,890)	(256,954)	46,985	303,939
Fund balance at beginning of year	711,363	711,363	711,363	-
Fund balance at end of year	\$ 635,473	\$ 454,409	\$ 758,348	\$ 303,939

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, 2012**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 1,165,000	\$ 1,178,568	\$ 1,170,781	\$ (7,787)
Total revenues	<u>1,165,000</u>	<u>1,178,568</u>	<u>1,170,781</u>	<u>(7,787)</u>
Expenditures:				
Current:				
Public safety	75,991	76,962	89,050	(12,088)
Judicial	662,425	671,940	629,333	42,607
Total expenditures	<u>738,416</u>	<u>748,902</u>	<u>718,383</u>	<u>30,519</u>
Excess of revenues over expenditures	<u>426,584</u>	<u>429,666</u>	<u>452,398</u>	<u>22,732</u>
Other financing uses:				
Transfers out	<u>(426,584)</u>	<u>(433,056)</u>	<u>(407,712)</u>	<u>25,344</u>
Net change in fund balance	-	(3,390)	44,686	48,076
Fund balance at beginning of year	<u>3,390</u>	<u>3,390</u>	<u>3,390</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,390</u>	<u>\$ -</u>	<u>\$ 48,076</u>	<u>\$ 48,076</u>

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 1,240,083	\$ 1,240,083	\$ 1,707,951	\$ 467,868
Intergovernmental	-	3,137,635	3,050,000	(87,635)
Other revenues	-	70,713	64,648	(6,065)
Total revenues	1,240,083	4,448,431	4,822,599	374,168
Expenditures:				
Current:				
Economic development	1,540,083	4,585,094	4,297,764	287,330
Total expenditures	1,540,083	4,585,094	4,297,764	287,330
Excess (deficiency) of revenues over (under) over expenditures	(300,000)	(136,663)	524,835	661,498
Net change in fund balance	(300,000)	(136,663)	524,835	661,498
Fund balance at beginning of year	684,609	684,609	684,609	-
Fund balance at end of year	\$ 384,609	\$ 547,946	\$ 1,209,444	\$ 661,498

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, 2012**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 5,739,913	\$ 7,069,913	\$ 7,038,430	\$ (31,483)
Intergovernmental	-	-	147,678	147,678
Total revenues	<u>5,739,913</u>	<u>7,069,913</u>	<u>7,186,108</u>	<u>116,195</u>
Expenditures:				
Current:				
Education	<u>5,739,913</u>	<u>5,739,913</u>	<u>5,715,068</u>	<u>24,845</u>
Total expenditures	<u>5,739,913</u>	<u>5,739,913</u>	<u>5,715,068</u>	<u>24,845</u>
Excess of revenues over expenditures				
expenditures	-	1,330,000	1,471,040	141,040
Other financing uses:				
Transfers out	-	(1,330,000)	(1,471,040)	(141,040)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 FIRE DISTRICTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2012**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 1,645,137	\$ 1,651,437	\$ 1,623,812	\$ (27,625)
Intergovernmental	449,468	656,150	644,268	(11,882)
Other revenues	-	-	3,128	3,128
Total revenues	2,094,605	2,307,587	2,271,208	(36,379)
Expenditures:				
Current:				
Public safety	2,604,017	2,973,838	2,215,610	758,228
Total expenditures	2,604,017	2,973,838	2,215,610	758,228
Excess (deficiency) of revenues over (under) expenditures	(509,412)	(666,251)	55,598	721,849
Other financing sources (uses):				
Transfers in	-	130,087	86,800	43,287
Transfers out	(91,651)	(91,651)	(86,800)	(4,851)
Total other financing sources (uses)	(91,651)	38,436	-	38,436
Net change in fund balance	(601,063)	(627,815)	55,598	683,413
Fund balance at beginning of year	816,807	816,807	816,807	-
Fund balance at end of year	\$ 215,744	\$ 188,992	\$ 872,405	\$ 683,413

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, 2012**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Service charges	\$ 180,000	\$ 190,000	\$ 192,413	\$ 2,413
Total revenues	<u>180,000</u>	<u>190,000</u>	<u>192,413</u>	<u>2,413</u>
Expenditures:				
Current:				
Public safety	<u>229,360</u>	<u>232,381</u>	<u>222,728</u>	<u>9,653</u>
Total expenditures	<u>229,360</u>	<u>232,381</u>	<u>222,728</u>	<u>9,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,360)</u>	<u>(42,381)</u>	<u>(30,315)</u>	<u>12,066</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>(9,025)</u>	<u>(9,025)</u>	<u>-</u>
Net change in fund balance	<u>(49,360)</u>	<u>(51,406)</u>	<u>(39,340)</u>	<u>12,066</u>
Fund balance at beginning of year	<u>233,200</u>	<u>233,200</u>	<u>233,200</u>	<u>-</u>
Fund balance at end of year	<u>\$ 183,840</u>	<u>\$ 181,794</u>	<u>\$ 193,860</u>	<u>\$ 12,066</u>

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
PUBLIC DEFENDER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 1,110,672	\$ 1,195,672	\$ 1,400,442	\$ 204,770
Service charges	167,000	167,000	122,878	(44,122)
Interest	-	-	2,869	2,869
Other revenues	-	-	25,000	25,000
Total revenues	1,277,672	1,362,672	1,551,189	188,517
Expenditures:				
Current:				
Judicial	4,447,717	4,507,753	4,445,510	62,243
Total expenditures	4,447,717	4,507,753	4,445,510	62,243
Deficiency of revenues under expenditures	(3,170,045)	(3,145,081)	(2,894,321)	250,760
Other financing sources:				
Transfers in	2,832,489	2,885,066	2,885,066	-
Net change in fund balance	(337,556)	(260,015)	(9,255)	250,760
Fund balance at beginning of year	796,267	796,267	796,267	-
Fund balance at end of year	\$ 458,711	\$ 536,252	\$ 787,012	\$ 250,760

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, 2012

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 103,500	\$ 103,500	\$ 103,500	\$ -
Fines and forfeitures	109,910	109,910	211,556	101,646
Interest	-	-	2,480	2,480
Other revenues	493,300	493,300	370,190	(123,110)
Total revenues	706,710	706,710	687,726	(18,984)
Expenditures:				
Current:				
Public safety	897,316	1,069,548	640,951	428,597
Total expenditures	897,316	1,069,548	640,951	428,597
Excess (deficiency) of revenues over (under) expenditures	(190,606)	(362,838)	46,775	409,613
Other financing sources (uses):				
Transfers in	87,707	92,352	92,352	-
Transfers out	-	(44,512)	(42,751)	(1,761)
Proceeds from sale of capital assets	-	-	140,101	(140,101)
Total other financing sources (uses)	87,707	47,840	189,702	(141,862)
Net change in fund balance	(102,899)	(314,998)	236,477	551,475
Fund balance at beginning of year	2,077,050	2,077,050	2,077,050	-
Fund balance at end of year	\$ 1,974,151	\$ 1,762,052	\$ 2,313,527	\$ 551,475

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, 2012

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 748,094	\$ 774,986	\$ 1,033,066	\$ 258,080
Fines and forfeitures	4,000	4,000	37,700	33,700
Service charges	778,000	793,000	810,310	17,310
Interest	-	-	5,951	5,951
Other revenues	-	-	295,247	295,247
Total revenues	<u>1,530,094</u>	<u>1,571,986</u>	<u>2,182,274</u>	<u>610,288</u>
Expenditures:				
Current:				
Judicial	1,888,839	1,950,322	1,761,395	188,927
Total expenditures	<u>1,888,839</u>	<u>1,950,322</u>	<u>1,761,395</u>	<u>188,927</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(358,745)</u>	<u>(378,336)</u>	<u>420,879</u>	<u>799,215</u>
Other financing sources (uses):				
Transfers in	216,337	329,261	112,924	(216,337)
Transfers out	(444,177)	(452,431)	(226,260)	226,171
Total other financing sources (uses)	<u>(227,840)</u>	<u>(123,170)</u>	<u>(113,336)</u>	<u>9,834</u>
Net change in fund balance	<u>(586,585)</u>	<u>(501,506)</u>	<u>307,543</u>	<u>809,049</u>
Fund balance at beginning of year	<u>2,500,886</u>	<u>2,500,886</u>	<u>2,500,886</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,914,301</u>	<u>\$ 1,999,380</u>	<u>\$ 2,808,429</u>	<u>\$ 809,049</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, 2012**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 596,250	\$ 299,250	\$ 327,028	\$ 27,778
Service charges	1,050,000	1,347,000	1,547,130	200,130
Interest	-	-	5,666	5,666
Total revenues	<u>1,646,250</u>	<u>1,646,250</u>	<u>1,879,824</u>	<u>233,574</u>
Expenditures:				
Current:				
Public works	3,746,043	4,299,184	2,021,510	2,277,674
Total expenditures	<u>3,746,043</u>	<u>4,299,184</u>	<u>2,021,510</u>	<u>2,277,674</u>
Deficiency of revenues under expenditures	<u>(2,099,793)</u>	<u>(2,652,934)</u>	<u>(141,686)</u>	<u>2,511,248</u>
Net change in fund balance	(2,099,793)	(2,652,934)	(141,686)	2,511,248
Fund balance at beginning of year	<u>2,652,934</u>	<u>2,652,934</u>	<u>2,652,934</u>	<u>-</u>
Fund balance at end of year	<u>\$ 553,141</u>	<u>\$ -</u>	<u>\$ 2,511,248</u>	<u>\$ 2,511,248</u>

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, 2012**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
Revenues:				
Intergovernmental	\$ 5,500	\$ 5,500	\$ 8,707	\$ 3,207
Fines and forfeitures	392,500	392,500	439,881	47,381
Service charges	-	-	680	680
Total revenues	398,000	398,000	449,268	51,268
Expenditures:				
Current:				
Public safety	191,319	194,136	202,417	(8,281)
Judicial	248,310	244,133	227,432	16,701
Total expenditures	439,629	438,269	429,849	8,420
Excess (deficiency) of revenues over under expenditures	(41,629)	(40,269)	19,419	59,688
Other financing sources:				
Transfers in	-	100,000	100,000	-
Net change in fund balance	(41,629)	59,731	119,419	59,688
Fund balance at beginning of year	45,884	45,884	45,884	-
Fund balance at end of year	\$ 4,255	\$ 105,615	\$ 165,303	\$ 59,688

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
VICTIM NOTIFICATION SPECIAL REVENUE FUND
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES COLLECTED
June 30, 2012

	Total Collections	Remittance to State	Retained by County	General Fund	Victim Notification	Total County Revenue
Magistrates:						
Fines:						
Traffic/criminal	\$ 2,281,263	\$ -	\$ 2,281,263	\$ 2,281,263	\$ -	\$ 2,281,263
Wildlife/littering	50,286	50,286	-	-	-	-
DUI/DUS/BUI	77,389	77,389	-	-	-	-
Assessments	1,705,457	1,567,983	137,474	-	137,474	137,474
Surcharges	581,749	520,143	61,607	-	61,607	61,607
	<u>4,696,144</u>	<u>2,215,801</u>	<u>2,480,344</u>	<u>2,281,263</u>	<u>199,081</u>	<u>2,480,344</u>
Clerk of Court:						
Fines:						
Fines and Fees	1,566,313	1,062,105	504,208	504,208	-	504,208
Family court	2,141,734	1,092,457	1,049,277	1,049,277	-	1,049,277
DUI/DUS/BUI	13,664	13,664	-	-	-	-
Assessments	88,260	56,415	31,845	-	31,845	31,845
Surcharges	334,695	125,740	208,995	-	208,955	208,955
	<u>4,144,666</u>	<u>2,350,381</u>	<u>1,794,325</u>	<u>1,553,485</u>	<u>240,800</u>	<u>1,794,285</u>
	<u>\$ 8,840,810</u>	<u>\$ 4,566,182</u>	<u>\$ 4,274,669</u>	<u>\$ 3,834,748</u>	<u>\$ 439,881</u>	<u>\$ 4,274,629</u>

See notes to financial statements.

CHARLESTON COUNTY COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business.

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.

Revenue Collections - This fund is used to account for the administration on a fee basis of the collection of accommodations, business licenses, hazardous material fees, storm water fees and the solid waste user fee for the County and municipalities.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2012

ASSETS	DAODAS	E-911 Communications	Radio Communications	Revenue Collections	Totals
Current assets:					
Non-pooled cash and cash equivalents	\$ 700	\$ -	\$ -	\$ 328,067	\$ 328,767
Pooled cash and cash equivalents	1,210,578	5,136,059	451,566	2,451,734	9,249,937
Receivables (net of allowances for uncollectibles)	1,312,932	548,931	101,775	-	1,963,638
Total current assets	2,524,210	5,684,990	553,341	2,779,801	11,542,342
Deferred issuance costs	37,239	-	-	-	37,239
Capital assets:					
Buildings	9,554,391	-	-	-	9,554,391
Improvements other than buildings	270,255	-	-	-	270,255
Machinery and equipment	171,524	1,779,117	229,407	-	2,180,048
Less accumulated depreciation	(3,417,923)	(1,274,827)	(157,565)	-	(4,850,315)
Total capital assets (net of accumulated depreciation)	6,578,247	504,290	71,842	-	7,154,379
Total noncurrent assets	6,615,486	504,290	71,842	-	7,191,618
Total assets	9,139,696	6,189,280	625,183	2,779,801	18,733,960

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2012

<u>LIABILITIES AND EQUITY</u>	DAODAS	E-911 Communications	Radio Communications	Revenue Collections	Totals
Current liabilities:					
Accounts payable	\$ 103,785	\$ 94,263	\$ 35,489	\$ 43,871	\$ 277,408
Accrued payroll and fringe benefits	242,037	14,334	6,149	45,938	308,458
Compensated absences-current	15,327	52	-	-	15,379
Intergovernmental payable	2,023	-	-	2,265,716	2,267,739
Accrued interest payable	10,829	-	-	-	10,829
Certificates of participation - current	278,151	-	-	-	278,151
Total current liabilities	652,152	108,649	41,638	2,355,525	3,157,964
Noncurrent liabilities:					
Certificates of participation (net of unamortized discounts)	2,199,880	-	-	-	2,199,880
Compensated absences	396,638	9,565	8,566	121,421	536,190
Total noncurrent liabilities	2,596,518	9,565	8,566	121,421	2,736,070
Total liabilities	3,248,670	118,214	50,204	2,476,946	5,894,034
NET ASSETS					
Invested in capital assets, net of related debt	4,100,216	504,290	71,842	-	4,676,348
Unrestricted	1,790,810	5,566,776	503,137	302,855	8,163,578
Total net assets	\$ 5,891,026	\$ 6,071,066	\$ 574,979	\$ 302,855	\$ 12,839,926

See notes to financial statements.

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, 2012

	DAODAS	E-911 Communications	Radio Communications	Revenue Collections	Totals
Operating revenues:					
Charges for services	\$ 6,510,470	\$ 1,747,860	\$ 1,725,830	\$ 1,829,636	\$ 11,813,796
Other revenues	410	-	-	3,522	3,932
Total operating revenues	6,510,880	1,747,860	1,725,830	1,833,158	11,817,728
Operating expenses:					
Personnel services	5,518,473	337,968	144,775	1,194,517	7,195,733
Contractual services	496,818	-	250,032	21,021	767,871
Materials and supplies	485,708	26,749	230,099	7,772	750,328
Utilities	227,982	721,385	-	-	949,367
Repairs and maintenance	183,624	134,107	1,229,643	1,500	1,548,874
Rental expenses	123,104	-	324,469	-	447,573
Vehicle fleet charges	20,103	-	2,840	13,473	36,416
Other expenses	1,712,681	356,658	1,047,187	457,398	3,573,924
Depreciation and amortization	249,291	141,920	45,267	-	436,478
Total operating expenses	9,017,784	1,718,787	3,274,312	1,695,681	15,706,564
Operating income (loss)	(2,506,904)	29,073	(1,548,482)	137,477	(3,888,836)
Nonoperating revenues (expenses):					
Interest income	4,877	15,179	194	2,366	22,616
Interest expense	(174,569)	-	-	-	(174,569)
Intergovernmental revenues	623,267	-	-	-	623,267
Total nonoperating revenues (expenses)	453,575	15,179	194	2,366	471,314
Income (loss) before transfers	(2,053,329)	44,252	(1,548,288)	139,843	(3,417,522)
Transfers in	1,901,473	-	1,597,360	16,859	3,515,692
Change in net assets	(151,856)	44,252	49,072	156,702	98,170
Total net assets - beginning	6,042,882	6,026,814	525,907	146,153	12,741,756
Total net assets - ending	\$ 5,891,026	\$ 6,071,066	\$ 574,979	\$ 302,855	\$ 12,839,926

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended June 30, 2012

	DAODAS	E-911 Communications	Radio Communications	Revenue Collections	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 6,242,406	\$ 1,525,696	\$ 1,743,805	\$ 1,833,157	\$ 11,345,064
Cash payments to suppliers for goods and services	(3,269,213)	(1,150,424)	(3,111,511)	(1,292,833)	(8,823,981)
Cash payments to employees for services	(5,434,870)	(335,695)	(143,918)	(1,172,545)	(7,087,028)
Net cash provided by (used in) operating activities	(2,461,677)	39,577	(1,511,624)	(632,221)	(4,565,945)
Cash flows from noncapital financing activities:					
Transfers in	1,901,473	-	1,597,360	16,859	3,515,692
Intergovernmental receipt	893,672	-	-	-	893,672
Net cash provided by noncapital financing activities	2,795,145	-	1,597,360	16,859	4,409,364
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(308,491)	-	-	-	(308,491)
Interest paid	(143,546)	-	-	-	(143,546)
Acquisition and construction of capital assets	-	(5,000)	(12,942)	-	(17,942)
Net cash used in capital and related financing activities	(452,037)	(5,000)	(12,942)	-	(469,979)
Cash flows from investing activities:					
Interest received	4,877	15,179	194	2,366	22,616
Net cash provided by investing activities	4,877	15,179	194	2,366	22,616
Net increase (decrease) in cash and cash equivalents	(113,692)	49,756	72,988	(612,996)	(603,944)
Cash and cash equivalents at beginning of year	1,324,970	5,086,303	378,578	3,392,797	10,182,648
Cash and cash equivalents at end of year	\$ 1,211,278	\$ 5,136,059	\$ 451,566	\$ 2,779,801	\$ 9,578,704
Reconciliation to balance sheet:					
Non-pooled cash and cash equivalents	\$ 700	\$ -	\$ -	\$ 328,067	\$ 328,767
Pooled cash and cash equivalents	1,210,578	5,136,059	451,566	2,451,734	9,249,937
Cash and cash equivalents at end of year	\$ 1,211,278	\$ 5,136,059	\$ 451,566	\$ 2,779,801	\$ 9,578,704

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2012

	<u>DAODAS</u>	<u>E-911 Communications</u>	<u>Radio Communications</u>	<u>Revenue Collections</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (2,506,904)	\$ 29,073	\$ (1,548,482)	\$ 137,477	\$ (3,888,836)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	249,291	141,920	45,267	-	436,478
Changes in assets and liabilities:					
(Increase) decrease in receivables	(268,474)	(222,165)	17,975	-	(472,664)
Increase (decrease) in accounts payable	(19,193)	88,476	(27,241)	(791,670)	(749,628)
(Decrease) increase in accrued payroll	83,603	2,273	857	21,972	108,705
Total adjustments	45,227	10,504	36,858	(769,698)	(677,109)
Net cash provided by (used in) operating activities	\$ (2,461,677)	\$ 39,577	\$ (1,511,624)	\$ (632,221)	\$ (4,565,945)

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 - 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 and payments from retirees. The fund is administered by seven trustees; the Finance Director 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) Assistant Administrator for Finance. 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, 2012

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits	Telecom- munications	Totals
ASSETS						
Current assets:						
Pooled cash and cash equivalents	\$ 2,571,693	\$ 265,950	\$ 4,933,448	\$ 18,256,476	\$ 494,642	\$ 26,522,209
Cash with fiscal agent	-	-	125,000	-	-	125,000
Receivables (net of allowances for uncollectibles)	89,687	948	516	136,389	2,763	230,303
Due from other funds	-	-	281,855	515,235	-	797,090
Inventories	375,285	-	-	-	-	375,285
Total current assets	3,036,665	266,898	5,340,819	18,908,100	497,405	28,049,887
Capital assets:						
Buildings	1,550,503	145,180	-	-	-	1,695,683
Machinery and equipment	25,817,175	1,649,475	167,023	-	426,543	28,060,216
Less accumulated depreciation	(18,514,239)	(1,419,001)	(150,877)	-	(420,503)	(20,504,620)
Total capital assets (net of accumulated depreciation)	8,853,439	375,654	16,146	-	6,040	9,251,279
Total assets	11,890,104	642,552	5,356,965	18,908,100	503,445	37,301,166
LIABILITIES						
Current liabilities:						
Accounts payable	576,588	73,907	4,093,394	11,967	106,288	4,862,144
Accrued payroll and fringe benefits	77,874	30,019	13,287	-	11,915	133,095
Compensated absences-current	18,685	11,348	3,097	-	-	33,130
Intergovernmental payable	2,387	601	506,596	-	102	509,686
Lease payable - current	-	281,929	-	-	-	281,929
Total current liabilities	675,534	397,804	4,616,374	11,967	118,305	5,819,984
Noncurrent liabilities:						
OPEB liability	-	-	-	17,800,983	-	17,800,983
Compensated absences	244,773	53,602	37,707	-	5,187	341,269
Lease payable	-	24,657	-	-	-	24,657
Total noncurrent liabilities	244,773	78,259	37,707	17,800,983	5,187	18,166,909
Total liabilities	920,307	476,063	4,654,081	17,812,950	123,492	23,986,893
NET ASSETS						
Invested in capital assets, net of related debt	8,853,439	69,068	16,146	-	6,040	8,944,693
Unrestricted	2,116,358	97,421	686,738	1,095,150	373,913	4,369,580
Total net assets	\$ 10,969,797	\$ 166,489	\$ 702,884	\$ 1,095,150	\$ 379,953	\$ 13,314,273

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
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2012

	<u>Fleet Management</u>	<u>Office Support Services</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Telecom- munications</u>	<u>Totals</u>
Operating revenues:						
Charges for services	\$ 11,583,048	\$ 1,667,710	\$ 4,650,826	\$ 25,036,311	\$ 1,659,146	\$ 44,597,041
Total operating revenues	11,583,048	1,667,710	4,650,826	25,036,311	1,659,146	44,597,041
Operating expenses:						
Personnel services	1,875,991	725,958	360,239	-	272,983	3,235,171
Contractual services	4,076	9,424	4,948,049	-	900	4,962,449
Materials and supplies	7,970,095	547,784	135,164	510	3,845	8,657,398
Utilities	88,924	21,903	-	-	1,195,575	1,306,402
Repairs and maintenance	18,229	297,273	41,661	-	35,280	392,443
Rental expenses	-	21,031	-	-	-	21,031
Vehicle fleet charges	72,191	11,632	8,029	-	3,859	95,711
Employee benefits	-	-	-	25,493,684	-	25,493,684
Other expenses	1,265,341	25,655	22,254	-	14,697	1,327,947
Depreciation	2,564,815	298,349	20,410	-	11,880	2,895,454
Total operating expenses	13,859,662	1,959,009	5,535,806	25,494,194	1,539,019	48,387,690
Operating income (loss)	(2,276,614)	(291,299)	(884,980)	(457,883)	120,127	(3,790,649)
Nonoperating revenues (expenses):						
Interest income	-	-	14,218	45,058	-	59,276
Interest expense	-	(38,761)	-	-	-	(38,761)
Gain (loss) on disposal of capital assets	48,183	13,551	-	-	1,112	62,846
Total nonoperating revenues (expenses)	48,183	(25,210)	14,218	45,058	1,112	83,361
Income (loss) before transfers	(2,228,431)	(316,509)	(870,762)	(412,825)	121,239	(3,707,288)
Transfers out	(503,471)	-	-	-	-	(503,471)
Transfers in	3,471,984	248,475	105,861	750,000	4,094	4,580,414
Change in net assets	740,082	(68,034)	(764,901)	337,175	125,333	369,655
Total net assets - beginning	10,229,715	234,523	1,467,785	757,975	254,620	12,944,618
Total net assets - ending	\$ 10,969,797	\$ 166,489	\$ 702,884	\$ 1,095,150	\$ 379,953	\$ 13,314,273

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2012

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits	Telecom- munications	Totals
Cash flows from operating activities:						
Cash received from customers	\$ 271,919	\$ -	\$ -	\$ -	\$ 21,659	\$ 293,578
Cash receipts from interfund services provided	11,362,171	1,666,762	4,490,341	25,016,287	1,635,940	44,171,501
Cash payments to suppliers for goods and services	(9,114,666)	(925,198)	(4,299,965)	(21,530,277)	(1,254,138)	(37,124,244)
Cash payments to employees for services	(1,889,053)	(737,922)	(363,619)	-	(271,936)	(3,262,530)
Net cash provided by (used in) operating activities	<u>630,371</u>	<u>3,642</u>	<u>(173,243)</u>	<u>3,486,010</u>	<u>131,525</u>	<u>4,078,305</u>
Cash flows from noncapital financing activities:						
Transfers in	3,471,984	248,475	105,861	750,000	4,094	4,580,414
Transfers (out)	(503,471)	-	-	-	-	(503,471)
Net cash provided by noncapital financing activities	<u>2,968,513</u>	<u>248,475</u>	<u>105,861</u>	<u>750,000</u>	<u>4,094</u>	<u>4,076,943</u>
Cash flows from capital and related financing activities:						
Principal paid on long-term debt	(216,396)	(265,310)	-	-	-	(481,706)
Interest paid	(6,581)	(38,761)	-	-	-	(45,342)
Proceeds from capital lease	-	45,070	-	-	-	45,070
Proceeds from sale of capital assets	221,910	13,550	-	-	2,111	237,571
Acquisition and construction of capital assets (including capitalized interest)	(3,351,391)	(56,973)	-	-	-	(3,408,364)
Net cash used in capital and related financing activities	<u>(3,352,458)</u>	<u>(302,424)</u>	<u>-</u>	<u>-</u>	<u>2,111</u>	<u>(3,652,771)</u>
Cash flows from investing activities:						
Interest received	-	-	14,218	45,058	-	59,276
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>14,218</u>	<u>45,058</u>	<u>-</u>	<u>59,276</u>
Net increase (decrease) in cash and cash equivalents	246,426	(50,307)	(53,164)	4,281,068	137,730	4,561,753
Cash and cash equivalents at beginning of year	2,325,267	316,257	5,111,612	13,975,408	356,912	22,085,456
Cash and cash equivalents at end of year	<u>\$ 2,571,693</u>	<u>\$ 265,950</u>	<u>\$ 5,058,448</u>	<u>\$ 18,256,476</u>	<u>\$ 494,642</u>	<u>\$ 26,647,209</u>
Reconciliation to balance sheet:						
Pooled cash and cash equivalents	\$ 2,571,693	\$ 265,950	\$ 4,933,448	\$ 18,256,476	\$ 494,642	\$ 26,522,209
Cash with fiscal agent	-	-	125,000	-	-	125,000
Cash and cash equivalents at end of year	<u>\$ 2,571,693</u>	<u>\$ 265,950</u>	<u>\$ 5,058,448</u>	<u>\$ 18,256,476</u>	<u>\$ 494,642</u>	<u>\$ 26,647,209</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, 2012

	<u>Fleet Management</u>	<u>Office Support Services</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Telecom- munications</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (2,276,614)	\$ (291,299)	\$ (884,980)	\$ (457,883)	\$ 120,127	\$ (3,790,649)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	2,564,815	298,349	20,410	-	11,880	2,895,454
Changes in assets and liabilities:						
(Increase) decrease in receivables	51,042	(948)	(160,485)	(20,024)	(1,547)	(131,962)
Increase in inventory	(22,969)	-	-	-	-	(22,969)
Increase (decrease) in accounts payable	327,159	9,504	855,192	3,963,917	18	5,155,790
Increase (decrease) in accrued payroll	(13,062)	(11,964)	(3,380)	-	1,047	(27,359)
Total adjustments	2,906,985	294,941	711,737	3,943,893	11,398	7,868,954
Net cash provided by operating activities	\$ 630,371	\$ 3,642	\$ (173,243)	\$ 3,486,010	\$ 131,525	\$ 4,078,305

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 Revenue Collections, Clerk of Court (who administers both Clerk of Court and Family Court funds), 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, 2012**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
<u>ASSETS</u>				
Non-pooled cash and cash equivalents:				
Held by Revenue Collections				
Third parties	\$ 248,161	\$ 51,567	\$ 107,247	\$ 192,481
Held by Clerk of Court				
Third parties	12,282,838	9,488,751	12,406,586	9,365,003
Held by Delinquent Tax				
Third parties	17,943,754	3,504,398	18,392,541	3,055,611
Held by Family Court				
Third parties	268,693	32,276,024	32,216,083	328,634
Held by Magistrates				
Third parties	99,610	121,813	99,610	121,813
Held by Master-In-Equity				
Third parties	1,566,727	29,983,749	28,607,415	2,943,061
Held by Probate				
Third parties	3,651	4,164	5,445	2,370
Held by Public Defender				
Third parties	22,976	159,986	163,700	19,262
Held by Sheriff				
Third parties	15,755	5,124,571	4,964,630	175,696
Held by Solicitor				
Third parties	30,047	910,058	538,025	402,080
Total non-pooled cash and cash equivalents	32,482,212	81,625,081	97,501,282	16,606,011

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, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>ASSETS</u>				
Pooled investments:				
Held by Treasurer				
C & B Fire Department	\$ -	\$ 8,330	\$ 8,330	\$ -
Charleston County Airport	(1,038)	-	-	(1,038)
Charleston County PRC	120,981	16,980,115	16,549,897	551,199
Charleston County School District	51,732,897	585,966,512	580,918,612	56,780,797
City of Charleston	280,666	66,362,227	59,812,979	6,829,914
City of Folly Beach	15,582	1,993,301	1,905,983	102,900
City of Folly Beach/James Island	148	254	390	12
City of Isle of Palms	(1,465)	4,264,909	4,104,635	158,809
City of North Charleston	289,158	42,630,294	40,182,469	2,736,983
Cooper River PPC	1,381	208,961	163,683	46,659
East Cooper Fire District	68	-	-	68
James Island PSD	79,975	5,383,078	4,913,445	549,608
James Island Fireman's Fund	-	126,481	126,481	-
North Charleston District	8,495	1,153,751	907,903	254,343
S. C. Fireman's Association	-	2,110,014	2,110,014	-
St. Andrew's PPPC	54,756	1,461,468	1,315,033	201,191
St. Andrew's Public Service District	166,697	4,626,134	4,111,678	681,153
St. John's Fire District	245,743	18,518,100	18,023,709	740,134
St. John's Fireman's Fund	-	324,855	324,855	-
St. Paul's Fire District	98,002	6,622,112	5,715,719	1,004,395
State Agencies	180,789	3,835,202	3,824,612	191,379
Third parties	(2,311,418)	129,938,387	104,678,636	22,948,333
Town of Awendaw Fireman's Assoc	-	46,500	46,500	-
Town of Awendaw	131	310,853	290,202	20,782
Town of Lincolnville	1,289	108,570	88,533	21,326
Town of McClellanville	1,366	277,734	240,756	38,344
Town of Mount Pleasant	24,283	29,162,807	20,716,516	8,470,574
Town of Sullivan's Island	2,905	1,621,733	1,525,942	98,696
Town of Summerville	253,002	228,879	253,571	228,310
Town of James Island Trustee	-	149,042	-	149,042
Ten Mile Whitehall Escrow	465,283	1,321	19,260	447,344
Total held by Treasurer	51,709,676	924,421,924	872,880,343	103,251,257
Held by Drug & Vice Seizure Trust				
Third parties	495,881	298,422	305,491	488,812
Total pooled investments	52,205,557	924,720,346	873,185,834	103,740,069
Total assets	\$ 84,687,769	\$ 1,006,345,427	\$ 970,687,116	\$ 120,346,080

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, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>LIABILITIES</u>				
Due to component units:				
Charleston County PRC	\$ 120,981	\$ 16,980,115	\$ 16,549,897	\$ 551,199
Cooper River PPC	1,381	208,961	163,683	46,659
James Island PSD	79,975	5,383,078	4,913,445	549,608
North Charleston District	8,495	1,153,751	907,903	254,343
St. Andrew's PPC	54,756	1,461,468	1,315,033	201,191
St. John's Fire District	245,743	18,518,100	18,023,709	740,134
St. Paul's Fire District	98,002	6,622,112	5,715,719	1,004,395
Total due to component units	609,333	50,327,585	47,589,389	3,347,529
Intergovernmental payable:				
C & B Fire Department	-	8,330	8,330	-
Charleston County Airport	(1,038)	-	-	(1,038)
Charleston County School District	51,732,897	585,966,512	580,918,612	56,780,797
City of Charleston	280,666	66,362,227	59,812,979	6,829,914
City of Folly Beach	15,582	1,993,301	1,905,983	102,900
City of Folly Beach/James Island	148	254	390	12
City of Isle of Palms	(1,465)	4,264,909	4,104,635	158,809
City of North Charleston	289,158	42,630,294	40,182,469	2,736,983
East Cooper Fire District	68	-	-	68
James Island Fireman's Fund	-	126,481	126,481	-
S. C. Fireman's Association	-	2,110,014	2,110,014	-
St. John's Fireman's Fund	-	324,855	324,855	-
St. Andrew's Public Service District	166,697	4,626,134	4,111,678	681,153
State Agencies	180,789	3,835,202	3,824,612	191,379
Town of Awendaw Fireman's Assoc	-	46,500	46,500	-
Town of Awendaw	131	310,853	290,202	20,782
Town of Lincolnville	1,289	108,570	88,533	21,326
Town of McClellanville	1,366	277,734	240,756	38,344
Town of Mount Pleasant	24,283	29,162,807	20,716,516	8,470,574
Town of Sullivan's Island	2,905	1,621,733	1,525,942	98,696
Town of Summerville	253,002	228,879	253,571	228,310
Ten Mile Whitehall Escrow	465,283	1,321	19,260	447,344
Total intergovernmental payable	53,411,761	744,006,910	720,612,318	76,806,353
Due to other funds	-	149,042	-	149,042
Due to third parties	30,666,675	211,861,890	202,485,409	40,043,156
Total liabilities	\$ 84,687,769	\$ 1,006,345,427	\$ 970,687,116	\$ 120,346,080

See notes to financial statements.

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



COUNTY OF CHARLESTON, SOUTH CAROLINA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function
June 30, 2012

Function	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 2,523,569	\$ 73,679,101	\$ 1,055,674	\$ 42,658,806	\$ -	\$ 47,294	\$ 119,964,444
Public safety	6,002,667	138,415,536	-	25,157,962	-	17,015,772	186,591,937
Judicial	-	60,706,495	-	809,204	-	-	61,515,699
Public works	190,671	397,168	67,191	1,162,378	46,870,337	-	48,687,745
Health and welfare	177,160	3,457,026	1,043,770	805,220	-	-	5,483,176
Culture and recreation	12,318,972	28,121,507	-	129,269	-	-	40,569,748
Economic Development	-	-	-	79,750	-	-	79,750
Total	\$ 21,213,039	\$ 304,776,833	\$ 2,166,635	\$ 70,802,589	\$ 46,870,337	\$ 17,063,066	\$ 462,892,499

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, 2012

<u>Function</u>	<u>Balance July 1, 2011</u>	<u>Additions *</u>	<u>Deletions *</u>	<u>Balance June 30, 2012</u>
General government	\$ 118,345,680	\$ 3,552,791	\$ (1,934,027)	\$ 119,964,444
Public safety	162,660,614	33,889,107	(9,957,784)	186,591,937
Judicial	61,515,699	-	-	61,515,699
Public works	48,433,572	451,428	(197,255)	48,687,745
Health and welfare	5,444,498	91,533	(52,855)	5,483,176
Culture and recreation	40,091,040	957,416	(478,708)	40,569,748
Economic Development	79,750	-	-	79,750
Total	\$ 436,570,853	\$ 38,942,275	\$ (12,620,629)	\$ 462,892,499

* 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 TABLES

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.

	<u>Page Number</u>
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 - 184
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.	185 - 189
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.	190 -191
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.	192 - 200
Financial Assurance Coverage	201

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 40,126,334	\$ 49,998,715	\$ 57,359,439	\$ 73,784,397	\$ 89,153,294	\$ 102,685,537	\$ 99,409,429	\$ 98,333,460	\$ 109,879,879	\$ 113,295,767
Restricted	28,420,510	32,932,674	60,338,152	51,638,770	69,829,579	120,020,898	26,497,016	31,716,002	133,951,227	297,250,879
Unrestricted	41,986,611	33,263,298	11,749,363	37,628,366	26,178,518	(61,981,588)	(1,257,571)	(41,322,471)	(205,897,191)	(428,921,260)
Total Governmental Activities Net Assets	\$ 110,533,455	\$ 116,194,687	\$ 129,446,954	\$ 163,051,533	\$ 185,161,391	\$ 160,724,847	\$ 124,648,874	\$ 88,726,991	\$ 37,933,915	\$ (18,374,614)
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 22,345,734	\$ 18,801,715	\$ 20,241,171	\$ 17,983,156	\$ 24,637,561	\$ 26,839,792	\$ 27,790,358	\$ 30,486,244	\$ 32,625,114	\$ 38,035,202
Restricted	14,418,181	8,462,709	11,141,799	49,159,942	34,873,968	38,021,909	39,974,530	41,832,681	48,107,916	54,181,917
Unrestricted	25,676,672	38,441,936	42,327,249	15,023,549	36,781,998	40,032,892	35,882,091	30,461,308	29,145,836	27,593,816
Total Business-type Activities Net assets	\$ 62,440,587	\$ 65,706,360	\$ 73,710,219	\$ 82,166,647	\$ 96,293,527	\$ 104,894,593	\$ 103,646,979	\$ 102,780,233	\$ 109,878,866	\$ 119,810,935
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$ 62,472,068	\$ 68,800,430	\$ 77,600,610	\$ 91,767,553	\$ 113,790,855	\$ 129,525,329	\$ 127,199,787	\$ 128,819,704	\$ 142,504,993	\$ 151,330,969
Restricted	42,838,691	41,395,383	71,479,951	100,798,712	104,703,547	158,042,807	66,471,546	73,548,683	182,059,143	351,432,796
Unrestricted	67,663,283	71,705,234	54,076,612	52,651,915	62,960,516	(21,948,696)	34,624,520	(10,861,163)	(176,751,355)	(401,327,444)
Total Primary Government Net Assets	\$ 172,974,042	\$ 181,901,047	\$ 203,157,173	\$ 245,218,180	\$ 281,454,918	\$ 265,619,440	\$ 228,295,853	\$ 191,507,224	\$ 147,812,781	\$ 101,436,321

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

UNAUDITED

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General Government	\$ 42,030,869	\$ 44,073,903	\$ 48,480,730	\$ 54,974,087	\$ 65,198,099	\$ 65,852,893	\$ 57,001,166	\$ 51,006,419	\$ 55,667,451	\$ 60,157,225
Public Safety	57,667,474	60,199,756	65,411,630	67,475,922	65,619,715	79,153,052	79,004,932	77,890,858	82,516,821	86,501,938
Judicial	15,150,950	16,303,000	17,626,761	19,042,092	20,545,790	22,201,442	28,605,375	25,578,697	26,116,113	26,577,935
Public Works	14,249,365	13,047,445	14,569,632	23,717,878	40,185,783	31,011,124	39,605,730	56,597,207	80,325,185	92,740,984
Health and Welfare	13,698,800	12,259,223	11,823,614	10,992,770	11,112,177	12,879,164	13,211,079	16,552,891	7,903,090	7,173,509
Economic Development	584,991	1,057,507	943,669	3,481,117	1,324,790	3,228,377	858,483	6,078,107	1,457,107	4,314,493
Culture and Recreation	14,744,185	17,464,877	16,731,110	18,133,308	21,307,239	53,822,207	48,254,152	41,390,976	38,886,387	30,820,517
Education	3,592,277	3,735,895	3,931,038	5,004,959	5,137,843	5,325,300	5,651,921	5,719,553	5,884,830	6,642,621
Interest and Fiscal Charges	10,697,842	9,306,029	10,107,693	10,453,449	9,311,104	18,461,680	20,934,569	21,109,522	20,739,273	26,019,356
Total Governmental Activities Expenses	172,416,753	177,447,635	189,625,877	213,275,582	239,742,540	291,935,239	293,127,407	301,924,230	319,496,257	340,948,578
Business-Type Activities:										
E 911 Communications	923,506	905,427	1,167,080	888,812	984,112	1,015,968	1,096,409	1,199,876	1,564,753	1,616,207
Environmental Management	26,266,186	27,252,627	29,335,704	32,430,587	30,229,939	39,064,678	43,209,125	33,738,089	19,920,437	21,278,034
Parking Garages	2,705,187	2,322,980	1,922,169	1,712,310	1,753,719	2,008,395	2,149,055	1,969,322	1,967,543	1,974,977
DOADAS	7,795,981	8,185,395	8,493,417	8,667,219	8,984,048	9,348,853	8,976,846	8,407,723	7,802,742	7,760,727
Revenue Collections	-	-	-	-	-	1,724,477	1,641,615	1,721,430	1,483,346	1,320,851
Radio Communications	-	-	-	-	1,800,430	1,973,647	2,153,163	2,226,905	2,226,407	2,469,246
Total Business-Type Activities Expenses	37,690,860	38,666,429	40,918,370	43,698,928	43,752,248	55,136,018	59,226,213	49,263,345	34,965,228	36,420,042
Total Primary Government Expenses	\$ 210,107,613	\$ 216,114,064	\$ 230,544,247	\$ 256,974,510	\$ 283,494,788	\$ 347,071,257	\$ 352,353,620	\$ 351,187,575	\$ 354,461,485	\$ 377,368,620
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 13,676,611	\$ 15,440,672	\$ 17,935,275	\$ 19,041,161	\$ 18,098,660	\$ 16,034,883	\$ 10,852,721	\$ 9,697,135	\$ 13,632,343	\$ 9,999,742
Public Safety	6,721,223	7,878,504	6,290,751	6,157,762	6,622,976	11,396,678	11,079,419	11,478,288	19,420,040	12,539,246
Judicial	5,900,661	7,292,551	7,253,058	7,778,889	7,641,424	8,319,231	9,285,809	8,892,660	8,379,703	7,738,371
Public Works	108,535	143,354	179,664	196,147	1,927,468	4,941,336	4,123,329	1,939,108	1,780,797	8,821,907
Health and Welfare	804,262	558,244	788,557	1,150,312	4,930,221	612,029	476,756	412,732	233,266	250,352
Culture and Recreation	68,828	66,441	73,303	201,705	179,007	4,003,383	1,767,195	912,786	882,902	511,170
Education	-	10,170	-	-	-	-	-	-	-	-
Operating Grants and Contributions	17,389,105	16,592,529	19,298,359	21,435,951	18,216,119	20,814,984	18,703,242	29,232,648	15,639,213	25,771,280
Capital Grants and Contributions	-	-	3,131,573	-	-	-	-	-	396,000	2,620,425
Total Governmental Activities Program Revenues	44,669,225	47,982,465	54,950,540	55,961,927	57,615,875	66,122,524	56,288,471	62,565,357	60,364,264	68,252,493

(CONTINUED)

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

UNAUDITED	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities:										
Charges for Services:										
E 911 Communications	\$ 1,120,349	\$ 1,273,381	\$ 1,940,631	\$ 1,265,946	\$ 1,379,569	\$ 1,365,183	\$ 1,429,854	\$ 2,070,562	\$ 1,690,605	\$ 1,747,860
Environmental Management	29,429,531	32,729,983	33,605,612	35,799,249	37,594,483	43,770,682	38,969,998	30,790,268	27,092,882	29,223,218
Parking Garages	2,833,338	8,290,653	2,008,933	2,066,315	2,424,078	2,501,491	2,698,693	2,556,854	2,807,563	2,902,769
DAODAS	3,707,126	3,783,036	5,519,478	4,113,731	6,361,075	4,475,009	4,700,331	6,124,605	5,095,135	5,916,198
Revenue Collections	-	-	-	-	-	1,071,795	464,550	528,649	497,742	629,551
Radio Communications	-	-	-	-	107,515	525,126	1,099,255	846,525	1,137,250	1,272,530
Operating Grants and Contributions	3,629,030	3,092,077	1,138,657	2,933,166	979,399	3,081,039	2,661,638	284,416	768,317	779,097
Capital Grants and Contributions	-	-	-	904,389	1,240	-	-	-	-	-
Total Business-type Activities Program Revenues	40,719,374	49,169,130	44,213,311	47,082,796	48,847,359	56,790,325	52,024,319	43,201,879	39,089,494	42,471,223
Total Primary Government Program Revenues	\$ 85,388,599	\$ 97,151,595	\$ 99,163,851	\$ 103,044,723	\$ 106,463,234	\$ 122,912,849	\$ 108,312,790	\$ 105,767,236	\$ 99,453,758	\$ 110,723,716
Net (Expense)/Revenue										
Governmental Activities	\$(127,747,528)	\$(129,465,170)	\$(134,675,337)	\$(157,313,655)	\$(182,126,665)	\$(225,812,715)	\$(236,838,936)	\$(239,358,873)	\$(259,131,993)	\$(272,696,085)
Business-type Activities	3,028,514	10,502,701	3,294,941	3,383,868	5,095,111	1,654,307	(7,201,894)	(6,061,466)	4,124,266	6,051,181
Total Primary Government Net (Expense)/Revenue	\$(124,719,014)	\$(118,962,469)	\$(131,380,396)	\$(153,929,787)	\$(177,031,554)	\$(224,158,408)	\$(244,040,830)	\$(245,420,339)	\$(255,007,727)	\$(266,644,904)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes by Source:										
Property Tax	\$ 76,262,067	\$ 76,421,626	\$ 77,341,114	\$ 82,216,983	\$ 82,289,668	\$ 86,507,891	\$ 96,621,772	\$ 104,955,894	\$ 106,384,010	\$ 107,176,522
Local Option Sales Tax	32,445,350	35,629,077	38,100,097	42,159,174	44,024,396	44,458,297	41,085,569	39,955,809	41,340,224	46,044,345
Transportation Sales Tax	-	-	5,870,000	37,116,336	39,521,307	40,097,074	37,469,812	36,292,922	37,930,907	40,672,545
Accommodations Tax	6,683,992	6,927,227	7,611,446	8,292,848	9,178,823	9,872,302	8,864,365	8,851,895	9,927,318	11,010,862
Franchise Tax	545,425	589,622	793,129	774,254	538,048	955,712	793,067	825,465	578,864	754,091
Merchants Inventory Tax and Manufacture's Depreciation	1,682,766	1,715,716	1,677,255	1,563,067	1,632,214	1,611,561	1,607,308	1,385,891	1,440,092	1,395,507
Motor Carrier Tax	132,567	77,160	108,871	116,292	129,110	140,426	138,236	120,432	111,247	92,429
Unrestricted State Aid to Political Subdivisions	13,654,987	13,781,116	13,959,555	14,603,288	16,098,226	17,864,865	17,036,681	14,223,422	12,111,216	10,779,692
Unrestricted Investment Earnings	727,946	469,755	2,495,650	5,757,314	5,421,959	3,749,245	1,173,784	1,318,508	837,142	1,276,697
Gain (Loss) on Sale of Capital Assets	(214,959)	387,618	-	514,247	-	-	-	-	-	239,152
Transfers	(2,509,762)	8,151,631	(3,289,535)	(3,601,887)	(5,052,023)	(3,881,034)	(4,337,551)	(4,493,248)	(2,322,103)	(3,054,286)
Total Governmental Activities	129,410,379	144,150,548	144,667,582	189,511,916	193,779,728	201,376,339	200,453,043	203,436,990	208,338,917	216,387,556

(CONTINUED)

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

UNAUDITED	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Property Taxes	\$ 359	\$ 48	\$ 64	\$ 65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Alcoholic Beverage Tax	514,357	528,466	542,927	523,037	505,366	542,927	542,927	542,927	537,486	594,682
Merchants Inventory tax and Manufacture's Depreciation	10,832	10,832	10,832	10,832	10,832	10,832	10,832	10,832	10,832	10,832
Unrestricted Investment Earnings	640,025	396,412	832,632	1,782,440	3,368,608	2,446,082	747,835	102,188	85,303	31,880
Gain (Loss) on Sale of Capital Assets	(22,975)	-	-	3,811	94,940	65,886	45,467	45,525	18,643	189,208
Transfers	2,509,762	(8,151,631)	3,289,535	3,601,887	5,052,023	3,881,034	4,337,551	4,493,248	2,322,103	3,054,286
Total Business-type Activities	3,652,360	(7,215,873)	4,675,990	5,922,072	9,031,769	6,946,761	5,684,612	5,194,720	2,974,367	3,880,888
Total Primary Government	\$ 133,062,739	\$ 136,934,675	\$ 149,343,572	\$ 195,433,988	\$ 202,811,497	\$ 208,323,100	\$ 206,137,655	\$ 208,631,710	\$ 211,313,284	\$ 220,268,444
Special Items	\$ (7,573,526)	\$ (9,151,217)	\$ 3,471,464	\$ 1,383,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets:										
Governmental Activities	(5,910,675)	5,534,161	13,463,709	33,582,201	11,653,063	(24,436,376)	(36,385,893)	(35,921,883)	(50,793,076)	(56,308,529)
Business-type Activities	6,680,874	3,286,828	7,970,931	9,305,940	14,126,880	8,601,068	(1,517,282)	(866,746)	7,098,633	9,932,069
Total Primary Government	\$ 770,199	\$ 8,820,989	\$ 21,434,640	\$ 42,888,141	\$ 25,779,943	\$ (15,835,308)	\$ (37,903,175)	\$ (36,788,629)	\$ (43,694,443)	\$ (46,376,460)

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

UNAUDITED

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 2,327,895	\$ 2,057,482	\$ 2,470,102	\$ 5,202,242	\$ 3,367,810	\$ 1,461,994	\$ 2,035,197	\$ 2,727,154	-	-
Unreserved	22,571,681	28,453,427	33,899,138	43,731,980	46,333,758	43,266,383	43,676,650	49,868,870	-	-
Nonspendable - inventory	-	-	-	-	-	-	-	-	1,080,137	935,078
Assigned	-	-	-	-	-	-	-	-	10,093,341	12,579,028
Unassigned	-	-	-	-	-	-	-	-	41,175,155	42,944,449
Total General Fund	<u>\$ 24,899,576</u>	<u>\$ 30,510,909</u>	<u>\$ 36,369,240</u>	<u>\$ 48,934,222</u>	<u>\$ 49,701,568</u>	<u>\$ 44,728,377</u>	<u>\$ 45,711,847</u>	<u>\$ 52,596,024</u>	<u>\$ 52,348,633</u>	<u>\$ 56,458,555</u>
All Other Governmental Funds										
Reserved:										
Inventories and Prepaid Items	\$ 212,671	\$ 204,652	\$ 299,021	\$ 11,603	\$ 11,602	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances	15,093,314	7,163,103	5,628,457	13,318,333	9,008,571	11,406,709	48,296,368	60,767,518	-	-
Debt Service	9,212,186	11,951,945	26,279,539	18,953,106	18,252,403	19,702,506	17,263,879	20,672,652	-	-
Capital Projects Funds	37,062,341	34,782,398	34,058,613	32,685,664	22,441,838	82,345,276	27,529,136	39,387,522	-	-
Transportation and Road Sales Tax	-	-	-	78,931,458	96,021,511	230,106,543	171,548,405	109,412,393	-	-
Unreserved, Reported in:										
Special Revenue Funds	12,427,657	12,505,052	14,384,176	12,042,386	16,128,286	18,760,941	9,386,959	10,096,927	-	-
Restricted - Debt Service	-	-	-	-	-	-	-	-	19,694,980	19,122,743
Restricted - Transportation Sales Tax	-	-	-	-	-	-	-	-	90,159,784	213,333,488
Restricted - Special Revenue Funds	-	-	-	-	-	-	-	-	24,096,463	22,863,714
Committed - Capital Project Funds	-	-	-	-	-	-	-	-	37,748,923	41,930,934
Total All Other Governmental Funds	<u>\$ 74,008,169</u>	<u>\$ 66,607,150</u>	<u>\$ 80,649,806</u>	<u>\$ 155,942,550</u>	<u>\$ 161,864,211</u>	<u>\$ 362,321,975</u>	<u>\$ 274,024,747</u>	<u>\$ 240,337,012</u>	<u>\$ 171,700,150</u>	<u>\$ 297,250,879</u>

GASB 54 was implemented fiscal year 2011; fund balance information is not available for prior fiscal years.

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

UNAUDITED

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes by Source:										
Property Tax	\$ 76,060,041	\$ 76,637,031	\$ 77,352,935	\$ 82,395,793	\$ 82,296,820	\$ 84,190,895	\$ 94,147,427	\$ 102,001,515	\$ 104,625,890	\$ 106,334,895
Local Option Sales Tax	32,445,350	35,629,077	38,100,097	42,159,174	44,024,396	44,458,297	41,085,569	39,955,809	41,340,224	46,044,345
Transportation Sales Tax	-	-	5,870,000	37,116,336	39,521,307	40,097,074	37,469,812	36,292,922	37,930,907	40,672,545
Intergovernmental	34,026,407	35,526,262	35,529,286	38,162,337	36,427,704	44,083,506	43,140,957	49,794,898	42,499,737	51,449,921
Permits and Licenses	21,240,225	23,974,732	28,134,114	5,039,668	5,290,740	5,700,779	4,439,742	3,985,696	3,883,031	4,215,705
Fines and Forfeitures	2,934,280	2,950,070	3,093,825	3,120,755	3,171,436	3,183,551	2,826,897	3,148,433	2,546,099	2,744,848
Interest	3,151,337	2,690,076	4,211,316	8,221,219	12,701,241	13,619,319	6,408,940	2,781,824	1,691,902	2,072,291
Service Charges	4,395,844	5,005,436	5,362,174	30,891,094	31,321,258	32,921,990	28,331,156	29,905,313	32,021,795	33,092,628
Rental and Use of Property	977,369	913,155	764,147	824,999	749,145	723,986	632,741	663,862	618,864	610,801
Other Revenues	2,151,627	2,429,717	15,712,452	3,195,766	2,912,098	5,356,322	5,695,690	6,356,037	9,838,439	5,286,895
Total Revenues	177,382,480	185,755,556	214,130,346	251,127,141	258,416,145	274,335,719	264,178,931	274,886,309	276,996,888	292,524,874
Expenditures										
Current:										
General Government	36,219,659	36,301,070	39,019,532	47,343,899	49,539,889	54,474,427	51,243,769	48,173,320	50,423,995	55,735,812
Public Safety	54,047,731	58,756,537	63,543,857	65,342,995	67,808,448	73,042,772	75,028,138	71,750,504	77,281,411	82,715,371
Judicial	13,741,592	14,573,036	16,001,052	17,593,865	19,349,156	20,946,565	23,390,831	23,894,465	23,801,633	24,845,144
Public Works	11,679,447	12,461,062	11,762,912	25,287,241	30,892,171	28,562,619	36,624,088	55,001,817	79,237,736	90,687,146
Health and Welfare	13,388,372	11,980,147	11,665,243	10,822,458	10,984,189	12,728,543	12,876,658	16,366,568	7,858,271	7,118,808
Economic Development	582,206	1,055,405	953,526	3,480,343	1,327,411	3,230,479	858,031	6,121,263	1,473,821	4,297,764
Culture and Recreation	14,061,914	15,121,758	16,029,300	17,427,709	20,501,703	53,428,524	47,899,154	42,786,960	40,394,034	33,975,501
Education	3,592,277	3,735,895	3,931,038	5,004,959	5,137,843	5,325,300	5,651,921	5,719,553	5,833,110	6,642,621
Capital Outlay	11,437,194	12,418,844	8,378,854	11,443,269	16,785,576	23,940,281	55,775,140	42,040,219	12,706,413	23,016,677
Debt Service:										
Principal	8,764,798	11,383,731	9,190,168	13,935,403	14,163,474	16,569,890	16,503,464	19,671,318	18,910,800	18,302,723
Interest and Fiscal Charges	9,583,270	10,445,027	9,675,723	9,437,517	8,906,724	15,476,402	21,410,902	20,983,775	21,716,423	25,323,973
Bond Issuance Costs	-	887,728	314,963	288,427	-	97,756	102,252	413,848	-	1,474,750
Total Expenditures	177,098,460	189,120,240	190,466,168	227,408,085	245,396,584	307,823,558	347,364,348	352,923,610	339,637,647	374,136,290
Excess (Deficiency) of Revenues Over (Under) Expenditures	284,020	(3,364,684)	23,664,178	23,719,056	13,019,561	(33,487,839)	(83,185,417)	(78,037,301)	(62,640,759)	(81,611,416)

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

UNAUDITED

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Capital Lease Proceeds	\$ 915,806	\$ 431,614	\$ 844,468	\$ 841,831	\$ 1,429,804	\$ 100,539	\$ 775,100	\$ 702,710	\$ 632,831	\$ 299,650
Sale of GO Transportation Sales Tax Bonds	-	-	-	65,000,000	-	150,000,000	-	-	-	167,000,000
Sale of General Obligation Bonds	-	-	-	-	-	75,000,000	-	50,000,000	-	27,100,000
Refunding General Obligation Bonds Issued	-	63,740,000	-	-	-	-	-	20,775,000	-	32,095,000
Refunding Certificates of Participation Issued	-	38,527,153	16,139,845	-	-	-	-	-	-	-
Premium on Bonds Sold	-	2,753,332	707,763	1,978,623	-	10,789,016	-	6,493,791	-	27,995,947
Payment to Refunded Debt Escrow Agent	-	(100,978,948)	(16,749,287)	-	-	-	-	(21,447,212)	-	(36,334,680)
Transfers In	6,173,477	27,328,853	11,448,598	26,475,413	20,464,780	30,244,272	30,727,314	29,771,504	69,527,149	33,566,665
Transfers Out	(10,982,211)	(22,250,488)	(17,580,736)	(32,954,151)	(28,357,277)	(37,208,200)	(36,161,026)	(35,529,299)	(76,474,112)	(40,697,894)
Proceeds from Sale of Capital Assets	24,645	1,144,447	1,572,599	1,390,616	194,554	46,780	220,347	467,250	70,524	247,378
Total Other Financing Sources (Uses)	<u>(3,868,283)</u>	<u>10,695,963</u>	<u>(3,616,750)</u>	<u>62,732,332</u>	<u>(6,268,139)</u>	<u>228,972,407</u>	<u>(4,438,265)</u>	<u>51,233,744</u>	<u>(6,243,608)</u>	<u>211,272,066</u>
Special Item	-	(9,151,217)	-	1,383,940	-	-	-	-	-	-
Net Change in Fund Balances	<u>\$ (3,584,263)</u>	<u>\$ (1,819,938)</u>	<u>\$ 20,047,428</u>	<u>\$ 87,835,328</u>	<u>\$ 6,751,422</u>	<u>\$ 195,484,568</u>	<u>\$ (87,623,682)</u>	<u>\$ (26,803,557)</u>	<u>\$ (68,884,367)</u>	<u>\$ 129,660,650</u>
Capital Asset Expenditures	<u>\$ 12,453,729</u>	<u>\$ 14,125,020</u>	<u>\$ 10,692,730</u>	<u>\$ 16,576,342</u>	<u>\$ 15,664,602</u>	<u>\$ 21,139,930</u>	<u>\$ 52,710,904</u>	<u>\$ 42,611,071</u>	<u>\$ 14,204,807</u>	<u>\$ 28,282,000</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>11.1%</u>	<u>13.0%</u>	<u>10.7%</u>	<u>11.2%</u>	<u>10.0%</u>	<u>11.2%</u>	<u>12.9%</u>	<u>13.2%</u>	<u>12.5%</u>	<u>13.0%</u>

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

UNAUDITED

Fiscal Year Ended June 30,	Real Property	Personal Property	Vehicles	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Actual Tax Value
2003	\$ 1,347,982,940	\$ 208,482,465	\$ 169,956,308	\$ 1,726,421,713	187.7	\$ 30,851,205,551	5.60%
2004	1,394,103,212	210,193,376	173,309,334	1,777,605,922	191.9	32,425,619,687	5.48%
2005	2,041,172,452	213,698,050	164,182,170	2,419,052,672	161.3	46,536,987,902	5.20%
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	168.0	49,446,157,317	5.42%
2008	2,525,310,042	215,663,434	175,326,815	2,916,300,291	177.0	52,960,945,426	5.51%
2009	2,567,170,930	225,355,873	167,364,803	2,959,891,606	181.0	55,081,538,273	5.37%
2010	2,530,782,359	236,859,543	156,340,695	2,923,982,597	181.0	54,571,987,194	5.36%
2011	2,729,144,416	234,746,374	155,001,548	3,118,892,338	179.5	58,181,179,259	5.36%
2012	2,748,065,264	241,398,440	141,452,040	3,130,915,744	180.3	58,596,835,791	5.34%

Source: Charleston County Auditor

Note: 1 Property in the county was last reassessed for fiscal year 2010. 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 between 4% and 10.5% depending on the type of property. This is used to determine the legal debt margin.

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

UNAUDITED

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County Direct Rates:										
Charleston County Government Operating	50.8	50.8	51.3	40.2	40.2	40.2	40.2	40.2	40.2	39.1
Charleston County Government Debt Service	10.4	10.4	9.9	6.6	6.6	6.6	6.6	6.6	6.6	6.1
Park and Recreation Commission Operating	3.5	3.5	3.5	3.5	3.5	3.5	3.6	3.7	3.7	3.6
Park and Recreation Commission Debt Service	3.7	3.7	3.7	2.1	2.1	2.1	2.0	1.9	1.9	1.8
Trident Technical College	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.4
County School Board Operating	89.3	105.1	109.0	91.1	92.8	95.4	98.7	98.7	98.7	98.6
County School Board Debt Service	20.4	12.1	12.4	15.8	13.6	18.2	23.9	27.9	27.9	27.9
Total Direct Rate	180.2	187.7	191.9	161.3	160.8	168.0	177.0	181.0	181.0	179.5
Fire District Rates:	21.8 - 50.9	23.2 - 50.9	23.9 - 51.5	16.7 - 38.0	16.7 - 40.3	12.0 - 41.5	12.0 - 42.7	12.0 - 47.7	12.0 - 48.4	11.2 - 48.6
City/Town Rates:	26.2 - 116.4	27.9 - 116.4	28.5 - 116.4	17.9 - 115.5	18.5 - 92.8	22.4 - 92.8	22.2 - 92.8	22.2 - 92.8	22.2 - 92.8	22.9 - 90.0
Public Service District Rates:	72.1 - 104.5	74.2 - 104.5	74.2 - 111.4	55.2 - 111.2	55.2 - 102.3	51.6 - 102.3	55.2 - 102.3	57.6 - 102.3	57.6 - 102.3	53.9 - 102.3

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 GENERAL OBLIGATION BONDS
 AS OF JUNE 30, 2012**

<u>Name of Jurisdiction</u>	<u>Principal Balance</u>	<u>Percentage of Debt Applicable to this Jurisdiction</u>	<u>Jurisdiction's Share of Debt</u>
County of Charleston	<u>\$ 563,545,000</u>	100%	<u>\$ 563,545,000</u>
Overlapping:			
Park & Recreation Commission	23,615,000	100%	23,615,000
Public School Districts	<u>209,450,000</u>	<u>100%</u>	<u>209,450,000</u>
Subtotal	<u>233,065,000</u>	<u>100%</u>	<u>233,065,000</u>
Total	<u><u>\$ 796,610,000</u></u>	<u><u>100%</u></u>	<u><u>\$ 796,610,000</u></u>

Note: This schedule represents the debt of all county-wide jurisdictions. Individual cities and other districts within Charleston County have debt which is paid separately from their individual tax levies. These individual debts have not been included in the overlapping principal balance because the total debt differs within each individual jurisdiction.

This information was obtained from the Charleston County Treasurer's Office.

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

UNAUDITED

Taxpayer	Type of Business	2012			2003		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
SC Electric & Gas	Public Utility	\$ 52,138,497	1	1.79%	\$ 33,381,300	1	3.3%
Boeing	Manufacturing	29,448,263	2	1.01%	-	-	-
Kapstone Kraft	Manufacturing/Chemical	14,698,076	3	0.50%	18,088,680	3	1.8%
Bell South	Public Utility	12,565,760	4	0.43%	19,217,601	2	1.9%
Kiawah Real Estate Co.	Real Estate	7,876,700	5	0.27%	5,409,640	5	0.5%
East Cooper Community Hospital	Hospital	7,070,853	6	0.24%	-	-	-
Charleston/North Charleston MSA	Retail	6,230,940	7	0.21%	-	-	-
Berkeley Electric Co-Op	Public Utility	5,987,530	8	0.21%	4,300,640	6	0.4%
Charleston Place LLC	Hotel	5,008,500	9	0.17%	5,651,820	4	0.6%
Cummings	Manufacturing	4,411,569	10	0.15%	-	-	-
Knowlogy of Charleston	Telecommunications	-	-	-	3,860,020	7	0.4%
Comcast	Cable Company	-	-	-	3,405,560	8	0.3%
Rhodia	Manufacturer - Chemicals	-	-	-	3,298,860	9	0.3%
Cellco	Telecommunications	-	-	-	2,868,030	10	0.3%
Totals		\$ 145,436,688		4.99%	\$ 99,482,151		9.9%

Source: Charleston County Auditor

* In 2009 Westvaco sold its power generation plant and the paper mill to Kapstone Kraft .

**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
2003	\$ 70,724,095	\$ 70,724,095	\$ 67,801,645	95.9%	\$ 2,843,804	\$ 70,645,449	99.9%
2004	73,504,819	73,504,819	70,729,990	96.2%	2,689,596	73,419,586	99.9%
2005	71,982,912	71,982,912	69,530,828	96.6%	2,358,064	71,888,892	99.9%
2006	75,825,360	75,825,360	73,525,524	97.0%	2,211,915	75,737,439	99.9%
2007	76,026,583	76,026,583	73,199,901	96.3%	2,706,533	75,906,434	99.8%
2008	78,854,461	78,854,461	75,500,629	95.7%	3,178,485	78,679,114	99.8%
2009	82,649,921	82,649,921	77,757,867	94.1%	4,614,908	82,372,775	99.7%
2010	92,300,468	92,300,468	86,401,791	93.6%	5,886,783	92,288,574	100.0%
2011	94,003,512	94,003,512	87,880,320	93.5%	4,476,239	92,356,559	98.2%
2012	98,322,816	98,322,816	92,301,957	93.9%	1,644,227	93,946,184	95.5%

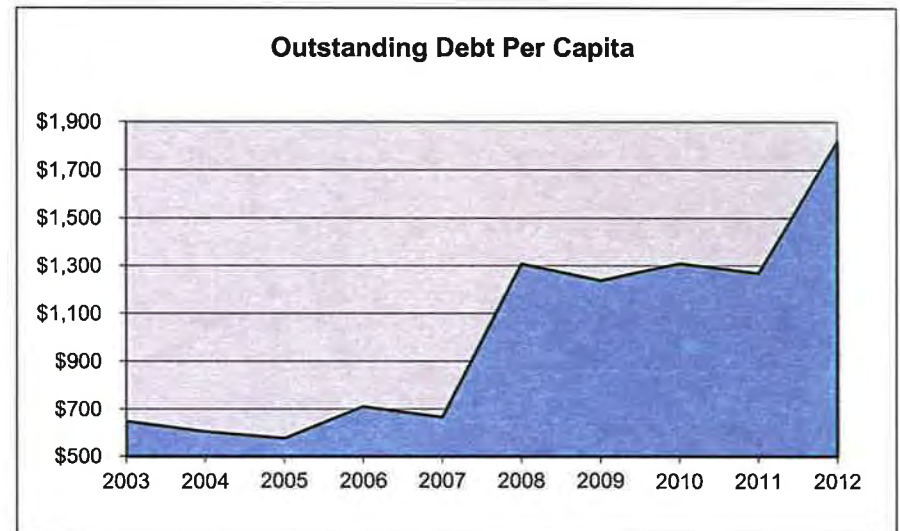
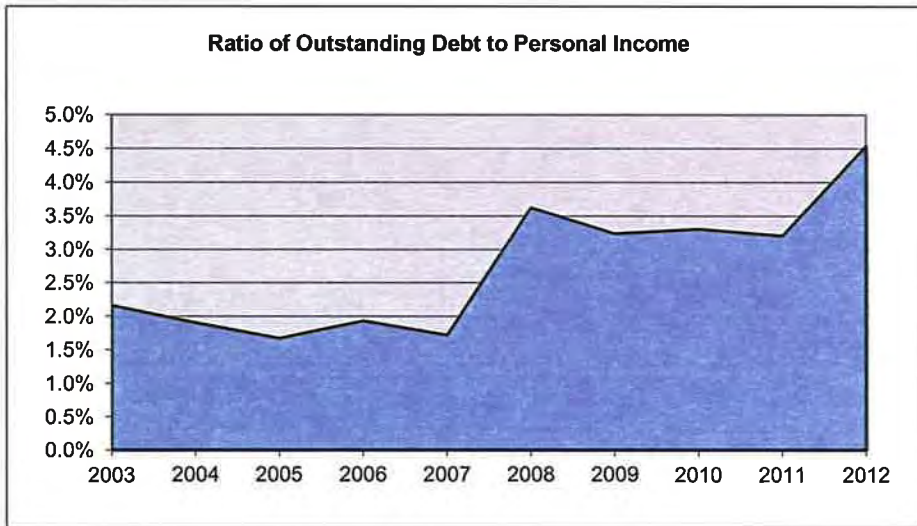
Source: This information was provided by the Charleston County Treasurer's Office.

**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			
2003	\$101,745,000	\$ 71,416,680	\$ 1,415,624	\$ 20,418,320	\$ 15,785,000	-	\$ 210,780,624	2.2%	\$ 649
2004	100,755,000	71,254,819	1,306,196	13,365,181	14,525,000	-	201,206,196	1.9%	605
2005	97,535,000	66,992,312	3,636,998	12,542,688	13,280,000	-	193,986,998	1.7%	576
2006	153,448,297	62,427,073	3,474,081	11,065,789	11,723,994	-	242,139,234	1.9%	711
2007	146,394,774	57,631,034	3,873,002	10,231,634	10,491,229	-	228,621,673	1.7%	666
2008	373,504,430	52,628,009	2,947,139	9,356,755	9,194,837	-	447,631,170	3.6%	1,309
2009	363,444,567	47,313,497	3,788,455	8,418,114	7,824,327	-	430,788,960	3.2%	1,238
2010	406,590,609	41,756,721	3,070,072	7,421,883	6,374,140	-	465,213,425	3.3%	1,309
2011	394,957,209	35,245,570	2,810,433	6,252,256	4,843,673	-	444,109,141	3.2%	1,268
2012	597,380,150	31,582,499	2,038,252	5,609,545	3,232,288	-	639,842,734	4.5%	1,821

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**

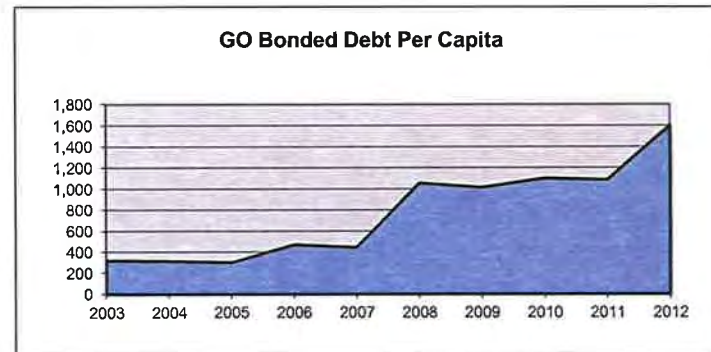
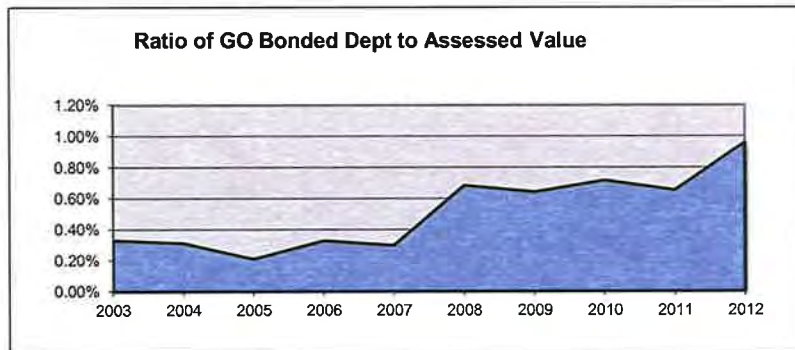
UNAUDITED

<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>
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
2008	342,973	52,960,945,426	362,730,000	0.68%	1,058
2009	348,046	55,081,538,273	353,265,000	0.64%	1,015
2010	355,276	54,571,987,194	391,525,000	0.72%	1,102
2011	350,209	58,181,179,259	380,935,000	0.65%	1,088
2012	351,336	58,596,835,791	563,545,000	0.96%	1,604

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**

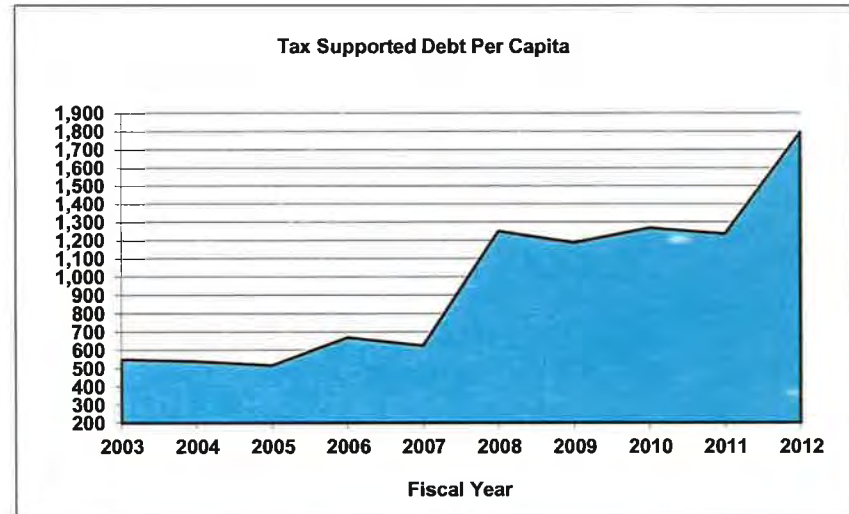
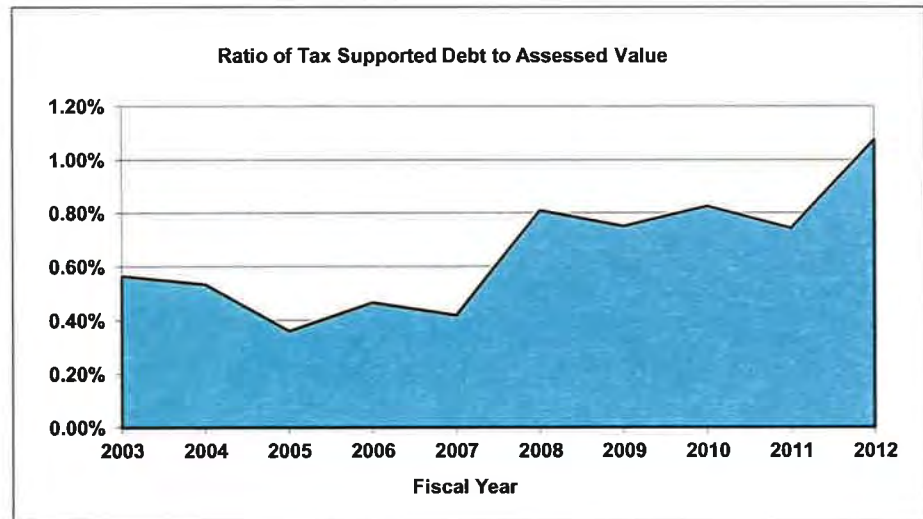
UNAUDITED

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
2003	316,611	\$ 30,851,205,551	\$ 101,745,000	\$ 71,416,680	\$ 1,415,624	\$ 174,577,304	0.57%	551
2004	321,014	32,425,619,687	100,755,000	71,254,819	1,306,196	173,316,015	0.53%	540
2005	324,224	46,536,987,902	97,535,000	66,992,312	3,636,998	168,164,310	0.36%	519
2006	329,482	47,282,058,031	155,025,000	62,427,073	3,474,081	220,926,154	0.47%	671
2007	331,917	49,446,157,317	146,394,774	57,361,034	3,873,002	207,628,810	0.42%	626
2008	342,973	52,960,945,426	373,504,430	52,628,009	2,886,523	429,018,962	0.81%	1,251
2009	348,046	55,081,538,273	363,444,567	47,313,498	2,907,395	413,665,460	0.75%	1,189
2010	355,276	54,571,987,194	406,590,609	41,756,721	2,360,292	450,707,622	0.83%	1,269
2011	350,209	58,181,179,259	394,957,209	35,245,570	2,283,608	432,486,387	0.74%	1,235
2012	351,336	58,596,835,791	597,380,150	31,582,499	2,038,252	631,000,901	1.08%	1,796

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.

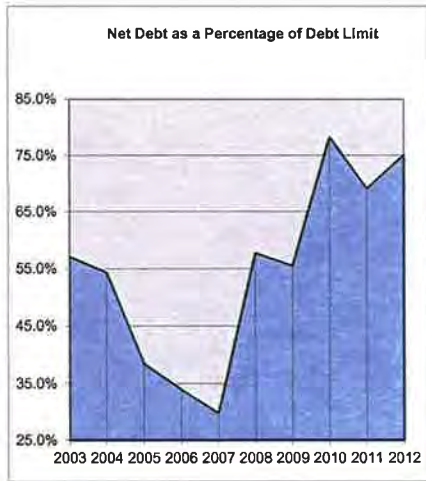
Note 3 See the Schedule for Demographic and Economic Statistics for population data.



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

UNAUDITED

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 140,476,777	\$ 144,634,276	\$ 195,786,861	\$ 205,995,772	\$ 216,723,669	\$ 235,740,344	\$ 239,227,649	\$ 235,980,407	\$ 251,666,874	\$ 257,590,000
Total Net Debt Applicable to Debt Limit	80,245,000	78,558,957	75,338,957	69,974,368	64,575,697	136,260,341	132,862,801	184,650,000	173,825,000	193,600,000
Legal Debt Margin	\$ 60,231,777	\$ 66,075,319	\$ 120,447,904	\$ 136,021,404	\$ 152,147,972	\$ 99,480,003	\$ 106,364,848	\$ 51,330,407	\$ 77,841,874	\$ 63,990,000
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	57.1%	54.3%	38.5%	34.0%	29.8%	57.8%	55.5%	78.2%	69.1%	75.2%



Legal Debt Margin Calculation for Fiscal Year 2012

Total Assessed Value	\$ 3,219,875,002
Debt Limit (8% of Total Assessed Value)	257,590,000
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	563,545,000
Less: Debt Issued Through Referendum	(369,945,000)
Total Amount of Debt Applicable to Debt Limit	<u>193,600,000</u>
Legal Debt Margin	<u>\$ 63,990,000</u>

Note: Article Ten X, Section fourteen (14) of the South Carolina Constitution of December 1, 1977, as amended, provides that no government shall incur any bonded debt which shall exceed eight percent of the assessed value of the property therein without voter approval.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 PLEDGED REVENUE COVERAGE
 REVENUE BOND COVERAGE
 ENVIRONMENTAL MANAGEMENT ENTERPRISE FUND**

UNAUDITED

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	1,245,000	620,262	1,865,262	3.76
2006	37,566,510	31,391,266	6,175,244	1,225,000	651,750	1,876,750	3.29
2007	40,753,403	29,554,141	11,199,262	1,275,000	602,750	1,877,750	5.96
2008	45,999,989	39,615,963	6,384,026	1,335,000	539,000	1,874,000	3.41
2009	39,875,189	42,880,897	(3,005,708)	1,405,000	472,250	1,877,250	-1.60
2010	31,007,576	33,276,013	(2,268,437)	1,480,000	402,000	1,882,000	-1.21
2011	27,288,187	19,130,053	8,158,134	1,555,000	328,000	1,883,000	4.33
2012	29,579,086	20,512,271	9,066,815	1,630,000	250,250	1,880,250	4.82

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 capital assets.

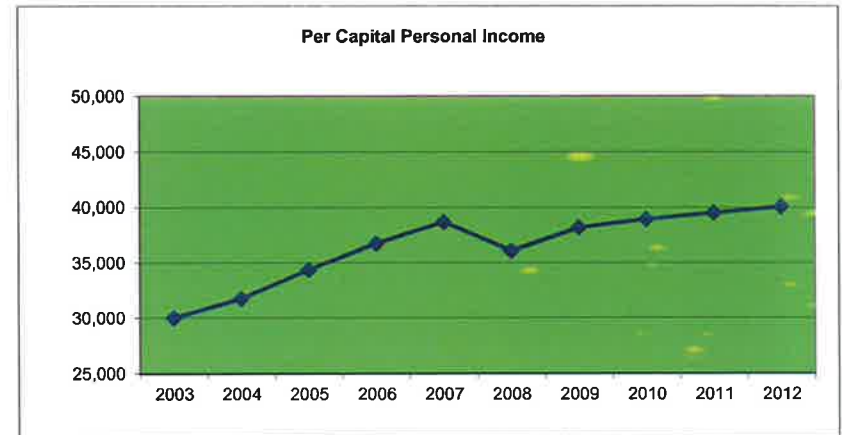
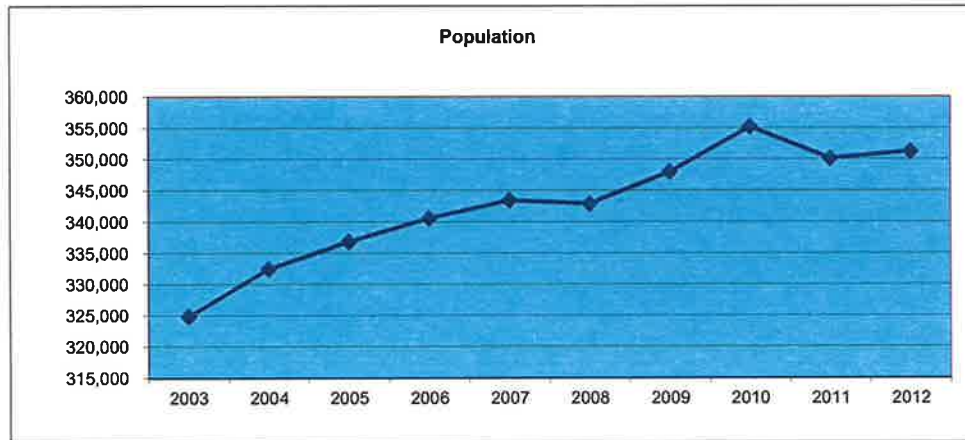
Note: 3 Total operating expenses are exclusive of depreciation and amortization.

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

UNAUDITED

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Median Age	School Enrollment
2003	324,900	\$ 9,763,420,000	30,051	4.2%	34.5	41,712
2004	332,561	10,569,980,000	31,784	4.4%	35.3	43,814
2005	336,865	11,594,427,000	34,419	4.7%	35.5	43,465
2006	340,625	12,517,629,000	36,749	5.0%	36.2	43,335
2007	343,522	13,295,048,000	38,702	5.0%	36.0	42,742
2008	342,973	12,380,254,000	36,097	4.5%	36.0	42,303
2009	348,046	13,295,048,000	38,199	5.3%	36.0	42,482
2010	355,276	13,844,611,000	38,969	8.6%	36.9	42,942
2011	350,209	13,845,863,000	39,536	9.4%	36.0	43,796
2012	351,336	14,079,924,000	40,075	7.8%	35.0	45,076

Some of the statistics for Fiscal Year Ended June 30, 2004 and beyond are estimated from past year trend analysis.



The following Data Sources were used to develop this information:
 South Carolina Office of Research and Statistics
 Charleston County Chamber of Commerce
 Charleston County School District - 45 Day Enrollment
 South Carolina Association of Counties

**COUNTY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

UNAUDITED

County Employment for 2012 163,502
County Employment for 2003 146,191

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Joint Base Charleston	22,000	1	13.46%			
Medical University of South Carolina (MUSC)	13,000	2	7.95%	8,200	2	5.61%
Charleston County School District	5,300	3	3.24%	5,000	4	3.42%
Roper St. Francis Healthcare	5,100	4	3.12%	4,000	5	2.74%
Boeing Charleston	5,900	5	3.61%			
JEM Restaurant Group Inc.	3,000	6	1.83%			
Trident Medical Center (Trident Health System)	2,500	7	1.53%	1,800	10	1.23%
College of Charleston	2,400	8	1.47%			
County of Charleston	2,300	9	1.41%	2,243	8	1.53%
Wal-Mart	2,300	10	1.41%			
Piggly Wiggly Carolina Co. Inc.	1,800		1.10%	2,447	7	1.67%
City of Charleston	1,600		0.98%			
US Navy ¹				12,543	1	
Charleston Air Force Base ¹				5,000	3	
Mead Westvaco				2,858	6	1.95%
Columbia/HCA Carolina's HQ & Med Center				2,082	9	1.42%
Totals	<u>67,200</u>		<u>27.64%</u>	<u>44,091</u>		<u>18.16%</u>

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

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
County Council	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00
Administrator	5.00	7.00	7.00	7.00	7.00	7.00	6.31	5.31	6.80	5.90
Assessor	44.00	44.00	47.00	47.00	47.00	49.00	53.00	51.00	53.00	53.00
Assist Admin for Finance	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Assist Admin for Gen Svcs	-	-	-	-	-	-	4.00	4.00	3.00	3.00
Assist Admin for Human Svcs	-	-	-	-	3.00	3.00	3.00	3.00	4.00	3.00
Assist Admin Trans. & PW									0.10	0.10
Auditor	31.00	30.00	30.00	30.00	29.00	29.00	30.00	29.00	31.00	31.00
Budget	6.00	6.00	6.00	6.00	8.00	8.00	8.00	7.00	8.00	7.00
Community Services	12.25	11.25	11.25	11.25	9.75	9.75	8.75	8.15	7.40	6.40
Delinquent Tax	12.00	12.00	12.00	12.00	12.00	12.00	10.00	10.00	-	-
Elections/Voter Registration	8.50	8.50	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Facilities Mgmt.	20.00	17.00	17.00	17.00	16.00	14.00	12.00	11.00	62.00	75.25
Finance	14.00	14.00	14.00	14.00	14.00	14.00	15.00	13.00	13.00	12.00
Human Resources	15.00	14.00	14.00	14.00	14.00	14.00	17.00	15.00	16.00	17.00
Internal Auditor	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Internal Services	149.60	77.60	76.60	72.60	68.60	68.60	67.80	61.80	60.00	30.50
Legal	5.56	5.56	5.56	5.56	6.56	6.42	8.42	7.42	6.67	6.41
Legislative Delegation	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Nondepartmental									12.00	4.00
Organization Development	-	-	-	-	4.00	4.00	4.35	3.35	-	-
Procurement Services	15.00	15.00	15.00	15.00	16.00	16.00	16.00	15.00	14.00	14.00
Radio Communications	3.00	3.00	3.00	3.00	-	-	-	-	-	-
Register Mesne Conveyance	30.00	30.00	30.00	30.00	33.00	33.00	32.00	27.00	27.00	27.00
Revenue Collections	5.00	6.00	6.00	6.00	6.00	22.00	22.00	22.00	30.00	25.00
Safety & Risk Management	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00
Technology Services	13.00	13.00	8.00	9.00	17.00	17.00	17.00	16.00	16.00	25.25
Treasurer	19.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	19.00	20.00
Zoning/Planning	25.00	25.00	25.00	26.00	24.00	24.00	24.00	22.00	21.00	20.60
Other (No Longer Used)	6.00	-	-	-	-	-	-	-	-	-
Total General Government	465.91	383.91	382.41	380.41	388.91	404.77	412.63	385.03	444.97	422.41

(CONTINUED)

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

UNAUDITED

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Building Inspections	22.00	21.00	21.00	22.00	22.00	22.00	24.00	21.00	22.00	21.00
Consolidated Dispatch	-	-	-	-	-	-	1.00	72.50	100.25	120.00
Emergency Management	7.00	6.00	20.00	25.00	27.00	30.00	30.00	24.50	34.00	33.00
Emergency Medical Svcs.	167.00	170.00	161.00	169.00	174.00	174.00	165.00	139.50	134.00	151.50
Planning	1.00	1.00	1.00	1.00	1.00	2.00	-	-	-	-
Sheriff	702.31	741.31	777.31	779.31	780.31	792.31	808.11	834.11	828.74	836.74
Technology Services	-	-	-	-	-	-	2.00	2.00	-	-
Other (No Longer Used)	-	-	-	-	-	-	-	-	-	-
Total Public Safety	899.31	939.31	980.31	996.31	1,004.31	1,020.31	1,030.11	1,093.61	1,118.99	1,162.24
Judicial										
Clerk of Court	53.00	53.00	53.00	53.00	54.00	54.00	54.00	55.00	56.00	57.00
Coroner	6.00	6.00	6.00	6.00	6.00	7.00	8.00	8.00	8.00	9.00
Magistrates Courts	67.89	67.89	68.89	70.41	70.41	70.41	69.41	68.39	68.13	68.63
Master-In-Equity	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00
Probate Courts	19.30	19.30	19.30	19.30	19.30	20.30	20.30	19.30	19.30	19.80
Public Defender	-	-	-	-	-	-	52.00	52.00	52.00	52.00
Solicitor	77.00	79.00	79.00	81.00	88.00	91.00	93.00	96.00	111.00	102.00
Total Judicial	229.19	231.19	232.19	235.71	243.71	249.71	303.71	305.69	321.43	315.43
Public Works										
Administrator	-	-	-	-	-	-	0.69	0.69	0.69	0.30
Revenue Collections	11.00	11.00	12.00	12.00	13.00	-	-	-	-	-
Chief Deputy Administrator	-	-	-	1.00	1.00	1.00	-	-	-	-
Environmental Management	127.00	126.00	126.00	126.00	126.00	128.00	127.00	134.20	132.26	130.40
Organizational Development	-	-	-	-	-	-	1.65	1.65	-	-
Procurement Svcs.	-	-	-	-	-	-	-	-	2.00	3.00
Public Works	162.00	159.00	159.00	161.00	168.00	176.00	164.00	150.00	138.02	136.00
Transportation Development	-	-	-	-	-	-	-	-	21.63	21.41
Total Public Works	300.00	296.00	297.00	300.00	308.00	305.00	293.34	286.54	294.60	291.11

(CONTINUED)

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

UNAUDITED

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Health and Welfare										
Facilities	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Copmmunity Services	18.75	25.75	25.75	25.75	26.25	36.25	33.25	33.85	5.60	5.60
DAODAS	125.00	131.00	131.00	131.00	133.00	137.00	129.00	111.00	107.00	102.00
Public Works	26.00	24.00	24.00	24.00	23.00	23.00	24.00	20.00	20.00	20.00
Veterans Affairs	4.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Total Health and Welfare	175.75	185.75	185.75	185.75	187.25	202.25	192.25	170.85	138.60	132.60
Culture and Recreation										
Assist Admin for Transportation & Emergency Management	-	-	-	-	-	-	2.00	1.80	-	-
Greenbelt Planning	-	-	-	-	1.00	1.00	-	-	2.00	1.30
Revenue Collections	3.00	3.00	3.00	3.00	3.00	-	-	-	-	-
Total Culture and Recreation	-	-	-	-	1.00	1.00	2.00	1.80	2.00	1.30
Economic Development										
Economic Development	1.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	5.00	5.00
Total Economic Development	1.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	5.00	5.00
Total	2,071.16	2,038.16	2,079.66	2,100.18	2,135.18	2,186.04	2,237.04	2,246.52	2,325.59	2,330.09

Source: Charleston County Budget Department

Note: 1 Includes the Authorized Full Time Employees for both Government and Business-type Activities

**COUNTY OF CHARLESTON, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

UNAUDITED

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Auditor - Tax Notices Processed	503,520	520,000	545,000	600,000	590,283	521,701	550,000	575,000	585,470	583,240
RMC Documents Recorded	143,674	142,244	143,500	147,569	133,772	116,770	84,711	90,890	87,894	97,137
Zoning Applications Processed	2,761	3,340	3,400	3,741	3,336	3,266	2,846	2,500	1,206	1,327
Illegal Businesses Located	982	998	831	714	278	346	86	117	172	154
Public Safety										
Building Inspections Performed	15,965	18,323	22,563	28,191	23,702	22,519	15,472	12,577	17,634	19,400
Bad Check Warrants Served	2,632	2,432	7,107	3,774	6,124	6,194	6,594	9,107 ¹	0 ¹	0
Daily Costs Per Prisoner	33	40	40	40	40	55	55	55	55	55
Judicial										
Marriage Licenses Issued	2,275	2,429	3,712	3,733	3,877	3,769	3,846	3,764	4,000	4,200
Master-in-Equity Cases Disposed of	833	1,323	1,248	718	998	1,390	2,227	3,560	3,459	2,063
Health and Welfare										
Veterans Claims Filed	7,318	7,438	8,505	8,038	9,215	9,215	10,254	10,688	522	2,871
Economic Development										
Number of New Companies Relocating to Charleston	6	1	4	5	1	4	0	1	3	3
Number of New Jobs From Relocating Companies	888	10	1,767	328	25	390	0	30	120	360
Number of Expanding Employers in Charleston	4	0	1	2	3	1	3	3	4	5
Number of Jobs Resulting from Expansion	141	0	180	300	268	30	320	4,275	323	492
Culture & Recreation										
Library Visits Per Capita	5.26	5.50	5.60	6.21	6.38	6.66	6.99	7.01	6.05	5.54
Library Cards In Use	309,033	247,821	277,688	350,320	329,189	355,481	310,417	326,600 ²	284,617 ²	269,552
Environmental Management										
Total Tons of Incinerated Waste	220,000	230,673	222,108	227,383	227,514	211,907	188,626	69,215	n/a	n/a
Parking Garages										
Average Operating Revenue Per Space	1,032	1,124	1,384	1,623	1,777	1,913	2,114	2,043	2,287	2,264
Average Operating Expenditure Per Space	1,059	1,091	685	945	1,115	984	1,852	1,179	1,742	1,683

Sources: Charleston County Budget Performance Measures

¹ The Sheriff's Office no longer performs this function. The Solicitor's "Worthless Check" Unit now performs this functions. No indicators available.

² Library system was purged of old unused accounts in 2012.

**COUNTY OF CHARLESTON
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS**

UNAUDITED

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Automobiles	60	70	77	80	84	91	80	79	92	118
Buildings	21	21	28	28	28	44	97	99	104	102
Public Safety										
Police Cars	149	197	231	290	325	316	332	324	336	333
Fire Trucks	0	6	7	8	11	11	10	10	10	10
Ambulances	0	0	17	23	24	28	22	23	24	25
Judicial										
Magistrate Courts	14	14	14	14	15	15	15	15	15	15
Public Works										
Paved Streets (in Miles)	124	163	186	195	132	129	128	129	129	131
Ground Equipment	31	32	33	43	51	62	60	65	67	69
Heavy Trucks	20	21	21	25	29	35	35	35	35	34
Environmental Management										
Collection/Refuse Trucks	20	23	27	33	37	45	44	48	44	47
Ground Equipment	11	13	13	16	19	24	26	25	26	27
Culture & Recreation										
Libraries, Main and Branches	16	16	16	16	16	16	16	11	11	11

Note 1. Town of James Island was created in 2007 creating a decrease in county owned infrastructure.

Note 2. Some indicators have been added through the years.

Note 3. There was a review of buildings in fiscal year 2008 that reorganized the buildings and assigned more to the general government.

Note 4. Charleston County owns 11 libraries and leases 5 libraries.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
SOLID WASTE 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)
2003	\$ 89	\$ 63	\$ 78	\$ 155
2004	89	63	78	155
2005	89	63	78	155
2006	89	63	78	155
2007	89	63	78	155
2008	99	70	86	172
2009	99	70	86	172
2010	99	70	86	172
(5) 2011	99	70	86	172
2012	99	70	86	172

(1) Per residence.

(2) Per unit.

(3) Per property.

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

(5) In 2011 County Council approved a one time \$25.00 credit for all Single Family and Multi-Family Residences.

**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)
2012	\$ 26,328,706	\$ 26,407,988	\$ -	\$ 23,809,469	\$ 2,598,519	\$ 45,216,619
2011	23,734,852	23,737,170	(350,000)	17,960,181	6,126,989	42,618,100
2010	27,815,338	27,111,689	13,772,426	9,992,175	3,347,088	36,491,111
2009	27,398,662	26,708,365	11,676,865	24,631,637	(9,600,137)	33,144,023
2008	26,840,075	26,229,892	10,805,777	11,843,919	4,667,677	42,744,160
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	9,846,181	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

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

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

UNAUDITED

Fiscal Year Ended June 30	Gross Disposal Fee Trust			Sources Used To Pay Disposal Fee Trust					
	Incinerator Operations	Debt Service	Total Disposal Fee	Steam Sales (1)	Electric Sales	Equity Payment	Interest Income	User Fee Applied to Disposal Fee	Total Sources Used to Pay Disposal Fee
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011	-	-	-	-	-	-	-	-	-
2010	4,886,407	10,372,142	15,258,549	630,618	583,305	-	272,200	13,772,426	15,258,549
2009	11,000,707	11,200,561	22,203,268	5,760,181	4,590,673	-	175,549	11,676,865	22,203,268
2008	10,676,239	11,865,294	22,541,533	5,984,861	5,312,276	-	438,619	10,805,777	22,541,533
2007	10,217,188	11,523,258	21,740,446	3,772,500	5,787,124	-	1,544,772	10,636,050	21,740,446
2006	9,742,483	10,015,279	19,757,762	3,430,833	4,698,308	-	1,782,440	9,846,181	19,757,762
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

(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.

The Incinerator was demolished in December 2010.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
KEY FACILITY OPERATIONAL DATA (1)
SOLID WASTE ENTERPRISE FUND**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
MSW Processed (tons)	200,682	209,896	207,249	230,673	225,005	226,163	222,110	203,029	N/A	N/A	N/A
Ash Generated (wet tons)	54,920	55,813	55,013	55,643	55,700	58,557	58,335	50,700	N/A	N/A	N/A
Ash Generation Rate (percent of MSW)	27.4%	26.6%	26.5%	24.1%	24.8%	25.9%	26.3%	25.00%	N/A	N/A	N/A
Boiler Availability (percent of time)											
Unit A	82.4%	80.3%	87.5%	91.5%	89.6%	89.5%	88.6%	83.10%	N/A	N/A	N/A
Unit B	84.5%	81.7%	84.9%	94.5%	89.6%	91.7%	86.0%	81.70%	N/A	N/A	N/A
Facility Utilization (percent of design steaming rate)	84.7%	80.6%	87.2%	95.5%	92.4%	93.9%	91.2%	84.60%	N/A	N/A	N/A
Steam Sales (Mlbs)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	N/A	N/A	N/A
Electricity Sales (MWh)	49,908	54,826	66,557	72,767	66,106	69,853	67,027	59,593	N/A	N/A	N/A

(1) Facility Operating Years from December 1 through November 30 of the year listed.

The Incinerator was demolished in December 2010

**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	Aaa
Standard & Poors Corporation	AAA
Fitch, Inc.	AAA

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	\$ 170,267,279	
Total expenditures	\$ 463,802,476	
Requirement is no less than 5 percent		<u>36.71%</u>

2. Ratio of annual debt service expenditures - Primary Government

Total debt service expenditures	\$ 48,519,897	
Total expenditures	\$ 463,802,476	
Requirement is no more than 20 percent		<u>10.46%</u>

2. Financial assurance limitation test:

Financial assurance limitation under financial test:

Total Revenue - Primary Government	\$ 382,446,145	
Maximum percent of revenue eligible for self-insured local government financial test		<u>43%</u>
Limitation on deferred cost of closure		\$ 164,451,842

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

Estimated costs from Note III.G. on landfill closure	\$ 45,007,005	
Less: Expenditures to date	\$ (22,109,005)	
Restricted assets committed to closure	<u>\$ (5,360,000)</u>	
Balance of closure costs being deferred		<u>\$ 17,538,000</u>
Additional permissible deferred cost		<u>\$ 146,913,842</u>

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