

COUNTY OF CHARLESTON SOUTH CAROLINA

APPROVED BUDGET FOR FISCAL YEAR 2007

CITIZEN'S GUIDE

COUNTY COUNCIL

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TIMOTHY E. SCOTT, VICE CHAIRMAN
CURTIS E. BOSTIC
COLLEEN T. CONDON
HENRY DARBY
ED FAVA
CURTIS INABINETT
JOE MCKEOWN
TEDDIE PRYOR, SR**

COUNTY ADMINISTRATOR

MCROY CANTERBURY, JR., AICP

**CHARLESTON
COUNTY
SOUTH CAROLINA**

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How To Use The Citizen's Guide

This document provides a brief look at the approved Fiscal Year 2007 Charleston County budget. It should enhance your understanding of how the County is organized, the services provided, and the funding sources used to provide those services.

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The FY 2007 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 the main and regional 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 was the first to require the use of single member districts.

Leon E. Stavrinakis
Chairman
District 9

Timothy E. Scott
Vice Chairman
District 3

Ed Fava
District 2

Teddie Pryor
District 5

Curtis Inabinett
District 8

Colleen T. Condon
District 7

Curtis E. Bostic
District 6

Henry Darby
District 4

Joe McKeown
District 1

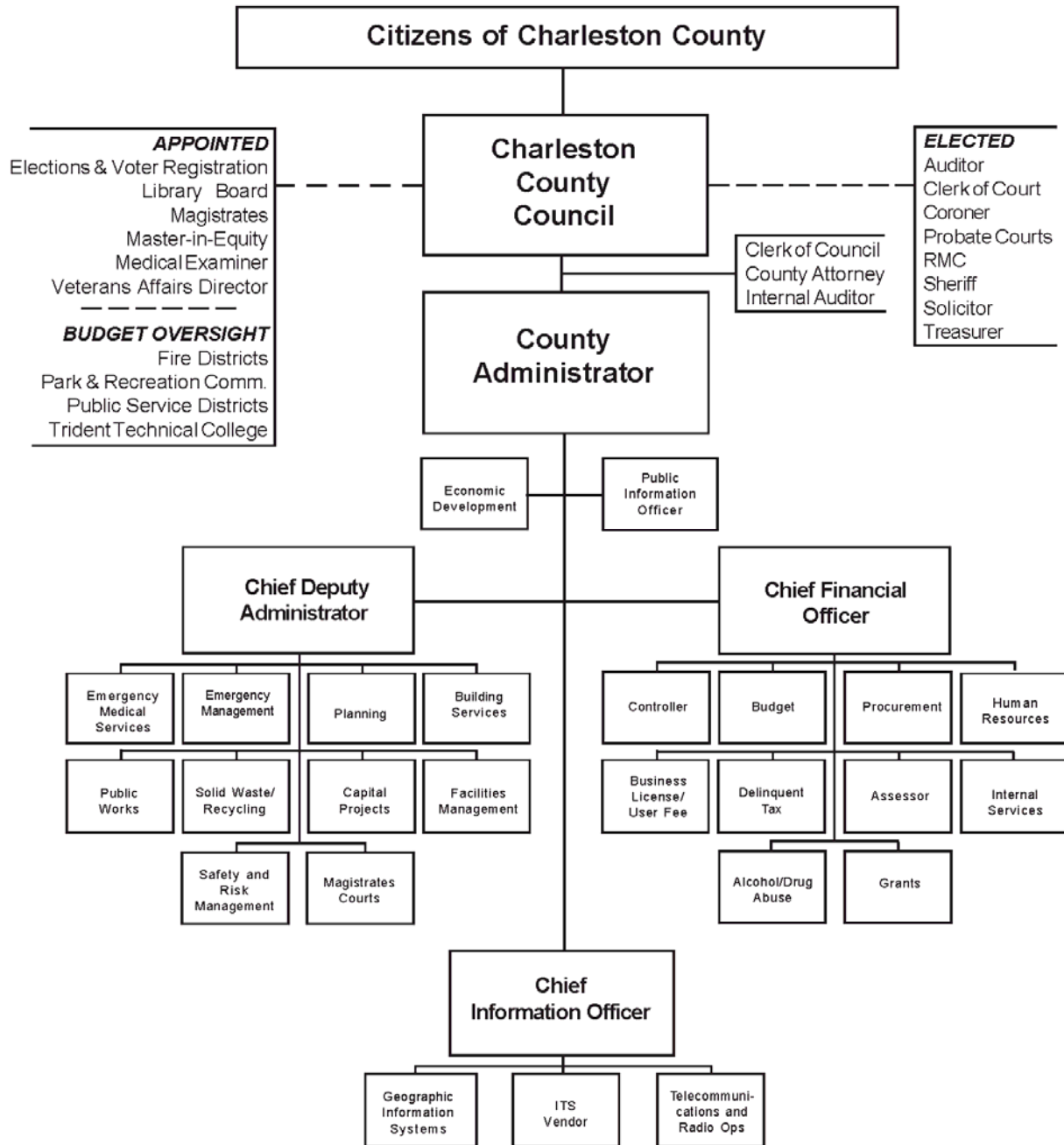
The following pages illustrate the County's organization, mission statement, values, and goals.

Introduction to the County

Charleston County, South Carolina Organizational Chart

County Departments
Effective 12/16/2005

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



Charleston 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.

Introduction to the County

The **County Goals** are comprised of five **Initiatives** developed to set the direction for the County Departments/Divisions in fulfilling the mission and maintaining value in daily activities. The following includes Fiscal Year 2006 Notable Results for each County Initiative.

Fiscal Year 2006 Notable Results

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

- The **Department of Alcohol & Other Drug Abuse Services** provided outreach and prevention services to the Hispanic community and included a twelve-step program.
- The **Elections & Voter Registration Department** completed installation of new hyperlinks and banner links provided by Information Technology Services to enhance connection to overseas and absentee voters as well as the general public of Charleston County.
- The **Public Defender Program** is using video conferencing to meet with clients at the Detention Center. In addition, they have participated in trial runs of videoconferencing of Probation Violation and Magistrate Court hearings of jailed clients.
- The **Radio Communications Division** collaborated with other governmental jurisdictions in migrating to a new digital public safety radio system. Regional interoperability was demonstrated to the Department of Homeland Security as part of the Tactical Interoperable Communications Plan.
- The **Safety & Risk Management Department** achieved the lowest number of on-the-job injuries in the past 13 years through its Strain Reduction and Fall Reduction Campaign.
- The **Solid Waste Department** launched a Spanish-speaking commercial with English subtitles to educate the Hispanic community on the importance of recycling. The commercial aired on a local Hispanic television station and all local affiliate stations.

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

- The **Emergency Medical Services Department** initiated the Field Training Officer (FTO) program to reduce overall personnel and training costs by shortening the orientation process for new hires. In addition, it retains employees in need of remediation.
- The **Safety & Risk Management Department** implemented training programs to educate non-English speaking employees. In addition, The Trident Youth Works Program was utilized on part-time assignments to allow young, disadvantaged, predominantly minority students valuable work experience.

Introduction to the County

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

- The **County's financial staff** secured an upgraded bond rating of AAA from Standard and Poor's. Charleston County is one of only two counties in the State with this AAA rating. Nationwide, only 41 other counties have the rating, out of more than 3,000 county governments.
- With the efforts of the **Economic Development Department**, Charleston County joined Vought Aircraft in celebrating the opening of its newest Boeing 787 Dreamliner plant. The area will benefit from the largest private sector capital investment of \$590 million and the creation of 690 jobs in Charleston County.

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

- Receiving an enhanced flood insurance rating of Class 5, which translates into significant savings to citizens, was a major accomplishment for the **Building Services Department**. Charleston County is one of only 27 communities in the United States that has obtained the elite Class 5 rating.
- The **Solicitor's Office** implemented a Supreme Court Automation Project Prosecution Case Management System to support the South Carolina Judicial Department Strategic Technology Plan. This will enhance the ability to manage case workload, cycle time, and efficiency.
- The **Telecommunications Division** secured a cost effective cellular telephone service at a savings of approximately \$30,000.

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

- The **Emergency Preparedness Division** introduced the Disaster Animal Response Team (DART) which was created in association with Charleston County's Community Response Team program to assist pets and livestock before, during, and after a disaster or emergency.
- **Emergency Medical Services** won the EMS Award of Excellence, the first national award of its kind, which demonstrates best practices to ensure performance excellence. Organizations were judged based upon four core values: patient-focused excellence, valuing staff, social responsibility and community health, and managing for innovation.

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 an estimated population of 330,368 in 2005, is the center of the Trident metropolitan region with a combined population of more than 500,000. The County has 15 municipalities within its borders, including its three largest cities: Charleston (101,024), North Charleston (81,577) and Mt. Pleasant (54,788). In the period from 2000-2004, the County experienced a growth rate of 4.6 percent, per census figures. It is estimated that the Trident area will reach 625,000 individuals by 2015.

Geographic Location

Key among the region's advantages is 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 junction of two rivers, assures its near tropical climate and creates natural advantages for a seaport. The flat landscape is accented by numerous rivers, tidal creeks, vast expanses of pristine salt marshes, and hallmark live oaks. The scenic backdrop is the perfect setting for the priceless eighteenth and nineteenth-century architecture of Old Charleston. Urban and suburban communities lie beyond the old city hosting businesses, industries, and residences alike. The region's livability is evident in the "slow pace and friendly environment" despite the population growth over the past two decades. You can find this friendly environment 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 over the past few years, experiencing 4.7 million visitors in year 2004. The tourism industry contributes more than \$5.7 billion annually to the area's economy and has provided an estimated 105,000 jobs. The region's growing international operations, stable businesses, and industrial bases have contributed to its diverse economic base. The area has a busy port, modern airport, and good rail access and is committed to the constant upgrading of its already excellent highway access. Road improvements include the proposed completion of the Interstate 526 Beltway as well as the recent completion of the Cooper River Bridge with higher spans linking Charleston with the area east of the Cooper River. Water and waste water system expansions, 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 area's educational institutions provide well trained workers for industry. There are 17 colleges and universities offering a range of certification programs and associate, bachelor, and master degrees. In addition, the Medical University of South Carolina offers advanced medical degrees at the State's largest teaching hospital, and Trident Technical College provides a diverse range of industrial training programs. In 2004, the area's post-secondary educational offerings were again bolstered by the creation of the Charleston School of Law. In 1999, the tri-county opened the Trident One-Stop Career Center to provide employment assistance to local residents. This multi-jurisdictional center combines a variety of resources, including career counseling, job search, training programs, and labor market information.

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>
2005	324,224	35.5	\$ 32,210
2004	321,014	35.4	31,272
2003	316,611	34.5	30,361
2002	312,365	33.9	29,346
2001	309,969	31.9	28,725
2000	319,921	31.8	28,466
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

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 government are the Charleston County School District, the Charleston Area Regional Transportation Authority (CARTA) bus system, and municipal garbage pickup. Its responsibilities to the residents do include the following matters 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 for municipalities under a contract arrangement.

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 training, facilitating employee relations and

Introduction to Services

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.

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

Introduction to Services

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 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 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 Assistance 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 2007 refers to the period of July 1, 2006 to June 30, 2007.

What is a balanced budget?

South Carolina law requires counties to have a balanced budget which consists 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.

Introduction to the Budget

What is a transfer in/out?

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:

Governmental Funds =	General Fund Debt Service Fund Special Revenue Funds Capital Projects Fund
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Proprietary Funds * =	Enterprise Funds Internal Service Funds
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* Activities conducted 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

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

Development

- January • Departments submit their budgets to the Budget Office.
- February - 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 are incorporated into the available funding for the following budget year.
- Budget amendments are made if applicable.

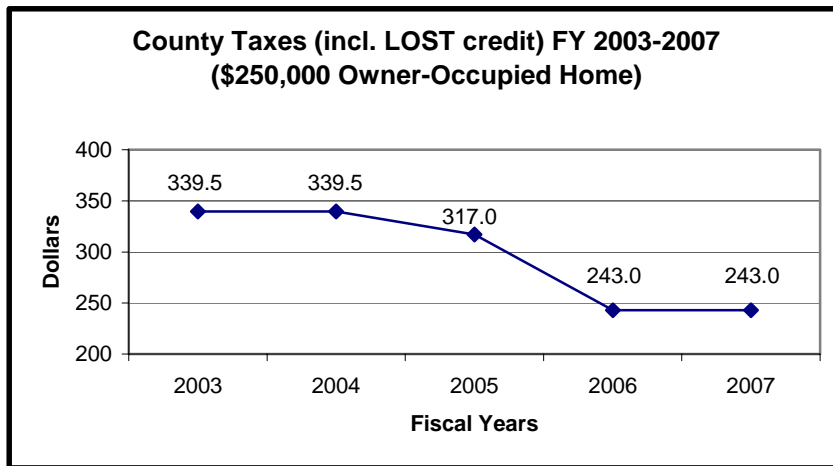
External Audit

- July - December • An Independent Audit for compliance with Council's approved budget is conducted after the end of the fiscal year.

TAX IMPACT

No Net Increase in Taxes for the Homeowner

The net tax bill for the four percent assessed property homeowner of \$250,000 in appraised property value will total \$332.00 which is unchanged from the current year. The total millage is 1.2 mills. The Local Option Sales Tax credit of \$225.00 for the \$250,000 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. In addition to this information, beginning in Fiscal Year 2007, an annual fee of \$36 per household located in the unincorporated areas of the County was approved by Council to implement a stormwater drainage program. This new fee is not included in the information shown below.



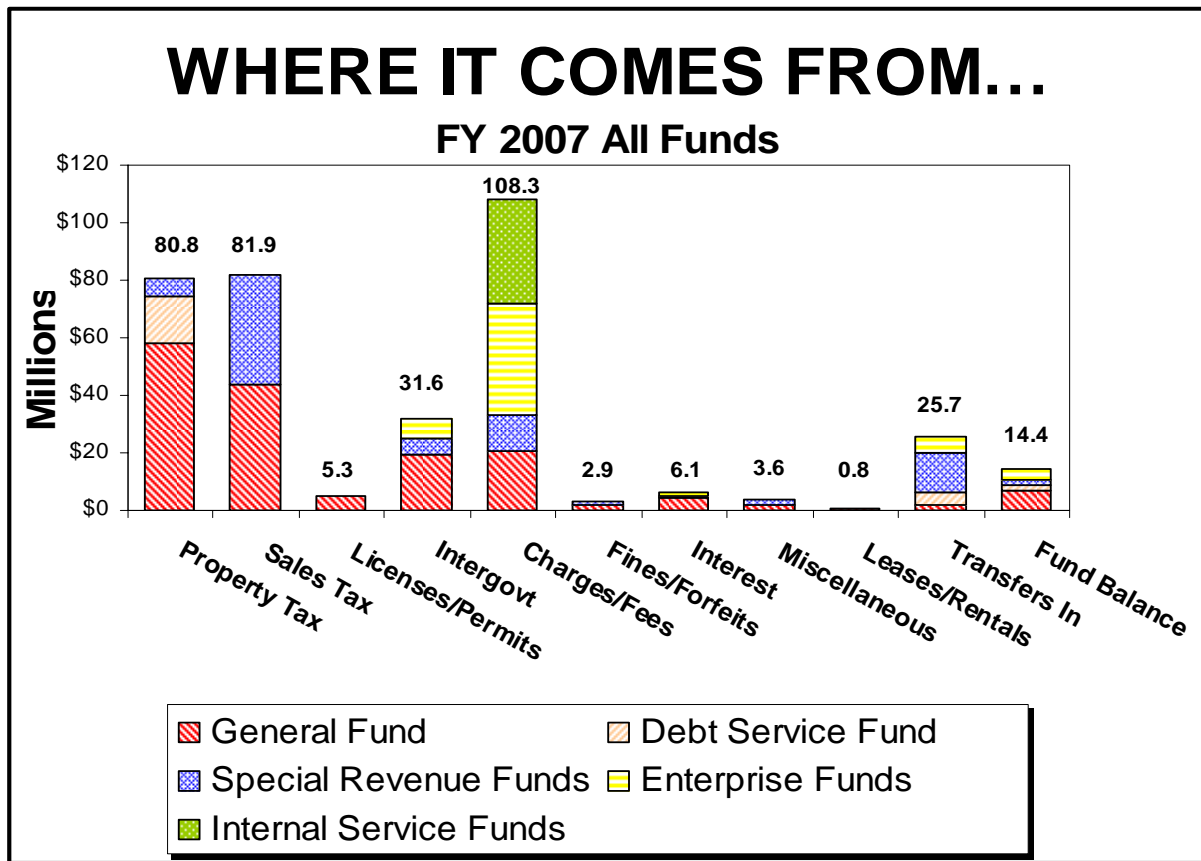
	FY 2006	FY 2007*
Taxes with LOST credit	\$ 243.00	\$ 243.00
Recycling/Disposal Fee	89.00	89.00
Total Tax Bill**	\$ 332.00	\$ 332.00

*Before adjustment for reassessment refund.
**See following page for further information on the tax bill.

For a more detailed discussion on the calculation of property taxes, refer to pages 27 – 28.

Approved Budget

The County receives funding from several sources to finance its operating budget. The following graph and table summarize the total available budgeted sources for FY 2007.

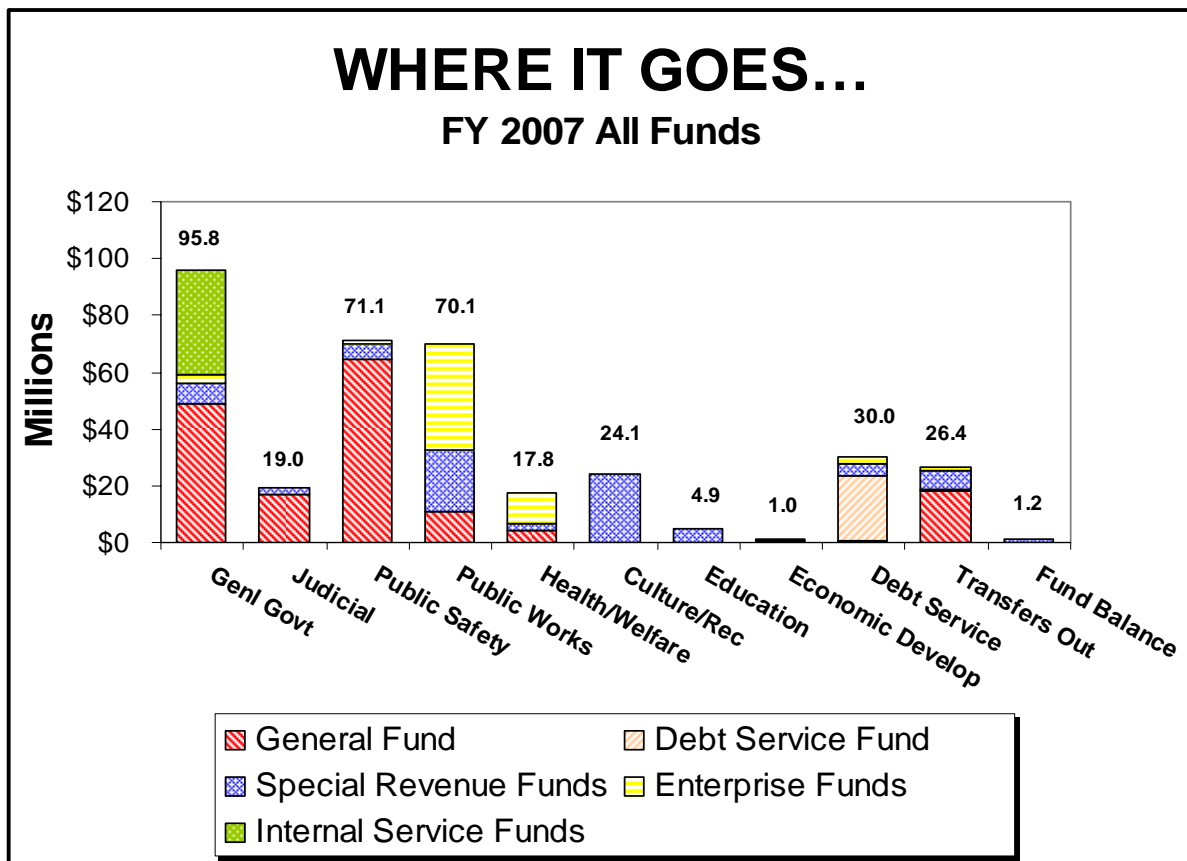


Total Available Budgeted: \$361,385,297

	FY 2004 Actual	FY 2005 Actual	FY 2006 Adjusted	FY 2007 Approved	Change	Percent Change
Property Tax	\$ 77,020,159	\$ 77,351,603	\$ 80,022,314	\$ 80,770,400	\$ 748,086	0.9
Sales Tax	35,629,077	43,970,097	73,654,000	81,951,000	8,297,000	11.3
Licenses & Permits	3,934,514	4,738,299	4,298,500	5,258,750	960,250	22.3
Intergovernmental	28,599,420	28,685,558	29,447,753	31,566,765	2,119,012	7.2
Charges & Fees	91,869,891	96,895,071	98,979,160	108,351,035	9,371,875	9.5
Fines & Forfeitures	3,529,629	2,938,333	3,219,325	2,908,500	(310,825)	(9.7)
Interest	1,831,458	4,186,843	1,539,500	6,103,000	4,563,500	296.4
Miscellaneous	7,653,079	16,155,808	3,925,483	3,597,455	(328,028)	(8.4)
Leases & Rentals	1,011,332	900,898	766,394	782,879	16,485	2.2
Total Revenues	251,078,559	275,822,510	295,852,429	321,289,784	25,437,355	8.6
Transfers In	34,718,723	28,328,454	26,793,900	25,652,594	(1,141,306)	(4.3)
Use of Fund Balance	7,937,382	2,307,281	19,779,294	14,442,919	(5,336,375)	(27.0)
Total Avail. Budgeted	\$293,734,664	\$306,458,245	\$342,425,623	\$361,385,297	\$18,959,674	5.5

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 2007.



Total Uses: \$361,385,297

	FY 2004 Actual	FY 2005 Actual	FY 2006 Adjusted	FY 2007 Approved	Change	Percent Change
General Govt.	\$ 78,876,704	\$ 74,379,809	\$ 88,492,567	\$ 95,776,579	\$ 7,284,012	8.2
Judicial	14,407,999	15,381,965	17,776,833	19,024,921	1,248,088	7.0
Public Safety	57,582,949	60,654,909	65,941,830	71,046,777	5,104,947	7.7
Public Works	35,231,191	37,816,089	63,341,930	70,134,752	6,792,822	10.7
Health/Welfare	15,293,959	15,287,320	17,316,004	17,770,905	454,901	2.6
Culture/Recreation	16,288,029	17,480,258	24,116,729	24,137,589	20,860	0.1
Education	3,729,074	3,798,208	4,600,001	4,838,000	237,999	5.2
Economic Develop.	955,403	952,754	1,754,358	1,028,383	(725,975)	(41.4)
Debt Service	22,694,444	20,042,803	26,308,510	30,006,554	3,698,044	14.1
Total Expenditures	245,059,752	245,794,115	309,648,762	333,764,460	24,115,698	7.8
Transfers Out	34,042,583	31,136,312	31,625,650	26,374,236	(5,251,414)	(16.6)
Total Disbursements	279,102,335	276,930,427	341,274,412	360,138,696	18,864,284	5.5
Increase in Fund Bal.	14,632,329	29,527,818	1,151,211	1,246,601	95,390	8.3
Total Uses	\$293,734,664	\$306,458,245	\$342,425,623	\$361,385,297	\$18,959,674	5.5

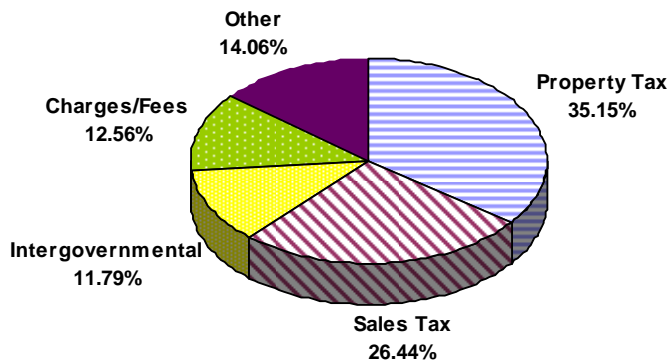
GOVERNMENTAL FUND TYPES

GENERAL FUND

The FY 2007 approved budgeted disbursements and available sources for the General Fund total \$164.5 million, an \$8.6 million or 5.5 percent increase from the FY 2006 budget. The General Fund millage is 40.2 mills (before adjustment for reassessment refund). Refer to pages 27 and 28 for a further discussion of millage.

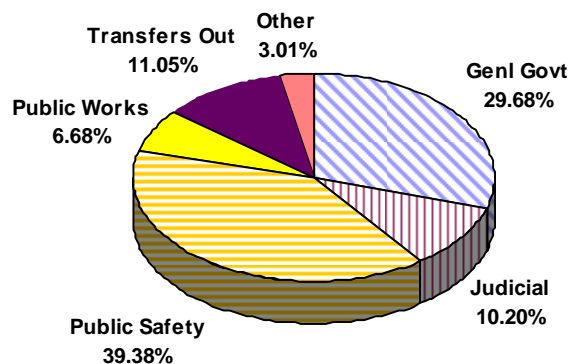
The following shows a representation of the County's General Fund budget. Pages 21 and 22 discuss significant changes to available sources and disbursements.

WHERE IT COMES FROM... FY 2007 Charleston County General Fund



Total Available Budgeted: \$164,502,857

WHERE IT GOES... FY 2007 Charleston County General Fund



Total Uses: \$164,502,857

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GENERAL FUND (continued)

Available Sources

	FY 2005 <u>Actual</u>	FY 2006 <u>Adjusted</u>	FY 2007 <u>Approved</u>	Dollar <u>Change</u>	Percent <u>Change</u>
Property Tax	\$ 54,457,716	\$ 57,756,000	\$ 57,818,500	\$ 62,500	0.1
Sales Tax	38,100,097	39,000,000	43,500,000	4,500,000	11.5
Licenses and Permits	4,738,299	4,298,500	5,258,750	960,250	22.3
Intergovernmental	17,485,188	17,696,535	19,399,615	1,703,080	9.6
Charges and Fees	19,919,064	18,390,100	20,659,000	2,268,900	12.3
Fines and Forfeitures	2,224,772	2,287,500	2,142,500	(145,000)	(6.3)
Interest	2,512,657	571,000	4,563,500	3,992,500	699.2
Miscellaneous	2,833,234	2,965,079	1,967,405	(997,674)	(33.6)
Leases and Rentals	729,825	575,000	625,000	50,000	8.7
Total Revenues	<u>\$143,000,852</u>	<u>\$143,539,714</u>	<u>\$155,934,270</u>	<u>\$12,394,556</u>	<u>8.6</u>
Transfers In	2,792,719	4,595,390	1,694,905	(2,900,485)	(63.1)
Use of Fund Balance	<u>(5,864,381)</u>	<u>7,782,768</u>	<u>6,873,682</u>	<u>(909,086)</u>	<u>(11.7)</u>
TOTAL AVAILABLE	<u><u>\$139,929,190</u></u>	<u><u>\$155,917,872</u></u>	<u><u>\$164,502,857</u></u>	<u><u>\$ 8,584,985</u></u>	<u><u>5.5</u></u>

Budgeted available funds of \$164.5 million reflect an increase of \$8.6 million or 5.5 percent from FY 2006. Significant changes in the FY 2007 budget are as follows:

- **Sales Tax** - reflects an increase of 6.1 percent from the FY 2006 projection. Revenue from the local option sales tax shows a consistent trend of increasing since FY 2003. The local option sales tax is directly tied to the level of consumer spending in Charleston County.
- **Charges and Fees** - represents an increase of \$2.3 million largely based on mortgage transaction recording fees. The increase reflects sustained refinancing and property sales as a result of low interest rates.
- **Intergovernmental** - represents an increase of \$1.7 million in State Aid to Local Governments due to the growth in the State's economy. The disbursement ratio for the State Aid is based on the ratio of the County's population to the population of the State. This ratio is applied by a formula that includes the State's General Fund revenue for the last completed fiscal year.
- **Interfund Transfer In** - decreased \$2.9 million or 63.1% due to the elimination of a \$3.0 million transfer from the Capital Proceeds Fund.

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GENERAL FUND (continued)

Disbursements

	FY 2005 <u>Actual</u>	FY 2006 <u>Adjusted</u>	FY 2007 <u>Approved</u>	Dollar <u>Change</u>	Percent <u>Change</u>
General Government	\$ 38,301,118	\$ 45,854,166	\$ 48,825,367	\$ 2,971,201	6.5
Judicial	13,616,311	15,820,951	16,786,139	965,188	6.1
Public Safety	56,296,223	61,378,444	64,776,905	3,398,461	5.5
Public Works	8,308,239	10,288,553	10,995,235	706,682	6.9
Health/Welfare	3,205,998	3,497,195	3,995,358	498,163	14.2
Economic Development	530,653	492,631	557,363	64,732	13.1
Debt Service	\$ (6)	\$ 459,116	391,832	(67,284)	(14.7)
Total Expenditures	\$120,258,536	\$137,791,056	\$146,328,199	\$ 8,537,143	6.2
Transfers Out	19,670,654	18,126,816	18,174,658	47,842	0.3
TOTAL DISBURSEMENTS	\$139,929,190	\$155,917,872	\$164,502,857	\$ 8,584,985	5.5

General Fund budgeted disbursements of \$164.5 million represent an \$8.6 million or 5.5 percent increase over the FY 2006 budget. Significant changes in the FY 2007 budget are as follows:

- **Sheriff** - reflects increases to fleet maintenance and fuel costs in the Law Enforcement Division. In addition, operating expenditures represent increases to inmate-related costs at the Detention Center.
- **Salary Adjustment** – represents a Cost of Living Adjustment (COLA) of 3.7 percent for full-time County employees and a partial year implementation of an employee compensation study to be phased in during Fiscal Year 2007.

Fund Balance

The fund balance for FY 2007 is \$38.1 million and consists of unanticipated prior year revenues and transfers 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 the “Rainy Day Fund” are anticipated to increase by \$0.5 million to a balance of \$9 million, pending completion of the FY 2006 audit. The first additional \$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 \$6.9 million from fund balance. The FY 2007 ending fund balance is projected to be \$31.3 million. Of this amount, \$22.1 million is unreserved and undesignated in an effort to maintain a one to two months buffer in addition to the Rainy Day Fund.

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 the 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.

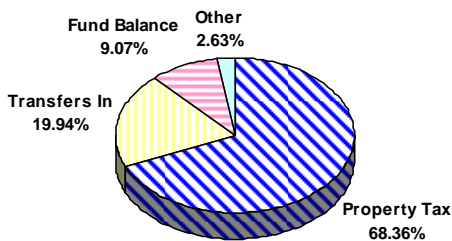
Another source of funding utilized is a Capital Lease. Capital leases provide the ability to fund relatively smaller capital needs without issuing General Obligation Bonds. For example, during FY 2002, the County entered into a lease agreement to fund replacement computer equipment over a three year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

As of July 1, 2006, total outstanding debt for the next 20 fiscal years is \$408.6 million (principal payments of \$282.8 million and interest payments of \$125.8 million). The FY 2007 budget addresses the repayment of the current portion of this debt.

The FY 2007 approved budgeted disbursements for the Debt Service Fund total \$23.8 million which is a \$5.3 million or 18.2 percent decrease from the FY 2006 budget. The Debt Service Fund Millage is 6.6 mills representing no change from FY 2006 (before adjustment for reassessment refund). The decrease represents the elimination of \$5.0 million for the Capital Improvement Plan (CIP). In FY 2006, the County transferred some of the proceeds from a one-time payment from the Medical University of South Carolina (MUSC) to the CIP and used the remainder to pay the debt. MUSC paid their debt for the purchase of the Charleston Memorial Hospital.

WHERE IT COMES FROM...

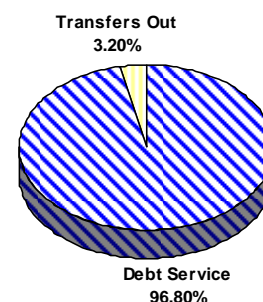
FY 2007 Charleston County Debt Service Fund



Total Available Budgeted: \$23,816,954

WHERE IT GOES...

FY 2007 Charleston County Debt Service Fund



Total Uses: \$23,816,954

The amount of debt that the County can issue is restricted by State Law. Based on this restriction, the County can issue \$130.4 million in new debt. The County anticipates borrowing additional funds in FY 2008 to implement a five-year Capital Improvement Plan. The County plans to issue \$130 million in General Obligation Bonds, in series of \$50 million in FY 2008; \$50 million in FY 2009; and \$30 million in FY 2010 to help finance property acquisitions, building construction, and other large projects.

SPECIAL REVENUE FUNDS

The FY 2007 approved budgeted disbursements and available sources for the Special Revenue Funds total \$80.5 million (including budgeted increases in fund balance), an \$8.0 million or 11.0 percent increase from the FY 2006 budget. Significant changes in the FY 2007 budget are as follows:

- **Business License/User Fee** - reflects the new stormwater drainage fee implemented as a result of a federal mandate.
- **Transportation Sales Tax** - represents results of increased consumer spending and a more accurate collection and reporting of this tax by businesses.
- **Emergency Management - Awendaw Fire Department** - represents the expectation of receiving a loan to purchase new vehicles.

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 Expenditures	
General Fund	\$ 5,416,062
Special Revenue Fund	1,881,750
Enterprise Funds	3,253,750
Internal Service Funds	192,150
Grand Total	\$ 10,743,712

Capital expenditures that are not included in the operating budget are considered in the Capital Improvement Plan (CIP). Charleston County's CIP allocates existing funds and anticipated revenues to rehabilitate, restore, improve, and add to the County's capital facilities.

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 2007 budget process includes several projects. These projects are 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 River, and the

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replacement of the Juvenile Detention Center. The most significant of the projects included in the CIP are Phase II of the closure of the Bees Ferry landfill and the expansion of the Adult Detention Facility.

The new projects approved for FY 2007 also include the Charleston Center/Banov Center located in North Charleston and the construction of a Health Department office to serve West Ashley and Sea Island citizens. County Council and staff annually review the CIP and monitor its direction, progress, and financing requirements.

PROPRIETARY FUNDS

ENTERPRISE FUNDS

The FY 2007 approved budgeted disbursements and available sources for the Enterprise Funds total \$56.0 million (including budgeted increases in fund balance). This is \$4.8 million or a 9.4 percent increase from the FY 2006 budget. Significant changes in the FY 2007 budget are as follows:

- **Business License/User Fee** - represents growth in the collection of user fees.
- **Radio Communications** - reflects the reclassification from the General Fund to the Enterprise Fund to better track the charges associated with the new radio system.
- **Solid Waste - Incinerator** - reflects the annual increase in the price per kilowatt hour of electricity generated and sold at the facility.
- **Solid Waste – Material Recovery Facility** - represents an increase for recycled materials.

INTERNAL SERVICE FUNDS

The FY 2007 approved budgeted disbursements and available sources for the Internal Service Funds total \$36.7 million, a \$2.9 million or 8.6 percent increase over the FY 2006 budget. Significant changes in the FY 2007 budget are as follows:

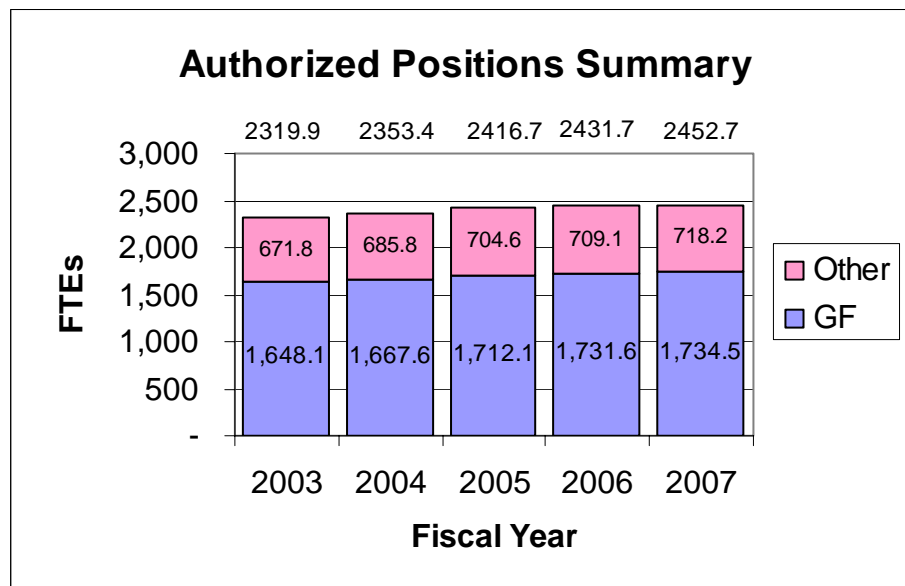
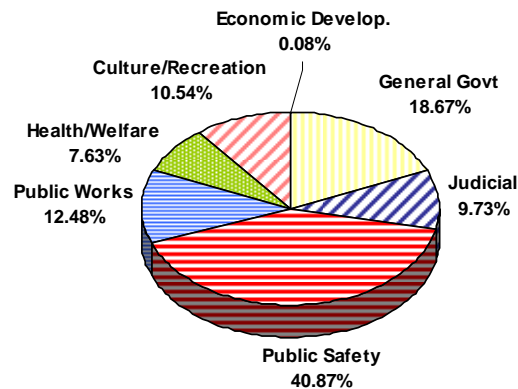
- **Employee Benefits** - reflects the rising costs of health insurance.
- **Fleet Operations** - reflects the rising cost of fuel.
- **Workers' Compensation** - includes an increase in costs due to higher premiums and higher awards.

STAFFING

There were 12 Full-Time Equivalents (FTEs) added for FY 2007, bringing the total number of FTEs employed by Charleston County to 2,453. Four positions were added in the Emergency Medical Services Division, three positions were added to the Register of Mesne Conveyance's Department, and two positions were added to the Public Works – Stormwater Drainage Division. In addition, the Clerk of Court, the Cultural and Minority Affairs Department, and the Business License/User Fee – Stormwater Drainage Division each added one position.

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 2007 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 \$0.001. 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. Refer to the following page for an example of computing real property taxes.

The millage rate for the County is comprised of the General Fund (or operating) millage and the debt service millage. The General Fund millage remains constant from FY 2006 at 40.2 mills (before adjustment for reassessment refund). The debt service levy, used to pay interest and principal on funds borrowed for capital projects, also remained constant in FY 2007 at 6.6 mills (before adjustment for reassessment). The combined operating and debt service levy remains unchanged at 46.8 mills (before adjustment for reassessment refunds).

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 percent of the receipts be earmarked as property tax relief and returned to taxpayers as a credit, the County applies 100 percent of the receipts to reduce property taxes.

For the owner of a \$250,000 home (four percent assessed property) the 46.8 mills equate to a tax of \$468.00 (before adjustment for reassessment). 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 2007 is \$225.00 (before adjustment for reassessment) for the \$250,000 homeowner and remains unchanged from the current year. After applying the Sales Tax credit, the net tax is \$243.00 (before adjustment for reassessment) representing no change from the current year for the \$250,000 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 \$250,000 owner-occupied home.

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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

\$250,000
(50,000)
 200,000
.04
 8,000

0.0468
 374.40

(225.00)
 149.40

89.00

\$ 238.40

Appraised Property Value
 Less Homestead Exemption
 Adjusted Appraised Property Value
 Multiplied by the Legal Residence Assessment Ratio
 Total Assessment
 Multiplied by the combined millage, for example, using the FY 2007 adopted County millage rate (before adjustment for reassessment)*
 Total Property Tax Due for Charleston County
 Less County Sales Tax Credit (before adjustment for reassessment) x Appraised Value (.00090 x 250,000)
 Tax Due
 Plus Solid Waste Recycling and Disposal Fee
 Total Amount Due

WITHOUT HOMESTEAD

\$250,000

.04
 10,000

0.0468
 468.00

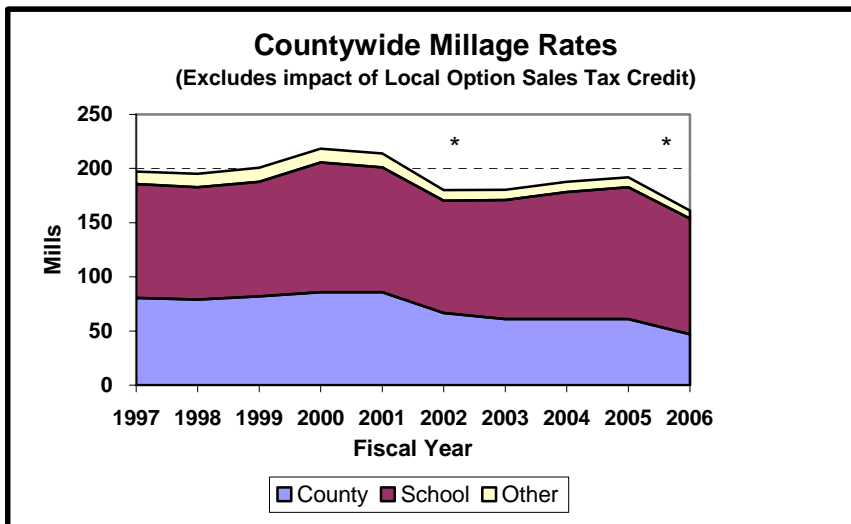
(225.00)
 243.00

89.00

\$ 332.00

**Note: Does not include the following entities: Trident Technical College, Charleston County 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
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
2005	61.2	121.4	9.3	191.9
2006	46.8	106.9	7.6	161.3

* Reassessment

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

LOOKING AHEAD – CHALLENGES IN FISCAL YEAR 2008 AND BEYOND

Operating and Debt Service Impact of the Construction Improvement Plan

To address future building and infrastructure needs, the County has adopted a rolling five-year Capital Improvement Plan (CIP). While Council has identified funding for some of the projects on the CIP, funding for the majority of the plan has not yet been secured. It is anticipated that full funding of the plan will have a significant impact on operational and debt service funding needs.

State Actions

The reduction in the taxable portion of the appraised value of motor vehicles will continue to be phased in during Fiscal Year 2008. The County will see a reduction in property tax revenue from motor vehicles of \$0.8 million next year which would produce a cumulative reduction \$6.6 million since the Legislature changed this program.

Legislation authorizes the State Budget and Control Board to increase the employer contribution to the State retirement system by an additional 1.01 percent in Fiscal Year 2008. As a result, an additional \$0.8 million will be contributed in Fiscal Year 2008. This is the State's response to the unfunded liability in the State retirement system.

During the 2006 legislative session, a property tax reform bill was approved. At this time, the full ramifications of this bill are not yet known, but it is anticipated that it will impact the revenue sources of the County in future years.

Compensation Study

A compensation study was authorized and conducted in Fiscal Year 2006. Implementation will be phased-in during Fiscal Year 2007. When fully implemented, the changes recommended in the study are expected to have an additional impact of \$1.0 million on the Fiscal Year 2008 budget.

Solid Waste User Fee

The County's Solid Waste User Fee has remained at \$89 per year since Fiscal Year 1998. The increasing cost to collect, process, and dispose of solid waste as well as monitoring the landfill in future years indicates that an increase in this fee is needed to maintain services. It is anticipated that this fee would increase by \$10 to a total of \$99 per year in Fiscal Year 2008.

Implementation of Projects Related to the Transportation Sales Tax

Collections on a 0.5 percent sales tax approved by voter referendum began in Charleston County in May 2005. The referendum authorized funding for transportation related projects, mass transit, and greenbelts. The transportation portion will include road construction and maintenance projects, as well as the \$3.0 million annual payment Cooper River Bridge. Funding designated for mass transit will be used to partially fund the existing operations of the local regional and rural bus systems. The portion of the tax designated for greenbelts was used to develop a comprehensive plan and will now be followed by land acquisitions. The tax will bring in \$1.3 billion over approximately 25 years. Administration of the tax and the implementation of the related projects will have a significant effect upon the County's operations. In an effort to be fiscally responsible, the County will ask voters in November 2006 to approve a bond referendum to buy land and build roads now before land and construction costs increase in future years.