

COUNTY OF CHARLESTON SOUTH CAROLINA

APPROVED BUDGET FOR FISCAL YEAR 2005

CITIZEN'S GUIDE

COUNTY COUNCIL

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COUNTY ADMINISTRATOR

ROLAND H. WINDHAM, JR.

Dedicated in memory of

Charleston County Council Chairman Barrett S. Lawrimore

November 21, 1932 – October 4, 2004

Table of Contents

How To Use The Citizen's Guide

This document provides a brief look at the approved FY 2005 Charleston County budget. It should enhance your understanding of how the County is organized, the services it provides, and the funding sources used to provide those services.

Introduction to the County

County History	1
Organization	2
Mission, Values, & Goals	3
Region, Geography, Economy, Education, & Demographics	4

Introduction to Services	6
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Introduction to the Budget

Budget Specifics	10
The Budget Process	12

Approved Budget

Tax Impact	13
Budget Summary of All Funds	14
Governmental Fund Types	
General Fund	16
Debt Service Fund	19
Special Revenue Funds	20
Capital Projects Fund	20
Proprietary Funds	
Enterprise Fund	21
Internal Service Funds	21
Staffing	22
Property Taxes	23
Looking Ahead	25

The FY 2005 Approved Budget is Available:

On the Internet

www.charlestoncounty.org

At Your Local Charleston County Public Library

Reference copies of all budget volumes are available at all Charleston County Public Libraries.

If you have any questions, the Budget Office can be reached by the following:

Telephone: (843) 958-4640 FAX: (843) 958-4645

E-mail: pgile@charlestoncounty.org

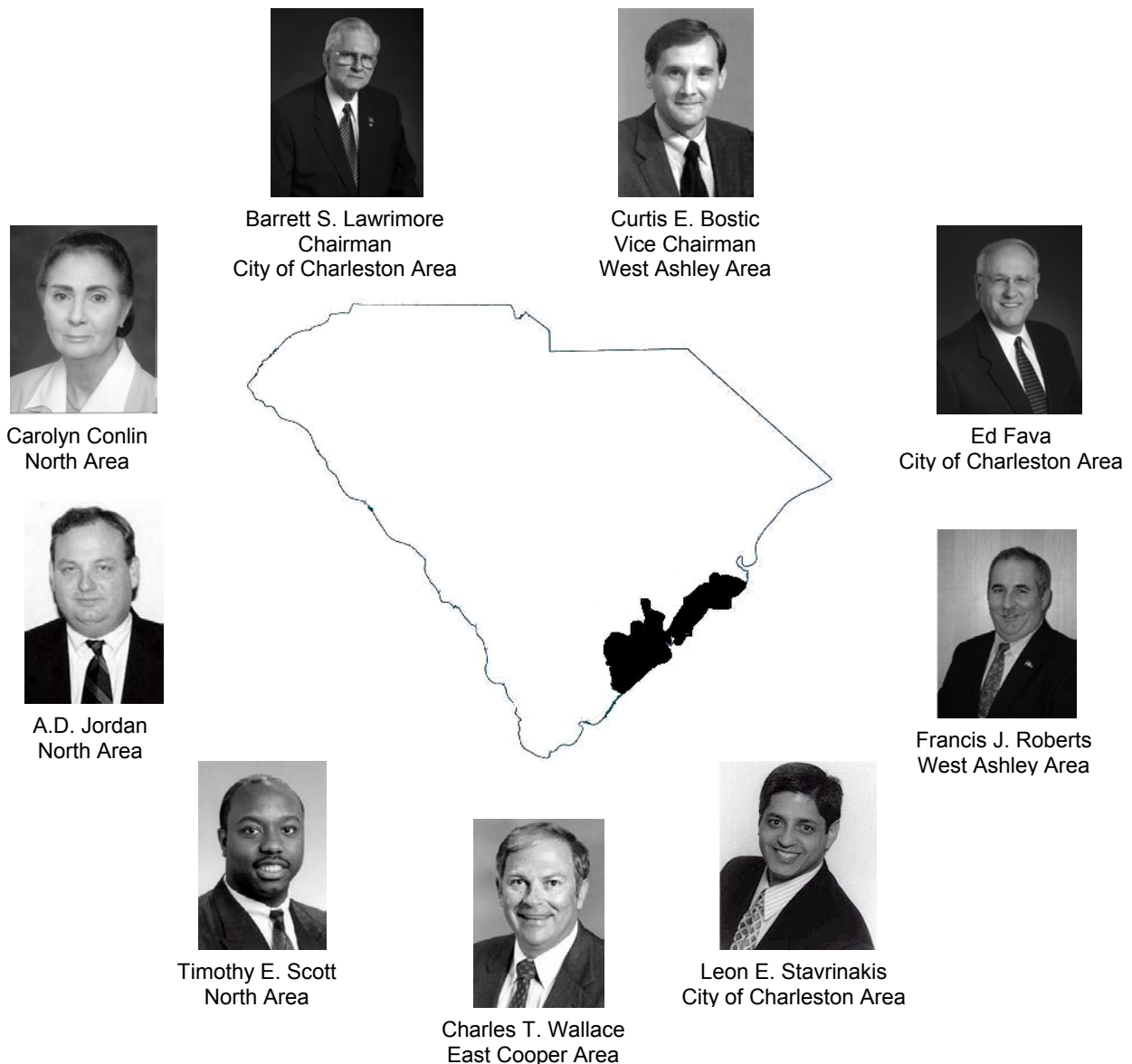
General County questions can be submitted via the County Web site or by the following:

Toll Free: 1-800-524-7832 en Espanol: (843) 202-7191

Introduction to the County

In 1948, the state legislature provided for a system of municipal government in Charleston County. Voters chose a county council of seven members who would appoint a county manager as chief executive officer. Since that time, Council was expanded to nine members to accommodate a growing population. Under the "Home Rule Act" of 1975, the council-manager form of government gave way to the council-administrator form of government under which Charleston County operates today.

In 2004, a court order changed the method of electing Charleston County Council members from countywide to single member districts to better represent minority voters. The November 2004 election will use single member districts and require the election of six of the nine Council members.



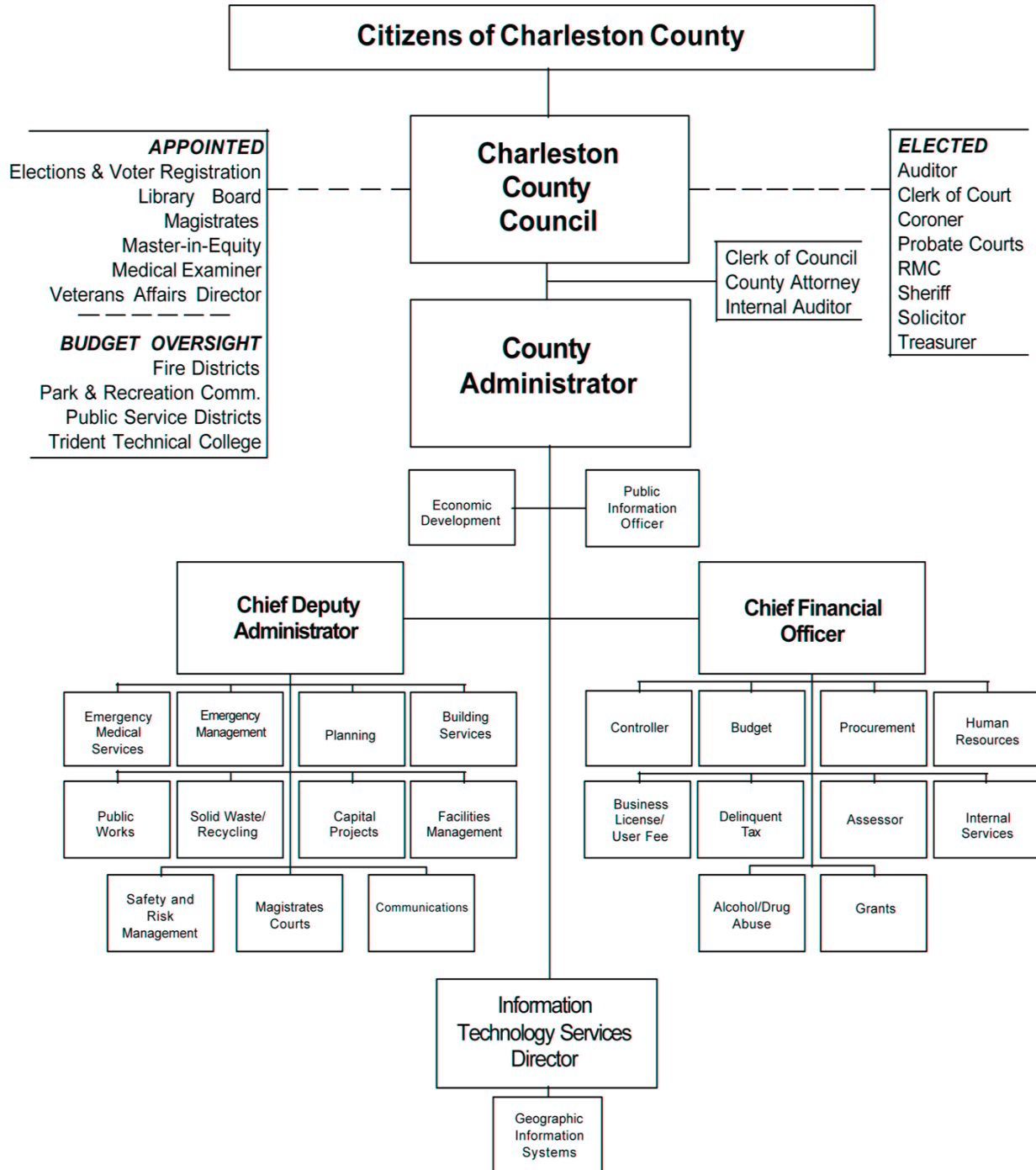
The following pages illustrate the County's organization, mission statement, values, and goals.

Introduction to the County

Charleston County, South Carolina Organizational Chart

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

County Departments
Effective 12/16/2003



Introduction to the County

Mission

We will promote and protect the quality of life in Charleston County by delivering service of value to the community.

Values

Trust is essential - We value trust as the essential building block for all successful relationships.

Commitment brings success - We are committed to taking personal responsibility and action to ensure mission success.

Communication is open and ongoing - We engage in a complete and ongoing exchange of information to ensure the stated goals and objectives are understood by all.

We are a versatile workforce - We willingly create and apply new methods to meet and overcome emerging challenges from a diverse community.

We are accountable for our actions - We accept responsibility for our actions and we evaluate others' actions fairly.

We work as a team - To accomplish our goals, we work together as members of a team, each accountable to himself, to his coworkers and to the community.

We value safety and security - We share accountability for the health and well-being of our employees and the community we serve.

Goals

Service Delivery - Provide a level of service that the customer recognizes as high in quality and value.

Human Resources & Resource Management - Develop and maintain a flexible organization that is knowledgeable, productive, and committed.

Long-Term Financial Planning - Ensure sound fiscal long-term planning.

Workflow Analysis-Process Management - Ensure all new and existing processes and workflow are reviewed for efficiency of resources and utilized funding.

Quality Control - Track progress of county development and use the information to make educated decisions for the future of the County.

Introduction to the County

REGION, GEOGRAPHY, ECONOMY, EDUCATION & DEMOGRAPHICS

Region

Charleston County is located along the southeastern coast of South Carolina. It has a land area of 919 square miles and a 97-mile coastline along the Atlantic Ocean. The county, with a 2000 Census population of 309,969, is the center of the Tri-county region with a combined population of more than 500,000. The county has 15 municipalities within its borders, including its three largest cities, Charleston (96,650), North Charleston (79,641) and Mt. Pleasant (47,609). In the decade from 1990-2000, the county experienced a growth rate of 4.8 percent. A recent study by the Strom Thurmond Institute of Clemson University conjectured that the Tri-county region could attract an additional 250,000 residents during the next 30 years.

Geographic Location

Key among the region's advantages are its geographic location, its natural beauty, moderate climate, and a coveted quality of life which has been deliberately and carefully protected. Charleston's coastal location along the Atlantic Seaboard at the confluence of two rivers assures its near tropical climate and creates natural advantages for a seaport. The flat topography which is accented by numerous rivers, tidal creeks, vast expanses of pristine salt marshes, and hallmark live oaks, provides a lush, picturesque backdrop for the priceless eighteenth and nineteenth-century architecture of Old Charleston. Beyond the old city lie vibrant growing urban and suburban communities hosting businesses, industries, and residences alike. "Livability" and "good quality of life" are multifaceted terms which are difficult to adequately define or measure, but easy to observe intuitively. The most telling evidence of the region's livability may lie in the fact that, despite its growth of the past two decades, Charleston has retained the "slow, friendly pace" which visitors most often cite as their favorite impression. Perhaps they gain this impression by visiting area hotels, restaurants, shops, parks, resorts, golf courses, and beaches, or one of the numerous cultural festivals the region hosts throughout the year.

Economic Base

The region's economic base includes the Port of Charleston which is fourth in container volume in the United States and second only to the Port of New York and New Jersey in container volume along the East Coast and Gulf. Tourism has long been an economic mainstay in this historic eighteenth century setting and continues to grow in importance. The region's visitor industry has expanded rapidly to four million visitors in year 2000, has contributed more than \$3.7 billion annually to the area's economy, and has provided an estimated 69,700 jobs. The region's growing international operations, stable businesses and industrial bases also contribute to its diverse economic base and have helped to mitigate the downsizing of the military presence. In addition to the existing port, modern airport and good rail access, the region is committed to the constant upgrading of its already excellent highway access. Road improvements persist, including the completion of the I-526 Beltway and the replacement of the Cooper River Bridges to better the Charleston area. Water and waste water system expansions, as well as utility and telecommunications network upgrades are presently under way to meet the demands of growth and maintain the region's competitive edge.

Introduction to the County

Education

The region's educational institutions comprise a strong backbone for industry, with a variety of liberal arts graduate and undergraduate programs at three colleges and universities, advanced medical degrees at the state's largest medical complex and teaching hospital, and the diverse industrial training programs of the Trident Technical College. In 1998, Charleston County spearheaded a successful effort to create the Trident One-Stop Career Center. This multi-jurisdictional center, lauded by the U.S. Department of Labor, combines a variety of resources including career counseling, job search, training programs, and labor market information all under one roof.

Demographics

Charleston County has the third largest population in South Carolina based on the 2000 Census. The median age and per capita income for the County's population is increasing. The following table shows the detail of these changes.

<u>CALENDAR YEAR</u>	<u>COUNTY POPULATION</u>	<u>MEDIAN AGE</u>	<u>PER CAPITA INCOME</u>
2003	314,200	34.5	N/A
2002	312,007	33.9	\$ 30,361
2001	309,969	31.9	29,346
2000	319,921	31.8	28,725
1999	316,482	31.6	26,085
1998	313,478	31.4	24,490
1997	307,945	31.1	22,839
1996	303,789	30.1	21,923
1995	298,813	30.1	20,618
1994	293,550	30.1	20,275

NOTE: This information was obtained from the Charleston Metro Chamber of Commerce.

Based on a comparison of the 1990 Census to the 2000 Census, the County's population has become better educated. Considering the changes in the County's demographics, Charleston County will endeavor to adapt the services it provides to reflect the needs of the changing population it serves.

Introduction to Services

Charleston County is responsible for several functions and services delivered throughout the county. Responsibilities often associated in error with Charleston County are the Charleston County School District, the Charleston Area Regional Transit Authority (CARTA) bus system, and garbage pickup. Its responsibilities to the residents do include the following, which are listed in detail by function.

GENERAL GOVERNMENT

The **Assessor** is responsible for locating, appraising, and listing all real property and mobile homes in the County. The Assessor also maintains a continuous record of recorded deed sales transactions, building permits, tax maps, and other records necessary for a continuing reassessment program.

The **Auditor** prepares legal records for all real and personal property; assembles real property, personal property, and motor vehicle information to establish a fair market value; and computes assessed values. The Auditor calculates and sets millage for all county taxing authorities and provides all exemptions as mandated.

The **Budget** Department develops financial plans for the County's resources while anticipating the impact on future fiscal periods within parameters established by County Council and the Administrator.

Business License/User Fee collects revenues including accommodations fees, business licenses, and Solid Waste User Fees. In addition, the department also collects similar revenues by contract with municipalities.

Capital Projects is responsible for project design services, construction project management and contract administration

services in relation to the renovation of existing buildings and construction of new facilities.

The **Controller** is responsible for maintaining accurate records of the County's financial transactions and reporting the results through the Comprehensive Annual Financial Report.

Delinquent Tax is responsible for collecting delinquent property taxes, levying tax liens on and seizing property that remains unpaid, conducting tax sales, redeeming properties and conveying deeds to tax sale bidders if the properties are not redeemed.

The **Elections and Voter Registration Board** is responsible for conducting local, state, and federal elections. It is also responsible for registering all voters and placing them in the proper voting precinct.

Facilities Management provides repair, maintenance, renovations, and minor construction of County facilities.

Geographic Information System is responsible for managing, developing, maintaining, and disseminating spatial data for the County and performing quality assurance for all digital geographic data considered for inclusion in the County's database including aerial photography, real estate parcels, buildings, roads, bodies of water, points of interest, transportation, and utilities.

The **Grants Department** is responsible for actively seeking available grant funding, as well as coordinating and providing administrative and financial oversight for all County grant activities.

Human Resources supports the County by administering employment activities, benefit and compensation programs, providing

Introduction to Services

training, facilitating employee relations and interventions, performance counseling, and conducting wellness and benefits education programs.

Information Technology Services

operates an integrated real and personal property tax system; civil, criminal, juvenile, and family court systems; user fee and business license systems; finance and personnel systems and many other applications through a contract with an outside vendor.

The **Internal Auditor** provides Council with professional and independent evaluations of County activities, assists all members of management by furnishing analyses, appraisals, recommendations, and comments resulting from operational reviews of departmental activities, and provides independent financial and operational oversight when required.

Internal Services supports departments and agencies within County Government. These services include the upkeep of telephone systems; the storage of records; the processing of postal services; support services for vehicles; and the management of the County's parking garages.

The **Legal Department** advises, represents, and defends the Charleston County Council, its members, and all County employees before all courts and administrative bodies; drafts and enforces ordinances; and collects existing claims in favor of Charleston County.

Legislative Delegation serves as a liaison between the public, governmental agencies and the elected state legislators that represent Charleston County.

The **Planning Department** provides planning and administrative advice to the County, citizen review boards, municipalities, the public and private sector, and real estate interests.

Procurement purchases all goods, equipment and services for the County.

Radio Communications provides comprehensive communications support to County agencies and neighboring external public safety agencies, including management of the 800 MHz Public Safety Radio System, and operation of the Communications Electronics Maintenance Facility.

Register Mesne Conveyance (RMC) records legal instruments, which include real estate titles, deeds, and mortgages. These recordings are made in compliance with state and federal statutes and are available for public examination.

Safety & Risk Management establishes a safe working environment for County employees and keeps premises free of hazards for the general public while ensuring that adequate insurance is obtained to cover the County's assets, liabilities, and employees.

The **Treasurer** collects real, personal, motor vehicle, and other taxes and oversees their disbursement to all County, municipal, school, and special service districts. Any funds not needed for immediate disbursement are invested.

JUDICIAL

The **Clerk of Court** is responsible for all administrative duties related to the functioning of the civil, criminal, domestic, and juvenile courts. Some of these duties include maintaining all pertinent pleadings,

Introduction to Services

collecting and disbursing all fees and fines, creating trial dockets, and certifying copies of legal instruments.

The **Coroner** is elected by the citizens of Charleston County and conducts independent investigations of deaths in the county, serving as a representative of the decedents and survivors.

The **Magistrates' Courts** handle various issues, including restraining orders, traffic violations and criminal cases with punishments of a fine not exceeding \$500 plus assessments or imprisonment not exceeding 30 days or both as mandated by State Statute.

The **Master-In-Equity** provides a relatively quick and inexpensive means of litigation for non-jury matters and hears most foreclosure cases and a substantial number of civil, non-jury matters as referred by Order of Reference of Circuit Judge or the Clerk of Court.

Probate assists the citizens of Charleston County in handling involuntary commitments for drug/alcohol abuse and mental illness, and appointing and supervising guardians and conservators for the protection of themselves and others. It also administers wills, trusts and estates of deceased persons who die with or without a will, resolves disputes in estates and trusts, and issues marriage licenses.

The **Solicitor** provides prosecution services to the Court of General Sessions (Criminal Court), Ninth Judicial Circuit and Family Court (Juvenile), Ninth Judicial Court. The Court of General Sessions prosecutes all criminal cases in accordance with South Carolina Statutes and time constraints established by Circuit Court rules and regulations. Family Court has exclusive jurisdiction over minors alleged to have violated any state or municipal ordinance.

PUBLIC SAFETY

Building Services assures compliance with the Standard Building Codes to preserve the safety, health, and welfare of County residents.

Emergency Management is responsible for setting up measures that assist the public in the event of a natural or manmade disaster, providing land and water search operations and recording hazardous materials in the community. These include fire protection, educational services, and rescue operations.

Emergency Medical Services provides advanced life support and paramedical services to the residents of the County. A board certified emergency medical physician directs the medical aspects of the services, and a professional staff of dispatchers and emergency medical technicians perform the services.

The **Sheriff** provides law enforcement services for the unincorporated areas of the county and for the incorporated areas of the county as necessary. The Sheriff also maintains the Adult and Juvenile Detention Centers.

PUBLIC WORKS

Public Works is responsible for setting up measures that protect the public from hazards, providing safe passage to and from destinations within the county, improving public services in order to improve the quality of life for county citizens, and up keeping and maintaining County property. These include the construction and maintenance of roads, bridges, and storm drainage systems; the upkeep of County grounds; the provision of drainage and engineering services.

Introduction to Services

Solid Waste responsibilities encompass solid waste collection, processing, disposal and recycling in order to provide its citizens with a clean and healthy environment in which to live. These include the disposal of ash; collection throughout rural areas for incineration, recycling, and composting; proper disposal of residential household hazardous wastes; and enforcement of litter codes.

HEALTH/WELFARE

Department of Alcohol and Other Drug Services - Charleston Center provides outpatient and inpatient treatment services including detoxification for alcoholism, drug dependency, and other addictions. Programs are available for women and adolescents. Its 24-Hour Helpline, 722-0100, provides initial assessments for alcohol and drug problems. The Prevention Department offers important information to the public. The Alcohol and Drug Safety Action Program is designated by the State for citizens convicted of DUI violations.

The **Health Department** administers community-focused programs including those designed to prevent the spread of disease and to improve waste disposal.

Mosquito Control regulates and manages the mosquito population through an integrated program of inspection, control, and source reduction. It involves constructing tidal flushing canals in natural wetlands; cleaning canals and ditches; spraying for juvenile and adult mosquitoes with hand, truck-mounted, and aircraft-mounted spray equipment; and providing neighborhood clean up and education.

The **Medically Indigent Assist Program** pays for inpatient hospital services for citizens with income meeting the federal poverty guidelines within the county.

Veterans Affairs serves as a local contact to assist U.S. veterans and their dependents in determining their basic eligibility and conditions of entitlement for all benefits from State and Federal governments.

CULTURE AND RECREATION

The **Library** identifies, evaluates, and responds to the informational, educational, cultural, and recreational needs of all County residents.

ECONOMIC DEVELOPMENT

Economic Development serves as a liaison between the County and governmental entities, nonprofit and private sector development interests, and the general public to promote economic growth in the Charleston region.

Introduction to the Budget

BUDGET SPECIFICS

What is a budget?

A budget is a financial plan of operation that includes estimates of disbursements (i.e., expenditures, transfers out) and sources (i.e., revenues, transfers in, fund balance) for a given period. It provides a basis for planning, controlling, and evaluating County activities.

The County adopts its operating budget on an annual basis for the period of July 1 through June 30. This is the County's fiscal year which is often referred to by the acronym "FY". For example, FY 2005 refers to the period of July 1, 2004 to June 30, 2005.

What is a balanced budget?

South Carolina law requires counties to have a balanced budget which consist of equal proposed sources to equal proposed disbursements. Charleston County's budget is balanced.

What are the components of a budget?

A budget includes distinguishable pieces that are summarized below and described in the following questions:

Revenues + Transfers In = Sources

Sources + Decrease (Use) of Fund Balance = Available

Expenditures + Transfers Out = Disbursements

Disbursements + Increase in Fund Balance = Uses

What is a revenue?

Revenue is a yield of financial resources of income that a government collects for public use. Charleston County receives revenue from taxes, charges and fees, permits, licenses, fines and forfeitures, leases and rentals, interest, and other governmental entities during the fiscal year.

The County uses the accrual basis of accounting where revenues are recorded when earned, regardless of when cash is received.

What is an expenditure?

An expenditure is a decrease in financial resources. Expenditures are recorded when liabilities are incurred, regardless of when payment is made.

Expenditures include personnel, capital and operating. Personnel expenditures include salaries and benefits for regular employees, temporary employees, and contracted services. Capital expenditures include purchases such as vehicles and equipment with a per unit cost of more than \$5,000 and a useful life of more than one year. Operating expenditures include all expenditures other than personnel and capital expenditures. Some examples include advertising, printing, supplies, and training.

What is a transfer in/out?

Introduction to the Budget

A transfer is the movement of monies between funds during the fiscal year. This process of moving money from one fund (transfer out) to another fund (transfer in) is comparable to using separate bank accounts.

What are sources?

Sources are the total of revenues and transfers in.

What are disbursements?

Disbursements are the total of expenditures and transfers out.

What is a fund?

Funds are accounting entities with their own assets, liabilities, equity, revenues, and expenditures. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. These various funds enable the County to record transactions according to generally accepted accounting principles. The following is a summary of the types of funds used by the County:

General Fund + Debt Service Fund + Special Revenue Funds + Capital Projects Funds =	Governmental Funds
--	--------------------

Enterprise Funds + Internal Service Funds =	Proprietary Funds (Activities run as a business)
--	--

What is fund balance?

Fund balance is unexpended funds at the end of the fiscal year. The ending fund balance increases when sources exceed disbursements or decreases when disbursements exceed sources. These funds are carried forward to the next fiscal year and may be used to fund future expenditures.

How does the County keep its accounting records?

Fund accounting separates funds according to their intended purpose and is used to aid management in complying with national accounting standards and legal requirements of the State and Federal government. Charleston County publishes an annual budget and audit that have received awards from the Government Finance Officers Association (GFOA). GFOA is the professional association of state and local finance officers in the United States who are dedicated to the sound management of government financial resources.

Introduction to the Budget

THE BUDGET PROCESS

The annual Charleston County Budget Process is divided into five phases: Planning, Development, Approval, Compliance Monitoring, and External Audit. The Budget Office works closely with the County Administrator in preparing a budget according to the following timetable:

Planning

- Oct • The Budget Office conducts Budget Workshops.
- Nov • Departments submit requests to program managers for employee, vehicle, information technology, facility, and other internal service needs.
- Dec • Departments submit information for the Capital Improvement Plan.

Development

- Jan • Departments submit their budgets to the Budget Office.
- Feb - March • The Budget Office compiles and reviews requests for recommendation to the Administrator.
- April • The Administrator finalizes the budget.

Approval

- May - June • Public hearings are held for citizen participation.
- Council's budget hearings are held to review the budgets in depth.
- Three readings of the budget ordinance are conducted.

Compliance Monitoring

- Ongoing • Quarterly reviews are held for adjustments to the budget.
- Mid-year and third quarter projections of ending fund balance is incorporated into the available funding for the following budget year.
- Budget amendments are made if applicable.

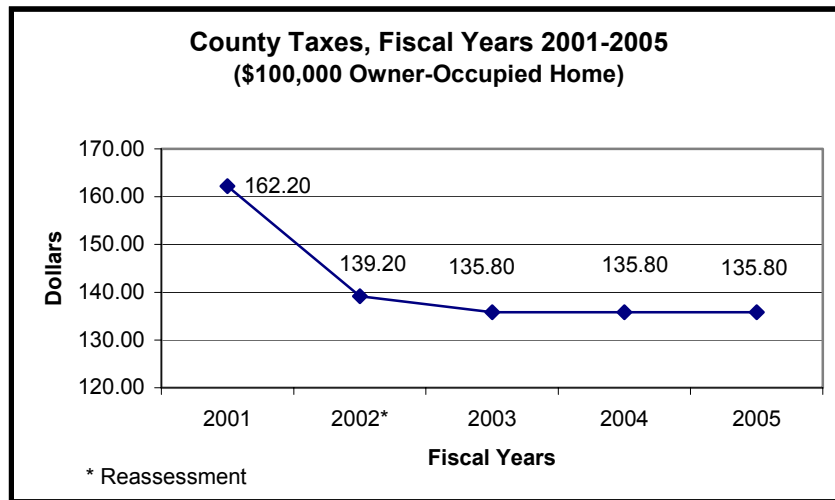
External Audit

- July - Dec • An Independent Audit for compliance with Council's approved budget is completed.

TAX IMPACT

No Net Increase in Taxes and Fees for the Homeowner

The net tax and fee bill for the four percent assessed property homeowner of \$100,000 in appraised property value will total \$224.80 which is unchanged from the current year. Although the total millage is unchanged, 0.5 mills were shifted from the Debt Service Fund to the General Fund. The Local Option Sales Tax credit of \$109.00 for the \$100,000 homeowner also remains unchanged. The fee portion of the homeowner's tax bill reflects an \$89 user fee for disposal of solid waste and remains unchanged. The following shows the detail of the past five fiscal years:

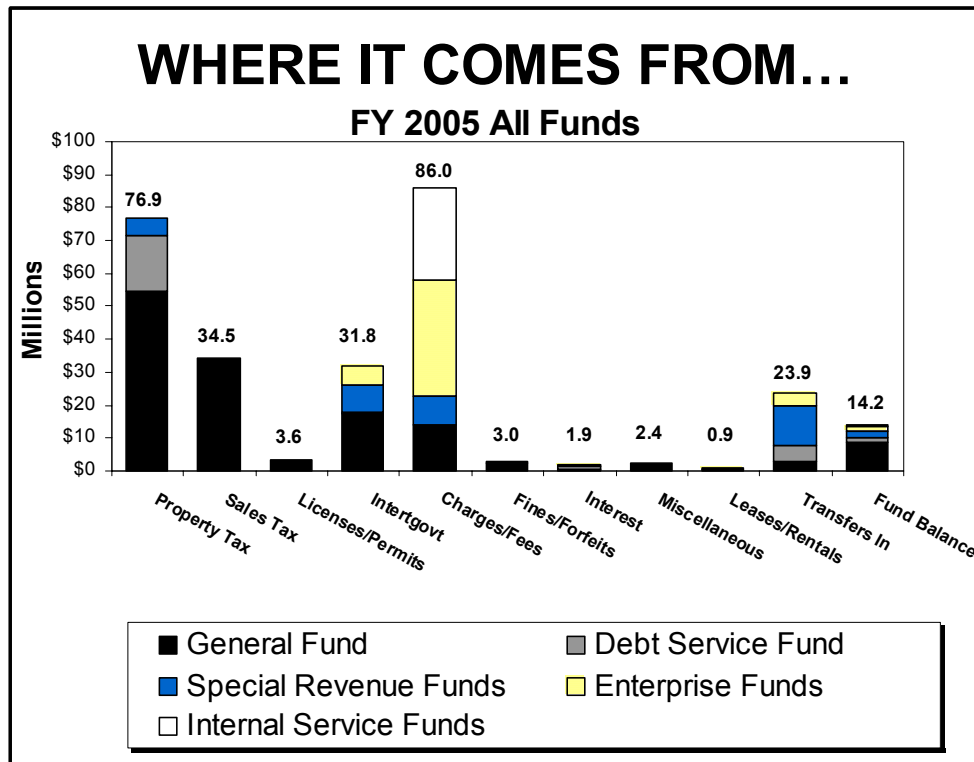


	FY 2004	FY 2005
Taxes with L.O.S.T.	\$ 135.80	\$ 135.80
Recycling/Disposal Fee	89.00	89.00
Total Tax Bill	<u>\$ 224.80</u>	<u>\$ 224.80</u>

For a more detailed discussion on the calculation of property taxes, refer to pages 23 – 24.

Approved Budget

The County receives funding from several sources to accomplish its operating budget. The following graph and table summarize the total available budgeted by sources and/or fund type for FY 2005.

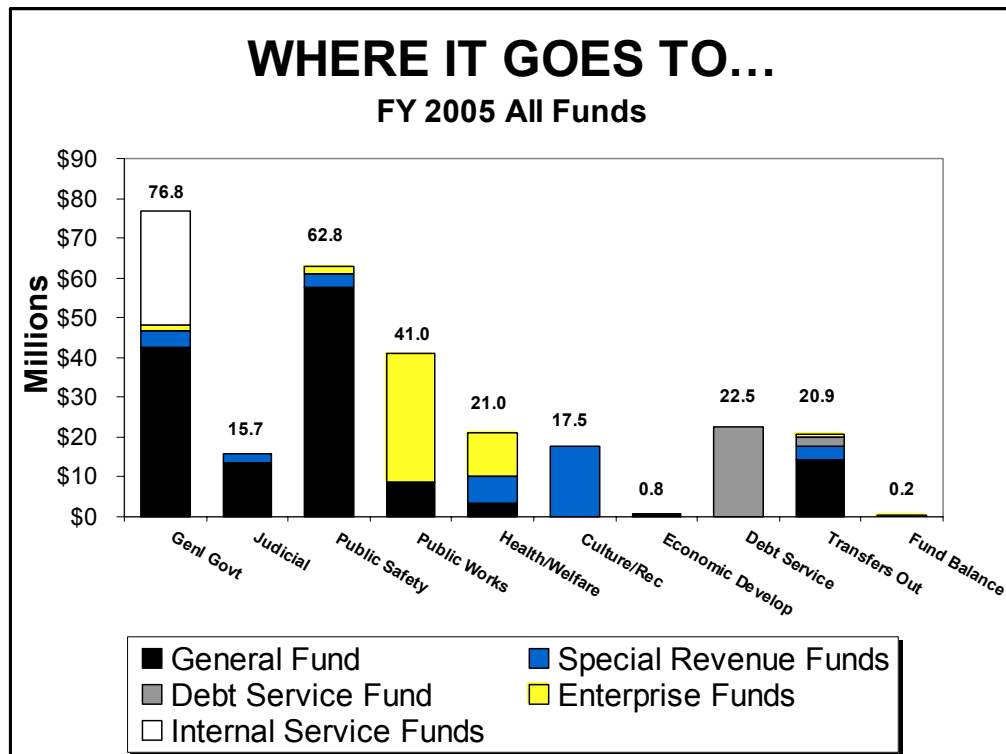


Total Available Budgeted: \$279,122,563

	FY 2002 Actual	FY 2003 Actual	FY 2004 Adjusted	FY 2005 Approved	Change	Percent Change
Property Tax	\$ 76,114,989	\$ 76,060,403	\$ 75,614,059	\$ 76,893,011	\$ 1,278,952	1.7
Sales Tax	32,061,842	32,445,350	32,350,000	34,500,000	2,150,000	6.6
Licenses & Permits	3,242,173	3,426,837	3,579,800	3,566,500	(13,300)	(0.4)
Intergovernmental	33,615,595	34,322,327	31,731,158	31,850,830	119,672	0.4
Charges & Fees	79,375,431	81,687,015	82,415,858	86,005,076	3,589,218	4.4
Fines & Forfeitures	3,353,242	3,700,408	3,219,568	3,028,959	(190,609)	(5.9)
Interest	3,044,793	2,300,949	2,402,344	1,870,895	(531,449)	(22.1)
Miscellaneous	2,130,241	1,911,517	1,912,733	2,461,041	548,308	28.7
Leases & Rentals	999,634	1,093,310	1,048,405	869,709	(178,696)	(17.0)
Total Revenues	233,937,940	236,948,116	234,273,925	241,046,021	6,772,096	2.9
Transfers In	19,700,468	17,860,216	19,344,250	23,894,487	4,550,237	23.5
Use of Fund Balance	2,719,292	6,850,625	17,961,376	14,182,055	(3,779,321)	(21.0)
Total Avail. Budgeted	\$ 256,357,700	\$ 261,658,957	\$ 271,579,551	\$ 279,122,563	\$ 7,543,012	2.8

Approved Budget

The County disburses funds according to functional areas. The following graph and table summarize the total uses by function and/or fund type for FY 2005.



Total Uses: \$279,122,563

	FY 2002 Actual	FY 2003 Actual	FY 2004 Adjusted	FY 2005 Approved	Change	Percent Change
General Govt.	\$ 70,843,400	\$ 73,226,041	\$ 73,911,861	\$ 76,780,145	\$ 2,868,284	3.9
Judicial	13,910,769	13,965,632	15,194,533	15,662,059	467,526	3.1
Public Safety	52,003,949	54,037,239	57,973,490	62,779,616	4,806,126	8.3
Public Works	34,436,304	34,342,783	40,166,691	40,958,776	792,085	2.0
Health/Welfare	19,453,642	20,175,298	20,295,940	21,002,314	706,374	3.5
Culture/Recreation	15,499,759	15,826,075	16,684,547	17,516,519	831,972	5.0
Economic Develop.	730,242	582,206	1,048,235	804,906	(243,329)	(23.2)
Debt Service	16,739,693	18,348,067	22,586,143	22,497,586	(88,557)	(0.4)
Total Expenditures	223,617,758	230,503,341	247,861,440	258,001,921	10,140,481	4.1
Transfers Out	22,012,295	20,781,495	23,126,289	20,894,487	(2,231,802)	(9.7)
Total Disbursements	245,630,053	251,284,836	270,987,729	278,896,408	7,908,679	2.9
Increase in Fund Bal.	10,727,647	10,374,121	591,822	226,155	(365,667)	(61.8)
Total Uses	\$256,357,700	\$261,658,957	\$271,579,551	\$279,122,563	\$ 7,543,012	2.8

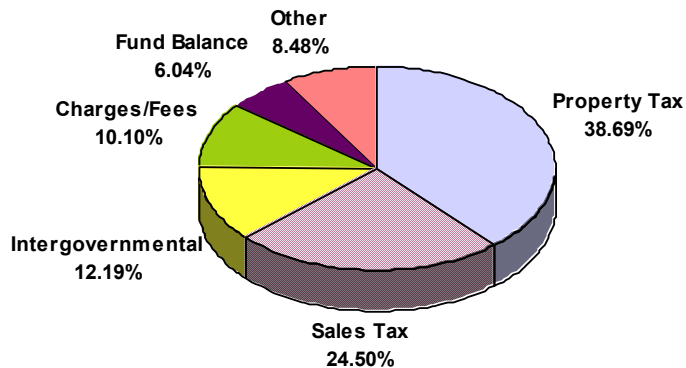
GOVERNMENTAL FUND TYPES

GENERAL FUND

The FY 2005 Council approved budgeted disbursements and available sources for the General Fund total \$140.8 million, a \$6.0 million or 4.5 percent increase from the FY 2004 budget. The General Fund millage is 51.3 mills representing a shift of 0.5 mills from the Debt Service Fund. Refer to pages 26 and 27 for further discussion of millage.

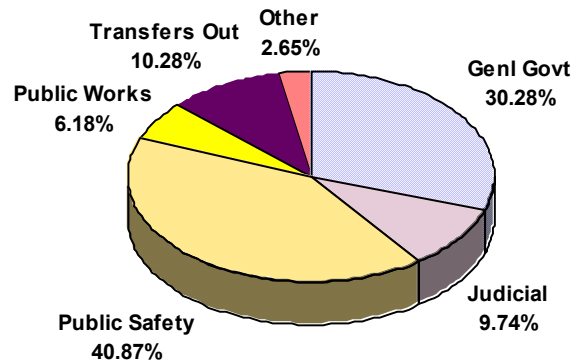
The following shows a representation the County's General Fund budget. Pages 20 and 21 discuss significant changes to available sources and disbursements.

WHERE IT COMES FROM... FY 2005 Charleston County General Fund



Total Available Budgeted: \$140,796,969

WHERE IT GOES TO... FY 2005 Charleston County General Fund



Total Uses: \$140,796,969

Approved Budget

GENERAL FUND (continued)

Available Sources

	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Adjusted</u>	<u>FY 2005</u> <u>Approved</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Property Tax	\$ 53,725,510	\$ 53,078,000	\$ 54,475,000	\$ 1,397,000	2.6
Sales Tax	32,445,350	32,350,000	34,500,000	2,150,000	6.6
Licenses and Permits	3,426,837	3,579,800	3,566,500	(13,300)	(0.4)
Intergovernmental	17,746,940	17,102,458	17,168,718	66,260	0.4
Charges and Fees	15,065,609	13,253,300	14,216,700	963,400	7.3
Fines and Forfeitures	2,266,821	2,332,500	2,190,500	(142,000)	(6.1)
Interest	639,806	642,000	494,000	(148,000)	(23.1)
Miscellaneous	1,318,118	1,689,233	2,286,179	596,946	35.3
Leases and Rentals	867,389	850,000	615,000	(235,000)	(27.6)
Total Revenues	127,502,380	124,877,291	129,512,597	4,635,306	3.7
Transfers In	965,188	1,445,672	2,784,372	1,338,700	92.6
Use of Fund Balance	(2,487,773)	8,500,000	8,500,000	-	0.0
TOTAL AVAILABLE	<u>\$125,979,795</u>	<u>\$134,822,963</u>	<u>\$140,796,969</u>	<u>\$5,974,006</u>	<u>4.4</u>

Budgeted available funds of \$140.8 million reflect an increase of \$6.0 million or 4.4 percent from FY 2004. Significant changes in the FY 2005 budget are as follows:

- **Property Taxes** - reflect an increase of \$1.4 million due to a shift of \$0.8 million from the Debt Service Fund and a growing tax base, currently estimated to be expanding at a rate of 3.0 percent over current-year valuations.
- **Local Option Sales Tax** - represents an increase of \$2.2 million which reflects a 3.0 percent increase from the current year's projections. Due to an economic downturn in FY 2002 and FY 2003, the local option sales tax showed no significant growth. However, as a result of improvements to the economic recovery, Charleston County anticipates an increase in Local Option Sales Tax for FY 2004 and FY 2005.
- **Charges and Fees** - increased \$1.0 million largely based on mortgage transaction recording fees. The increase reflects sustained refinancing and property sales due to low interest rates.
- **Interfund Transfer In** - increased \$1.3 million to reflect a transfer from the Debt Service Fund.

GENERAL FUND (continued)

Disbursements

	FY 2003 Actual	FY 2004 Adjusted	FY 2005 Approved	Dollar Change	Percent Change
General Government	\$ 36,555,395	\$ 39,841,407	\$ 42,635,245	\$ 2,793,838	7.0
Judicial	12,270,849	13,221,342	13,707,430	486,088	3.7
Public Safety	50,218,582	53,173,768	57,538,806	4,365,038	8.2
Public Works	7,286,374	8,334,326	8,700,592	366,266	4.4
Health/Welfare	3,077,820	3,256,602	3,256,971	369	0.0
Economic Development	580,206	589,848	481,747	(108,101)	(18.3)
Total Expenditures	109,989,226	118,417,293	126,320,791	7,903,498	6.7
Transfers Out	15,990,569	16,405,670	14,476,178	(1,929,492)	(11.8)
TOTAL DISBURSEMENTS	<u>\$125,979,795</u>	<u>\$134,822,963</u>	<u>\$ 140,796,969</u>	<u>\$ 5,974,006</u>	<u>4.4</u>

General Fund budgeted disbursements total \$140.8 million, representing a \$6.0 million or 4.4 percent increase over the FY 2004 budget. Significant changes in the FY 2005 budget are as follows:

- **Sheriff** – reflects funding of \$1.4 million for thirty-six new Detention Officers added by County Council during FY 2005 budget deliberations. This amount represents full-year funding for twenty FTEs, and three-quarter year funding for the remaining sixteen FTEs.
- **Library** - reflects full-year funding of five FTEs added in FY 2004 and 16.8 FTEs added in FY 2005 for the John's Island Library.
- **Salary Adjustment** - represents a Cost of Living Adjustment (COLA) of 2.0 percent for full-time County employees.

Fund Balance

The fund balance for FY 2005 is \$23.3 million and consists of unanticipated prior year revenues and transfer in, lapsed prior year funds, and the "Rainy Day Fund" which is a reserve established and maintained by County Ordinance for catastrophes.

The funds designated for Rainy Day are anticipated to increase by \$0.5 million to a balance of \$8.0 million, pending completion of the FY 2004 audit. The first \$0.5 million of actual tax revenues over budget goes to the Rainy Day designation per County Ordinance. This designation was established in FY 1992 to strengthen the County's balance sheet and to strengthen the County's disaster preparedness position. The designation is intended to equal no less than four percent of the General Fund disbursements as required by the Budget Ordinance.

Council authorized, in total, the use of \$8.5 million from fund balance. The FY 2005 ending fund balance is projected to be \$14.8 million. Of this amount, \$6.6 million is unreserved and undesignated in an effort to establish a buffer in addition to the Rainy Day fund for unexpected events.

DEBT SERVICE FUND

Charleston County issues debt to accomplish large capital projects that are not affordable on a pay-as-you-go basis. The three main types of debt used are General Obligation Bonds (GOBs), Certificates of Participation (COPs), and Revenue Bonds. Such bonds are authorized by resolution indicating the amount and purpose of the bonds, interest rate, and repayment terms. These bonds are secured by full faith and credit of the County, which means there is a pledge of the County's general taxing power for the repayment of the debt.

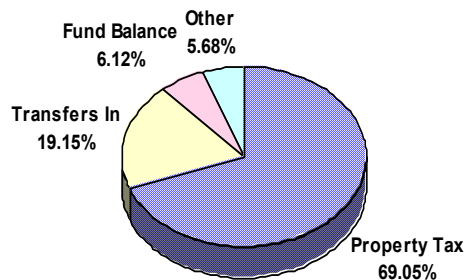
Another source of funding recently utilized is a Capital Lease. Capital leases provide the ability to fund relatively smaller capital needs without issuing General Obligation bonds. During FY 2002, the County entered into a lease agreement to fund replacement computer equipment over a three year period.

The County's projected debt service payments for the next 25 years total \$232.6 million in principal and \$114.6 million in interest. The FY 2005 budget addresses the repayment of the current portion of this debt.

The FY 2005 Council approved budgeted disbursements for the Debt Service Fund total \$24.8 million which is a \$0.9 million or 3.8 percent increase from the FY 2004 budget. The Debt Service Fund millage is 9.9 mills representing a 0.5 mill decrease from FY 2004. During FY 2004, the County paid with one-time funds the first \$3.0 million to the State for construction costs of the Arthur Ravenel, Jr. Bridge. During budget deliberations, Council elected to use one-time funds from the Capital Projects Fund to pay the FY 2005 obligation. This resulted in a \$2.0 million shift (including 0.5 mills or \$0.8 million) from the Debt Service Fund to the General Fund.

WHERE IT COMES FROM...

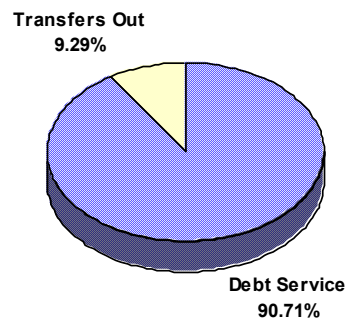
FY 2005 Charleston County Debt Service Fund



Total Available Budgeted: \$24,801,523

WHERE IT GOES TO...

FY 2005 Charleston County Debt Service Fund



Total Uses: \$24,801,523

The amount of debt that the County can issue is restricted by State Law. Based on this restriction, the County can issue \$66.2 million in new debt. To implement the Capital Improvement Plan, the County projects the issue of \$63.9 million in new debt starting in FY 2007.

SPECIAL REVENUE FUNDS

The FY 2005 Council approved budgeted disbursements and available sources for the Special Revenue Funds total \$37.4 million (including budgeted increases in fund balance), a \$0.9 million or 2.4 percent decrease from the FY 2004 budget. Significant changes in the FY 2005 budget are as follows:

- **Library** - includes an increase for personnel and operating costs related to the new John's Island Branch Library.
- **Sheriff - Asset Forfeiture Division** - reflects the elimination of one-time costs in FY 2004 for the purchase of specialty weapons.
- **Accommodations Fee** - includes a reduction for a loan granted to the Charleston County Visitor's Center in FY 2004.

CAPITAL PROJECTS FUND

The County defines a capital expenditure as a single item that cost \$5,000 or more and lasts longer than one year. Some capital expenditures are included within the operating budget since they are recurring or affordable on a pay-as-you-go basis. Examples of capital expenditures included in the operating budget are vehicles and equipment purchases. Following is a table summarizing capital in the operating budget.

Capital Expenditure	
General Fund	\$ 2,912,780
Special Revenue Fund	331,800
Enterprise Funds	2,750,000
Internal Service Funds	201,223
Grand Total	\$ 6,195,803

Capital expenditures that are not included in the operating budget are considered in the capital improvement plan (CIP). Charleston County's five year CIP is a financial management tool that assists in facility maintenance and capital development.

Implementing a multi-year CIP promotes better use of the County's limited financial resources and assists in the coordination of public and private development. As a financial tool, a multi-year CIP provides early indications of major outlays and assures timely facility maintenance or replacement. In addition, multi-year capital improvement plans are an integral part of long-range planning and consequently are viewed positively by bond rating agencies.

The County's CIP adopted in the FY 2005 budget process included several projects. These projects included improvements to the Azalea Complex which incorporates an Automotive Shop, Public Works facilities, a Law Enforcement Center, and a Sheriff Warehouse. Also included is funding for Information Technology, libraries on Folly Beach and East of the Cooper, and the replacement of the Juvenile Detention Center. The most significant of the projects included in the CIP are the expansion of the Adult Detention Facility.

Approved Budget

The new projects appropriated for FY 2005 include the Automotive Shop at the Azalea Compound and Information Technology equipment. Charleston County will incorporate the Solid Waste capital program into the five-year capital plan in FY 2006. Council and staff will annually review the program, its direction, progress, and financing requirements.

PROPRIETARY FUNDS

ENTERPRISE FUNDS

The FY 2005 Council Approved budgeted disbursements and available sources for the Enterprise Funds total \$47.5 million (including budgeted increases in fund balance). This is a \$0.2 million or 0.4 percent increase from the FY 2004 budget. Significant changes in the FY 2005 budget are as follows:

- **Planning - Emergency 911** - includes capital expenses to fund a system upgrade.
- **Internal Services - Parking Garages** - reflects the sale of the Health Complex garage.

INTERNAL SERVICE FUNDS

The FY 2005 Council Approved budgeted disbursements and available sources for the Internal Service Funds total \$28.6 million, a \$1.4 million or 5.1 percent increase over the FY 2004 budget. Significant changes in the FY 2005 budget are as follows:

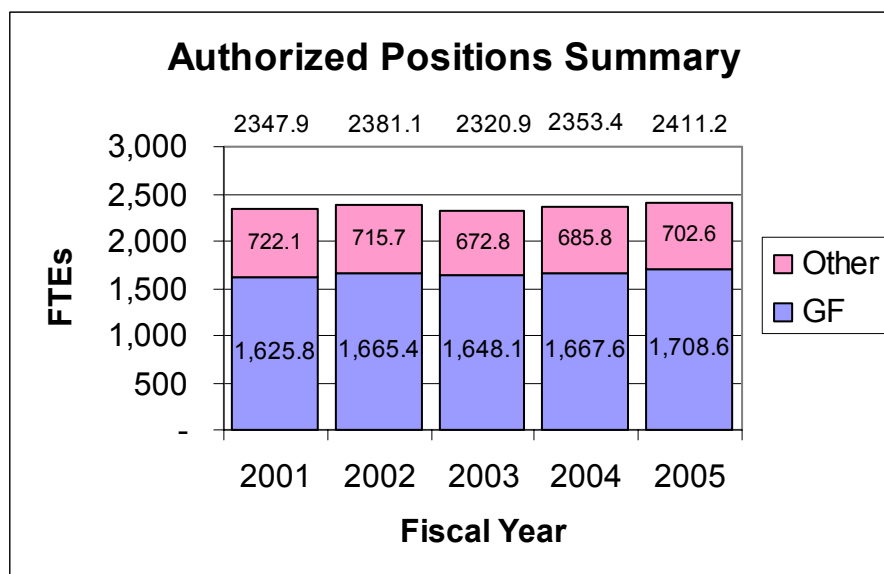
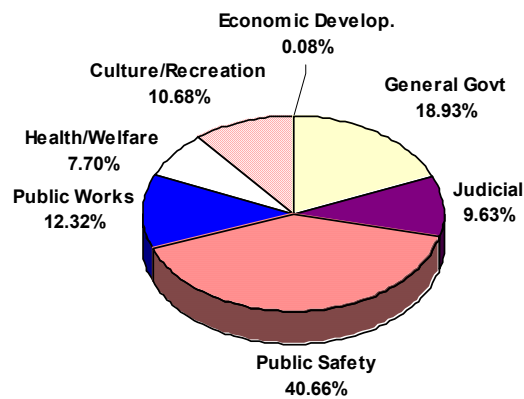
- **Employee Benefits** - reflect the rising costs of health insurance.
- **Workers' Compensation** – includes an increase in premiums due to higher rates and a rising experience factor.

Staffing

There were 58 Authorized positions or full-time equivalents (FTEs) added for FY 2005 bringing the total number of FTEs employed by Charleston County to 2,411. The majority of the positions added were in the Sheriff's Department which gained 36 Detention Officers. Emergency Medical Services gained four FTEs and seventeen FTEs were added to the Library for a new branch scheduled to open in the early part of FY 2005. Also added was one grant-funded FTE for the Solicitor's Office. Fleet Operations decreased their staff by one FTE.

The following two charts organize FTEs by different categories. The first chart represents authorized positions by function. The second chart represents authorized positions by fund type (General Fund versus all other funds).

Authorized Positions (FTEs) By Function
FY 2005 Charleston County All Funds



PROPERTY TAXES

Millage Rate - a property tax rate, also referred to as Ad Valorem tax rate, is expressed in terms of mills. A mill is a monetary unit equal to one one-thousandth of a dollar or \$0.0001. The rate at which the tax is charged is called the millage rate. Each mill is equal to \$1 per \$1,000 of property value. For example, a property valued at \$100,000 with a millage rate of 5 mills equates to \$5 per \$1,000 value or \$250 ($5 \times 100,000 \times 0.0001 = \250).

The millage rate for the County is comprised of the General Fund (or operating) millage and the debt service millage. The General Fund millage increased one-half mill from FY 2004 at 51.3 mills. The debt service levy, used to pay interest and principal on funds borrowed for capital projects, decreased one-half mill from FY 2004 at 9.9 mills. The combined operating and debt service levy is 61.2 mills and is unchanged from FY 2004.

Local Option Sales Tax (LOST) - a sales tax added to the price you pay for many goods and services you buy. An additional one percent sales tax is levied in Charleston County on top of the state's five percent sales tax. Although State law requires only 71% of the receipts be earmarked as property tax relief and returned to taxpayers as a credit, the County applies 100% of the receipts to reduce property taxes.

For the owner of a \$100,000 home (four percent assessed property) the 61.2 mills equate to a tax of \$244.80. As allowed under state law, the County elected in FY 1991 to reduce property taxes by levying a one percent Local Option Sales Tax (LOST). The Sales Tax credit for FY 2005 is \$109.00 for the \$100,000 homeowner and remains unchanged from the prior year. After applying the Sales Tax credit, the net tax is \$135.80 representing no change from FY 2004 for the \$100,000 homeowner.

Exemptions - are provided by South Carolina law to qualified real property owners to reduce the value of property subject to taxation. The most frequently used exemption is the Homestead Exemption and is comprised of the following:

The first \$50,000 of the value of an owner-occupied residence is exempt for all legal residents of South Carolina that have resided in the state for at least one year on or before December 31 of the year prior to exemption and are one of the following:

- 65 on or before December 31, preceding the tax year in which you wish to claim exemption
- certified totally and permanently disabled by State or Federal agency
- legally blind
- at least 50 years of age when your spouse who was eligible for exemption died

Calculating Tax Bills - The Assessor supervises the valuation process following the appropriate state laws, regulations, and professional guidelines. Based on the County millage rates, the Solid Waste User Fee, and the LOST credit, the following illustrates the computation of taxes on a \$100,000 owner-occupied home.

Calculating the Tax Bill

The following information is needed to compute property tax on a parcel:

- the appraised value as determined by the property appraiser
- the amount of the value which is not subject to the tax due to the application of exemptions
- the millage rate authorized by a taxing authority

WITH HOMESTEAD

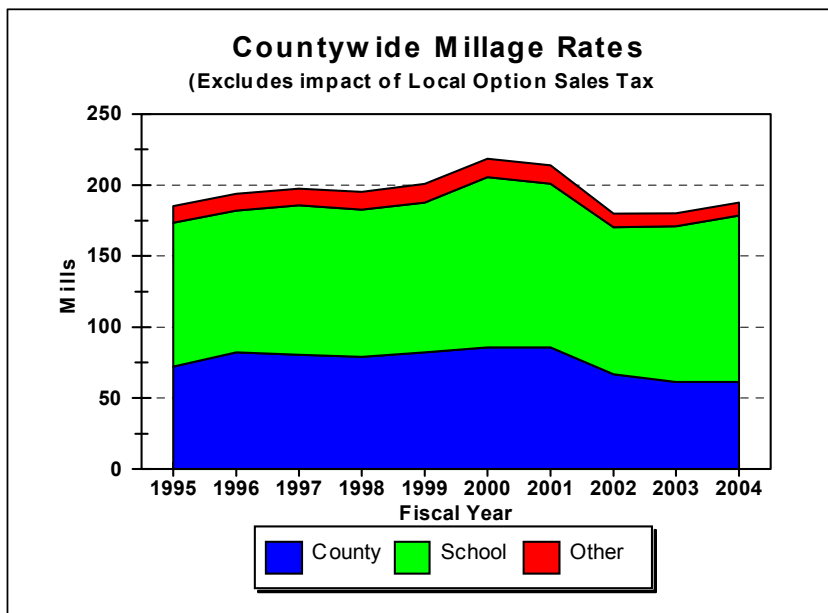
\$100,000	Appraised Property Value
<u>(50,000)</u>	Less Homestead Exemption
50,000	Adjusted Appraised Property Value
<u>.04</u>	Multiplied by the Legal Residence Assessment Ratio
2,000	Total Assessment
<u>0.0612</u>	Multiplied by the combined millage, for example, using the FY 2005 adopted County millage rate *
122.40	Total Property Tax Due for Charleston County
<u>(109.00)</u>	Less County Government Sales Tax Credit x Appraised Value (.00109 x 100,000)
13.40	Tax Due
<u>89.00</u>	Solid Waste Recycling and Disposal Fee
<u>\$ 102.40</u>	Total Amount Due

WITHOUT HOMESTEAD

\$100,000
<u>.04</u>
4,000
<u>0.0612</u>
244.80
<u>(109.00)</u>
135.80
<u>89.00</u>
<u>\$ 224.80</u>

**Note: Does not include the following entities: Trident Technical College, Charleston Co. Park & Recreation Commission, Charleston County School District, or various special purpose districts or municipalities.*

History of Countywide Millage Rates



Fiscal Year	County	School	Other	Total
1995	72.2	101.2	11.7	185.1
1996	82.1	99.9	11.8	193.8
1997	80.6	105.2	11.5	197.3
1998	79.1	103.7	12.3	195.1
1999	82.1	105.6	13.0	200.7
2000	85.8	119.8	12.9	218.5
2001	85.8	115.2	12.9	213.9
2002	66.8	103.4	9.8	180.0 *
2003	61.2	109.7	9.3	180.2
2004	61.2	117.2	9.3	187.7

* Reassessment

Other includes the Charleston County Park and Recreation Commission and Trident Technical College.

LOOKING AHEAD – CHALLENGES IN FISCAL YEAR 2006 AND BEYOND

Although the County faced many challenges in developing the FY 2005 budget, the County has identified several additional challenges for FY 2006 and beyond.

Outstanding Litigation

The County is involved with litigation relating to a reassessment cap that was enacted during FY 2002. This reassessment cap limited the growth in the assessed value of four percent owner-occupied property to 15 percent. The State Supreme Court ruled that the County's reassessment cap ordinance was invalid. Several cases are still outstanding related to refunds of bills for FY 2002. The most significant of these cases was initially ruled against the County and appealed to the State Supreme Court. The State Supreme Court referred the cases back to the Circuit Court for dismissal; however, the State Supreme Court ordered that administrative remedies should be pursued for the refunds.

During July 2002, Council passed an ordinance that would have capped the growth in assessed value to 15 percent for all real properties effective for the 2003 tax bill (fiscal year 2004). This ordinance has been challenged in court, and Council has delayed implementation of the cap until the lawsuit has been resolved.

State Actions

A major issue for the Lowcountry is the replacement of the Cooper River Bridges. Although the bridges are owned and maintained by the State, the State has required local funding for the project. The State, the Federal government, and Charleston County are funding the project. Charleston County has committed to pay \$3.0 million a year for 25 years beginning in FY 2004. A half-penny sales tax approved by voter referendum in 2002 was intended to provide funding for the bridge. However, the State Supreme Court overturned the referendum, and the Governor ordered another referendum in 2004. If this referendum fails, the County will continue searching for additional funding sources. In FY 2004 and FY 2005, the County funded the payment from one-time sources while waiting for the outcome of the referendum.

The reduction in the taxable portion of the appraised value of motor vehicles will continue to be phased in from FY 2006 through FY 2008. The County will see a reduction of over \$3.0 million in property tax revenue during this period. The full impact for the County will be over \$6.0 million.

The State Budget and Control Board decided to increase the employer contribution to the State retirement system by approximately one percent for FY 2006. This is the State's response to the increase in the unfunded liability in the State retirement system that has increased from one year at the end of FY 1998 to 25 years at the end of FY 2003. This change is expected to have an impact of approximately \$1.0 million for FY 2006.

Roads

As the County continues to strive to reduce the miles of roads that need to be constructed or repaired, additional funding will be necessary to support this program. Due to budget constraints, no annual appropriation for roads was included in the last three operating budgets. A half-penny sales tax approved by voter referendum in 2002 was intended to provide funding

Approved Budget

for these projects. However, the State Supreme Court overturned the referendum, and the Governor ordered another referendum in 2004. If this referendum fails, the County will continue searching for additional funding sources.