

COUNTY OF CHARLESTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005

with

REPORT OF INDEPENDENT AUDITORS



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INTRODUCTORY SECTION





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November 8, 2005

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

State law requires that all general-purpose local governments publish at the close of each fiscal year a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) for Charleston County, South Carolina for the fiscal year ending June 30, 2005.

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

Charleston County's financial statements have been audited by Gamble Givens & Moody, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Charleston County's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

The County of Charleston was established by the state of South Carolina on April 9, 1948, under the provisions of Act 681 of 1942. The County operates under a Council-Administrator form of government. Policy-making and legislative authority is vested in a governing council consisting of nine council members. The council is elected on a partisan basis. Council members serve four-year staggered terms, with either four or five members elected every two years. Council is currently converting from all members being elected at large to single member district elections. Six seats were converted in the November, 2004 election and the final three seats will be converted in the November, 2005 election.

Charleston County Council is responsible for, among other duties, passing ordinances and policies, approving the budget, appointing committee members, and hiring the County's administrator, internal auditor and attorney. The administrator is responsible for carrying out the policies and ordinances of the governing council, overseeing the day-to-day operations of the government services and its approximately 2,300 employees, and for appointing the heads of the various County departments.

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

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

Blended component units, although legally separate entities, are in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Charleston Public Facilities Corporation has been shown in the government-wide statements in both the government and business-type activities, as appropriate. It is also shown in the fund financial statements in the debt

service and capital project governmental funds, and in the parking garage and other enterprise funds. Charleston Development Corporation has been shown in the government-wide statements in the governmental activities, and in the fund financial statements in other governmental funds.

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

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

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

Additional information on these nine legally separate entities can be found in Note I.B. in the notes to the financial statements starting on page 63.

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 47-49 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the nonmajor governmental fund subsection of this report, which begins on page 131.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

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

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

The area's newly emerging technology companies are of growing size and importance. They are primarily clustered around research at MUSC; marine-related research at the Holling's Marine Lab, the National Oceanic and Atmospheric Administration (NOAA) Coastal Services Center, and the South Carolina Department of Natural Resources' Marine Resources and Research Institute; and the advanced electronic engineering work occurring at the Naval Space and Air Warfare Systems (SPAWAR) command.

Recent Economic Indicators. General economic indicators for 2004 were reported by the Charleston Metro Chamber Center for Economic Forecasting in the fall of 2005. The Charleston area surpassed its previous records on many of the indicators, with highlights as follows:

Population-

The Charleston area population increased 28%, from 430,436 to 549,033 persons, in the decade from 1990 to 2000. According to the U.S. Census Bureau, the population most recently grew by 5% in the 2000-2004 period to the current estimation of 578,716 persons. While the average rate of population growth during this time was less than 1% annually, the region's population grew by 23,000 new residents between the years 2000 and 2003. This represents a 4% growth rate, which outpaced the nation (3%) and state (2%) during the same 2000-2003 period. It is currently estimated that the area will reach a population of 625,080 by 2015.

Labor force-

Since the U.S. Naval Base closure news was announced by the Base Closure and Realignment Commission (BRAC) in 1993, the civilian labor force has grown by 28%, from 239,208 to 306,186 persons in 2004. The labor force and job base have grown by 13% and 15% respectively during the past five years (1999-2004). These rates are triple those of the State of South Carolina and the United States during the same period. Forecasts are for the labor force to further expand by 5% during 2005, and by an additional 4% during 2006. The year 2004 marked the first time that the average wage in Charleston, approximately \$32,000, exceeded that of the state overall (\$31,370). However, Charleston's average wage is about 12% behind the national average (\$36,250). All economic sectors have added jobs over the past ten years, with the exception of government. Sectoral composition is led by Trade, Transportation and Utilities, which employs 20% of the area's workforce, Professional and Business Services with 13% of the workforce, Leisure and Hospitality with 12% of the workforce, and Educational and Health Services with 11% of the workforce. The unemployment rate was 4.4% at the close of 2004. Current projections are for the unemployment rate to decrease to 4.3% in 2005 and 4.2% in 2006.

Housing starts-

Almost 9,600 building permits were issued in Charleston County during 2004, which is a 13% increase from 2003. Residential permit activity (8,366 permits in 2004) continues to dominate the area, and the region topped the \$1 billion mark for residential permit value for the first time during 2004. Forecasts are for residential permits to further increase by 5% during 2005 and by 8% during 2006. A sizzling single-family home market continues to lead all other construction activities, and since 1999 the level of home-building permits have increased drastically, at 61%. In 2004, 6,949 new single-family permits were issued, outpacing the previous year of 2003 by 29%. The average value of a new single-family permit rose to \$137,000 in 2004, exceeding the 2003 average by 12%. The region's level of home sales broke

records again in 2004 (topping 13,000 sales), for an increase of nearly 20% over the 2003 level (ADD # HERE). The average sales price of area homes rose by 12% from 2003 to 2004, and has doubled during the past decade, according to Trident Association of Realtors. The average price of residential property in the Charleston region was \$242,000 during 2004, and this average is projected to grow to \$245,000 during 2005 and to \$248,000 during 2006.

Retail Sales-

Gross retail sales for the region finished at a record \$14.1 billion for 2004, 3.6% ahead of 2003. Projections show this figure increasing to \$14.5 billion during 2005 and to \$14.95 billion by 2006. As of the second quarter of 2005, the region was on pace to realize these projections, with \$7.7 billion already recorded. The year 2004 saw significant expansion by retailers in Charleston, fueled by the region's growing population, burgeoning tourism industry, and robust residential real estate growth. Several major new shopping complexes broke ground, including several new grocers, three Super Wal-Mart centers, and the Tanger Outlet Mall at Centre Pointe.

Visitor Industry-

The visitor industry continued its explosive decade-long expansion, with 2004-2005 having the largest number of visitors and room nights, and the largest per-day expenditures and overall industry economic impact on record.

Port Activity-

Port tonnage in 2004 was up 10% over the 2003 level, with a record 1.86 million TEUs (twenty-foot equivalent cargo containers). Projections for tonnage in 2005 and 2006 are for increases of 6% and 7% respectively, boosting volumes to 2 million TEUs in 2005 and to 2.15 million TEUs by 2006. As of the second quarter of 2005, the South Carolina State Ports Authority was on pace to fulfill this 2005 projection, recording 1.02 million TEUs through mid year.

Airport Activity-

Airport activity continued its growth in 2004, setting a new record with combined enplanements and deplanements of 1.8 million passengers. This figure was 13% ahead of the 2003 passenger level of 1.38 million passengers. The forecast is for this trend to continue, projecting an 11% growth rate (over 2 million passengers) in 2005, and an additional growth rate of 6.5% (2.13 Million passengers) in 2006.

BRIEF SECTORIAL PROFILES

Visitor Industry. Tourism has long been an economic mainstay in Charleston, which is one of America's most photogenic and historic cities. In the 1990s, this sector soared, recording visitation and earnings once thought impossible. Charleston recorded 4.7 million visitors in the year 2004, up an incredible 54% since 1997. The sector's annual economic impact followed, as it has more than doubled since 1997 (3.05 billion) to its current \$5.7 billion. Tourism now accounts directly and indirectly for some 105,000 jobs, a level that has also doubled over the past five years.

Charleston hoteliers have widely expanded the regional room inventory and range of choices since 1995. As building continued into 2005, the overall regional inventory stood at a total of more than 15,000 hotel rooms. Perhaps the most telling statistic has been the occupancy rate, which dropped only slightly during 2004 to 67.3% from the 68.7% level of 2003. These figures are only slightly lower than the 70% rate of 1997, which was prior to the addition of over 3,100 new rooms. Despite the added inventory and competition, the average daily room rate has



Tourists take a carriage tour through historic downtown Charleston. Charleston welcomed 4.7 million visitors in 2004.

increased to \$111.80, which is about 31% over the prevailing rate of five years ago.

Opening to rave reviews in 2005, the most significant addition to the area inventory is the ultra-luxury hotel called The Sanctuary, located on Kiawah Island. The brainchild of investor Bill Goodwin, this \$125 million, 255 room five-star hotel features lodging prices from \$275 to \$4,500 per night, and is a corporate companion to the Jefferson Hotel in Richmond, Virginia and the Hermitage in Nashville, Tennessee.

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

The Charleston tourism sector is constantly evolving, and amidst great prosperity, surprisingly its area attractions have actually experienced a downward trend in recent years. A study by regional tourism planners revealed that this seemingly unhealthy trend was the result of a healthy trend---repeat visitors.

Approximately 60% of Charleston's visitors are "repeat visitors," and are not likely to return to the same attractions visited on previous trips. The historic sites, area beaches and downtown shopping and dining are the most powerful draws, and area attractions have learned to craft new marketing strategies that target both first-time and repeat visitors. These efforts are beginning to bear fruit, as projections for 2005 were for attraction attendance to remain level.

The year 2004 saw the emergence of an exciting new facet of Charleston tourism---the cruise ship industry. These ships have used Charleston sporadically for some time. However the industry trend is now toward marketing to passengers within driving distance of a smaller terminal, and this has allowed Charleston and other southeast ports to capture some of the cruise ship business typically staged in Miami. In 2003, the Charleston area garnered \$7.5 million from passengers beginning their cruises, port-of-call visitors, and local purchasing by the cruise lines while in port. By July of 2004, Charleston had hosted 13 cruise ships with about 20,000 passengers, according to the Federal Maritime Administration. Local port officials predicted that at this pace, the area would host 55 ships during 2004.



The new Culinary and Hospitality Training Center opened on the Trident Technical College North Charleston Campus in November 2005.

Restaurants in Charleston multiply and flourish, nourished by a constant flow of aspiring chefs and increasingly affluent visitors. The *New York Times*, *Southern Living*, *Bon Appetit* and *Wine Spectator* have sung the praises of area restaurants, where seafood, nouvelle, and Southern cooking dominate the over 100 restaurants in downtown Charleston alone. At the front of most restaurant lines is the Charleston visitor, spending an

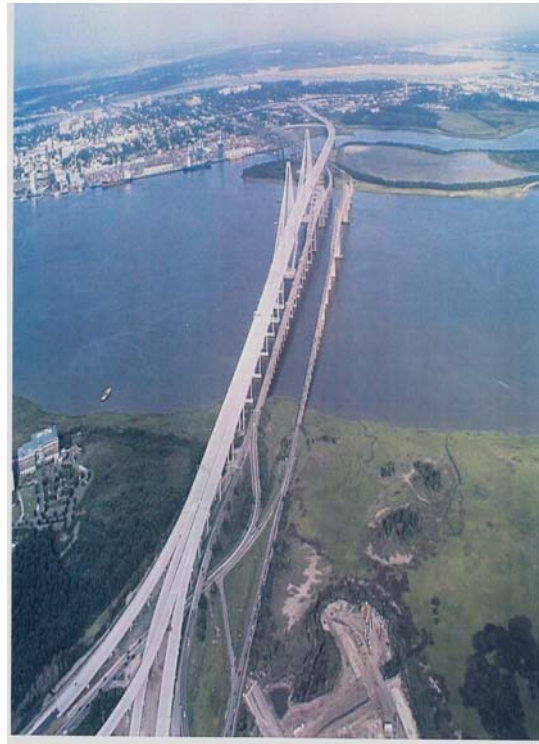
average of \$238 per day in 2003 on food, accommodations, event tickets, sightseeing, shopping and other entertainment. This figure is up 51% since 1998. The restaurant industry got another significant boost during November 2005, as the new Culinary and Hospitality Training Center opened on the Trident Technical College campus in North Charleston. This state-of-the-art facility is part of ongoing projects totaling \$45 million, which will boost programs at the college's Complex for Industrial and Economic Development.

The Port. The Port of Charleston is the second busiest port on the Atlantic and Gulf coasts, with only the combined New York/New Jersey ports handling more containerized cargo. It currently ranks fourth in the United States for containerized cargo tonnage, and sixth in the nation for cargo value at \$46 billion.

There are about 40 steamship lines present in Charleston that have ports of call in 150 countries. Over 2,346 ships slipped in and out of Charleston harbor and ancillary state port facilities during 2004. In 2004, 54% of total cargo volume was accounted for by North Europe and Asia, with the remainder divided among Latin America, the Mediterranean, the Middle East, the Indian subcontinent, Africa and East Europe. The South Carolina State Ports Authority (SPA) announced its first direct service to Central America from Charleston in 2005, and additional service was added to South America and the Middle East. A historic milestone in 2005 was BMW's shipment of its one millionth South Carolina-made automobile through Charleston's port. The German-based auto-maker first began shipping through the Charleston port from its Spartanburg, SC facility in 1994.

The economic sphere of influence for the Port of Charleston extends well beyond Charleston and even the state of South Carolina, according to a 2003 economic impact study. Charleston Southern University economists assert that international trade through the Charleston port accounts for a staggering \$23 billion in overall

economic impact, including \$9.4 billion in annual wages for South Carolinians employed in 281,660 jobs, and for \$2.5 billion in state and local taxes.



An aerial view of the Charleston harbor. The Port of Charleston is the second busiest port on the Atlantic and Gulf Coasts.

From its four area facilities in Charleston, the SPA is well positioned to handle both container and break bulk cargo. Its *Orion* computerized cargo handling system is an industry standard, a cooperative public/private approach that pre-clears cargo by Customs and USDA prior to a ship's docking. The system has earned the Port of Charleston designation by *Port Development International* as the most efficient port in the world. This same-day discharge of cargo has proven to be effective in luring more Asian trade through the port, avoiding grid-locked West Coast ports. The computerized Yard Management System (YMS) developed by the Port of Charleston during 2005 further boosted productivity and cut "turn times" for truck drivers who deliver or pick up cargo.

Advances at the Port of Charleston are possible largely due to increasing capacities enabled by expansion. The SPA spent \$150 million on a harbor deepening project that was completed in May of 2005, which now accommodates ships with a 45-foot draft at mean low water—a requirement in keeping with the huge post-Panamax ships that are beginning to dominate the industry.

In 2005 South Carolina completed the replacement of the two aging Grace and Pearman bridges that run over the Cooper River, connecting the City of Charleston to Mount Pleasant. The new 2.8 mile long, eight-lane, Arthur Ravenel, Jr. Bridge is the longest single-span bridge in North America (pictured above is the new bridge with the two bridges that were replaced). This awe-inspiring structure, with its popular walking and biking lanes, has a span of 1,546 feet, and its height of 186 feet will guarantee adequate clearance for the world's largest container ships well into the future.

These larger ships will eventually be accommodated at a future container facility offering 3,000 feet of additional berthing space. The new terminal will be located on a 250-acre portion of the former Naval Base on the Cooper River. Permitting is ongoing, and the U.S. Army Corps of Engineers released their draft EIS in November of 2005. Amongst the infrastructure improvements required will be a new multi-lane access road directly linking the terminal with I-26. The SPA began permitting in 2003 and it anticipates commencing use of the terminal in 2008. The SPA will also spend \$159 million during the

next two years updating and adding to its inventory of new cranes, container stacking equipment, and handling equipment at its four existing terminals.

The Medical Industry. Anchored by the state's teaching hospital, the Medical University of South Carolina (MUSC), the region's medical industry accounts for over 17,000 jobs. In fact, the health services sector led area job growth from 1990 to 2000. The lion's share of employment currently exists in five private regional hospitals, MUSC, the Ralph Johnson Veteran's Administration Hospital, and Charleston Memorial Hospital, along with the hundreds of general practitioners, dentists and medical specialists in the region. When combined with total healthcare providers, the medical sector in Charleston hosts around 1,000 businesses employing 32,000 people.

The center of energy in the region's medical arena is MUSC. The six schools and hospitals of MUSC collectively employ approximately 8,000 health professionals within 80 buildings on a 40-acre campus located in downtown Charleston. With an annual budget of \$700 million, MUSC annually graduates some of the best and brightest future physicians, nurses, dentists, physical therapists, etc., in the nation.

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

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

The year 2004 was highlighted by significant growth in the medical sector, as every Charleston area hospital system announced expansion plans or had an expansion plan already in progress. Roper St. Francis Healthcare announced plans to build an \$80 million full service hospital on Highway 17 in Mount Pleasant. Additionally, Tenet Health Systems announced expansion plans to enlarge its existing East Cooper Regional Medical Center in Mount Pleasant, and Trident Health Systems recently completed its \$60 million expansion of its North Charleston hospital facility.

The Military. Despite the 1993 decision to close much of the Charleston Naval Complex, the military still has a large annual economic impact in the Charleston region. According to a 2003 study by the Charleston Metro Chamber of Commerce, more than 27,000 active duty, civilian employees, reservists and contract personnel are employed by the military in Charleston. This employment level boasts a direct payroll of \$1.4 billion, and the overall economic impact of the military presence tops \$3.28 billion annually.

In 2003, the U.S. Navy again became the area's single largest employer, with 16,586 uniformed, civilian and reservist employees located at the Navy Nuclear Power Training School, the Naval Hospital, the Space and Air Warfare Systems Center (SPAWAR), and Naval Facilities Engineering Command.

Charleston gained the high tech SPAWAR facility during the 1993 Base Realignment and Closure (BRAC) process. SPAWAR is an electronic engineering facility with 1,100 employees and a \$70 million annual payroll. SPAWAR also awards contracts of over \$2.5 billion in electronic engineering work each year in Charleston, with beneficiaries including the 35 top-flight private sector contractors who have started businesses here with approximately 2,000 of their employees. The region took a great step in 2004 toward securing the future of this high-tech industry "cluster" when it secured graduate level electronic

engineering degree studies through a collaboration between the University of South Carolina and the Lowcountry Graduate Center.



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

The Charleston Air Force Base hosts 8,428 uniformed, civilian and reservist employees. The base is home to the 437th Airlift Wing and its squadron of C-17 transport planes that are currently serving a vital supply role to military personnel in Afghanistan and Iraq. The expenditure of \$150 million in modernization at the base and the phasing in of 48 of the newer technology C-17s embodies a commitment by the U.S. Air

Force toward the long-term strategic viability of the Charleston base.

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

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

With its potential to affect the Charleston Air Force Base and the Naval presence, including SPAWAR, the 2005 BRAC was on the minds of Charlestonians. The BRAC list was released in May of 2005, and in August of 2005 the BRAC panel confirmed that Charleston would lose 1,121 jobs at four different area military facilities. Specifically, the BRAC decided that the Defense Financing and Accounting Center on the former Naval Base will be closed, affecting 360 area workers. The Naval facilities Engineering Command's Southern Division was ordered to close as well, affecting another 450 workers. The BRAC shifted 264 positions from the Naval Weapons Station to commands or facilities in other states, and to trim the SPAWAR staff in Charleston with the transfer of 47 positions to Virginia.

Industrial and Service Companies. The Charleston region has experienced record levels of success in economic recruitment since 1995, when it commenced a unique three-county collaborative program, between Charleston, Berkeley and Dorchester counties. From 1995 through the end of 2000, more industrial and service sector corporate growth occurred than in the previous 20 years, with over \$5.69 billion in capital investment and the creation of 27,558 new primary jobs. Of this regional total, 621 firms relocated or expanded in Charleston County, investing \$1.8 billion and creating 12,180 new primary jobs.

The year 2004 was a new high water mark in economic history in Charleston County. The County placed first among the state's 46 counties in capital investment and in new job creation, recording nearly \$593 million and 1,790 new jobs. Charleston County also recorded the single largest capital investment and the single largest private sector job creation announcements in Charleston area history. The County has now pushed its totals to \$2.5 billion in capital investment, and the creation of 15,000 new primary jobs, since the inception of its economic development program in 1993.

Verizon Wireless made history in 2004 as it opened its \$25 million customer call center in North Charleston, announcing employment of 1,100 workers. This is the largest initial private sector employment figure ever recorded in the area. Governor Mark Sanford and county officials also announced the largest single private-sector capital investment in Charleston history with the \$500 million investment announcement by Vought Aircraft and Alenia Aeronautica of an aviation manufacturing complex. The companies will fabricate and assemble the fuselage for the new Boeing 787 commercial

aircraft utilizing composite materials. These two joint venture partners anticipate employing approximately 900 high-wage workers in their state-of-the-art manufacturing facility. Since the ground-breaking in February of 2005, work has proceeded with the main plant building and a training building now substantially complete, the integration building under way, the third-party logistics building designed and bid, and the air cargo hangar now being planned.



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

Charleston County also ended the year 2005 with an economic bang, announcing in conjunction with Gov. Mark Sanford in late November that Daimler-Chrysler will locate its Sprinter van assembly plant in North Charleston. Beginning with its initial phase in 2006, the area's first automotive assembly facility could eventually grow to encompass over \$400 million in capital investment and could result in the creation of over 1,200 jobs. Other notable projects in 2005 include a \$15 million, 180-employee plant announced by Cummins Engine subsidiary Holset Turbochargers, which is geared to the manufacture of engines for Dodge trucks. Kinder-Morgan Bulk Terminals moved forward on a \$70 million expansion of its Charleston operation, enlarging coal distribution capacity. SKF Aerobearings made a \$9 million, 100-person expansion of its North Charleston aircraft transmission repair operation. Shimano Corporation, a Port of Charleston user, opened a distribution facility for its product lines of high-end fishing tackle and bicycle gears.

As 2005 ends, Charleston County has another strong finish, with some \$136 million in new capital investments recorded, and some 600 new jobs resulting from projects publicly announced and/or receiving approval of their County financial incentives.



Charleston County Economic Development Director Steve Dykes, Charleston County Council Chairman Leon Stavrinakis, Charleston County Council Vice Chairman Timothy Scott, and Charleston County Administrator Roland Windham, Jr. pictured in front of the Daimler-Chrysler Sprinter van that will begin to be assembled in North Charleston in 2006.

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

aaiPharma; and the "rocket science" involved in the cutting edge electronic engineering at Scientific Research Corporation, Inc. as it fulfills its SPAWAR contract work and meets the needs of the modern U.S. military.

Beyond manufacturing are the emerging biotech jobs characterized by local start-up firms such as Charles River Endosafe, which utilizes the bluish, copper-based blood of horseshoe crabs to create a

diagnostic agent for toxins in injectible drugs. The largest horseshoe crabs in the world are found off the coast of South Carolina and Georgia, and therefore more blood can be taken per crab. Once the crabs are collected, their blood is drawn and they are released back into the ocean. Gen Phar, which pioneered a HIV detection kit for hospital use, has ties to MUSC, where its founder conducted research. Organ Recovery Systems has been another unique success story, creating a kidney transportation device to preserve organ viability while extending transplant time.

Hill-Rom, Inc.'s use of lighter than air mattress technology for burn victim's beds emerged from a MUSC scientist's discovery. In 1994, another MUSC researcher, Dr. Mark Kindy, founded Neurological Testing Services, which investigates pharmaceutical compounds in models associated with neurodegenerative diseases. In 2003 another local entrepreneur founded CureSource, which is only the seventh stem cell harvesting operation in the U.S.

Information technology companies are also a burgeoning sector in Charleston, anchored by nationally known companies such as Scientific Applications International Corporation, BAE Systems, and many others who are servicing their SPAWAR accounts. But there are also the Charleston "home-grown." A company named Blackbaud grew in Charleston from less than 30 workers to over 700 employees as their private sector non-profit fund-raising software became the "gold standard." Automated Trading Desk, Inc., also started in Charleston, now trades 5% of the NASDAQ volume on a daily basis on lightning fast computer terminals from its \$30 million state-of-the-art complex in suburban Mount Pleasant.

WHY CHARLESTON?

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

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

Charleston has a 330-year history and is acknowledged as among the world's leaders in the area of historic preservation. The stunning, well-preserved 18th and 19th century homes and commercial buildings in downtown Charleston are a testament to this passion. Sight-seeing in historic downtown is a favorite pastime for pedestrians and tourists in horse-drawn carriages. But far from being a staid museum-like experience, the visitor to Charleston is awed by the busy streets of a vibrant city that are packed with tourists and locals day and night.



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

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

Charleston offers diverse education options, from kindergarten to high school, through the technical college, bachelor's degree, and post-secondary study levels. Four public school districts in the tri-county Charleston region operate 132 schools with a total of 87,500 students. A variety of learning styles are accommodated and a variety of subject matter offered through excellent magnet and charter schools

geared to advanced academic studies, the creative arts, technology and other key pursuits. The Charleston area also hosts 75 private and parochial schools that enroll a total of 11,000 students.

There are 17 colleges and universities offering a range of two-year, bachelor's and master's degree programs in Charleston. The larger among these are Trident Technical College (11,791 students), The College of Charleston (11,536 students), The Citadel (3,695 students), Charleston Southern University (2,990 students) and the Medical University of South Carolina (2,298 students).

In 2004 the area's post-secondary educational offerings were bolstered by the creation of the Charleston School of Law, the second law school to be established in South Carolina. This private institution has been greeted with much enthusiasm, which extended to 200 full and part-time students enrolled during its inaugural semester in the fall of 2004.

Sports are an important part of the Charleston social landscape in a town where the median age is 34. Sports are big business, contributing \$66.4 million annually to the regional economy and employing nearly 1,200 people. Charleston has popular professional baseball, soccer and hockey teams, and in 2004 its South Atlantic League Charleston River Dogs baseball program signed a new deal as a New York Yankees' single-A farm club. Southern Conference and Big South Conference collegiate sports round out the mix, with the teams at The Citadel, the College of Charleston and Charleston Southern University taking center stage.

Charleston boasts a 10,000 seat state-of-the-art tennis stadium that is home to the prestigious Family Circle Cup. This annual women's professional tennis tournament event celebrated its fourth year in Charleston by crowning Justin Hemin-Hardenne its 2005 champion. In 2004, Charleston was also proud to host captain Patrick McEnroe and the U.S. Davis Cup team during its victorious competition with the Belarus team.

Golf-rich Charleston is home to over 30 courses, and the world-class Ocean Course at Kiawah Island was the site of the 1991 Ryder Cup, the 1997 and 2003 World Cup of Golf events, and the 2002 inaugural UBS Warburg Cup. In June of 2005, local golf enthusiasts experienced another historic moment when Professional Golf Association (PGA) officials announced that the 2012 PGA Championship will be played at the Ocean Course. Although it's a few years away, the community is buzzing with anticipation and already planning for this large tournament that will bring numerous spectators to the area.

There are 164 parks and recreational facilities in the area, and they encompass 11,509 acres, which translates to nearly 21 acres per 1,000 people. A network of parks and recreational boat ramps are maintained by the Charleston County Park and Recreation Commission. These serve the tri-county region with opportunities for picnicking, jogging, skating, boating, canoeing, kayaking, climbing a rock wall, swimming in the water parks, or surfing at any of the three oceanfront parks. The most recent additions include the passive Caw Caw Interpretive Center in Ravenel, the regional Wannamaker Park in North Charleston, and plans for an equestrian-oriented park on Johns Island. When it comes to recreation in Charleston, there's something for everyone.

Competitive Posture. Charleston has won numerous accolades in recent years from revered business publications such as *The Kiplinger Letter*. The area has been named among the "top spots for entrepreneurs" by *Inc.* magazine, "best place to start a business" by *Entrepreneur* magazine, "top logistics area" by *Expansion Management* magazine, and as a "hot spot for medical technology" by *MX* magazine.

The Charleston region offers a sizeable real estate portfolio for a mid-sized market, with over 7.6 million square feet in upscale executive buildings and office parks. The 15.4 million square feet of retail space in

the region is distributed between regional malls, strip centers, and the downtown Charleston central business district. A variety of vacant industrial and warehouse buildings and 22 industrial parks are

available for industrial opportunities.

The 1990s saw a 78% increase in the inventory of available office space, from the 1991 level of 3.9 million square feet to the current 2004 level of 7.6 million square feet. The year 2004 was marked more by a growth in occupancy than by growth in inventory. Proposed office projects now promise to add another 1.98 million square feet, increasing the regional inventory by 26%. During 2004 approximately 866,223 square feet of office space was absorbed, helping fill a significant amount of newly developed property, create financial stability among existing properties, and enhance values of properties sold during the year, according to a year-end report by Colliers – Keenan. The overall office vacancy rate was at almost 13% by year's end, with Class A space more scarce, at 9% vacancy. A mid-year snapshot report by local realtors barkleyfraser.com showed 2005's overall office vacancy at 12.4%.

Warehouse space, plentiful during the industrial slowdown that began in 2001, has begun to be absorbed again in 2005. Industrial vacancy fell from 23% to 19% in the past year. Over the next two years, as revealed at the recent 2004 Greater Charleston Commercial Forecast Meeting, the projection is that some two million square feet in new industrial/warehouse space will be added to the local inventory. The resolution of the Port of Charleston expansion issue and the surge in container tonnage are given as causes of this new activity. The lion's share of available space is in the 75,000 square feet or smaller category, with just ten facilities currently offering space larger.

Development "hot-spots" flourished in 2004, characterizing the pace of growth in several portions of the Charleston County. After years of anticipation, the Center Pointe development sprouted out of the ground at Interstate-26/Interstate-526 in North Charleston. This development is offering a Sam's Wholesale Club, Wal-Mart Supercenter, Tanger Outlet Mall, other retail space, professional offices and several restaurants. Center Pointe becomes part of the critical mass now forming around the North Charleston Coliseum, the Convention Center, and Performing Arts Center complex and its four hotels. The Bridgeport Center in Mount Pleasant features 60,000 square feet of Class A office space, and its residential condominium tower is rising with clear views of the new Arthur Ravenel, Jr. bridge that crosses the Cooper River. The impoverished "Neck" area in the City of Charleston also made news in 2004, with the unveiling of an ambitious mixed use plan for its renewal to be funded with the use of a tax increment financing district.

The Charleston International Airport is no more than a 30-minute drive from almost anyone's front door in the region. The airport has experienced significant growth over the past five years. The mix of passengers has begun to shift away from its tourist base toward one that is increasingly characterized by business fliers. Delta, US Airways, United Express, Continental and Northwest have provided daily non-stop service to a growing list of key business destinations including New York (LaGuardia and JFK), Chicago, Washington (Dulles and National), Atlanta, Charlotte, Raleigh-Durham, Detroit, Cincinnati, Dallas, Houston, Philadelphia, Newark, Detroit, Orlando and Tampa.

The year 2004 was one of great change at the Charleston International Airport. The Charleston County Aviation Authority approved two facility improvements designed to address the growth in air travel through Charleston. The Authority completed and opened a large parking garage during 2005 to accommodate increased volumes of fliers. The Authority also began equipping the Passenger Terminal for "wi-fi" access, allowing wireless Internet use within the terminal for passengers who are waiting for flights. During 2005 the airport relocated and modernized its rental car facilities, making room for the abutting Vought Aircraft complex. The local air carrier profile took on a new look during 2005, as Independence Air finished its first year in Charleston, and helped drive down airfare rates.

Pro-business government attitudes permeate the state of South Carolina and the Charleston region, where state commerce department officials work hand-in-hand with the Charleston Regional Development Alliance, a non-profit recruitment organization, and economic developers from Charleston County and its three largest municipalities. This team searches for national and international business prospects, facilitating their relocations and expansions. In 2005 the Alliance updated its Five Year Strategic Plan, shifting direction to further refine the economic targets it recruits to the area. Following

the advice of a 2004 study by Angelou Economics, its Texas-based consultant, Charleston recruiters will focus on five business targets: aircraft makers, information technology/advanced security, automotive suppliers, biotechnology and medical firms, and the “creative” companies engaged in architectural design, Internet work and movie/film-making.

Some of the services offered by the Charleston region to assist relocating and expanding businesses include expedited permitting, infrastructure grants, financial incentives and the Center for Accelerated Technology Training (CATT). CATT is considered to be the national gold standard amongst state-sponsored labor training programs. The industrious Charleston labor force is acclaimed for its productivity by a who's who of national and international firms engaged in manufacturing, distribution, and research and development in the Charleston tri-county area.

MAJOR COUNTY INITIATIVES

Charleston County's initiatives in fiscal year 2005 focused on enhancing the value of services provided to our citizens, partnering with municipal governments, encouraging economic development, and continuing with an extensive facilities improvement and replacement program.

Financial. In order to give some financial relief on property taxes, County Council approved a 15% reassessment cap ordinance in November of 2000. This ordinance limited the growth, in the assessed value of property taxed at a rate of 4%, to a 15% increase. The state-mandated reassessment was implemented in February of 2001. However, the application of the 15% reassessment cap to only 4% property was challenged in court. In May of 2002, the State Supreme Court ruled that the County's reassessment cap ordinance was invalid. Several cases are still outstanding related to refunds of bills for fiscal year 2002. The most significant of these cases was initially ruled against the County and appealed to the State Supreme Court. The State Supreme Court referred the cases back to the Circuit Court for dismissal. But the State Supreme Court ordered that administrative remedies should be pursued for the refunds. Refund applications were mailed to applicable taxpayers on October 6, 2004. Per the Supreme Court order, the deadline for filing an application was set at January 15, 2005. The refund process is now nearing an end. As of September 30 of 2005, Charleston County has processed 58,720 refunds totaling \$9,659,459 to local property owners.

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



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

open space protection.

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

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

Road improvements and maintenance are an essential service that the County provides to all its citizens, regardless of municipal boundaries. During fiscal year 2005, the Charleston County's Public Works Department managed more than \$4.4 million in road and drainage improvement projects and road resurfacing, all funded by the Charleston County Transportation Committee.

The tri-county Trident One-Stop Career Center in North Charleston celebrated its five-year anniversary in 2003. This award winning, grant-funded program brings together numerous state and local programs and provides the benefit of one-stop assistance to both applicants and employers. This program has assisted more than 165,000 local residents with employment matters since it opened. The center provides individuals with job search assistance, skill assessment, GED preparation and job readiness training. The center provides business services such as career fairs, interviewing and testing facilities, and training for new and incumbent employees.

In December of 2002, Charleston County Council authorized the renovation of floor space in the Charleston Center (Department of Alcohol and Other Drug Abuse Services) for the relocation of the 10-bed Mental Health Crisis Stabilization Unit. This move was funded through collaboration between Charleston Center, the South Carolina Department of Mental Health, and public and private hospitals. The relocation helps address problems in the emergency rooms with patients who are intoxicated and may be suicidal by providing a single facility that will give patients access to the expertise of the Charleston Center and the Department of Mental Health. The renovation work was completed and the unit was opened in fiscal year 2004.

Capital Projects. Consistent with the Charleston County's Capital Improvement Plan, which includes both new construction and renovation to provide better, more efficient service to residents, a number of projects were completed during the year.

The Johns Island Regional Branch Library was constructed on land that was donated by the Charleston County School District and adjacent to the Haut Gap Elementary School. This 16,000 square foot library is now open, and is providing much needed services to the Johns, Wadmalaw, Seabrook and Kiawah island communities. Given the demographics of Johns Island's large and growing Hispanic population, a significant portion of the library's collection is in Spanish, including numerous books and movies, and even two "Spanish computers."

Three new Charleston County Emergency Medical Services (EMS) stations were opened in fiscal year 2005, aimed at improving ambulance response times and providing more livable conditions for paramedics. The James Island station (Medic 4) was constructed at a more centrally located area than

the previous station. The new location enables enhanced service to adjacent Folly Beach. The Johns Island station (Medic 7) replaced a station that was housed in a trailer, and includes a magistrate's court.



2005.

The McClellanville station (Medic 6) is co-located with a magistrate's court and Awendaw Fire District's Station Number 4. Work continues on two more EMS stations in Ladson and North Charleston. Under a cost reimbursement agreement, the Charleston County also completed construction of a fire station for the St. Paul's Fire District on Edisto Island.

Final touches were completed on the O.T. Wallace County Office Building in fiscal year 2005, finishing the three-building downtown Judicial Center Complex. One of these buildings, called Blake

Tenement, was awarded a Caropolis Award from the Preservation Society of Charleston for the quality of the historic restoration work.

The Charleston Museum, the first and oldest museum in the U.S., is housed in a building that is jointly owned by Charleston County and the City of Charleston. Under a cost sharing agreement with the city, the county completed significant repairs to the building's roof and glass walls this year.

Medical Innovation. Charleston County's Emergency Medical Services (EMS) was the first in the state to introduce Continuous Positive Airway Pressure (CPAP), a procedure and machine that gives patients suffering from congestive heart failure, asthma and emphysema relief from breathing difficulties. In cooperation with area hospitals and the two adjacent county EMS systems (Berkeley and Dorchester counties), Charleston County EMS implemented an electronic means to transmit 12-lead electrocardiogram (EKG) data to emergency rooms. This allows hospital staff to anticipate the arrival of heart catheter lab patients and expedite administration of life-saving medical techniques. As a result, chest pain patients who are confirmed to be having a heart attack are seeing the time between their arrival at the hospital emergency room and entering the catheterization lab reduced by 85 percent. The average "door-to-lab" time for the first 27 patients confirmed in this project was only six to nine minutes. The initiative was presented at an annual conference and won the South Carolina Association of Counties' Regional Cooperation Award as a stellar example of both intergovernmental cooperation and public-private partnering.

Technology. In a first for the county in April of 2005, the Magistrate's Courts began using videoconferencing in a remote location to accept guilty pleas for defendants housed at the Charleston County Detention Center. This technological advancement expedited releases from the jail, reduced staff handling of detainees, saved fuel and other transportation costs, and served as a positive demonstration for potential future use by courts of even larger jurisdiction.

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

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

Recycling. Between 1990 and 2000 the Hispanic population has more than tripled in South Carolina, and according to the latest U.S. Census Bureau population estimates, the total Hispanic population in Charleston County has risen seven percent from 2000 to 2003. Several departments, including Solid Waste and Recycling, and Charleston Center (Department of Alcohol and Other Drug Abuse Services),

have trained employees in conversational Spanish, reflecting the need to serve the county's growing Hispanic population. Most Latinos that have recently moved to the Lowcountry are not familiar with recycling programs, or did not have recycling programs in place at home. With this in mind, the Solid Waste and Recycling Department launched an innovative new commercial, spoken entirely in Spanish with English subtitles. The commercial is not only airing on the local Hispanic TV stations, but across all local affiliate stations.

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

FINANCIAL INFORMATION

Cash Management. Cash that was temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury, repurchase agreements, or interest bearing checking accounts. The average yield on investments was 2.01% for the year ending June 30, 2005.

Charleston County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The County's bank balances were approximately \$165,436,251 million at June 30, 2005, all but one of which were collateralized or covered by insurance. More detail on the County's deposits and investments is found in Note III. A. of the notes to financial statements starting on page 77.

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

During fiscal year 1995, the County insured the risk of job related injury or illness to its employees through The South Carolina Association of Counties' (SCAC) Workers' Compensation Trust. Effective July 1, 1995, the County converted to a self-insured plan with SCAC to fund risks associated with Workers' Compensation claims. More information on the County's risk management plan can be found in Note IV.A. of the notes to financial statements starting on page 103.

Pension and other Post Employment Benefits. Charleston County participates in the State of South Carolina Retirement System. All permanent County employees are members of either the South Carolina Retirement System or the South Carolina Police Officer's Retirement System. More information on these pension plans are provided in Note IV.I. of the notes to financial statements starting on page 110 of this report.

The County also provides post-retirement health, life and dental care benefits as per the requirements of a local ordinance, for certain retirees and their dependents. More information on the post-retirement benefits are shown in Note IV.G. of the notes to financial statements starting on page 109.

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to Charleston County for its Comprehensive Annual Financial Report for each of the fiscal years ended June 30, 1988, through 2004.

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to Charleston County for its Comprehensive Annual Financial Report for each of the fiscal years ended June 30, 1988, through 2004.

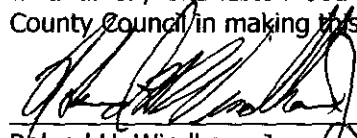
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, containing contents that conform to program standards. Such reports must satisfy both generally accepted accounting principles and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

A Certificate of Achievement is valid for a period of one year only. We believe that Charleston County's current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

In addition, the government has also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the 15 fiscal years starting July 1, 1989 through 2004. In order to qualify for the distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including a policy document, a financial plan, an operations guide, and a communications device.

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

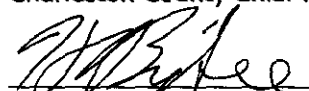
In addition, Charleston County would like to acknowledge the cooperation and support of Charleston County Council in making this report possible.



Roland H. Windham, Jr.
Charleston County Administrator



Corine Altenhein
Charleston County Chief Financial Officer



Harold L. Bisbee
Charleston County Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Charleston,
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Ziehl

President

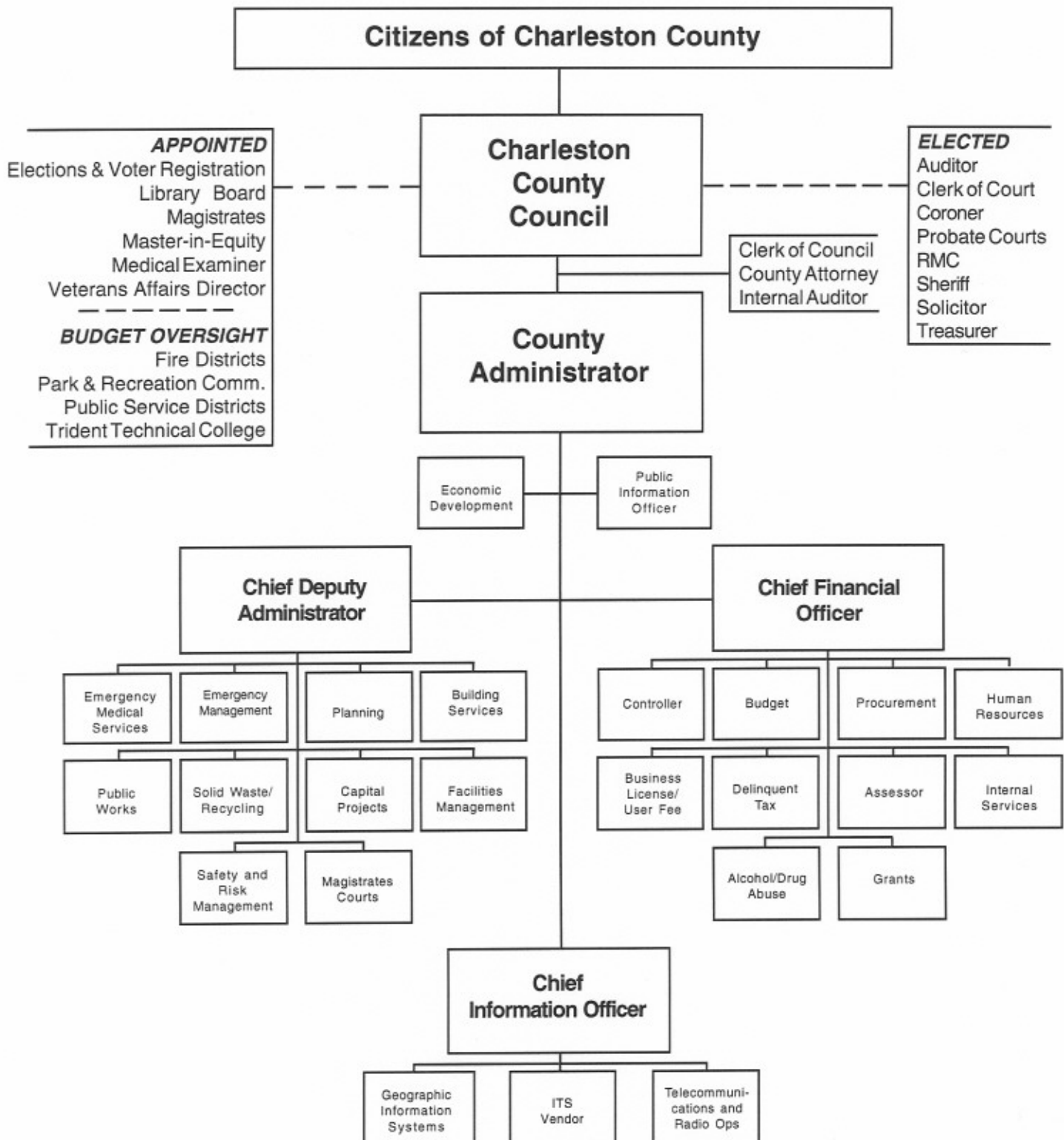
Jeffrey R. Emer

Executive Director

Charleston County, South Carolina Organizational Chart

County Departments
Effective 12/16/2003

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



**COUNTY OF CHARLESTON
PRINCIPAL OFFICIALS
For the Year Ended June 30, 2005**

MEMBERS OF COUNTY COUNCIL

	Number of Years In Office	Term Expiration Date	
Leon E. Stavinakis	6½	1/1/07	Chairman, District 9
Timothy E. Scott	8½	1/1/09	Vice Chairman, District 3
Charles T. Wallace, M.D.	26½	1/1/07	District 1
Ed Fava	2½	1/1/07	District 2
Henry E. Darby	½	1/1/09	District 4
Teddie E. Pryor	½	1/1/07	District 5
Curtis E. Bostic	4½	1/1/07	District 6
Vacant	-	1/1/05	District 7
Curtis B. Inabinett	½	1/1/07	District 8

ELECTED OFFICIALS

Julie Armstrong	12½	1/1/09	Clerk of Court
James A. Cannon, Jr.	17	1/1/09	Sheriff
Susan J. Chewning	12½	1/1/09	Coroner
Irvin G. Condon	10½	1/1/07	Probate Court
Ralph Hoisington	4½	1/1/09	Solicitor
Charlie Lybrand	10½	1/1/07	Register Mesne Conveyance
Peggy Moseley	12	7/1/09	Auditor
Andrew Smith	8½	7/1/09	Treasurer

OTHER OFFICIALS

	Number of Years With County	Years In Current Position	
Roland H. Windham, Jr.	6½	6½	County Administrator
Keith D. Bustraan	18½	2½	Chief Deputy Administrator
Corine Altenhein	15	2½	Chief Financial Officer
Harold L. Bisbee	24½	22	Controller



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FINANCIAL SECTION





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REPORT OF INDEPENDENT AUDITORS

To the Charleston County Council
County of Charleston, South Carolina

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, other than the financial statements of the discretely presented component units, of the County of Charleston, South Carolina, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County of Charleston's non-major governmental, non-major enterprise, internal service, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units included in the component unit column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, on the financial statements, insofar as it relates to the amounts included in the component unit column, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Charleston, South Carolina, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, non-major enterprise, internal service, and fiduciary fund of

the County of Charleston, South Carolina, as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the statement of capital assets used in the operation of governmental funds as well as the victim notification statement of fines, assessments and surcharges collected, is fairly stated, in all material respects, in relation to the portion of the basic financial statements from which it has been derived of the County of Charleston, South Carolina as of June 30, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2005 on our consideration of the County of Charleston, South Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Hamble Harris & Macey LLC

November 8, 2005

Management's Discussion and Analysis

As management of Charleston County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Charleston County for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 20 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of Charleston County exceeded its liabilities at June 30, 2005, by \$203,157 (net assets). Of this amount, \$54,077 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$21,435 during the fiscal year ended June 30, 2005, with a \$13,464 increase resulting from governmental activities and a \$7,971 increase resulting from business-type activities.
- As of the close of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$117,019. Approximately forty-one percent of this total amount, \$48,283, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$33,899 or twenty-six percent of the total general fund expenditures.
- Charleston County's long-term debt decreased by \$5,609 (two percent) during the current fiscal year. A full discussion of the County's changes in long-term debt can be found on pages 89-102.

Overview of the Financial Statements

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

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

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

Government-wide financial statements. Government-wide financial statements are designed to provide readers with a broad overview of the financial position of Charleston County and are similar to private sector financial statements. They include a statement of net assets and a statement of activities.

These statements appear on pages 41 and 42 of this report.

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

and the presentation allows the user to address the relative relationship with the component units. For those readers interested in more information on the component units, contact information is provided in Note I. B. on pages 64 through 66 of this report.

The statement of net assets shows the County's assets less its liabilities at June 30, 2005. The difference between these assets and liabilities is reported as net assets. Changes in net assets over time may be helpful in indicating an improving or deteriorating financial position.

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

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

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

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

Governmental funds. Governmental funds, presented on pages 43 through 49, essentially account for the same functions as those reported under the governmental activities of the government-wide statement of net assets and statement of activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Charleston County's near-term financing requirements and available resources.

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

Governmental funds individually presented in Charleston County's statements include four major funds: the General Fund, the Debt Service Fund, the General Obligation Bond Capital Projects Fund, and the 2005 Certificates of Participation Capital Project Fund. Although there are many smaller governmental funds in Charleston County Government, they have been presented in a total column termed as "other governmental funds". Combining statements for these other governmental funds have been presented on pages 118 through 129 of this report.

Proprietary funds. Charleston County maintains and presents two different types of proprietary funds, enterprise and internal service, shown on pages 50 through 55 of this report.

Enterprise funds report in greater detail, the same information presented as business-type activities in the government-wide financial statements for solid waste and parking garages. DAODAS and E-911 Communications are presented in one total column termed as "non-major other funds" but may be separately reviewed in the combining statements on pages 148 through 153.

Internal service funds (ISFs) are an accounting mechanism to accumulate and allocate costs internally for Charleston County Government. The County uses internal service funds to account for fleet management, office support services, workers' compensation, and the employee benefits trust. See pages 155 through 159 of this report. ISFs have been eliminated on the statement of net assets.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Charleston County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 161 through 163 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. Notes are presented on pages 62 through 111 of the report.

Other information. Individual statements, which present more detailed views of non-major funds used in governmental funds begin on page 118. Additional trend information about the County, which may be of interest to the reader, is found under the Statistical section of this report, starting on page 168.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Charleston County, assets exceeded liabilities by \$203,157 at the close of the 2005 fiscal year.

Of this amount, \$77,601 (38 percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. An additional \$43,706 (21 percent) is being held by the County as cash and investments to be used for the planned purchase/construction of additional capital assets already approved by County Council. Charleston County uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities. An additional portion of the County's net assets, \$27,774 (14 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets, \$54,077 (27 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

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

Charleston County's Net Assets
June 30, 2005
(Recapped from page 41)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$247,426	\$241,246	\$ 82,624	\$ 75,349	\$330,050	\$316,595
Capital assets	221,992	218,536	30,921	31,437	252,913	249,973
Total assets	<u>\$469,418</u>	<u>\$459,782</u>	<u>\$113,545</u>	<u>\$106,786</u>	<u>\$582,963</u>	<u>\$566,568</u>
Long-term liabilities						
Outstanding	\$195,234	\$204,627	\$ 23,668	\$ 35,588	\$218,902	\$240,215
Other liabilities	144,737	138,960	16,167	5,492	160,904	144,452
Total liabilities	<u>\$339,971</u>	<u>\$343,587</u>	<u>\$ 39,835</u>	<u>\$ 41,080</u>	<u>\$379,806</u>	<u>\$384,667</u>
Net assets:						
Invested in capital assets, net of related debt	57,359	49,999	20,241	18,802	77,600	68,801
Restricted for future construction	34,059	20,437	9,647	6,929	43,706	27,366
Restricted - other	26,280	12,496	1,495	1,533	27,775	14,029
Unrestricted	<u>11,749</u>	<u>33,263</u>	<u>42,327</u>	<u>38,442</u>	<u>54,076</u>	<u>71,705</u>
Total net assets	<u>\$129,447</u>	<u>\$116,195</u>	<u>\$ 73,710</u>	<u>\$ 65,706</u>	<u>\$203,157</u>	<u>\$181,901</u>

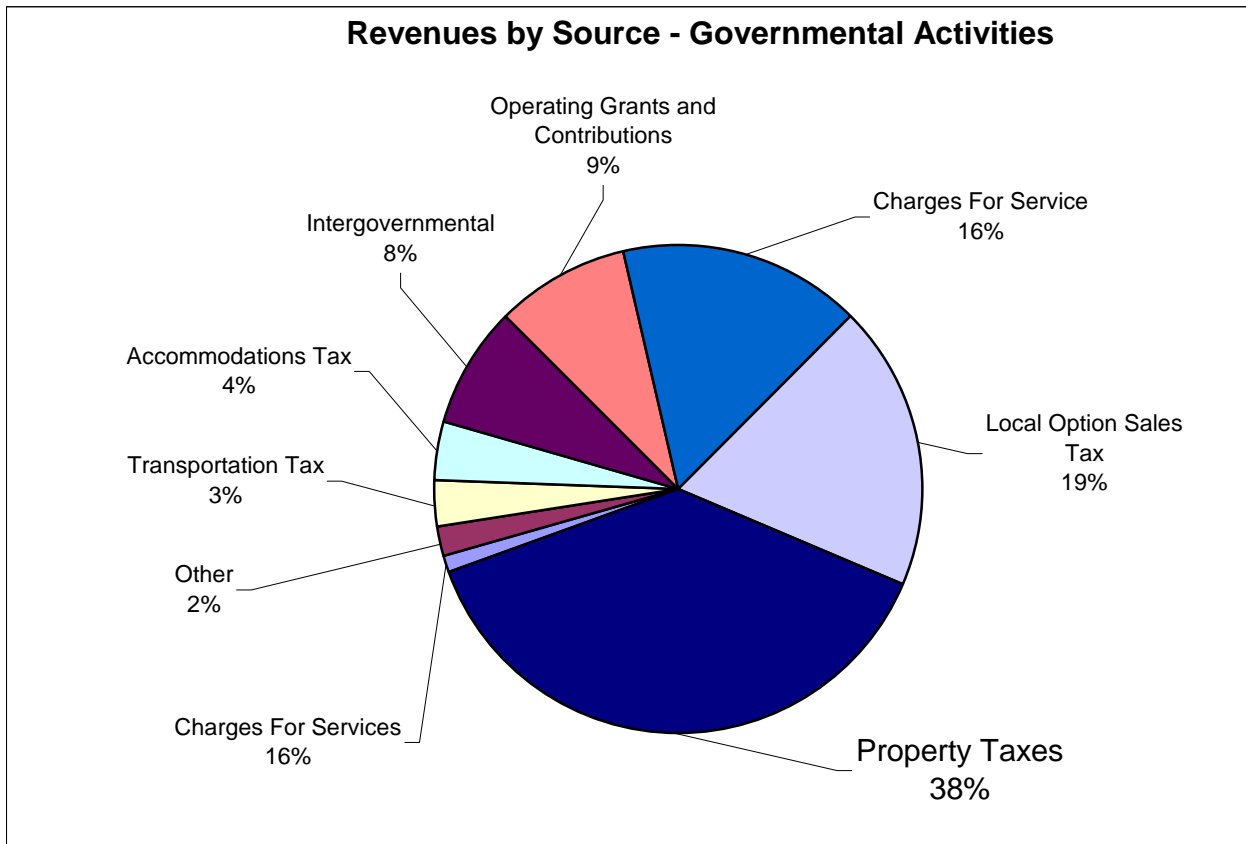
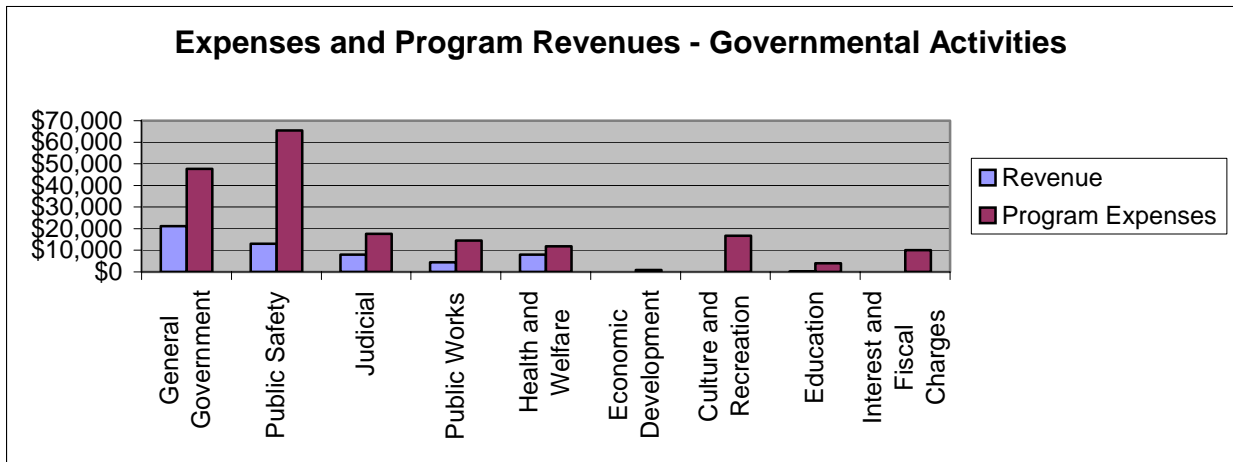
The County's net assets increased by \$21,435 during the current fiscal year. This compares favorably to the fiscal year 2004 gain of \$8,926. Approximately twenty-one percent of the gain came from planned revenues in excess of expenditures in the solid waste business-type activities, where the County has large balloon payments starting in 2006 and has been placing the savings from the 1997 refinancing of the Foster Wheeler Solid Waste Bonds in a debt service reserve since that time to apply to these balloon payments. The remainder of the increases represents the degree to which increases in ongoing revenues have outpaced similar increases in ongoing expenses.

Governmental activities. Governmental activities increased the County's net assets by \$13,464. Key elements of the increase:

- Fees, permits and licenses increased by \$4,710 (19.6 percent) during the year.
- Local option sales tax increased by \$2,471 (6.9 percent) during the year.
- The new half cent sales tax was effective May 1, 2005. The transportation tax collected for May and June was \$5,870.
- Investment earnings increased by \$1,521 (56.5 percent) during the year.
- Expenses for the year increased by \$11,279 (6.4 percent) with the substantial portion of that increase coming from public safety \$5,212 and general government \$3,507. The remaining increase \$2,560, reflects both inflation and the growth in the demand for services.

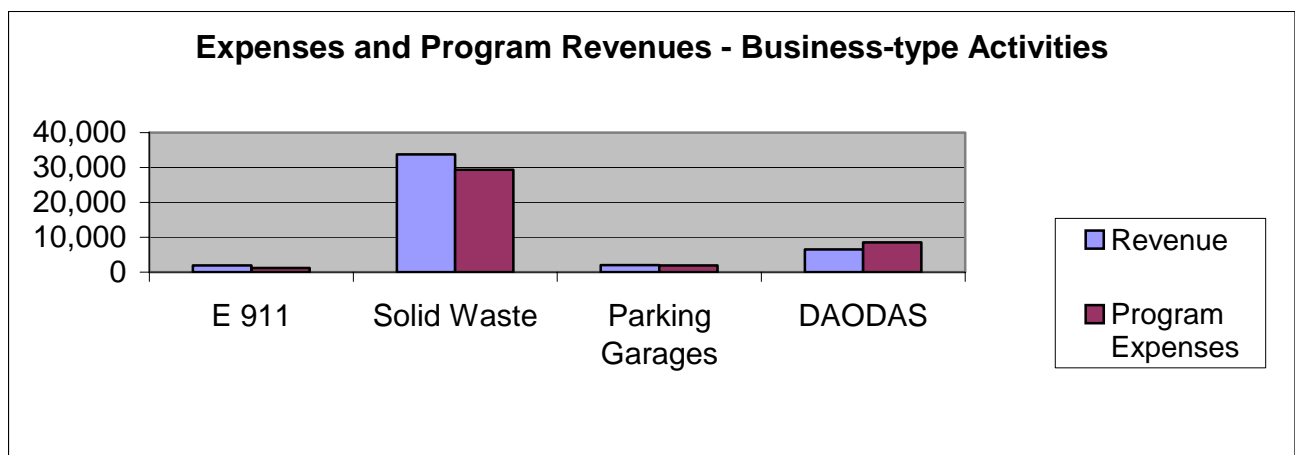
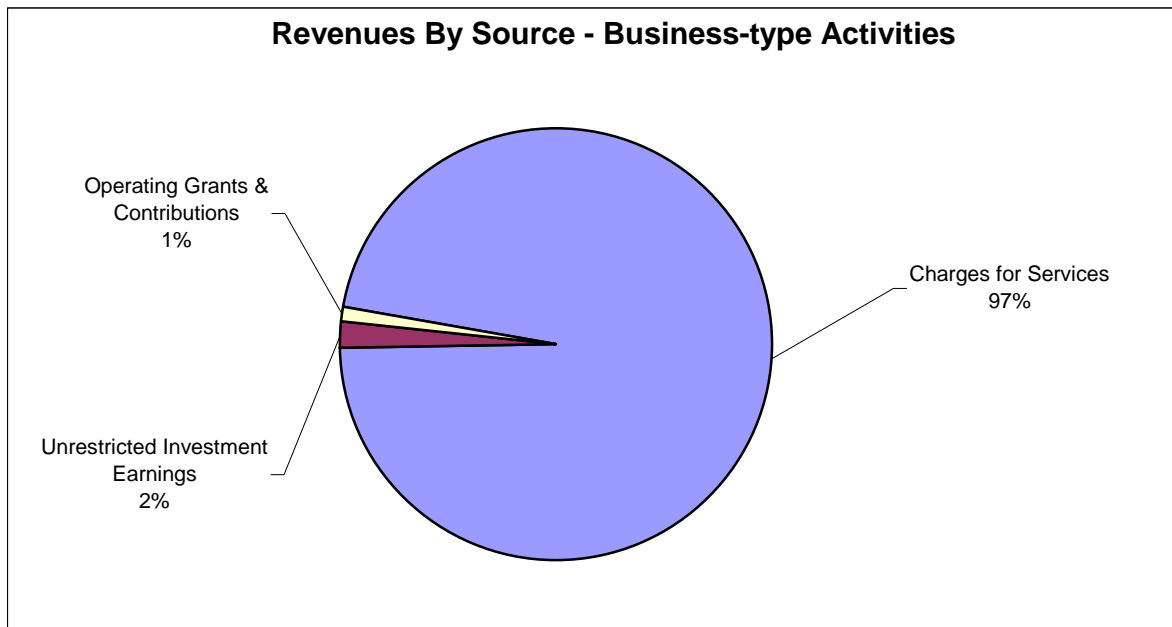
County of Charleston, South Carolina
Changes in Net Assets (Recapped)
For the Fiscal Year Ended June 30, 2005

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for services	\$ 32,521	\$ 31,390	\$ 43,075	\$ 46,077	\$ 75,596	\$ 77,467
Operating grants and contributions	19,298	16,593	1,138	3,092	20,436	19,685
Capital grants and contributions	3,132	-	-	-	3,132	-
General Revenues:						
Property taxes	77,341	76,422	-	-	77,341	76,422
Other taxes and fees	54,161	44,939	554	539	54,715	45,478
State aid to political subdivisions	13,960	13,781	-	-	13,960	13,781
Unrestricted investments earnings	2,496	470	833	396	3,329	866
Gain (Loss) on sale of capital assets	-	387	-	-	-	387
Total Revenue	202,909	183,982	45,600	50,104	248,509	234,086
Program Expenses:						
Governmental Activities:						
General government	48,480	44,074	-	-	48,480	44,074
Public safety	65,412	60,200	-	-	65,412	60,200
Judicial	17,627	16,303	-	-	17,627	16,303
Public works	14,570	13,047	-	-	14,570	13,047
Health and welfare	11,824	12,259	-	-	11,824	12,259
Economic development	944	1,058	-	-	944	1,058
Culture and recreation	16,731	17,465	-	-	16,731	17,465
Education	3,931	3,736	-	-	3,931	3,736
Interest and fiscal changes	10,108	9,306	-	-	10,108	9,306
Business-Type Activities:						
E-911	-	-	1,167	905	1,167	905
Solid waste	-	-	29,336	27,253	29,336	27,253
Parking garages	-	-	1,922	2,323	1,922	2,323
DAODAS	-	-	8,493	8,185	8,493	8,185
Total Expenses	189,627	177,448	40,918	38,666	230,545	216,114
Excess of revenue over expenses	13,282	6,534	4,682	11,438	17,964	17,972
Transfers	(3,289)	8,151	3,289	(8,151)	-	-
Gain on dissolution of James Island	3,471	-	-	-	3,471	-
Contribution to other municipalities to refund of 2001 property taxes	-	(9,151)	-	-	-	(9,151)
Increase (Decreases) in Net Assets	13,464	5,534	7,971	3,287	21,435	8,821
Net assets, beginning	116,195	110,534	65,706	62,440	181,901	172,974
Prior Period Adjustments	(212)	127	33	(21)	(179)	106
Net Assets, beginning adjusted	115,983	110,661	65,739	62,419	181,722	173,080
Net Assets, ending	\$129,447	\$116,195	\$73,710	\$65,706	\$203,157	\$181,901



Business-type activities. Business-type activities increased the County's net assets by \$7,971. The key element of this increase was:

- The solid waste fund had an increase in net assets of \$4,576. This is primarily the result of a decision made by County Council to bank the savings from a refinancing of the bonded debt on the incinerator in 1997. Because of the substantial total balloon payments of \$33,000 starting in 2006 and running through 2010 that would result in significant user fee increases, County Council decided to hold the user fee level in 1997 instead of decreasing it, therefore resulting in a much smaller increase in the years 2006 through 2010.



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's

financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$117,019, an increase of \$20,047 in comparison with the prior year. Of this amount, \$3,071 resulted from decreases in the various capital projects funds as a result of the expenses incurred in the County's on-going facilities replacement and rejuvenation program. The major increases occurred in the general fund, \$5,866 and in the debt service fund \$14,285. Approximately forty-one percent of this ending fund balance, \$48,283 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$7,878), 2) to pay debt service (\$26,280), 3) to pay for capital projects as restricted by bond covenants (\$34,059), or 4) reserved for inventories and prepaid items (\$519).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$33,899 while total fund balance reached \$36,369. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 26 percent of total general fund expenditures, while total fund balance represents 28 percent of that same amount. The net increase in the fund balance of the general fund was \$5,866 during the current year. Highlights in the general fund were as follows:

- An increase of \$3,282 in fees, permits and licenses (20.4 percent) over the prior year.
- An increase of \$2,471 in local option sales tax which is 7 percent over the previous year.
- The debt service fund has a total fund balance of \$26,280, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$14,285. \$12,392 of this increase is a result of an early repayment of a note receivable by The Medical University of South Carolina.

Capital projects funds have a combined total fund balance of \$34,059. These funds are 100 percent reserved either to cover existing encumbrances or for future capital construction. The General Obligation Bond Capital Projects (\$22,493) is shown as a major fund and the remaining funds (\$11,566) are all nonmajor ones and are shown on pages 122 through 123, and 128 through 129.

The special revenue funds have a combined total fund balance of \$20,312. Of this amount, \$14,385 is undesignated fund balance and, of the balance, \$5,628 is reserved for encumbrances and \$299 is reserved for inventory. All of the special revenue funds are shown as nonmajor governmental funds on pages 118 through 122, and 124 through 128.

Proprietary funds. The County's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. See pages 50 through 55, 148 through 153 and 155 through 159.

General Fund Budgetary Highlights

There was a \$2,445 decrease in appropriations between the original budget and the final amended budget shown on pages 47 through 49 of this report.

Capital Asset and Debt Administration

Capital assets. Charleston County's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounted to \$252,913 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, bridges and drainage easements. The total increase in the County's investment in capital assets for the current fiscal year was 3.1 percent (a 3.8 percent increase for governmental activities and a 1.7 percent decrease for business-type activities).

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2005	2004	2005	2004	2005	2004
Land	\$ 3,963	\$ 5,854	\$ 3,951	\$ 3,951	\$ 7,914	\$ 9,805
Buildings	162,943	141,155	19,524	20,067	182,467	161,222
Improvements other than buildings	1,908	1,985	736	809	2,644	2,794
Machinery and equipment	25,323	20,465	5,435	5,575	30,758	26,040
Infrastructure	27,400	21,048	-	-	27,400	21,048
Construction in progress	455	23,222	1,275	1,060	1,730	24,282
Total	<u>\$ 221,992</u>	<u>\$ 213,729</u>	<u>\$ 30,921</u>	<u>\$ 31,462</u>	<u>\$ 252,913</u>	<u>\$ 245,191</u>

Major capital asset events during the current year included the following:

- The Town of James Island was dissolved resulting in a gain of \$3,471 due to infrastructure being added back to Charleston County.
- Significant work-in process was completed during the year with the result that it has transferred from work-in-process to Buildings:

County Office Buildings	\$15,428
John's Island Library	2,983
3 EMS Stations	3,004
Other	1,452

Additional information on the County's capital assets can be found in Note III. C. on pages 83 through 86 of this report.

Long-term debt. At the end of the current fiscal year, Charleston County had total bonded debt outstanding of \$185,290. Of this amount, \$93,392 comprises debt backed by the full faith and credit of the government, \$78,896 is comprised of certificates of participation secured by the capital assets constructed with their proceeds, and \$13,002 is comprised of revenue bond debt secured solely by solid waste user fees.

In addition to the bonded debt Charleston County has signed a contract with the S.C. Infrastructure Bank to pay \$3,000 a year starting on January 1, 2004, for a period of 25 years as the County's commitment toward the new Arthur Ravenel, Jr. Bridge over the Cooper River. The County has recorded this obligation on its records at a net present value of \$37,821 using a discount rate of 5.73%. This is the same rate the Bank is repaying its loan from the federal government, using the money received from the County.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation bonds	\$ 93,392	\$ 95,927	\$ -	\$ -	\$ 93,392	\$ 95,927
Certificates of participation	67,055	71,304	11,841	12,637	78,896	83,941
Revenue bonds	-	-	13,002	14,164	13,002	14,164
Intergovernmental Note payable	<u>37,821</u>	<u>38,609</u>	<u>-</u>	<u>-</u>	<u>37,821</u>	<u>38,609</u>
Total	<u>\$ 198,268</u>	<u>\$ 205,840</u>	<u>\$ 24,843</u>	<u>\$ 26,801</u>	<u>\$ 223,111</u>	<u>\$ 232,641</u>

The County's total bonded debt decreased by \$8,742 (4.5 percent) during the current fiscal year.

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

During March, 2005 Charleston County issued refunding bonds for substantially all of the certificates of participation that were economically viable and legally eligible to be refunded. The combined refunding resulted in an economic gain of \$1,157 to the County. See Note III.I., pages 100-101, for additional details on this refunding.

South Carolina statutes limit the amount of general obligation (G.O.) debt a governmental entity may issue (without referendum) to eight percent of its total assessed value. The current G.O. debt limit for Charleston County is \$195,786 which is significantly in excess of the County's current G.O. outstanding balance of \$75,339 subject to the debt limitations.

Additional information on the County's long-term debt can be found in Note III. I. on pages 89 through 102 of this report.

Economic Factors and Next Year's Budgets and Rates

- There were 6,949 single family permits issued in 2004, an increase of 27 percent over the prior year.
- Gross retail sales in 2004 finished 3.6 percent higher than 2003.
- Port tonnage increased 10 percent in 2004 compared to 2003.
- Combined enplanements and deplanements was 13 percent greater in 2004 than 2003.
- Hotel room revenue in fiscal year 2005 increased by 9.8 percent over 2004.
- The unemployment rate at the close of 2004 was 4.4 percent.

All of these factors were considered in preparing Charleston County's budget for the 2006 fiscal year.

The following factors were considered by Charleston County Council which allowed it to pass a general fund budget for fiscal year 2006 without an increase in millage.

- Growth in the property tax base \$3,050
- Growth in the Local Option Sales Tax \$2,000

- Emergency Medical Services – increased volume of services and improved collection of fees \$1,350
- Register of Mesne Conveyance – increased number of Documentary Stamps \$1,700
- Transfer in from Capital Proceeds Funds \$3,000

The General Fund expenditures for Fiscal Year 2006 increased by \$15,000 in expenses and transfers out. The major increases are:

- Salary adjustments for Cost of Living increases \$ 2,700
- Information Technology hardware and software \$ 1,800
- Increase in inmate costs at Detention Center \$ 1,500
- Increase in County Council contingency \$ 1,400
- Transfer out to the Library \$ 800
- Transfers out to the Capital Improvement Plan \$ 2,500

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS



COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Non-pooled cash and cash equivalents	\$ 4,701,694	\$ 171,585	\$ 4,873,279	\$ 17,109,603
Pooled cash and cash equivalents	57,884,075	16,889,987	74,774,062	-
Pooled investments	44,411,777	-	44,411,777	-
Investments	-	650,000	650,000	5,469,987
Cash with fiscal agent	125,000	-	125,000	-
Receivables (net of allowances for uncollectibles)	139,162,582	4,994,803	144,157,385	30,587,366
Due from primary government	-	-	-	600,016
Internal balances - current	(5,493,874)	5,493,874	-	-
Inventories	691,478	-	691,478	369,152
Prepaid items and deposits	11,996	-	11,996	3,116,846
Note receivable - internal balances	(548,244)	548,244	-	-
Deferred issuance costs	1,086,626	507,841	1,594,467	355,207
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	5,392,795	53,367,673	58,760,468	3,297,839
Investments	-	-	-	317,608
Capital assets, net of accumulated depreciation :				
Land - nondepreciable	3,963,104	3,950,930	7,914,034	27,890,395
Construction in progress - nondepreciable	455,390	1,275,081	1,730,471	4,891,262
Infrastructure - nondepreciable	10,037,464	-	10,037,464	-
Artwork - nondepreciable	-	-	-	11,000
Buildings	162,943,006	19,524,348	182,467,354	45,476,449
Improvements other than buildings	1,907,990	736,332	2,644,322	18,576,962
Machinery and equipment	25,321,972	5,434,190	30,756,162	22,838,452
Infrastructure	17,362,815	-	17,362,815	33,086,598
Library materials	-	-	-	21,280,633
Accumulated depreciation	-	-	-	(58,783,801)
Total assets	\$ 469,417,646	\$ 113,544,888	\$ 582,962,534	\$ 176,491,574
LIABILITIES				
Accounts payable	\$ 7,973,196	\$ 874,029	\$ 8,847,225	\$ 2,756,102
Accrued payroll and fringe benefits	5,297,089	691,886	5,988,975	1,041,212
Due to component units	600,016	-	600,016	-
Intergovernmental payable	6,303,065	52,553	6,355,618	15,192
Due to third parties	280,903	-	280,903	-
Interest payable	2,360,160	269,576	2,629,736	545,597
Unearned revenue	108,119,862	35,832	108,155,694	30,052,121
Noncurrent liabilities:				
Due within one year	13,802,250	14,242,381	28,044,631	4,671,922
Due in more than one year	195,234,151	23,668,412	218,902,563	32,216,969
Total liabilities	339,970,692	39,834,669	379,805,361	71,299,115
NET ASSETS				
Invested in capital assets, net of related debt	57,359,439	20,241,171	77,600,610	82,357,641
Restricted for:				
Technology	-	-	-	44,099
Construction	34,058,613	4,115,834	38,174,447	1,521,526
Landfill expansion	-	5,531,179	5,531,179	-
Debt service	26,279,539	1,494,786	27,774,325	5,468,016
Beach renourishment	-	-	-	32,750
Unrestricted	11,749,363	42,327,249	54,076,612	15,768,427
Total net assets	\$ 129,446,954	\$ 73,710,219	\$ 203,157,173	\$ 105,192,459

See notes to the financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 48,480,730	\$ 17,935,275	\$ 167,742	\$ 3,131,573	\$ (27,246,140)	\$ -	\$ (27,246,140)	\$ -
Public safety	65,411,630	6,290,751	6,696,246	-	(52,424,633)	-	(52,424,633)	-
Judicial	17,626,761	7,253,058	715,901	-	(9,657,802)	-	(9,657,802)	-
Public works	14,569,632	179,664	4,308,661	-	(10,081,307)	-	(10,081,307)	-
Health and welfare	11,823,614	788,557	7,274,061	-	(3,760,996)	-	(3,760,996)	-
Economic development	943,669	-	-	-	(943,669)	-	(943,669)	-
Culture and recreation	16,731,110	73,303	-	-	(16,657,807)	-	(16,657,807)	-
Education	3,931,038	-	135,748	-	(3,795,290)	-	(3,795,290)	-
Interest and fiscal charges	10,107,693	-	-	-	(10,107,693)	-	(10,107,693)	-
Total governmental activities	189,625,877	32,520,608	19,298,359	3,131,573	(134,675,337)	-	(134,675,337)	-
Business-type activities:								
E 911	1,167,080	1,940,631	-	-	-	773,551	773,551	-
Solid Waste	29,335,704	33,605,612	183,796	-	-	4,453,704	4,453,704	-
Parking Garage	1,922,169	2,008,933	-	-	-	86,764	86,764	-
DAODAS	8,493,417	5,519,478	954,861	-	-	(2,019,078)	(2,019,078)	-
Total business-type activities	40,918,370	43,074,654	1,138,657	-	-	3,294,941	3,294,941	-
Total primary government	\$ 230,544,247	\$ 75,595,262	\$ 20,437,016	\$ 3,131,573	(134,675,337)	3,294,941	(131,380,396)	-
Component Units:								
Charleston County Library	13,761,862	495,498	12,071,503	1,511,784				316,923
Charleston County PRC	19,239,249	8,684,312	135,037	976,236				(9,443,664)
Cooper River Park & Playground	226,400	-	-	-				(226,400)
James Island PSD	8,929,204	4,678,979	-	73,891				(4,176,334)
North Charleston District	1,505,483	-	-	24,447				(1,481,036)
St. Andrew's Parish Parks & Playground	2,589,844	1,402,634	6,948	-				(1,180,262)
St. John's Fire District	6,939,941	-	-	22,392				(6,917,549)
St. Paul's Fire District	2,806,532	-	-	-				(2,806,532)
Charleston County Fire & Rescue	300,692	-	352,588	-				51,896
Total component units	\$ 56,299,207	\$ 15,261,423	\$ 12,566,076	\$ 2,608,750				(25,862,958)

General Revenues:				
Property taxes	77,341,114	64	77,341,178	-
Charleston County PRC	-	-	-	12,700,696
Cooper River Park & Playground	-	-	-	160,392
James Island PSD	-	-	-	4,945,444
North Charleston District	-	-	-	1,089,415
St. Andrew's Parish Parks & Playground	-	-	-	1,121,881
St. John's Fire District	-	-	-	6,821,483
St. Paul's Fire District	-	-	-	2,828,107
Local option sales tax	38,100,097	-	38,100,097	-
Transportation tax	5,870,000	-	5,870,000	-
Accommodations tax	7,611,446	-	7,611,446	-
Franchise fees	793,129	-	793,129	80,471
Alcohol beverage tax	-	542,927	542,927	-
Merchants inventory tax and manufacturer's depreciation	1,677,255	10,832	1,688,087	510,128
Motor carrier tax	108,871	-	108,871	-
Unrestricted state aid to political subdivisions	13,959,555	-	13,959,555	-
Grants and contributions not restricted to specific program	-	-	-	2,424
Unrestricted investment earnings	2,495,650	832,632	3,328,282	416,722
Gain on sale of capital assets	-	-	-	3,018
Fundraising and donations	-	-	-	23,871
Miscellaneous	-	-	-	310,596
Transfers	(3,289,535)	3,289,535	-	-
Total general revenues and transfers	144,667,582	4,675,990	149,343,572	31,014,648
Special item - gain on dissolution of Town of James Island	3,471,464	-	3,471,464	-
Change in net assets	13,463,709	7,970,931	21,434,640	5,151,690
Net assets - beginning (see Note II. B.)	115,983,245	65,739,288	181,722,533	100,040,769
Net assets - ending	\$ 129,446,954	\$ 73,710,219	\$ 203,157,173	\$ 105,192,459

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

ASSETS

Non-pooled cash and cash equivalents
Pooled cash and cash equivalents
Pooled investments
Restricted cash and cash equivalents
Receivables (net of allowances for uncollectibles)
Due from other funds
Inventory
Prepaid items and deposits
Total assets

	General	Debt Service	G.O.B. Capital Projects	2005 C.O.P. Capital Projects	Other Governmental Funds	Total Governmental Funds
\$	3,730,601	\$ -	\$ -	\$ -	\$ 971,093	\$ 4,701,694
	8,021,638	6,504,784	9,063,626	-	26,789,477	50,379,525
	15,848,508	14,942,908	13,620,361	-	-	44,411,777
	-	4,917,155	-	-	475,640	5,392,795
	103,564,316	14,828,140	-	-	20,524,952	138,917,408
	5,538,770	-	-	-	-	5,538,770
	219,861	-	-	-	229,021	448,882
	393	-	-	-	11,603	11,996
\$	136,924,087	\$ 41,192,987	\$ 22,683,987	\$ -	\$ 49,001,786	\$ 249,802,847

LIABILITIES AND FUND BALANCES

Accounts payable
Accrued payroll and fringe benefits
Due to component units
Due to other funds
Intergovernmental payable
Due to third parties
Unearned revenue
Total liabilities

\$	2,656,007	\$ 201,731	\$ 189,153	\$ -	\$ 1,177,144	\$ 4,224,035
	4,832,085	-	-	-	300,785	5,132,870
	600,016	-	-	-	-	600,016
	803,928	-	-	-	5,538,770	6,342,698
	2,911,433	-	2,249	-	3,387,578	6,301,260
	280,903	-	-	-	-	280,903
	88,470,475	14,711,717	-	-	6,719,827	109,902,019
	100,554,847	14,913,448	191,402	-	17,124,104	132,783,801

Fund balances:

Reserved for inventories and prepaid items
Reserved for encumbrances
Reserved for debt service
Reserved for capital projects
Unreserved:
Designated for rainy day
Designated for subsequent years' appropriation - general fund
Designated for subsequent years' appropriation - special revenue funds
Undesignated - General Fund
Total fund balances
Total liabilities and fund balances

	220,254	-	-	-	299,021	519,275
	2,249,848	-	-	-	5,628,457	7,878,305
	-	26,279,539	-	-	-	26,279,539
	-	-	22,492,585	-	11,566,028	34,058,613
	8,500,000	-	-	-	-	8,500,000
	7,816,768	-	-	-	-	7,816,768
	-	-	-	-	14,384,176	14,384,176
	17,582,370	-	-	-	-	17,582,370
	36,369,240	26,279,539	22,492,585	-	31,877,882	117,019,046
\$	136,924,087	\$ 41,192,987	\$ 22,683,987	\$ -	\$ 49,001,786	\$ 249,802,847

See notes to financial statements.

County of Charleston, South Carolina
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2005

Total Governmental Fund Balances	\$117,019,046
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	212,740,889
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred on the funds:

Deferred issuance costs	1,086,626	
Other unearned revenue	11,923	
Property taxes	1,782,157	
Total		2,880,706

Internal service funds are used by management to charge the costs of insurance, fleet and office services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	13,270,846
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Elimination of indirect income and expenses between governmental funds and the enterprise funds which creates an internal balance.	(5,493,874)
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Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds	(93,391,742)	
Certificates of participation	(67,055,317)	
Lease payable	(3,588,710)	
Compensated absences	(6,770,122)	
Intergovernmental note payable	(37,821,280)	
Accrued interest payable	(2,343,488)	
Total		(210,970,659)

Net assets of governmental activities	\$129,446,954
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See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

	General	Debt Service	G.O.B. Capital Projects	2005 C.O.P. Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property, local option sales and transportation tax	\$ 92,557,814	\$ 17,396,647	\$ -	\$ -	\$ 11,368,571	\$ 121,323,032
Intergovernmental	17,487,088	123,220	-	-	17,918,978	35,529,286
Fees, permits and licenses	19,340,468	-	-	-	8,793,646	28,134,114
Fines and forfeitures	2,224,771	-	-	-	869,054	3,093,825
Interest	2,512,656	648,701	661,572	-	388,387	4,211,316
Service charges	5,316,891	-	-	-	45,283	5,362,174
Rental and use of property	729,825	-	-	-	34,322	764,147
Other revenues	2,833,237	12,392,318	-	-	486,897	15,712,452
Total revenues	143,002,750	30,560,886	661,572	-	39,905,138	214,130,346
Expenditures:						
Current:						
General government	38,301,117	-	-	-	718,415	39,019,532
Public safety	56,296,223	-	-	-	7,247,634	63,543,857
Judicial	13,616,311	-	-	-	2,384,741	16,001,052
Public works	8,308,238	-	-	-	3,454,674	11,762,912
Health and welfare	3,205,997	-	-	-	8,459,246	11,665,243
Economic development	530,653	-	-	-	422,873	953,526
Culture and recreation	11,752,153	-	-	-	4,277,147	16,029,300
Education	-	-	-	-	3,931,038	3,931,038
Capital outlay	-	-	4,668,068	-	8,693,817	13,361,885
Debt service	-	18,550,928	-	314,963	4,025,749	18,865,891
Total expenditures	132,010,592	18,550,928	4,668,068	314,963	34,921,517	190,466,168
Excess (deficiency) of revenues over (under) expenditures	10,992,058	12,009,958	(4,006,496)	(314,963)	4,983,621	23,664,178
Other financing sources (uses):						
Capital lease proceeds	-	-	-	-	844,468	844,468
Refunding certificates of participation issued	-	-	-	16,139,845	-	16,139,845
Bond premium	-	-	-	707,763	-	707,763
Payment to escrow agent for refunding	-	-	-	(16,749,287)	-	(16,749,287)
Transfers in	2,792,719	5,070,093	10,092	216,642	3,359,052	11,448,598
Transfers out	(7,918,501)	(2,795,087)	-	-	(6,867,148)	(17,580,736)
Proceeds from sale of capital assets	-	-	-	-	1,572,599	1,572,599
Total other financing sources (uses)	(5,125,782)	2,275,006	10,092	314,963	(1,091,029)	(3,616,750)
Net change in fund balances	5,866,276	14,284,964	(3,996,404)	-	3,892,592	20,047,428
Fund balances at beginning of year (as restated)	30,502,963	11,994,575	26,488,990	-	27,985,090	96,971,618
Fund balances at end of year	\$ 36,369,239	\$ 26,279,539	\$ 22,492,586	\$ -	\$ 31,877,682	\$ 117,019,046

See notes to financial statements.

County of Charleston, South Carolina
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds		\$20,047,428
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital grant	3,131,573	
Capital asset additions	7,561,157	
Depreciation expense	<u>(10,244,060)</u>	448,670
In the statement of activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on disposal of capital assets.		
Cost of capital assets	4,542,183	
Accumulated depreciation	<u>(2,070,254)</u>	
Net book value	2,471,929	
Proceeds	<u>(1,572,599)</u>	
Loss on sale	899,330	
Gain on dissolution of Town of James Island	<u>(3,471,464)</u>	
Total gain	<u>(2,572,134)</u>	999,535
Difference of proceeds and loss on sale		
Because some property taxes and other income will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues in the governmental funds.		
Interest income	(104,107)	
Property taxes and local option sales tax	<u>(11,821)</u>	(115,928)
Repayment of note receivable is revenue in the governmental fund but the receipt reduces the long term asset in the statement of net assets and does not result in revenue in the statement of activities.		
		(12,392,318)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.		
		9,190,168
Other financing source (use) which does not provide current resources or current uses.		
Capital lease proceeds	(844,468)	
Refunding certificates of participation issued	(16,139,845)	
Bond premium	(707,763)	
Payment to escrow agent for refunding	<u>16,749,287</u>	(942,789)
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, interest is expensed when due.		
		(559,060)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences payable	(414,352)	
Deferred refunding costs	<u>258,620</u>	(155,732)
To record Internal service fund transfers		2,842,603
The internal service funds are used by management to charge the costs of insurance and other services to individual funds. The net revenue of the internal service funds are reported with governmental activities.		
		98,937
Elimination of indirect income between governmental funds and the enterprise funds.		
		(2,195,776)
The increase of governmental expenditures to avoid the doubling up of net loss from the internal service fund.		
		(3,802,029)
Change in net assets of governmental activities		<u>\$13,463,709</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

<u>REVENUES</u>	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Property, local option sales and transportation taxes	\$ 88,975,000	\$ 88,975,000	\$ 92,557,814	\$ 3,582,814
Intergovernmental	17,183,718	17,183,718	17,487,088	303,370
Fees, permits and licenses	13,234,500	13,234,500	19,340,468	6,105,968
Fines and forfeitures	2,241,000	2,241,000	2,224,771	(16,229)
Interest	494,000	494,000	2,512,656	2,018,656
Service charges	4,473,200	4,473,200	5,316,891	843,691
Rental and use of property	615,000	615,000	729,825	114,825
Other revenues	2,276,179	2,276,179	2,833,237	557,058
Total revenues	129,492,597	129,492,597	143,002,750	13,510,153
 <u>EXPENDITURES</u>				
Current:				
General Government:				
County Council	3,030,845	2,208,041	1,605,575	602,466
Legal	612,829	728,829	727,812	1,017
Internal Auditor	147,460	150,960	150,929	31
Auditor	1,648,916	1,614,172	1,601,516	12,656
Treasurer	1,325,684	1,396,779	1,371,557	25,222
Register Mesne Conveyance	1,769,928	1,678,954	1,670,776	8,178
Legislative Delegation	154,003	154,023	148,174	5,849
Board of Elections & Voter Registration	753,757	1,018,933	1,016,320	2,613
County Administrator	928,310	839,066	673,285	165,781
Chief Deputy Administrator	415,207	418,207	405,510	12,697
Radio Communications	1,474,184	1,471,330	1,453,013	18,317
Planning Department	1,604,648	1,562,508	1,494,555	67,953
Human Resources	1,155,196	1,034,205	968,529	65,676
Safety & Risk Management	2,133,944	1,449,264	1,442,479	6,785
Facilities Management	9,446,758	8,849,054	8,871,842	177,212
Capital Projects Administration	1,217,369	1,020,833	1,017,975	2,858
Assessor	2,928,190	2,858,589	2,627,809	230,780
Chief Financial Officer	353,833	344,744	344,379	365
Budget	470,629	465,538	455,202	10,336
Business License/User Fee	336,867	332,266	330,429	1,837
Controller	932,811	930,611	910,314	20,297
Delinquent Tax	988,942	837,880	820,909	16,971
Grants Administration	672,283	663,595	663,575	20
Internal Services	420,000	386,000	371,821	14,179
Procurement	756,042	728,399	692,371	36,028
Geographic Information Systems	313,152	310,525	269,001	41,524
Information Technology Services	6,432,772	6,385,199	6,058,960	326,239
Contributions	276,500	336,500	336,500	-
Total general government	42,701,059	40,175,004	38,301,117	1,873,887

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Public Safety:				
Sheriff's Department	\$ 43,901,942	\$ 44,334,422	\$ 44,247,517	\$ 86,905
Building Services	1,173,782	1,206,546	1,206,110	436
Emergency Medical Services	10,999,910	10,676,935	10,580,875	96,060
Emergency Preparedness	254,481	262,085	261,721	364
Total public safety	56,330,115	56,479,988	56,296,223	183,765
Judicial:				
Public Defender	1,622,375	1,622,375	1,622,375	-
Clerk of Court	2,488,776	2,488,287	2,476,298	11,989
Coroner	466,999	428,499	424,725	3,774
Probate Court	1,199,671	1,256,354	1,241,427	14,927
Solicitor	3,459,103	3,389,107	3,364,351	24,756
Master-In-Equity	393,758	397,864	396,102	1,762
Medical Examiner's Commission	285,000	286,208	286,208	-
Magistrates	3,957,671	3,874,321	3,804,128	70,193
State Probation Office	850	850	697	153
Total judicial	13,874,203	13,743,865	13,616,311	127,554
Public Works:				
Public Works Department	8,750,957	8,837,015	8,308,238	528,777
Total public works	8,750,957	8,837,015	8,308,238	528,777
Health and Welfare:				
Department of Social Services	75,000	75,000	75,000	-
Health Department	258,858	258,858	231,609	27,249
Mental Health Department	52,987	52,987	52,987	-
Veterans Affairs	210,440	213,909	213,567	342
Mosquito Abatement	1,569,228	1,495,456	1,492,294	3,162
Indigent Care	1,140,182	1,140,682	1,140,540	142
Total health and welfare	3,306,695	3,236,892	3,205,997	30,895
Economic Development	487,780	530,766	530,653	113
Culture and Recreation:				
Charleston County Library	11,750,000	11,752,153	11,752,153	-
Total culture and recreation	11,750,000	11,752,153	11,752,153	-
Total expenditures	137,200,809	134,755,683	132,010,692	2,744,991
Excess (deficiency) of revenues over (under) expenditures	(7,708,212)	(5,263,086)	10,992,058	16,255,144

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Other financing sources (uses):				
Transfers In	\$ 2,784,372	\$ 2,784,372	\$ 2,792,719	\$ 8,347
Transfers Out	(5,473,678)	(7,563,802)	(7,918,501)	(354,699)
Proceeds from Sale of Fixed Assets	20,000	20,000	-	(20,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources and (uses)	(2,669,306)	(4,759,430)	(5,125,782)	(366,352)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	(10,377,518)	(10,022,516)	5,866,276	15,888,792
Fund balance at beginning of year (as restated)	<u>30,502,963</u>	<u>30,502,963</u>	<u>30,502,963</u>	<u>-</u>
Fund balance at end of year	<u>\$ 20,125,445</u>	<u>\$ 20,480,447</u>	<u>\$ 36,369,239</u>	<u>\$ 15,888,792</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2005

ASSETS	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Parking Garages	Non-Major Other Funds	Total	
Current assets:					
Non-pooled cash and cash equivalents	\$ 163,904	\$ 6,981	\$ 700	\$ 171,585	\$ -
Pooled cash and cash equivalents	8,106,499	3,370,973	5,412,515	16,889,987	7,504,550
Investments	650,000	-	-	650,000	-
Cash with fiscal agent	-	-	-	-	125,000
Receivables (net of allowances for uncollectibles)	2,969,234	35,455	1,990,114	4,994,803	245,174
Internal balances - current	2,439,000	(29,051)	3,083,925	5,493,874	-
Note receivable - current portion	47,366	-	-	47,366	-
Due from other funds	-	-	-	-	803,928
Inventories	-	-	-	-	242,596
Total current assets	14,376,003	3,384,358	10,487,254	28,247,615	8,921,248
Noncurrent assets:					
Restricted cash and cash equivalents	53,367,673	-	-	53,367,673	-
Notes receivable - non-current portion	500,878	-	-	500,878	-
Deferred issuance costs	305,518	113,380	88,943	507,841	-
Capital assets:					
Land	1,600,610	2,350,320	-	3,950,930	-
Buildings	3,509,190	11,911,002	9,326,808	24,747,000	1,682,304
Improvements other than buildings	1,544,042	-	497,838	2,041,880	-
Machinery and equipment	11,836,397	241,338	1,532,045	13,609,780	25,082,639
Construction in progress	1,275,081	-	-	1,275,081	-
Less accumulated depreciation	(10,504,213)	(2,283,276)	(1,916,301)	(14,703,790)	(17,514,090)
Total capital assets (net of accumulated depreciation)	9,261,107	12,219,384	9,440,390	30,920,881	9,250,853
Total noncurrent assets	63,435,176	12,332,764	9,529,333	85,297,273	9,250,853
Total assets	\$ 77,811,179	\$ 15,717,122	\$ 20,016,587	\$ 113,544,888	\$ 18,172,101

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2005

<u>LIABILITIES</u>	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Parking Garages	Non-Major Other Funds	Total	
Current liabilities:					
Accounts payable	\$ 695,257	\$ 43,260	\$ 135,512	\$ 874,029	\$ 3,749,161
Accrued payroll and fringe benefits	323,003	33,735	335,148	691,886	164,219
Compensated absences - current	13,040	4,273	44,727	62,040	360,943
Intergovernmental payable	9,746	6,805	36,002	52,553	1,805
Deferred revenue	35,832	-	-	35,832	11,923
Accrued interest payable	217,250	29,047	23,279	269,576	16,672
Note payable - current	-	-	-	-	47,366
Lease payable - current	-	-	-	-	16,599
Certificates of participation - current	-	469,605	315,646	785,251	-
Revenue bonds - current	1,171,664	-	-	1,171,664	-
Accrual for landfill closure - current	12,223,426	-	-	12,223,426	-
Total current liabilities	14,689,218	586,725	890,314	16,166,257	4,368,688
Noncurrent liabilities:					
Note payable	-	-	-	-	500,878
Compensated absences	422,206	48,863	310,263	781,332	-
Lease payable	-	-	-	-	31,689
Certificates of participation (net of unamortized discounts and deferred amount on refunding)	-	6,288,091	4,768,323	11,056,414	-
Revenue bonds (net of unamortized discounts)	11,830,666	-	-	11,830,666	-
Total noncurrent liabilities	12,252,872	6,336,954	5,078,586	23,668,412	532,567
Total liabilities	26,942,090	6,923,679	5,968,900	39,834,669	4,901,255
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	10,423,062	5,461,688	4,356,421	20,241,171	8,654,321
Restricted for construction	4,115,834	-	-	4,115,834	-
Restricted for landfill expansion	5,531,179	-	-	5,531,179	-
Restricted for debt service	1,494,786	-	-	1,494,786	-
Unrestricted	29,304,228	3,331,755	9,691,266	42,327,249	4,616,525
Total net assets	\$ 50,869,089	\$ 8,793,443	\$ 14,047,687	\$ 73,710,219	\$ 13,270,846

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Parking Garages	Non-Major Other Funds	Total	
Operating revenues:					
Charges for services	\$ 1,802,349	\$ 2,008,933	\$ 7,989,272	\$ 11,800,554	\$ 29,871,346
User fees	21,562,048	-	-	21,562,048	-
Energy sales	8,127,779	-	-	8,127,779	-
Sale of recyclables	2,112,451	-	-	2,112,451	-
Other revenues	985	-	156	1,141	-
Total operating revenues	33,605,612	2,008,933	7,989,428	43,603,973	29,871,346
Operating expenses:					
Personnel services	5,814,282	599,093	6,428,216	11,841,591	2,849,200
Contractual services	648,278	419,389	1,830,127	2,897,794	705,414
Materials and supplies	433,423	58,537	489,308	981,268	5,379,806
Utilities	78,928	117,854	756,984	953,766	1,229,603
Repairs and maintenance	26,810	66,762	173,304	266,876	101,306
Rental expenses	46,394	-	170,517	216,911	272,164
Vehicle fleet charges	1,536,403	2,458	43,219	1,582,080	106,991
Employee benefits	-	-	-	-	19,669,648
Other expenses	930,299	16,061	1,001,970	1,948,330	758,957
Ash disposal	1,625,337	-	-	1,625,337	-
Incinerator operations	7,910,814	-	-	7,910,814	-
Operator's debt	7,326,349	-	-	7,326,349	-
Depreciation and amortization	1,684,672	302,477	447,410	2,434,559	2,693,035
Provision for landfill closure	1,193,148	-	-	1,193,148	-
Total operating expenses	29,255,137	1,582,631	10,341,055	41,178,823	33,766,124
Operating income (loss)	4,350,475	426,302	(2,351,627)	2,425,150	(3,894,778)
Nonoperating revenues (expenses):					
Interest income	832,632	-	-	832,632	79,018
Interest expense	(732,600)	(335,868)	(333,402)	(1,401,870)	(34,033)
Intergovernmental revenues	183,796	-	979,365	1,163,161	-
Gain (loss) on disposal of assets	(33,579)	-	(278,224)	(311,803)	374,048
Total nonoperating revenues (expenses)	250,249	(335,868)	367,739	282,120	419,033
Income (loss) before transfers	4,600,724	90,434	(1,983,888)	2,707,270	(3,475,745)
Transfers out	(1,475,287)	(115,785)	-	(1,591,072)	(261,763)
Transfers in	1,450,382	570,903	2,859,322	4,880,607	3,104,366
Change in net assets	4,575,819	545,552	875,434	5,996,805	(633,142)
Total net assets - beginning as previously reported	43,852,870	8,254,076	10,079,666	62,186,612	13,968,988
Prior period adjustments	1,400	22,866	8,662	32,928	(65,000)
Total net assets - beginning as restated	43,854,270	8,276,942	10,088,328	62,219,540	13,903,988
Total net assets - ending	\$ 48,430,089	\$ 8,822,494	\$ 10,963,762	\$ 68,216,345	\$ 13,270,846
Adjustment to reflect the elimination of indirect costs charged by the general fund	\$ (678,920)	\$ -	\$ (1,197,783)	\$ (1,876,703)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	3,117,920	(29,051)	4,281,708	7,370,577	
Net assets of business-type activities	\$ 50,869,089	\$ 8,793,443	\$ 14,047,687	\$ 73,710,219	

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Parking Garages	Non-Major Other Funds	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 32,532,612	\$ 5,021,912	\$ 7,290,418	\$ 44,844,942	\$ 29,582,826
Cash receipts from interfund services provided	-	-	-	-	270,742
Cash payments to suppliers for goods and services	(19,905,749)	(696,785)	(4,483,621)	(25,086,155)	(27,912,871)
Cash payments to employees for services	(5,775,288)	(593,845)	(5,414,944)	(11,784,077)	(2,797,343)
Net cash provided by (used in) operating activities	6,851,575	3,731,282	(2,608,147)	7,974,710	(856,646)
Cash flows from noncapital financing activities:					
Transfers in (out)	(24,906)	455,118	2,859,332	3,289,544	2,842,603
Property and other taxes	-	-	1,550	1,550	-
Intergovernmental receipt	18,849	-	1,265,347	1,284,196	-
Net cash provided by (used in) noncapital financing activities	(6,057)	455,118	4,126,229	4,575,290	2,842,603
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(1,161,955)	(450,592)	(371,901)	(1,984,448)	(93,735)
Interest paid	(703,308)	(356,704)	(293,584)	(1,353,596)	(1,356)
Proceeds from refunding	-	2,205,327	1,820,188	4,025,515	-
Proceeds from sale of capital assets	158,075	-	17,725	175,800	600,556
Payment of refunding escrow agent	-	(2,163,320)	(1,785,518)	(3,948,838)	-
Debt issuance costs	-	(42,007)	(33,576)	(75,583)	-
Acquisition and construction of capital assets (including capitalized interest)	(1,272,284)	(3,000)	(1,064,864)	(2,340,148)	(2,502,119)
Net cash provided by (used in) capital and related financing activities	(2,979,472)	(810,296)	(1,711,530)	(5,501,298)	(1,996,654)
Cash flows from investing activities:					
Interfund loan principal payment received	44,612	-	-	44,612	-
Interest received	833,989	-	-	833,989	79,018
Net cash provided by investing activities	878,601	-	-	878,601	79,018
Net increase (decrease) in cash and cash equivalents	4,744,647	3,376,104	(193,448)	7,927,303	68,321
Cash and cash equivalents at beginning of year	56,893,429	1,850	5,606,663	62,501,942	7,561,229
Cash and cash equivalents at end of year	\$ 61,638,076	\$ 3,377,954	\$ 5,413,215	\$ 70,429,245	\$ 7,629,550
Reconciliation to balance sheet:					
Non-pooled cash and cash equivalents	\$ 163,904	\$ 6,981	\$ 700	\$ 171,585	\$ -
Pooled cash and cash equivalents	8,106,499	3,370,973	5,412,515	16,889,987	7,504,550
Restricted cash and cash equivalents	53,367,673	-	-	53,367,673	-
Cash with fiscal agent	-	-	-	-	125,000
Cash and cash equivalents at end of year	\$ 61,638,076	\$ 3,377,954	\$ 5,413,215	\$ 70,429,245	\$ 7,629,550

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Parking Garages	Non-Major Other Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 4,350,475	\$ 426,302	\$ (2,351,627)	\$ 2,425,150	\$ (3,894,778)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,684,672	302,477	447,410	2,434,559	2,693,035
Provision for landfill closure	1,193,148	-	-	1,193,148	-
Provision for uncollectible accounts	240,278	-	534,652	774,930	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	928,066	3,002,958	(1,231,147)	2,699,877	337,221
Decrease in inventory	-	-	-	-	(40,819)
Increase (decrease) in accounts payable	(447,070)	(5,703)	(20,707)	(473,480)	(3,662)
Increase (decrease) in accrued payroll	38,994	5,248	13,272	57,514	51,859
Increase (decrease) in deferred revenue	(3,340)	-	-	(3,340)	498
Increase in accrual for landfill closure	(1,133,648)	-	-	(1,133,648)	-
Total adjustments	2,501,100	3,304,980	(256,520)	5,549,560	3,038,132
Net cash provided by (used in) operating activities	\$ 6,851,575	\$ 3,731,282	\$ (2,608,147)	\$ 7,974,710	\$ (856,646)

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2005

ASSETS

Non-pooled cash and cash equivalents	\$ 9,618,332
Pooled cash and cash equivalents	17,458,673
Investments	<u>7,125,702</u>
 Total assets	 <u><u>\$ 34,202,707</u></u>

LIABILITIES

Due to component units	\$ 423,374
Intergovernmental payable	17,820,822
Due to third parties	<u>15,958,511</u>
 Total liabilities	 <u><u>\$ 34,202,707</u></u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2005

	Charleston County Library	Charleston County PRC	Cooper River Park & Playground	James Island PSD
ASSETS				
Non-pooled cash and cash equivalents	\$ 1,734,705	\$ 10,999,940	\$ 4,109	\$ 2,289,640
Investments	-	-	-	3,930,781
Receivables (net of allowances for uncollectibles)	5,594	13,493,062	171,256	4,610,825
Due from primary government	-	3,626	2,236	260,559
Inventories	53,049	308,312	-	7,791
Prepaid items and deposits	155,730	218,216	-	-
Deferred issuance costs	-	-	-	335,853
Restricted Assets:				
Cash and cash equivalents	-	2,446,186	-	851,653
Investments	-	-	-	317,608
Long term investments	-	-	-	-
Capital Assets:				
Land - nondepreciable	-	26,676,407	66,161	539,230
Buildings	-	35,859,628	185,374	1,483,249
Improvements other than buildings	-	18,070,570	436,620	46,964
Machinery and equipment	2,719,268	4,418,805	-	5,310,289
Infrastructure	-	4,186,014	-	28,900,584
Construction in progress	-	3,767,926	-	965,537
Library materials	21,280,633	-	-	-
Artwork - nondepreciable	11,000	-	-	-
Accumulated depreciation	(18,974,984)	(17,571,449)	(577,996)	(12,044,073)
Total assets	\$ 6,984,995	\$ 102,877,243	\$ 287,760	\$ 37,806,490
LIABILITIES				
Accounts payable	\$ 534,684	\$ 1,587,581	\$ -	\$ 363,608
Accrued payroll and fringe benefits	245,384	437,190	-	143,397
Intergovernmental payable	-	-	-	-
Interest payable	-	403,504	-	-
Deferred revenue	19,090	13,167,679	151,186	4,207,246
Noncurrent liabilities:				
Due within one year	32,969	3,299,062	-	640,973
Due in more than one year	687,869	18,612,341	-	9,028,987
Total liabilities	1,519,996	37,507,357	151,186	14,384,211
NET ASSETS				
Invested in capital assets, net of related debt	5,035,917	54,077,479	110,159	15,843,515
Restricted for:				
Technology	44,099	-	-	-
Construction	-	1,521,526	-	-
Debt service	-	4,011,923	-	1,330,496
Beach renourishment	-	32,750	-	-
Unrestricted	384,983	5,726,208	26,415	6,248,268
Total net assets	\$ 5,464,999	\$ 65,369,886	\$ 136,574	\$ 23,422,279

See notes to financial statements.

North Charleston District	St. Andrew's Parish Parks & Playground	St. John's Fire District	St. Paul's Fire District	Volunteer Fire & Rescue Squad Dec. 31, 2004	Totals
\$ 336,943	\$ 135,272	\$ 162,586	\$ 1,358,180	\$ 88,228	\$ 17,109,603
-	-	1,066,369	274,695	198,142	5,469,987
1,079,596	1,020,469	7,583,908	2,622,656	-	30,587,366
17,227	44,329	206,521	65,518	-	600,016
-	-	-	-	-	369,152
-	17,458	2,421,522	261,835	42,085	3,116,846
-	-	19,354	-	-	355,207
-	-	-	-	-	3,297,839
-	-	-	-	-	317,608
-	-	-	-	-	-
80,122	153,000	256,665	31,131	87,679	27,890,395
453,844	4,363,311	1,671,517	1,277,950	181,576	45,476,449
-	-	-	-	22,808	18,576,962
1,160,764	1,043,806	4,563,357	2,429,344	1,192,819	22,838,452
-	-	-	-	-	33,086,598
-	-	157,799	-	-	4,891,262
-	-	-	-	-	21,280,633
-	-	-	-	-	11,000
(1,169,473)	(2,035,352)	(3,338,051)	(2,120,773)	(951,650)	(58,783,801)
<u>\$ 1,959,023</u>	<u>\$ 4,742,293</u>	<u>\$ 14,771,547</u>	<u>\$ 6,200,536</u>	<u>\$ 861,687</u>	<u>\$ 176,491,574</u>
\$ -	\$ 79,456	\$ 101,175	\$ 87,475	\$ 2,123	\$ 2,756,102
-	75,524	139,717	-	-	1,041,212
13,022	2,170	-	-	-	15,192
-	-	142,093	-	-	545,597
1,109,531	1,245,961	7,439,080	2,712,348	-	30,052,121
-	86,956	544,142	67,820	-	4,671,922
-	106,422	3,781,350	-	-	32,216,969
<u>1,122,553</u>	<u>1,596,489</u>	<u>12,147,557</u>	<u>2,867,643</u>	<u>2,123</u>	<u>71,299,115</u>
525,257	3,358,547	1,789,115	1,617,652	-	82,357,641
-	-	-	-	-	44,099
-	-	-	-	-	1,521,526
-	-	125,597	-	-	5,468,016
-	-	-	-	-	32,750
311,213	(212,743)	709,278	1,715,241	859,564	15,768,427
<u>\$ 836,470</u>	<u>\$ 3,145,804</u>	<u>\$ 2,623,990</u>	<u>\$ 3,332,893</u>	<u>\$ 859,564</u>	<u>\$ 105,192,459</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets									
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charleston County Library	Charleston County PRC	Cooper River Park & Playground	James Island PSD	North Charleston District	St. Andrew's Parish Parks & Playground	St. John's Fire District	St. Paul's Fire District	Chas County Volunteer Fire Rescue Squad Dec. 31, 2004	Total
Charleston County Library														
Governmental Activities														
Culture and recreation	\$ 13,761,862	\$ 495,498	\$ 12,071,503	\$ 1,511,784	\$ 316,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 316,923
Charleston County PRC														
Governmental Activities														
General government	6,010,656	-	15,890	-	-	(5,994,766)	-	-	-	-	-	-	-	(5,994,766)
Culture and recreation	2,134,932	547,440	119,147	43,704	-	(1,424,641)	-	-	-	-	-	-	-	(1,424,641)
Planning and development	1,078,385	-	-	932,532	-	(145,853)	-	-	-	-	-	-	-	(145,853)
Interest and fiscal charges	366,266	-	-	-	-	(366,266)	-	-	-	-	-	-	-	(366,266)
Total governmental activities	9,590,239	547,440	135,037	976,236	-	(7,931,526)	-	-	-	-	-	-	-	(7,931,526)
Business-type activities														
Park operations	9,649,010	8,136,872	-	-	-	(1,512,138)	-	-	-	-	-	-	-	(1,512,138)
Total Charleston County PRC	19,239,249	8,684,312	135,037	976,236	-	(9,443,664)	-	-	-	-	-	-	-	(9,443,664)
Cooper River Park & Playground														
Governmental Activities														
General government	14,972	-	-	-	-	-	(14,972)	-	-	-	-	-	-	(14,972)
Culture and recreation	211,428	-	-	-	-	-	(211,428)	-	-	-	-	-	-	(211,428)
Total governmental activities	226,400	-	-	-	-	-	(226,400)	-	-	-	-	-	-	(226,400)
James Island PSD														
Governmental Activities														
General government	658,619	-	-	-	-	-	-	(658,619)	-	-	-	-	-	(658,619)
Public safety	2,714,644	-	-	28,624	-	-	-	(2,686,020)	-	-	-	-	-	(2,686,020)
Health and welfare	1,537,701	-	-	45,267	-	-	-	(1,492,434)	-	-	-	-	-	(1,492,434)
Total governmental activities	4,910,964	-	-	73,891	-	-	-	(4,837,073)	-	-	-	-	-	(4,837,073)
Business-type activities														
Wastewater	4,018,240	4,678,979	-	-	-	-	-	660,739	-	-	-	-	-	660,739
Total James Island PSD	8,929,204	4,678,979	-	73,891	-	-	-	(4,176,334)	-	-	-	-	-	(4,176,334)
North Charleston District														
Governmental Activities														
General government	18,677	-	-	-	-	-	-	-	(18,677)	-	-	-	-	(18,677)
Public safety	1,069,221	-	-	24,447	-	-	-	-	(1,044,774)	-	-	-	-	(1,044,774)
Public works	417,585	-	-	-	-	-	-	-	(417,585)	-	-	-	-	(417,585)
Total governmental activities	1,505,483	-	-	24,447	-	-	-	-	(1,481,036)	-	-	-	-	(1,481,036)

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets									
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charleston County Library	Charleston County PRC	Cooper River Park & Playground	James Island PSD	North Charleston District	St. Andrew's Parish Parks & Playground	St. John's Fire District	St. Paul's Fire District	Chas County Volunteer Fire Rescue Squad Dec. 31, 2004	Total
St. Andrew's Parish Parks and Playground Commission														
Governmental Activities														
General government	\$ 996,564	\$ -	\$ 6,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (989,616)	\$ -	\$ -	\$ -	\$ (989,616)
Culture and recreation	624,448	441,006	-	-	-	-	-	-	-	(183,442)	-	-	-	(183,442)
Interest	3,789	-	-	-	-	-	-	-	-	(3,789)	-	-	-	(3,789)
	<u>1,624,801</u>	<u>441,006</u>	<u>6,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,176,847)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,176,847)</u>
Business-type activities														
Family recreation	965,043	961,628	-	-	-	-	-	-	-	(3,415)	-	-	-	(3,415)
Total St. Andrew's Parish Parks and Playground Commission	<u>2,589,844</u>	<u>1,402,634</u>	<u>6,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,180,262)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,180,262)</u>
St. John's Fire District														
Governmental Activities														
Public safety	6,939,941	-	-	22,392	-	-	-	-	-	-	(6,917,549)	-	-	(6,917,549)
St. Paul's Fire District														
Governmental Activities														
Public safety	2,806,532	-	-	-	-	-	-	-	-	-	-	(2,806,532)	-	(2,806,532)
Charleston County Volunteer Fire & Rescue Squad														
Public Safety	300,692	-	352,588	-	-	-	-	-	-	-	-	-	51,896	51,896
Total Component Units	<u>\$ 56,299,207</u>	<u>\$ 15,261,423</u>	<u>\$ 12,566,076</u>	<u>\$ 2,608,750</u>										<u>(25,862,958)</u>
General Revenues														
Property taxes					-	12,700,696	160,392	4,945,444	1,089,415	1,121,881	6,821,483	2,828,107	-	29,667,418
Merchants inventory tax and manufacturer's depreciation					-	157,084	55,574	-	219,532	29,676	27,094	21,168	-	510,128
Franchise fees					-	-	-	-	80,471	-	-	-	-	80,471
Grants not restricted to specific programs					-	2,424	-	-	-	-	-	-	-	2,424
Unrestricted investment earnings					32,474	193,971	4	119,181	3,105	-	38,352	23,993	5,642	416,722
Gain on sale of capital assets					-	-	-	-	2,331	-	687	-	-	3,018
Fundraising and donations					-	-	-	-	-	23,871	-	-	-	23,871
Miscellaneous					-	269,731	-	16,241	-	-	11,232	10,541	2,851	310,596
Total General Revenues					<u>32,474</u>	<u>13,323,906</u>	<u>215,970</u>	<u>5,080,866</u>	<u>1,394,854</u>	<u>1,175,428</u>	<u>6,898,848</u>	<u>2,883,809</u>	<u>8,493</u>	<u>31,014,648</u>
Change in Net Assets					349,397	3,880,242	(10,430)	904,532	(86,182)	(4,834)	(18,701)	77,277	60,389	5,151,690
Net Assets Beginning of Year as restated					5,115,602	61,489,644	147,004	22,517,747	922,652	3,150,638	2,642,691	3,255,616	799,175	100,040,769
Net Assets End of Year					<u>\$ 5,464,999</u>	<u>\$ 65,369,886</u>	<u>\$ 136,574</u>	<u>\$ 23,422,279</u>	<u>\$ 836,470</u>	<u>\$ 3,145,804</u>	<u>\$ 2,623,990</u>	<u>\$ 3,332,893</u>	<u>\$ 859,564</u>	<u>\$ 105,192,459</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

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

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2005.

B. Financial Reporting Entity

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

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

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

Blended Component Units Reported with the Primary Government	Brief Description of Activities and Relationship to the County	Reporting Funds
Charleston Public Facilities Corporation Administrative Office Address: 4045 Bridge View Drive Room 429 Charleston, SC 29405 Telephone: (843) 958-4600	Single purpose corporate entity established on July 31, 1990 which is prohibited from engaging in any business other than to construct, own and lease facilities to be used for essential County functions in connection with the issuance of tax-exempt Certificates of Participation to finance such facilities. The Corporation is governed by a Board of Directors who are appointed to staggered terms by County Council. The Corporation exists solely for the benefit of Charleston County.	Debt Service Fund - Certificates of Participation Capital Projects Fund - 2005 COP Fund Enterprise Fund - Parking Garages DAODAS
Charleston Development Corporation Administrative Office Address: 4045 Bridge View Drive Suite B226 N. Charleston, SC 29405	Non-Profit Corporate entity established September 16, 2004 to further human, social and economic development in the County of Charleston and to promote a healthier and safer community. The Corporation is governed by a Board of Directors which shall consist of one member of Charleston County Council, two Charleston County employees and two Charleston County citizens.	Special Revenue Fund – Charleston Development Corporation

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

<u>Discretely Presented Component Units</u>	<u>Brief Description of Activities and Relationship to the County</u>
Charleston County Park and Recreation Commission (CCPRC) Administrative Office Address: 861 Riverland Drive Charleston, SC 29412 Telephone: (843) 762-2172	The Commission was created under the provisions of Act 1595 of the South Carolina Legislature on August 3, 1972. The Commission is empowered to acquire land, establish recreational facilities and provide recreational activities within Charleston County. The Commission is governed by a seven member board which is appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the Commission.
Cooper River Park & Playground Commission (CRPPC) Administrative Office Address: 3841 Chestnut Street Charleston, SC 29405 Telephone: (843) 747-0776	The Commission was created on April 27, 1942 under Act 640 of the South Carolina Legislature to provide parks and recreation facilities for use by citizens residing within the geographic boundaries of the Commission. The Commission is governed by a six member Board of Trustees appointed by the North Charleston District and the Cooper River School District. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the Commission.
North Charleston District (NCD) Administrative Office Address: P.O. Box 63009 Charleston, SC 29419 Telephone: (843) 764-3072	The District was created as a public service district in 1972 by Act 1768 of the South Carolina Legislature. The District provides fire, sanitation, street lighting and cleaning services to the residents within its geographic boundaries. The District is governed by a nine member Commission appointed by the Governor through recommendations of the City of North Charleston and the Legislative Delegation. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the District.
James Island Public Service District (JIPSD) Administrative Office Address: P.O. Box 12140 Charleston, SC 29422 Telephone: (843) 795-9060	The District was created by Act 498 of the General Assembly of South Carolina in 1961. The District provides sanitation, fire protection and sewer treatment services to the residents within its geographic boundaries. The District is governed by a seven member Commission elected by the residents of the service area. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the District.
St. Andrew's Parish Parks & Playground Commission (SAPPPC) Administrative Office Address: P.O. Box 31825 Charleston, SC 29407 Telephone: (843) 763-4360	The Commission was created by the General Assembly of the State of South Carolina in 1945. The Commission has the power to create, develop, maintain and operate a system of parks and playgrounds for the use and benefit of the residents within its jurisdictional area. The Commission is governed by five members appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the Commission.
St. John's Fire District (SJFD) Administrative Office Address: P.O. Box 56 Johns Island, SC 29457 Telephone: (843) 559-9194	The Fire District was created by Act 369 of the South Carolina General Assembly on April 9, 1959. The Fire District provides fire protection services to residents within its geographic boundaries. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes and authorizes the issuance of all general obligation debt for the Fire District.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

C. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental and business-type activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues and all taxes are presented as general revenues of the County, with certain limited exceptions.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

Fund Financial Statements

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

Fund Accounting

The major fund types are:

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

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

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

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

2005 Certificates of Participation Refunding Capital Projects Fund – This fund accounts for the financial resources to refund the currently outstanding balances of the Charleston Public Facilities Corporation (C.P.F.C.). This series refunded \$19,950,000 of the outstanding balance of the Series 1995 CPFC Certificates of Participation which was applied to the construction and acquisition of the Judicial Center and renovations to the O.T. Wallace County Office Building.

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

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

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

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

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

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

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

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

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

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

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

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

D. Measurement Focus

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

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

E. Basis of Accounting

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise on the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2004 but which were levied to finance fiscal year 2006 operations have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

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F. Assets, Liabilities and Equity

1. Cash and Investments

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

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

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

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

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

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any

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residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

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

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

The County bills and collects property taxes for itself and all other taxing entities within the County. Property taxes are recognized in the period for which they are levied and available for financing current expenditures. Property taxes receivable represent current and delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year-end, except those collected within 60 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds. Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 - three percent, February 1 - an additional seven percent, March 16 - an additional five percent. On March 16, the property tax bills are turned over to the delinquent tax office and the properties are subject to sale. Taxes on licensed motor vehicles are levied during the month when the taxpayer's vehicle license registration is up for renewal. The County must provide proof of payment to the South Carolina Department of Transportation before that agency will renew the taxpayer's vehicle license.

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

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

4. Restricted Assets

Certain assets of the County's Debt Service, Capital Projects and Enterprise Funds and component units derived from proceeds of various General Obligation Bonds, Revenue Bonds and Certificates of

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Participation are set aside for their repayment or earmarked by the Trustee for specific purposes.

These assets are classified as restricted assets on the balance sheet in both the government-wide and fund financial statements, because their use is limited by applicable bond covenants.

5. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the assets are not capitalized by governmental or business-type activities.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended June 30, 2005.

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

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

6. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Deferred refunding costs represent the difference between the reacquisition price and the net carrying value of the refunded debt.

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Compensated Absences*

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

8. *Fund Equity*

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

9. *Accounting Estimates*

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

10. *Net Assets*

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

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

11. *Operating Revenues and Expenses*

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

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12. Interfund Activity

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The legal level of budgetary control is determined by County Council at the individual fund level. Expenditures by department, suborganizational level and major category, i.e. personnel, non-personnel and capital outlay, are further defined in the budget document and are subject to County Administrator approval. The County Administrator is authorized to make transfers between major expenditure categories within departments and between departments within the same fund. The Administrator has further delegated to the Deputy Administrators the authority to transfer between departments. The budget ordinance must be amended by Council to effect changes in fund totals.

Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations were necessary. The results were increases and decreases within the individual departments within the funds. All annual appropriations lapse at year-end.

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
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B. Restatement of Prior Year Fund Equities

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

	Primary Government				
	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Debt Service	Enterprise	Internal Service
Equity July 1, 2004	\$ 30,510,909	\$ 17,525,426	\$ 11,951,945	\$ 62,186,612	\$ 13,968,988
Restatements:					
Pooled cash	(12,250)	59,250	-	-	(65,000)
Prepaid expense	-	-	42,630	4,000	-
Accounts receivable	(711)	(68,000)	-	4,662	-
Capital Assets	-	-	-	22,866	-
Deferred Revenue	5,015	(172,376)	-	1,400	-
Equity July 1, 2004 (as restated)	<u>\$ 30,502,963</u>	<u>\$ 17,344,300</u>	<u>\$ 11,994,575</u>	<u>\$ 62,219,540</u>	<u>\$ 13,903,988</u>
	Governmental Activities		Business-type Activities		
Net Assets July 1, 2004	\$ 116,194,687		\$ 65,706,360		
Restatements:					
Fund restatements as noted above	<u>(211,442)</u>		<u>32,928</u>		
Net Assets July 1, 2004 (as restated)	<u>\$ 115,983,245</u>		<u>\$ 65,739,288</u>		
	Component Units				
	SAPPPC	CCPRC			
Net Assets July 1, 2004	\$ 3,425,228	\$ 62,926,858			
Restatements:					
Deferred Revenue	(274,590)	-			
Capital assets (net)	<u>-</u>	<u>(1,437,214)</u>			
Net Assets July 1, 2004 (as restated)	<u>\$ 3,150,638</u>	<u>\$ 61,489,644</u>			

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III. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits, Cash Equivalents and Investments

Custodial Credit Risk - Deposits

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

As of June 30, 2005, \$3,345,333 of the County's bank balance of \$168,156,291 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 16,279
Collateralized by securities held by the pledging bank's Trust department not in the County's name	<u>3,338,054</u>
	<u>\$ 3,354,333</u>

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2005, the County had no exposure to custodial credit risk on their investments which total \$52,187,479. \$45,061,777 is reported on the Statement of Net Assets and \$7,125,702 is reported with Agency Funds.

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

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

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

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

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The County had \$20,521,785 invested in the South Carolina Local Government Investment Pool. \$19,415,694 has been invested in certificates of deposits or US Treasuries or US obligations and therefore by definition are not subject to credit risk. The remaining \$12,250,000 has been invested in Federal Home Loan Mortgage Corporation (FHLM). FHLM is rated AAA for long-term unsecured debt and A1+ for short-term notes by Standards & Poor's.

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

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

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

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

The County's investment in Federal Home Loan Mortgage Corporation has a fair value of \$12,012,903 as of June 30, 2005. The maturities are as follows; \$2,250,000 on December 30, 2005, \$5,000,000, on March 6, 2006 and \$5,000,000 on December 30, 2008.

Concentrations of Credit Risk

More than 5 percent of the County's investments are in US Government Agencies. Investments in Federal Home Loan Mortgage Corporation represents 23.47% of the County's total investments.

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Component Units

Cash Deposits, Cash Equivalents and Investments

Interest Rate Risk

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

Custodial Credit Risk

St Paul's Fire District invests in overnight repurchase agreements that total \$1,218,535 at June 30, 2005. These are uninsured and unregistered with securities held by the counterparty, or by its trust department or agent, but not in St Paul's Fire District's name. The remaining component units were not subject to custodial credit risk.

Credit Risk

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

Concentration of Risk

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

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

Cash on hand – primary government	\$ 48,563
Cash on hand – component units	60,452
Carrying amount of deposits - primary government	165,436,251
Carrying amount of deposits - component units	20,346,990
Carrying amount of investments - primary government	52,187,479
Carrying amount of investments – component units	5,787,595
Cash with fiscal agent – primary government	125,000
Total carrying amount of cash and investments	<u>\$ 243,992,330</u>
Non-pooled cash and cash equivalents	\$ 31,601,214
Pooled cash and cash equivalents	92,232,735
Restricted cash and cash equivalents	62,058,307
Pooled investments	44,411,777
Investments	13,245,689
Restricted investments	317,608
Cash with fiscal agent	<u>125,000</u>
Total carrying amount of cash and investments	<u>\$ 243,992,330</u>

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B. Receivables

Receivables as of June 30, 2005, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				
	<u>General</u>	<u>Debt Service</u>	<u>GOB Capital Projects</u>	<u>2005 COP Capital Projects</u>	<u>Non-major Governmental Funds</u>
Primary government:					
Receivables:					
Current property taxes	\$ 90,645,794	\$ 14,882,145	\$ -	\$ -	\$ 5,754,322
Delinquent property taxes	3,451,587	1,005,637	-	-	291,492
Accounts	28,342,540	-	-	-	2,461,336
Intergovernmental	11,659,903	-	-	-	13,357,254
Notes	-	-	-	-	346,672
Interest	-	413	-	-	687
Gross receivables	<u>134,099,824</u>	<u>15,888,195</u>	<u>-</u>	<u>-</u>	<u>22,211,763</u>
Less allowance for uncollectibles:					
Current property taxes	3,571,445	549,151	-	-	267,584
Delinquent property taxes	1,766,866	510,904	-	-	142,555
Accounts	25,197,197	-	-	-	930,000
Notes	-	-	-	-	346,672
Gross allowance	<u>30,535,508</u>	<u>1,060,055</u>	<u>-</u>	<u>-</u>	<u>1,686,811</u>
Net total receivable	<u>\$103,564,316</u>	<u>\$14,828,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,524,952</u>

	Proprietary	Totals
	<u>Business-type Activities</u>	<u>Governmental Activities - Internal Service Funds</u>
Receivables:		
Current property taxes	\$ -	\$ -
Delinquent property taxes	7,462	-
Accounts	8,428,590	19,805
Intergovernmental	1,082,480	225,369
Notes	-	-
Interest	<u>16,672</u>	<u>-</u>
Gross receivables	<u>9,535,204</u>	<u>245,174</u>
		<u>Primary Government</u>
		\$ 111,282,261
		4,756,178
		39,252,271
		26,325,006
		346,672
		<u>17,772</u>
		<u>181,980,160</u>

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Less allowance for uncollectables:			
Current property taxes	-	-	4,388,180
Delinquent property taxes	4,280	-	2,424,605
Accounts	4,536,121	-	30,663,318
Notes	-	-	346,672
	<u>4,540,401</u>	<u>-</u>	<u>37,822,775</u>
Gross allowance			
Net total receivable	<u>\$ 4,994,803</u>	<u>\$ 245,174</u>	<u>\$ 144,157,385</u>

Component Units:	CCL	CCPRC	CRPPC	JIPSC	NCD
Receivables:					
Current property taxes	\$ -	\$ 12,661,259	\$ 160,648	\$ 4,390,323	\$ 1,088,589
Delinquent property taxes	-	669,401	6,568	246,995	46,428
Accounts	5,594	77,064	-	201,007	-
Intergovernmental	-	927,184	12,198	-	-
	<u>5,594</u>	<u>14,334,908</u>	<u>179,414</u>	<u>4,838,325</u>	<u>1,135,017</u>
Gross receivables					
Less allowance for uncollectables:					
Current property taxes	-	465,934	7,405	183,077	47,654
Delinquent property taxes	-	375,912	753	24,923	7,767
Accounts	-	-	-	19,500	-
Gross allowance	-	841,846	8,158	227,500	55,421
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivable	<u>\$ 5,594</u>	<u>\$ 13,493,062</u>	<u>\$ 171,256</u>	<u>\$ 4,610,825</u>	<u>\$ 1,079,596</u>

	SAPPPC	SJFD	SPFD	Total Component Units
Receivables:				
Current property taxes	\$ 1,028,199	\$ 7,655,801	\$ 2,712,348	\$ 29,697,167
Delinquent property taxes	71,964	179,220	270,556	1,491,132
Accounts	-	35,468	-	319,133
Intergovernmental	-	-	-	939,382
Notes	-	-	-	-
	<u>1,100,163</u>	<u>7,870,489</u>	<u>2,982,904</u>	<u>32,446,814</u>
Gross receivables				

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Less allowance for uncollectables:

Current property taxes	53,158	216,721	209,122	1,183,071
Delinquent property taxes	26,536	69,860	151,126	656,877
Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,500</u>
Gross allowance	<u>79,694</u>	<u>286,581</u>	<u>360,248</u>	<u>1,859,448</u>
Net total receivable	<u>\$ 1,020,469</u>	<u>\$ 7,583,908</u>	<u>\$ 2,622,656</u>	<u>\$ 30,587,366</u>

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

The County's Capital Projects Fund received a note from the Charleston County Housing Authority (CCHA) representing a \$70,000 non-interest bearing loan in fiscal year 1998. There is no maturity date on this note. Because of collectibility questions, the loan was expended on the County's books when made with a corresponding entry to deferred revenue. The balance of this note was paid in full by the Charleston County Housing Authority in fiscal year 2005.

County Council sold the Charleston Memorial Hospital to the Medical University Hospital Authority, an affiliate of the Medical University of South Carolina on July 1, 2001 in exchange for a long-term note receivable in the amount of \$12,881,827 payable over 20 years with an effective interest rate of 5.171 percent per annum. The balance of this note was paid in full by the Medical University Hospital Authority in fiscal year 2005.

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

The following reflects the future minimum payments receivable at June 30, 2005 under these notes receivable:

	Primary Government
Year Ending June 30	Business-type Activities
2006	\$ 80,001
2007	80,001
2008	80,001
2009	80,001
2010	80,001
Later years	<u>320,004</u>
Total minimum note payments	\$ 720,009

COUNTY OF CHARLESTON, SOUTH CAROLINA
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Less amount representing interest	\$ (171,765)
Present value of minimum note payments	548,244
Less current portion	(47,366)
Long-term portion	<u>\$ 500,878</u>

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2005 was as follows:

Governmental Activities:	<u>Balance as July 1, 2004</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2005</u>
Capital assets not being depreciated:				
Land	\$ 5,853,579	\$ -	\$ (1,890,475)	\$ 3,963,104
Construction in progress	23,221,927	2,818,333	(25,584,870)	455,390
Infrastructure	<u>9,302,580</u>	<u>965,955</u>	<u>(231,071)</u>	<u>10,037,464</u>
Total capital assets not being depreciated	<u>38,378,086</u>	<u>3,784,288</u>	<u>(27,706,416)</u>	<u>14,455,958</u>
Capital assets being depreciated:				
Buildings	178,165,436	26,420,837	(1,562,656)	203,023,617
Improvements other than buildings	3,210,228	-	(6,141)	3,204,087
Machinery and equipment	57,005,986	11,709,898	(3,159,372)	65,556,512
Infrastructure	<u>38,828,641</u>	<u>7,575,198</u>	<u>-</u>	<u>46,403,839</u>
Total capital assets being depreciated	<u>277,210,291</u>	<u>45,705,933</u>	<u>(4,728,169)</u>	<u>318,188,055</u>
Less accumulated depreciation:				
Buildings	(37,009,991)	(3,983,148)	912,528	(40,080,611)
Improvements other than buildings	(1,225,423)	(75,418)	4,744	(1,296,097)
Machinery and equipment	(36,540,676)	(6,921,022)	3,227,158	(40,234,540)
Infrastructure	<u>(22,276,754)</u>	<u>(6,764,270)</u>	<u>-</u>	<u>(29,041,024)</u>
Total accumulated depreciation	<u>(97,052,844)</u>	<u>(17,743,858)</u>	<u>4,144,430</u>	<u>(110,652,272)</u>
Total capital assets being depreciated, net	<u>180,157,447</u>	<u>27,962,075</u>	<u>(583,739)</u>	<u>207,535,783</u>
Governmental activities,				
Total capital assets, net	<u>\$ 218,535,533</u>	<u>\$ 31,746,363</u>	<u>\$ (28,290,155)</u>	<u>\$ 221,991,741</u>

The Town of James Island was dissolved resulting in a gain of \$3,471,464 due to infrastructure being added back to Charleston County.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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	Balance as July 1, 2004	Transfers/ Additions	Transfers/ Additions	Balance June 30, 2005
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 3,950,930	\$ -	\$ -	\$ 3,950,930
Construction in progress	1,060,618	214,463	-	1,275,081
Total capital assets not being depreciated	<u>5,011,548</u>	<u>214,463</u>	<u>-</u>	<u>5,226,011</u>
Capital assets being depreciated:				
Buildings	24,747,000	-	-	24,747,000
Improvements other than buildings	2,302,658	6,140	(266,918)	2,041,880
Machinery and equipment	13,522,402	2,086,570	(1,999,192)	13,609,780
Total capital assets being depreciated	<u>40,572,060</u>	<u>2,092,710</u>	<u>(2,266,110)</u>	<u>40,398,660</u>
Less accumulated depreciation:				
Buildings	(4,680,498)	(542,154)	-	(5,222,652)
Improvements other than buildings	(1,494,056)	(74,726)	263,234	(1,305,548)
Machinery and equipment	(7,947,513)	(1,770,122)	1,542,045	(8,175,590)
Total accumulated depreciation	<u>(14,122,067)</u>	<u>(2,387,002)</u>	<u>1,805,279</u>	<u>(14,703,790)</u>
Total capital assets being depreciated, net	<u>26,449,993</u>	<u>(294,292)</u>	<u>(460,831)</u>	<u>25,694,870</u>
Business-type activities				
Total capital assets, net	<u>\$ 31,461,541</u>	<u>\$ (79,829)</u>	<u>\$ (460,831)</u>	<u>\$ 30,920,881</u>

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

Governmental Activities:

General government	\$ 6,013,005
Public safety	2,298,774
Judicial	1,519,128
Public works	2,232,985
Health and welfare	168,032
Culture and recreation	701,005
Economic Development	<u>4,166</u>
Subtotal	\$ 12,937,095
Special Item – dissolution of James Island	<u>4,806,763</u>
Total	<u>\$ 17,743,858</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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Business-type Activities:

Solid Waste	\$ 1,649,424
Parking Garages	296,081
DAODAS	285,100
E-911 Communications	<u>156,397</u>

Total	<u><u>\$ 2,387,002</u></u>
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Component Units:	Balance as Restated July 1, 2004	Additions	Deletions	Balance June 30, 2005
Capital assets not being depreciated:				
Land	\$ 26,815,952	\$ 1,074,443	\$ -	\$ 27,890,395
Artwork	11,000	-	-	11,000
Construction in progress	<u>776,525</u>	<u>5,339,592</u>	<u>(1,224,855)</u>	<u>4,891,262</u>
Total capital assets not being depreciated	<u>27,603,477</u>	<u>6,414,035</u>	<u>(1,224,855)</u>	<u>32,792,657</u>
Capital assets being depreciated:				
Buildings	45,440,445	113,309	(77,305)	45,476,449
Improvements other than buildings	19,643,701	2,332	(1,069,071)	18,576,962
Machinery and equipment	22,572,791	1,139,275	(873,614)	22,838,452
Infrastructure	31,936,290	1,193,959	(43,651)	33,086,598
Library materials	<u>19,036,347</u>	<u>3,111,998</u>	<u>(867,712)</u>	<u>21,280,633</u>
Total capital assets being depreciated	<u>138,629,574</u>	<u>5,560,873</u>	<u>(2,931,353)</u>	<u>141,259,094</u>
Less accumulated depreciation	<u>(54,081,839)</u>	<u>(6,459,501)</u>	<u>1,757,539</u>	<u>(58,783,801)</u>
Total capital assets being depreciated, net	<u>84,547,735</u>	<u>(898,628)</u>	<u>(1,173,814)</u>	<u>82,475,293</u>
Component units				
Total capital assets, net	<u><u>\$ 112,151,212</u></u>	<u><u>\$ 5,515,407</u></u>	<u><u>\$ (2,398,669)</u></u>	<u><u>\$ 115,267,950</u></u>

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

General government	\$ 1,521,038
Public safety	850,724
Culture and recreation	2,493,429
Health and welfare	103,492
Family recreation center	97,988
Park operations	791,641
Waste water	<u>601,189</u>
 Total	 <u>\$ 6,459,501</u>

Construction in progress in the Governmental Activities as of June 30, 2005 is composed of the following:

	<u>Project Authorization</u>	<u>Expended to June 30, 2005</u>	<u>Commitments Outstanding</u>	<u>Required Future Financing</u>
Primary government:				
Juvenile Detention Center	\$ 8,096,000	\$ 410,191	\$ 97,847	None
Medic 2	1,295,463	4,538	7,950	None
Medic 15	745,481	7,711	13,200	None
Adult Detention Facility	<u>2,182,950</u>	<u>32,950</u>	<u>3,985</u>	None
Total primary government	<u>\$ 12,319,894</u>	<u>\$ 455,390</u>	<u>\$ 122,982</u>	

Commitments outstanding represent signed contracts and outstanding encumbrances of the County. As of June 30, 2005, the County has assets under capital lease with a total cost of \$5,315,201 and a net book value of \$3,901,433. The assets are computer equipment depreciated over a three to five year period and included in the County's machinery and equipment capital asset category. Also included is a capital lease for the Lee Building which is being depreciated over a 45 year period. This asset is included in the buildings capital asset category.

Construction in progress as of June 30, 2005 in the Business-type activities is composed of the following:

	<u>Project Authorization</u>	<u>Expended to June 30, 2005</u>	<u>Commitments Outstanding</u>	<u>Required Future Financing</u>
Primary government:				
Solid Waste Lined Landfill	<u>\$ 5,745,642</u>	<u>\$ 1,117,508</u>	<u>\$ 5,531,179</u>	None
Total primary government	<u>\$ 5,745,642</u>	<u>\$ 1,117,508</u>	<u>\$ 5,531,179</u>	
Component Unit:				
SJFD				
Fire stations construction	\$ 1,500,000	\$ 157,799	\$ 1,342,201	
Fire truck and equipment	900,000	872,156	27,844	
Fire prevention trailer	<u>43,093</u>	<u>10,000</u>	<u>33,093</u>	
	<u>2,443,093</u>	<u>1,039,955</u>	<u>1,403,138</u>	None
JIPSD				
Waste water upgrade	<u>2,841,800</u>	<u>965,537</u>	<u>1,876,263</u>	\$ 2,191,800
Total component units	<u>\$ 5,284,893</u>	<u>\$ 2,005,492</u>	<u>\$ 3,279,401</u>	

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

D. Inter-fund Receivables and Payables

The composition of primary government interfund balances at June 30, 2005 is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Major governmental funds:		
General Fund	\$ 5,538,770	\$ 803,928
Non-major governmental funds	-	5,538,770
Internal service funds	<u>803,928</u>	<u>-</u>
Total	<u>\$ 6,342,698</u>	<u>\$ 6,342,698</u>

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

E. Inter-fund Transfers

A summary of transfers is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major governmental funds:		
General Fund	\$ 2,792,719	\$ (7,918,501)
Debt Service Fund	5,070,093	(2,795,087)
G.O.B. Capital projects	10,092	-
2005 C.O.P. Capital projects	216,642	-
Non-major governmental funds	3,359,052	(6,867,148)
Major business-type activities:		
Solid Waste	1,450,382	(1,475,287)
Parking Garage	570,903	(115,785)
Non-major business-type activities	2,859,322	-
Internal Service Funds	<u>3,104,366</u>	<u>(261,763)</u>
Total	<u>\$ 19,433,571</u>	<u>\$ (19,433,571)</u>

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

F. Leases

Operating Leases

In March 2003, the County entered into a three year operating lease with IBM for software for the County's mainframe computer. The minimum monthly charge for this software is \$18,949.85. The rental expense associated with the software for the year ended June 30, 2005 is \$226,937. The future minimum lease payment under this non-cancelable operating lease is as follows:

<u>Year Ending June 30</u>	<u>Lease Payment</u>
2006	\$170,541

COUNTY OF CHARLESTON, SOUTH CAROLINA
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In December 2002, the Charleston County Library renegotiated its lease agreement for copiers. The lease agreement is for a sixty-month period commencing December 30, 2002, with a minimum monthly charge of \$10,419, for a total minimum commitment of \$625,115 over the term of the lease. In 2005, the agreement was amended for an additional copier increasing the minimum monthly charge to \$10,704 and the total minimum commitment to \$636,800. In addition to this lease the Library holds other verbal agreements with various parties for the rental of Library branches. These leases run on a month-to-month basis and are cancelable by either party. Rental expense associated with the copier and facilities leases for the year ended June 30, 2005, is \$137,522.

In December 1997, the St. Andrews Parks and Playground Commission entered into a ten-year lease for lighting systems, equipment and maintenance service with fees of \$1,789 per month. Lease expenses for the year ended June 30, 2005 on this lease was \$21,478.

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

Year Ending June 30	CCL	SAPPC
2006	\$ 128,443	\$ 21,478
2007	128,443	21,478
2008	64,222	8,949
	<u>\$ 321,108</u>	<u>\$ 51,905</u>

G. Landfill Closure

State and federal laws and regulations require the County to place a final cover on its Romney Street and Bees Ferry landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$12,223,426 reported as the accrual for landfill closure at June 30, 2005 represents the cumulative amount reported less \$12,755,005 paid to date based on the following information:

Landfill Site	Percentage Of Capacity Used	Estimated Costs Recognized			Balance To Be Recognized
		Closure	Postclosure	Total	
Romney Street	100%	\$ 5,633,678	\$ 930,000	\$ 6,563,678	\$ -
Bees Ferry:					
Ash storage facility	100%	1,082,518	295,000	1,377,518	-
72 acres	100%	6,038,809	-	6,038,809	-
68 acres	94.85%	9,090,000	2,505,000	11,595,000	596,574
Totals		<u>\$21,845,005</u>	<u>\$ 3,730,000</u>	<u>\$25,575,005</u>	<u>\$ 596,574</u>

The County will recognize the remaining estimated costs of closure and postclosure care of \$596,574 as the available capacity is filled over the following year. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2005. The County began to close the Land fills in 1994 with final closure of the Bees Ferry site scheduled in 2006. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The County anticipates that available

COUNTY OF CHARLESTON, SOUTH CAROLINA
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resources will be the primary source of funds to pay the cost of closure.

The County has issued under separate cover, a certification signed by its Chief Financial Officer stating compliance with final Environmental Protection Agency regulations regarding financial assurance for operators of Municipal Solid Waste Landfill Facilities, including a required statement from our independent auditors. The computations required under these regulations are included in page 183 in the statistical section of this report.

H. Short-term Debt

The County had no short-term borrowings during the fiscal year. Some of the County's component units use short-term tax anticipation notes to finance general operating expenditures during the fiscal year ended June 30, 2005. James Island PSD borrowed \$600,000 at 1.5% interest per annum from its enterprise fund. The activity in short-term debt for the fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
CCPRC	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -
JIPSD	-	600,000	600,000	-
SJFD	-	1,500,000	1,500,000	-
SAPPPC	-	400,000	400,000	-
	<u>\$ -</u>	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>

I. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2005.

Primary Government:

	Balance July 1, 2004	Increase	Decrease	Balance June 30, 2005	Amounts Due in One Year
Governmental activities					
General obligation bonds	\$ 95,926,823	\$ -	\$ 2,535,081	\$ 93,391,742	\$ 6,298,718
Certificates of participation	71,303,799	16,242,212	20,490,694	67,055,317	4,452,196
Intergovernmental note payable	38,608,985	-	787,705	37,821,280	832,841
Capital lease payable	1,306,196	3,269,894	939,092	3,636,998	923,180
Compensated absences	6,679,758	1,295,315	844,009	7,131,064	1,295,315
Total	<u>\$213,825,561</u>	<u>\$20,807,421</u>	<u>\$ 25,596,581</u>	<u>\$209,036,401</u>	<u>\$ 13,802,250</u>
Business-type activities					
Certificates of participation	\$ 12,636,959	\$ 3,623,286	\$ 4,418,581	\$ 11,841,664	\$ 785,251
Revenue bonds	14,164,285	-	1,161,954	13,002,331	1,171,664
Accrual for landfill closure	11,089,778	1,133,648	-	12,223,426	12,223,426
Compensated absences	839,440	81,479	77,547	843,372	62,040
Total	<u>\$ 38,730,462</u>	<u>\$ 4,838,413</u>	<u>\$ 5,658,082</u>	<u>\$ 37,910,793</u>	<u>\$ 14,242,381</u>

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

Primary government General Obligation Bonds payable at June 30, 2005 are comprised of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Principal Amount</u>	
		<u>Original</u>	<u>Outstanding</u>
September 30, 1999	General Obligation Improvement and Refunding Bonds, Series 1999, 5.00% to 6.125% interest, semi-annual principal and interest payments beginning in 2000, matures 2019, the first principal payment was paid in fiscal year 2003. These bonds were partially refunded in April 2004.	\$49,360,000	\$24,875,000
May 1, 2001	General Obligation Refunding and Capital Improvement Bonds, Series 2001, 4.10% to 5.25% interest, semi-annual principal and interest payments beginning in 2001, matures 2021, the first principal payment was due in fiscal year 2004. These bonds were partially refunded in April 2004.	30,000,000	9,475,000
April 2, 2004	General Obligation Refunding Bonds, Series 2004, 2.00% to 4.00% interest, semi-annual principal and interest payments beginning in 2004, matures 2021, the first principal payment is due in fiscal year 2005.	<u>63,740,000</u>	<u>63,185,000</u>
Subtotal		<u>\$ 143,100,00</u>	<u>97,535,000</u>
Less: Deferred refunding cost			(4,611,557)
Add: Premium			<u>468,299</u>
General obligation debt per statement of net assets			<u>93,391,742</u>
Less current portion, including deferred refunding cost and premium			<u>(6,928,718)</u>
Long-term portion outstanding			<u>\$ 86,463,024</u>

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

Primary government Certificates of Participation payable at June 30, 2005 are comprised of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Principal Amount</u>	
		<u>Original</u>	<u>Outstanding</u>
November 1, 1995	Certificates of Participation, Series 1995, Charleston Public Facilities Corporation, 3.80% to 6.00% interest, semi-annual principal and interest payments beginning in 1996, matures 2021. These bonds were partially refunded in May 2004.	\$ 85,000,000	\$ 17,975,000
May 1, 2004	Certificates of Participation, Series 2004, Charleston Public Facilities Corporation, 2.00% to 5.00% interest, semi-annual principal and interest payments beginning in 2004, matures 2016.	44,160,000	41,615,000
March 3, 2005	Certificates of Participation, Series 2005, Charleston Public Facilities Corporation, 5.00% to 5.125% interest, semi-annual interest payments beginning in 2005, annual principal payments beginning in 2011, matures 2019.	<u>19,945,000</u>	<u>19,945,000</u>
Subtotal		<u>\$ 149,105,000</u>	79,535,000
Less: Discount applicable to business-type activities			(23,310)
Deferred refunding cost			(3,781,384)
Add: Premium			<u>3,166,676</u>
Certificate of participation debt per statement of net assets			78,896,982
Less current portion, including deferred refunding cost, premium and discount			<u>(5,237,447)</u>
Long-term portion outstanding			<u>\$ 73,659,535</u>

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

Primary government Revenue Bonds payable at June 30, 2005 are comprised of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Principal Amount</u>	
		<u>Original</u>	<u>Outstanding</u>
May 4, 2004	Charleston County Solid Waste User Fee Revenue Refunding Bonds, Series 2004, 2.00% to 5.00% interest, semi-annual principal and interest payments beginning in 2005, matures in 2014.	\$ 14,525,000	\$ 13,280,000
		<u>\$ 14,525,000</u>	13,280,000
Less: Deferred refunding cost applicable to business-type activities			(931,189)
Add: Premium applicable to business-type activities.			<u>653,520</u>
Revenue bond debt per statement of net assets			<u>13,002,331</u>
Less current portion, including deferred refunding cost and premium			<u>(1,171,664)</u>
Long-term portion outstanding			<u>\$ 11,830,667</u>

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

Primary government note payable at June 30, 2005 is comprised of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Principal Amount</u>	
		<u>Original</u>	<u>Outstanding</u>
April 1, 1999	Solid Waste Revenue Bond Fund Promissory Note, semi-annual payments of \$40,000 including interest at 6.08%, matures in 2014.	\$ 791,600	\$ 548,244
Less current portion			<u>(47,366)</u>
Debt per statement of net assets			<u>\$ 500,878</u>

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NOTES TO FINANCIAL STATEMENTS
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Annual requirements to amortize primary government notes payable outstanding at June 30, 2005 are as follows:

Year Ending June 30	Internal Service Fund	Principal	Interest
2006	\$ 80,001	\$ 47,366	\$ 32,635
2007	80,001	50,291	29,710
2008	80,001	53,395	26,606
2009	80,001	56,693	23,308
2010	80,001	60,193	19,808
2011-2014	320,004	280,306	39,698
Total	<u>\$ 720,009</u>	<u>\$ 548,244</u>	<u>\$ 171,765</u>

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

Annual requirements to amortize the intergovernmental note payable outstanding at June 30, 2005, are as follows:

Year Ending June 30	Intergovernmental Note Payable	Principal	Interest
2006	\$ 3,000,000	\$ 832,841	\$ 2,167,159
2007	3,000,000	880,562	2,119,438
2008	3,000,000	931,019	2,068,981
2009	3,000,000	984,366	2,015,634
2010	3,000,000	1,040,770	1,959,230
2011-2015	15,000,000	6,169,741	8,830,259
2016-2020	15,000,000	8,151,886	6,848,114
2021-2025	15,000,000	10,770,832	4,229,168
2026-2030	9,000,000	8,059,263	940,737
Total	<u>\$ 69,000,000</u>	<u>\$ 37,821,280</u>	<u>\$ 31,178,720</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Capital Lease Obligations. Several component units have utilized capital leases to finance the acquisition of various types of equipment. The details of each entity's capital leasing activities are summarized later in this note.

The County uses capital lease funding to finance the purchase of various equipment and a building. Capital leases outstanding at June 30, 2005 include the following:

<u>Governmental Activities</u>	<u>Original</u>	
<u>Outstanding</u>		
Lease dated May 2002, payable to Hewlett Packard for the purchase of new computers. Payable in six equal payments of \$114,286 through October 2005, and includes principal and interest at 0.57% per annum.	\$ 679,887	\$ 21,293
Lease dated May 2003, payable to Hewlett Packard for the purchase of new computers. Payable in six equal payments of \$100,619 through May 2006, and includes principal and interest at 25% per annum.	598,779	200,549
Lease dated March 2003, payable to IBM Credit Corp. for the purchase of mainframe computers. Payable in thirty-six equal payments of \$6,431.55 through March 2006 and includes principal and interest at 6.15% per annum.	210,940	56,429
Lease dated August 2002, payable to Eastman Kodak Company for the purchase of ten ABR Reader Printers. Payable in thirty-six equal payments of \$2,718 through August 2005 and includes principal and interest at 6.5% per annum.	88,695	5,393
Lease dated May 2003, payable to Xerox for the purchase of a digital Document system. Payable in sixty equal payments of \$353 through May 2008 and includes principal and interest at 8%.	17,392	10,980

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Lease dated May 2004, payable to Hewlett Packard for the purchase of new computers. Payable in six equal installments through May 2007, and includes principal and interest at 4.2% per annum.

\$ 431,614 \$ 291,793

Lease dated November 2004, payable to Chicora Center, Inc. for the purchase of the building at 3366 Rivers Ave. Payable in 120 monthly payments of \$25,725 through October 2014 and includes principal and interest at 5.0% per annum.

2,425,425 2,298,632

Lease dated March 2004, payable to Ontario Investments, Inc. for the purchase of new computers. Payable in six equal installments through December 2007, and includes principal and interest at 2.07% to 1.781% per annum.

844,468 703,641

Internal Service Fund

Lease dated October 2002 payable to IKON for the purchase of color copier. Payable in sixty equal payments of \$1,509 through October 2007 and includes principal and no interest.

90,540
48,288
\$ 5,387,740 3,636,998

Less current portion (923,180)

Long-term portion outstanding \$ 2,713,818

A summary of the annual requirements are as follows:

Year Ending June 30,	Principal	Interest	Totals
2006	\$ 923,180	\$ 153,475	\$ 1,076,655
2007	659,537	119,023	778,560
2008	381,428	91,199	472,627
2009	230,293	78,413	308,706
2010	242,074	66,630	308,704
2011-2014	<u>1,200,486</u>	<u>137,234</u>	<u>1,337,720</u>
Total	<u>\$ 3,636,998</u>	<u>\$ 645,974</u>	<u>\$ 4,282,972</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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Amortization of Long-term Debt. Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2005, excluding notes payable and accrued compensated absences, are as follows:

Year Ending June 30	General Obligation Bonds		Certificates Of Participation		Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2006	\$ 7,510,000	\$ 3,796,355	\$ 5,450,000	\$ 3,926,277	\$ 1,225,000	\$ 651,750	\$ 22,559,382
2007	7,555,000	3,513,780	5,700,000	3,707,368	1,275,000	602,750	22,353,898
2008	7,830,000	3,239,205	5,965,000	3,408,507	1,335,000	539,000	22,316,712
2009	7,470,000	2,998,499	6,320,000	3,073,281	1,405,000	472,250	21,739,030
2010	6,700,000	2,736,191	6,635,000	2,749,806	1,480,000	402,000	20,702,997
2011	4,085,000	2,542,879	7,740,000	2,377,856	1,555,000	328,000	18,628,735
2012	4,375,000	2,357,288	4,340,000	2,036,781	1,630,000	250,250	14,989,319
2013	4,705,000	2,136,985	4,270,000	1,833,119	1,710,000	168,750	14,823,854
2014	5,060,000	1,893,162	4,490,000	1,633,050	1,665,000	83,250	14,824,462
2015	5,440,000	1,626,154	4,690,000	1,414,393	-	-	13,170,547
2016	5,790,000	1,367,083	4,920,000	1,178,768	-	-	13,255,851
2017	6,175,000	1,135,977	5,190,000	927,787	-	-	13,428,764
2018	6,535,000	891,989	5,450,000	663,513	-	-	13,540,502
2019	6,950,000	617,651	4,135,000	385,945	-	-	12,088,596
2020	7,395,000	326,126	2,820,000	177,000	-	-	10,718,126
2021	2,170,000	129,788	1,420,000	35,500	-	-	3,755,288
2022	<u>1,790,000</u>	<u>35,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,825,800</u>
Totals	97,535,000	31,344,912	79,535,000	29,528,951	13,280,000	3,498,000	254,721,863
Less amount in Business-type activities before discounts and deferred costs	<u>-</u>	<u>-</u>	<u>(12,542,688)</u>	<u>(4,620,907)</u>	<u>(13,280,000)</u>	<u>(3,498,000)</u>	<u>(33,941,595)</u>
Subtotal	<u>97,535,000</u>	<u>31,344,912</u>	<u>66,992,312</u>	<u>24,908,044</u>	<u>-</u>	<u>-</u>	<u>220,780,268</u>
Less discounts and deferred refunding costs	(4,611,557)	-	(2,663,445)	-	-	-	(7,275,002)
Add Premiums	<u>468,299</u>	<u>-</u>	<u>2,726,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,194,749</u>
Total debt- governmental activity	<u>\$ 93,391,742</u>	<u>\$ 31,344,912</u>	<u>\$ 67,055,317</u>	<u>\$ 24,908,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,700,015</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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JUNE 30, 2005

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

<u>Year Ending</u>	<u>Certificates Of Participation</u>		<u>Revenue Bonds</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 876,322	\$ 627,669	\$ 1,225,000	\$ 651,750	\$ 3,380,741
2007	918,328	590,738	1,275,000	602,750	3,386,816
2008	963,194	541,394	1,335,000	539,000	3,378,588
2009	1,020,490	486,315	1,405,000	472,250	3,384,055
2010	1,074,263	431,994	1,480,000	402,000	3,388,257
2011	1,229,122	370,675	1,555,000	328,000	3,482,797
2012	682,257	317,467	1,630,000	250,250	2,879,974
2013	679,651	285,055	1,710,000	168,750	2,843,456
2014	715,301	252,786	1,665,000	83,250	2,716,337
2015	748,083	217,766	-	-	965,849
2016	784,692	180,218	-	-	964,910
2017	827,667	140,152	-	-	967,819
2018	869,367	97,953	-	-	967,320
2019	613,117	53,620	-	-	666,737
2020	359,706	22,577	-	-	382,283
2021	<u>181,127</u>	<u>4,528</u>	<u>-</u>	<u>-</u>	<u>185,655</u>
Subtotal	12,542,687	4,620,907	13,280,000	3,498,000	33,941,594
Less discounts and deferred refunding costs	(1,117,938)	-	(931,189)	-	(2,049,127)
Add Premiums	<u>416,915</u>	<u>-</u>	<u>653,520</u>	<u>-</u>	<u>1,070,435</u>
Total business-type activities debt	<u>\$ 11,841,664</u>	<u>\$ 4,620,907</u>	<u>\$ 13,002,331</u>	<u>\$ 3,498,000</u>	<u>\$ 32,962,902</u>

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

There are a number of limitations and restrictions contained in the various bond and certificate indentures, such as types of investments, promise to levy tax sufficient to cover debt service and establishment of a sinking fund. The County is in compliance with all significant limitations and restrictions as of June 30, 2005.

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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The County has completed the task of establishing the status of all currently outstanding conduit debt. The following is the County's best estimate of the status of conduit debt at June 30, 2005:

<u>Number of Issues</u>	<u>Current Amount Outstanding (in millions)</u>	<u>Original Issue Amount (in billions)</u>
120	\$476	\$1

The following is a summary of the changes in long-term obligations of the component units for the year ended June 30, 2005:

	<u>Balance July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2005</u>	<u>Amounts Due in One year</u>
Accrued compensated absences	\$ 2,047,382	\$ 1,125,899	\$ (935,073)	\$ 2,238,208	\$ 910,409
General obligation bonds	24,663,850	-	(4,040,356)	20,623,494	2,134,795
Capital lease obligations	3,784,590	3,352,005	(1,106,036)	6,030,559	1,178,145
Revenue bonds	<u>8,229,180</u>	<u>-</u>	<u>(232,550)</u>	<u>7,996,630</u>	<u>448,573</u>
Total	<u>\$ 38,725,002</u>	<u>\$ 4,477,904</u>	<u>\$ (6,314,015)</u>	<u>\$ 36,888,891</u>	<u>\$ 4,671,922</u>

	<u>Range of Maturity Dates</u>	<u>Range of Interest Rates</u>	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2005</u>
Accrued compensated absences:						
CCL			\$ 666,147	\$ 610,059	\$ (555,368)	\$ 720,838
CCPRC			531,592	366,647	(317,258)	580,981
JIPSD			300,928	10,767	-	311,695
SAPPPC			20,102	7,058	-	27,160
SJFD			466,166	63,548	-	529,714
SPFD			<u>62,447</u>	<u>67,820</u>	<u>(62,447)</u>	<u>67,820</u>
Total accrued compensated absences			<u>2,047,382</u>	<u>1,125,899</u>	<u>(935,073)</u>	<u>2,238,208</u>
General obligation bonds:						
CCPRC	2003 - 2015	4.30% - 6.75%	24,001,708	-	(3,906,801)	20,094,907
JIPSD	2003 - 2036	4.30% - 7.625%	<u>662,142</u>	<u>-</u>	<u>(133,555)</u>	<u>528,587</u>
Total general obligation bonds			<u>24,663,850</u>	<u>-</u>	<u>(4,040,356)</u>	<u>20,623,494</u>
Capital lease obligations:						
CCPRC	2006	4.19% - 4.96%	908,518	900,000	(573,003)	1,235,515
JIPSD	2003 - 2012	4.07% - 6.88%	960,016	-	(126,968)	833,048
SAPPPC	2004 - 2006	4.67% - 7.90%	204,755	52,005	(90,542)	166,218
SJFD	2005 - 2013	3.695% - 4.96%	1,659,100	2,400,000	(263,322)	3,795,778
SPFD	2002 - 2006	5.35% - 5.75%	<u>52,201</u>	<u>-</u>	<u>(52,201)</u>	<u>-</u>
Total capital lease obligations			<u>3,784,590</u>	<u>3,352,005</u>	<u>(1,106,036)</u>	<u>6,030,559</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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Revenue Bonds:						
JIPSD	2018-2037	3.60% - 5.75%	9,042,907	-	(291,021)	8,751,886
Less deferred refunding costs			<u>(813,727)</u>	<u>-</u>	<u>58,471</u>	<u>(755,256)</u>
Total revenue bonds			<u>8,229,180</u>	<u>-</u>	<u>(232,550)</u>	<u>7,996,630</u>
Total component units long-term obligations			<u>\$ 38,725,002</u>	<u>\$ 4,477,904</u>	<u>\$ (6,314,015)</u>	<u>\$ 36,888,891</u>

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

General Obligation Bonds:

Year Ending June 30	CCPRC	JIPSD	Totals Component Units
2006	\$ 2,956,323	\$ 89,462	\$ 3,045,785
2007	3,398,248	55,841	3,454,089
2008	2,591,248	52,958	2,644,206
2009	2,973,748	39,005	3,012,753
2010	2,630,000	36,954	2,666,954
2011-2016	10,566,898	154,510	10,721,408
2017-2020	-	154,510	154,510
2021-2025	-	119,314	119,314
2026-2030	-	113,130	113,130
2031-2035	-	113,130	113,130
2036	<u>-</u>	<u>30,788</u>	<u>30,788</u>
Total	25,116,465	959,602	26,076,067
Less interest and plus unamortized premium included above	<u>(5,021,558)</u>	<u>(431,015)</u>	<u>(5,452,573)</u>
Debt per statement of net assets	<u>\$ 20,094,907</u>	<u>\$ 528,587</u>	<u>\$ 20,623,494</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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Future minimum capital lease payments:

<u>Year Ending June 30</u>	<u>CCPRC</u>	<u>JIPSD</u>	<u>SAPPPC</u>
2006	\$ 670,625	\$ 167,325	\$ 90,399
2007	447,088	167,325	60,615
2008	158,710	136,444	24,386
2009	-	120,869	-
2010	-	120,869	-
2011-2015	-	255,217	-
Future minimum capital lease payments	<u>1,276,423</u>	<u>968,049</u>	<u>175,400</u>
Less amount representing interest	<u>(40,908)</u>	<u>(135,001)</u>	<u>(9,182)</u>
Debt per statement of net assets	<u>\$ 1,235,515</u>	<u>\$ 833,048</u>	<u>\$ 166,218</u>

<u>Year Ending June 30</u>	<u>SJFD</u>	<u>Totals Component Units</u>
2006	\$ 571,073	\$ 1,499,422
2007	524,320	1,199,348
2008	524,320	843,860
2009	524,320	645,189
2010	524,320	645,189
2010-2015	1,686,284	1,941,501
2016-2020	<u>772,157</u>	<u>772,157</u>
Future minimum capital lease payments	<u>5,126,794</u>	<u>7,546,666</u>
Less amount representing interest	<u>(1,331,016)</u>	<u>(1,516,107)</u>
Debt per statement of net assets	<u>\$ 3,795,778</u>	<u>\$ 6,030,559</u>

Revenue Bonds:

<u>Year ending June 30</u>	<u>JIPSD</u>
2006	\$ 864,014
2007	854,265
2008	867,265
2009	864,815
2010	937,809
2011-2015	4,283,348
2016-2020	2,512,015
2021-2025	298,320
2026-2030	295,618
2031-2035	<u>157,540</u>
Total	<u>11,935,009</u>
Less interest and deferred refunding costs included above	<u>(3,938,379)</u>
Debt per statement of net assets	<u>\$ 7,996,630</u>

Current Refundings. The Charleston Public Facilities Corporation (CPFC) issued \$19,945,000 of refunding certificates of participation in March 2005 to provide resources to purchase U.S.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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Government State and Local Government Services Securities that were placed in an irrevocable trust for the purpose of generating resources for all current and future debt service payments on \$19,950,000 Series 1995 CPFC Certificates of Participation. As a result, the refunded certificates of participation are considered defeased and the liability has been removed from the Statement of Net Assets – Governmental Activities and the enterprise funds. This refunding was undertaken to substantially reduce interest cost to the County and to level future debt service requirements to minimize the impact on Property Tax Millage. The revised debt service was decreased by \$1,748,658 over the next eighteen years and resulted in an economic gain of \$1,157,918. At June 30, 2005, \$19,945,000 of the certificates of participation are considered defeased.

Prior Year Defeasance of Debt. In prior years, the primary government defeased various outstanding debt issues by placing proceeds of new debt or other funds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust accounts and the defeased debt are not included in these financial statements. At June 30, 2005, the following debt issues outstanding are considered defeased:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>
Primary government:		
General Obligation Bonds:		
Series 1994	\$ 19,450,000	
Series 1999	20,045,000	
Series 2001	<u>18,200,000</u>	
Total General Obligation Bonds	<u>57,695,000</u>	
Certificates of Participation:		
Series 1995	<u>37,304,936</u>	\$ 8,795,064
Total Certificates of Participation	<u>37,304,936</u>	<u>8,795,064</u>
Revenue Bonds:		
Solid Waste User Fee Revenue Bonds		
Series 1994	<u>-</u>	<u>13,610,000</u>
Total Revenue Bonds	<u>-</u>	<u>13,610,000</u>
Total primary government	<u>\$ 94,999,936</u>	<u>\$ 22,405,064</u>

Legal Debt Limit. The County's borrowing power is restricted by amended Article X, Section 14 of the State Constitution effective December 1, 1977. This section provides that a local unit cannot at any time have total general obligation debt outstanding in an amount that exceeds eight percent of its assessed property value. Excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness; levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing on December 1, 1977, the effective date of the constitutional amendment.

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
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Assessed value of real and personal property	\$ 2,418,999,781
Value of merchants inventory and manufacturers depreciation	<u>28,335,979</u>
Total assessed value	<u>\$ 2,447,335,760</u>
Debt limitation - eight percent of total assessed value	\$ 195,786,861
Total bonded debt:	
General Obligation Bonds	\$ 97,535,000
Less:	
Bonds issued pursuant to referendum:	
Series 2004 Refunding G.O. Bond:	
Series 1988 G.O. Bond - Library	\$ (3,275,437)
Series 1989 G.O. Bond - Library	(5,459,061)
Series 1991 G.O. Bond - Library	(818,859)
Series 1991 G.O. Bond - Coliseum	(5,459,061)
Series 1991 G.O. Bond - Aquarium	(2,183,625)
Series 1999 Refunding G.O. Bond:	
Series 1994 G.O. Bond - Aquarium	<u>(5,000,000)</u> <u>(22,196,043)</u>
Total debt subject to debt limit	<u>75,338,957</u>
Legal debt margin	<u>\$ 120,447,904</u>

J. Reserved and Designated Fund Equity

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

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

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

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

Designated for rainy day. An amount of \$8,500,000 has been established through the budget ordinance by County Council as a rainy day fund. The intent of this fund is to provide a cushion for unexpected emergencies in the event of a major catastrophe such as an earthquake, hurricane, nuclear accident or chemical spill. The rainy day fund can only be appropriated through the passage of another ordinance by County Council.

Designated for subsequent years' appropriation. The fiscal year 2006 budget ordinance designates \$7,816,768 of the ending fiscal year 2005 General Fund Balance for fiscal year 2006 appropriations. All Special Revenue Fund Balances, after the reserve for encumbrances, have been designated in accordance with the various use restrictions placed on their assets under the applicable grant agreements and legislation.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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JUNE 30, 2005

IV. OTHER INFORMATION

A. Risk Management

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

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

Effective July 1, 1995, the County established a self-insured plan to fund risks associated with workers' compensation claims. Claims administration is handled by a third party with reinsurance through commercial insurance companies for all individual claims in excess of \$100,000. All funds of the County participate in the program and make payments to the Workers' Compensation Internal Service Fund based on actuarial estimates of the amounts needed to pay prior-and current-year claims. The claims liability of \$2,880,000 reported in the Fund at June 30, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County purchases insurance contracts from commercial insurers to satisfy certain liabilities under workers' compensation claims; accordingly, no liability is reported for those claims.

Changes in the Fund's claims liability amount in fiscal year 2005 and 2004 were:

<u>Year Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2005	\$ 2,525,000	\$ 3,613,164	\$ (3,258,164)	\$ 2,880,000
2004	2,076,000	3,181,808	(2,732,808)	2,525,000

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

For all of the above risk management programs, except workers' compensation, the County and its component units have not significantly reduced insurance coverages from the previous year; settled claims in excess of insurance coverage for the last three years were immaterial. For each of the

COUNTY OF CHARLESTON, SOUTH CAROLINA
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insurance programs and public entity risk pools in which they participate, the County and its component units have effectively transferred all risk with no liability for unfunded claims.

B. Segment Information

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

Condensed Statement of Net Assets	<u>DAODAS</u>
Assets:	
Current assets	\$ 5,527,244
Deferred issuance costs	88,943
Capital assets	<u>8,350,121</u>
Total assets	<u>\$ 13,966,308</u>
Liabilities:	
Current liabilities	\$ 860,816
Certificates of participation	4,768,323
Other long-term obligations	<u>310,263</u>
Total liabilities	<u>5,939,402</u>
Net Assets:	
Invested in capital assets, net of related debt	3,266,152
Unrestricted	<u>4,760,754</u>
Total net assets	<u>8,026,906</u>
Total liabilities and net assets	<u>\$ 13,966,308</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	<u>DAODAS</u>
Operating revenues	\$ 6,073,301
Depreciation and amortization	(291,010)
Other operating expenses	<u>(9,095,274)</u>
Operating income (loss)	<u>(3,312,983)</u>
Nonoperating revenues (expenses):	
Interest expense	(333,402)
Intergovernmental revenue	954,861
Gain (loss) on disposal of assets	<u>(5,581)</u>
Total nonoperating revenues (expenses)	<u>615,878</u>
Transfers in	2,859,322
Change in net assets	162,217
Beginning net assets	<u>7,864,689</u>
Ending net assets	<u>\$ 8,026,906</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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Condensed Statement of Cash Flows:

	DAODAS
Net cash provided (used) by:	
Operating activities	\$ (3,287,860)
Noncapital financing activities	4,101,725
Capital and related financing activities	(711,801)
Investing activities	-
Net increase (decrease)	102,064
Beginning cash and cash equivalents	4,277,061
Ending cash and cash equivalents	<u>\$ 4,379,125</u>

C. Subsequent Events

On October 25, 2005, the James Island Public Service District borrowed \$500,000 from its proprietary fund on a promissory note that matures January 24, 2006. Interest will be paid at 3.0% during the period the note is outstanding.

During the fiscal year, Charleston County Council approved the future issuance of a tax anticipation note (TAN) in the amount of \$2,000,000 for St. John's Fire District. Subsequent to June 30, 2005, the District borrowed \$1,000,000 on this TAN. The remaining \$1,000,000 is available to the District. This note, which bears interest at a rate equal to the interest rate paid by the South Carolina Investment Pool during the period the note is outstanding, is due and payable in March 2006.

In September 2005, the County sold the land and building at 92 Broad Street in downtown Charleston, South Carolina for approximately \$1.2 million.

In July 2005 the James Island Public Service District signed a capital lease agreement for a new wastewater vehicle which will cost \$220,007 and additional equipment that will cost \$391,616. The annual lease payments will be funded through the District's Debt Service Fund.

In February 2005 the James Island Public Service District's enterprise fund received various sewer system assets from the Charleston Commissioners of Public Works. As of June 30, 2005, the District's engineers have not completed an assessment of the assets to ascertain the conditions or the engineers' estimate of the fair market value of those assets. This study is expected to be completed in the fiscal year ended June 30, 2006, and the estimated fair market value will be recorded accordingly.

Effective July 2005, the Retirement Division of the State Budget and Control Board increased the employer's required contributions for the South Carolina Retirement System from 6.7% to 7.55% of annual covered payroll.

D. Contingent Liabilities

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

Litigation. The County and its component units are party to various legal proceedings that normally occur in governmental operations. These lawsuits involve disputes arising from certain delinquent tax sales, various tort actions, claims under contractual agreements and alleged civil rights violations.

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Although the outcome of these lawsuits is not presently determinable, it is the opinion of legal counsel that resolution of these matters, individually or in the aggregate in excess of insurance coverage will not have a material adverse effect on the financial condition of the County and its component units.

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

In May 2000, the South Carolina General Assembly passed legislation to address the loss of revenues by public service districts due to annexations by municipalities. The legislation calls for an agreed-upon plan between the annexing municipality and the public service district. This plan would protect the remaining unannexed area in the public service district from economic loss of revenue brought about by annexation. This new legislation should lessen but not eliminate the impact on the operations of various component units due to annexations.

E. Commitments

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

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

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

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

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

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

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

November 2004, the County entered into an agreement with the South Carolina Research Authority to allow Boeing to sub-lease office space at a rate of \$14 a square foot. Lease payments are paid by Boeing directly to the Authority. The lease is due to expire upon the completion of the Boeing facility and no later than July 1, 2006.

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

The Charleston County Park and Recreation Commission has entered into an agreement with the City of Folly Beach to restrict \$50,000 each year to provide for the renourishment of the erosion that occurs along Folly Beach. This annual amount increased to \$60,000 per year in the fiscal year ending June 30, 2003. As of June 30, 2005, \$600,000 had been transferred to the City of Folly Beach for such renourishment. The Capital Projects fund balance of \$32,750 has been reserved for beach renourishment as of June 30, 2005.

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

The Charleston County Park and Recreation Commission has entered an agreement with the Charleston County School District to cooperate in the establishment and operation of a community education program. The agreement requires the Commission to provide facilities and personnel and to pay a portion of the program costs in excess of state and federal grant proceeds. The total payment to the School District for fiscal year 2005 expenditures was \$398,800. The agreement was modified for the 2004 program year to provide for an equitable sharing of the increased program fees collected during the year. The amount accrued as program revenue under this agreement was \$315,620.

In July 1995, the Commission entered into a lease agreement with Charleston County whereby the Commission assumed the responsibilities of operating and maintaining 19 boat landings throughout Charleston County. The lease is for a term of 99 years and commenced on July 1, 1995. The Commission pays a nominal fee of \$1 per year under the lease terms, but the agreement expressed

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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the intent of Charleston County to transfer millage each year to help fund related expenses. Funding is contingent upon future County Council approval.

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

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

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

In December 2000, the U.S. Secretary of the Interior conveyed property consisting of approximately 25 acres in fee and 0.6 acres of easements to the Charleston County Park and Recreation Commission in Quitclaim Deed. The property conveyed includes areas presently known as the Cooper River Marina, previously known as the Old Navy Base Marina facilities. The conveyance has several restrictions including the following: the property must be used and maintained for the public park and recreation purposes for which it was conveyed in perpetuity, the property shall not be sold, leased, assigned or otherwise disposed of except to another eligible governmental agency that the Secretary of the Interior agrees in writing can assure the same continued use of the property, and funds generated on the property may not be used for non-recreational purposes and, furthermore, must be used for the development, operation and maintenance of the property until it is fully developed in accordance with the Program of Utilization. There are also various reporting requirements.

On April 25, 1995, the Charleston County Park and Recreation Commission entered into an agreement with Gionis Restaurants, Inc. to allow this corporation to operate the Starfish Grille restaurant at the Folly Pier. The original lease term was for five years beginning October 1995, and was renewed through September 30, 2005. The building held for rent had an estimated cost of \$775,000 and an estimated net book value of \$602,000 and is included in the Business-Type capital assets. Rent started at \$6,500 per month for the year of the renewal period and increases annually to \$7,100 per month on October 1, 2004. The lease also provides for contingent rentals of 6 percent of annual sales greater than \$1,200,000.

The following is a schedule by years of the minimum future rentals on the non-cancelable operating lease as of June 30, 2005:

<u>Year Ending June 30,</u>	<u>Amount</u>
2006	<u>\$ 21,300</u>
Total minimum lease rentals	<u>\$ 21,300</u>

Total rent income of \$84,750 was recorded during the year. The lease with Gionis Restaurants, Inc. did not include a provision for an additional extension. A Request for Proposals was issued to solicit interest in operating the restaurant when the lease expired on September 30, 2005. A proposal from Locklear's Beach City Grill was selected as the most favorable to the Commission and was awarded a five year lease to operate the facility beginning October 1, 2005. The restaurant is expected to open by November 1, 2005.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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The Cooper River Park and Playground Commission entered into an agreement on June 8, 2000 with the City of North Charleston to provide recreational services to the citizens within its jurisdictional boundaries. The contract requires the payment of substantially all revenues generated by the Commission, except for the remaining unreserved fund balance at June 30, 1996, and turning over control, but not title to, all of the Commission's assets. The contract expired on June 30, 2004. On June 15, 2005 the Commission entered into another one-year contract with the City covering the period from July 1, 2005 to June 30, 2006, with essentially identical terms as the previous contracts.

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

During 2002, the St. Paul's Fire District entered into an intergovernmental agreement with the County for the design and construction of a new fire station at Edisto. The County agreed to provide or contract for the necessary services in connection with the design and construction of the station. The District agreed to reimburse the County all construction costs and fees associated with the new station upon completion, or as the parties may agree. St. Paul's Fire District deposited \$200,000 with the County during the fiscal year ended June 30, 2002, towards the cost of the project. The County has recorded this deposit less amounts expended as deferred revenue. The District's board minutes for July 2003 indicate that the cost of the new station, including administrative fees and contingencies would approximate \$520,000. Construction on the new station has not yet been completed. This station is expected to be complete by June 30, 2006.

F. Deferred Compensation Plan

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

During the year ended June 30, 2000, the deferred compensation plans were amended to allow for employer matching contributions of up to \$300 per year for each covered participant. The total contributions made by the County and plan members was \$2,132,824 for the fiscal year ending June 30, 2005. The County has elected to provide this benefit to all employees who meet the following criteria:

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

G. Other Post Employment Benefits

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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health insurance premiums and the retiree paying 100 percent of life and dental insurance premiums and the remaining 50 percent of the health insurance premiums. The County's regular insurance providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The James Island Public Service District also provides a retiree benefit equal to 100 percent of the health insurance premiums over age 65 and a portion if under age 65. The retiree must pay for all life and dental insurance premiums.

As of year-end, there were 400 employees who had retired with the County and are receiving the 50 percent health insurance premium coverage benefit. The County finances the plan on a pay-as-you-go basis. For the year ended June 30, 2005, the County recognized expenses of \$931,525 for healthcare, which were net of retiree contributions of \$927,544. The James Island Public Service District had 18 employees who had retired and receiving benefits under this plan. The District recognized expenses of \$52,666 for health care premium net of retiree contributions of \$32,650.

H. Funds Held by Coastal Community Foundation

As of June 30, 2005, the Coastal Community Foundation was holding \$41,671 in the Charleston County Library Fund. The fund was established in November 1983 as a capital fund for the purpose of providing support for unusual or innovative programs and services at the Library not normally funded by government appropriations. Of the balance, \$1,458 is available for grants to the Library.

I. Employee Retirement Systems and Plans

South Carolina Retirement and Police Officers' Retirement Systems

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

Funding Policy - SCRS. Plan members are required to contribute 6.0 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 6.7 percent of annual covered payroll. The contribution requirements of plan members and employers is established under authority of Title 9 of the S. C. Code of Laws. This was increased to 6.25 and 7.7 percent respectively on July 1, 2005.

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
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The following table presents the required contributions to the SCRS and SCPORS by the County and its component units for the years ended June 30, 2005, 2004, and 2003:

	<u>Fiscal Year Ended June 30</u>		
<u>SCRS Contributions</u>	2005	2004	2003
Primary government:	\$ 3,555,992	\$ 3,350,426	\$ 3,265,002
Component units:			
CCL	399,202	362,815	356,172
CCPRC	355,422	338,867	328,075
JIPSD	258,291	242,882	234,375
SAPPPC	73,214	72,588	63,580
SJFD	25,662	26,695	25,116
SPFD	<u>4,087</u>	<u>3,928</u>	<u>3,669</u>
Total SCRS	<u>\$ 4,671,870</u>	<u>\$ 4,398,201</u>	<u>\$ 4,275,989</u>
<u>SCPORS Contributions</u>			
Primary government:	\$ 2,657,406	\$ 2,519,814	\$ 2,346,681
Component units:			
SJFD	357,292	353,936	332,735
SPFD	<u>158,957</u>	<u>148,691</u>	<u>152,776</u>
Total SCPORS	<u>\$ 3,173,655</u>	<u>\$ 3,022,441</u>	<u>\$ 2,832,192</u>

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

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



CHARLESTON COUNTY COMBINING SCHEDULES - NON-MAJOR GOVERNMENTAL FUNDS

Non-major Special Revenue Funds

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

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

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

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

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

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

Coroner's Training - This fund offers internships for registered nurses to gain hands-on clinical experience under the direction of experienced forensic nurse death investigators to ensure nurses are able to thoroughly investigate deaths. This budget is adopted on an annual basis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Transportation - This fund was established to account for the cost of services provided under contract to the Charleston Area Regional Transportation Authority. The budget is adopted on an annual basis.

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

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

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

Non-major Capital Projects Funds

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

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

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

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

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

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



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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005

<u>ASSETS</u>	Special Revenue Funds				
	Accommo- dations	Disaster Funds	Child Support Enforcement	Community Development	Construction Public Works
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Pooled cash and cash equivalents	2,173,082	-	25,187	7,852	9,082,828
Restricted cash and cash equivalents	475,640	-	-	-	-
Receivables (net of allowances for uncollectibles)	1,648,760	299,860	17,596	990,634	1,949,781
Inventory	-	-	-	-	-
Prepaid Items and Deposits	-	-	-	-	-
Total assets	\$ 4,297,482	\$ 299,860	\$ 42,783	\$ 998,486	\$ 11,032,609
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 32	\$ -	\$ 4,979	\$ 348,400	\$ 77,358
Accrued payroll and fringe benefits	9,055	-	18,237	14,374	-
Due to other funds	-	299,860	-	295,266	-
Intergovernmental payable	2,740,737	-	195	49,244	124,139
Unearned revenue	-	-	-	9,984	12,598
Total liabilities	2,749,824	299,860	23,411	717,268	214,095
Fund balances:					
Reserved for inventory	-	-	-	-	-
Reserved for encumbrances	974,414	-	19,372	167,693	3,892,046
Reserved for capital projects	-	-	-	-	-
Unreserved:					
Designated for subsequent years' appropriation	573,244	-	-	113,525	6,926,468
Total fund balances	1,547,658	-	19,372	281,218	10,818,514
Total liabilities and fund balances	\$ 4,297,482	\$ 299,860	\$ 42,783	\$ 998,486	\$ 11,032,609

See notes to financial statements.

Special Revenue Funds					
Coroner's Training	Economic Development	Education	Emergency Medical Services	EMS Employees Trust	Fire Districts
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,433,830	-	-	66	952,380
-	-	-	-	-	-
-	-	4,615,660	58,311	-	1,210,443
-	-	-	-	-	-
-	11,603	-	-	-	-
<u>\$ -</u>	<u>\$ 1,445,433</u>	<u>\$ 4,615,660</u>	<u>\$ 58,311</u>	<u>\$ 66</u>	<u>\$ 2,162,823</u>
\$ -	\$ 70	\$ 24,491	\$ -	\$ -	\$ 47,565
-	4,084	-	-	-	51,784
-	-	136,731	58,311	-	-
-	280,613	13,991	-	-	9,411
-	500,000	4,440,447	-	-	1,151,959
<u>-</u>	<u>784,767</u>	<u>4,615,660</u>	<u>58,311</u>	<u>-</u>	<u>1,260,719</u>
-	-	-	-	-	-
-	-	-	-	-	42,167
-	-	-	-	-	-
-	660,666	-	-	66	859,937
<u>-</u>	<u>660,666</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>902,104</u>
<u>\$ -</u>	<u>\$ 1,445,433</u>	<u>\$ 4,615,660</u>	<u>\$ 58,311</u>	<u>\$ 66</u>	<u>\$ 2,162,823</u>

CONTINUED

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005

<u>ASSETS</u>	Special Revenue Funds				
	Geographic Information Systems	Grants Contributions Trust	Hazardous Materials Enforcement	Mosquito Control	Safety Enforcement
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 29,193
Pooled cash and cash equivalents	143,581	9,007	323,760	286,520	41,441
Restricted cash and cash equivalents	-	-	-	-	-
Receivables (net of allowances for uncollectibles)	-	-	182	54,846	1,311,915
Inventory	-	-	-	229,021	-
Prepaid Items and Deposits	-	-	-	-	-
Total assets	\$ 143,581	\$ 9,007	\$ 323,942	\$ 570,387	\$ 1,382,549
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 790	\$ -	\$ 3,291	\$ 32,637	\$ 98,110
Accrued payroll and fringe benefits	-	-	13,832	-	31,176
Due to other funds	-	-	-	-	777,952
Intergovernmental payable	-	-	-	110	39,958
Unearned revenue	-	-	-	-	23,992
Total liabilities	790	-	17,123	32,747	971,188
Fund balances:					
Reserved for inventory	-	-	-	299,021	-
Reserved for encumbrances	20,250	-	27,665	3,617	411,361
Reserved for capital projects	-	-	-	-	-
Unreserved:					
Designated for subsequent years' appropriation	122,541	9,007	279,154	235,002	-
Total fund balances	142,791	9,007	306,819	537,640	411,361
Total liabilities and fund balances	\$ 143,581	\$ 9,007	\$ 323,942	\$ 570,387	\$ 1,382,549

See notes to financial statements.

Special Revenue Funds					
Sheriff	Social Services	Solicitor	South Santee/ Germantown Fire Dept	Transportation	Victim Notification
\$ 51,489	\$ -	\$ 842,810	\$ -	\$ -	\$ 47,601
692,952	-	269,836	18,723	2,603	778,103
-	-	-	-	-	-
105,468	136,715	122,134	-	5,878,396	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 849,909</u>	<u>\$ 136,715</u>	<u>\$ 1,234,780</u>	<u>\$ 18,723</u>	<u>\$ 5,880,999</u>	<u>\$ 825,704</u>
\$ 19,566	\$ 101,624	\$ 567	\$ -	\$ 156	\$ 1,277
9,516	5,006	50,246	-	11,309	31,084
-	6,909	-	-	3,652,917	-
8,044	10	20,765	-	-	-
-	15,657	362,839	-	-	-
<u>37,126</u>	<u>129,206</u>	<u>434,417</u>	<u>-</u>	<u>3,664,382</u>	<u>32,361</u>
-	-	-	-	-	-
36,571	80	299	-	25,921	7,001
-	-	-	-	-	-
776,212	7,429	800,064	18,723	2,190,696	786,342
812,783	7,509	800,363	18,723	2,216,617	793,343
<u>\$ 849,909</u>	<u>\$ 136,715</u>	<u>\$ 1,234,780</u>	<u>\$ 18,723</u>	<u>\$ 5,880,999</u>	<u>\$ 825,704</u>

CONTINUED

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005

	Special Revenue		Capital Projects Funds	
	Workforce Investment Act	Charleston Development Corp	Construction	General Services Construction
<u>ASSETS</u>				
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Pooled cash and cash equivalents	-	25,050	6,384,598	601,322
Restricted cash and cash equivalents	-	-	-	-
Receivables (net of allowances for uncollectibles)	727,783	50	1,396,418	-
Inventory	-	-	-	-
Prepaid Items and Deposits	-	-	-	-
Total assets	\$ 727,783	\$ 25,100	\$ 7,781,016	\$ 601,322
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 98,809	\$ -	\$ 151,701	\$ -
Accrued payroll and fringe benefits	51,082	-	-	-
Due to other funds	310,824	-	-	-
Intergovernmental payable	64,717	-	35,277	-
Unearned revenue	202,351	-	-	-
Total liabilities	727,783	-	186,978	-
Fund balances:				
Reserved for inventory	-	-	-	-
Reserved for encumbrances	-	-	-	-
Reserved for capital projects	-	-	7,594,038	601,322
Unreserved:				
Designated for subsequent years' appropriation	-	25,100	-	-
Total fund balances	-	25,100	7,594,038	601,322
Total liabilities and fund balances	\$ 727,783	\$ 25,100	\$ 7,781,016	\$ 601,322

See notes to financial statements.

Capital Projects Funds			
Equipment Replacement Fund	ITS/ Management Information Systems	Public Works Construction	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 971,093
1,326,945	841,408	1,368,403	26,789,477
-	-	-	475,640
-	-	-	20,524,952
-	-	-	229,021
-	-	-	11,603
<u>\$ 1,326,945</u>	<u>\$ 841,408</u>	<u>\$ 1,368,403</u>	<u>\$ 49,001,786</u>
\$ -	\$ 11,002	\$ 154,719	\$ 1,177,144
-	-	-	300,785
-	-	-	5,538,770
-	367	-	3,387,578
-	-	-	6,719,827
<u>-</u>	<u>11,369</u>	<u>154,719</u>	<u>17,124,104</u>
-	-	-	299,021
-	-	-	5,628,457
1,326,945	830,039	1,213,684	11,566,028
-	-	-	14,384,176
<u>1,326,945</u>	<u>830,039</u>	<u>1,213,684</u>	<u>31,877,682</u>
<u>\$ 1,326,945</u>	<u>\$ 841,408</u>	<u>\$ 1,368,403</u>	<u>\$ 49,001,786</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

Special Revenue Funds					
	Accommo- dations	Disaster Funds	Child Support Enforcement	Community Development	Construction Public Works
Revenues:					
Property, local option sales and transportation taxes	\$ -	\$ -	\$ -	\$ 64,497	\$ -
Intergovernmental	26,980	299,860	567,540	4,446,550	4,302,661
Fees, permits, and licenses	7,584,466	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Service charges	-	9,877	-	-	-
Interest	73,303	-	-	-	178,914
Rental and use of property	-	-	-	-	-
Other revenues	-	-	-	47,446	-
Total revenues	7,684,749	309,737	567,540	4,558,493	4,481,575
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	351,477	72,793	-	-
Judicial	-	-	483,817	-	-
Public works	-	-	-	-	3,432,924
Health and welfare	-	-	-	4,807,540	-
Economic development	-	-	-	-	-
Culture and recreation	4,277,147	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	4,277,147	351,477	556,610	4,807,540	3,432,924
Excess (deficiency) of revenues over (under) expenditures	3,407,602	(41,740)	10,930	(249,047)	1,048,651
Other financing sources (uses):					
Capital lease proceeds	-	-	-	-	-
Transfers in	-	41,740	-	181,000	-
Transfers out	(3,544,185)	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-
Total other financing sources (uses)	(3,544,185)	41,740	-	181,000	-
Net change in fund balance	(136,583)	-	10,930	(68,047)	1,048,651
Fund balances at beginning of year (as restated)	1,684,241	-	8,442	349,265	9,769,863
Fund balances at end of year	\$ 1,547,658	\$ -	\$ 19,372	\$ 281,218	\$ 10,818,514

See notes to financial statements.

Special Revenue Funds					
Coroner's Training	Economic Development	Education	Emergency Medical Services	EMS Employees Trust	Fire Districts
\$ -	\$ 357,520	\$ 3,721,164	\$ -	\$ -	\$ 1,355,390
-	-	209,874	10,413	-	286,870
4,380	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,000
4,380	357,520	3,931,038	10,413	-	1,644,260
-	-	-	-	-	-
3,044	-	-	16,705	500	1,447,325
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	422,873	-	-	-	-
-	-	-	-	-	-
-	-	3,931,038	-	-	-
-	-	-	-	-	-
3,044	422,873	3,931,038	16,705	500	1,447,325
1,336	(65,353)	-	(6,292)	(500)	196,935
-	-	-	-	-	-
-	-	-	6,292	-	154,034
(4,920)	-	-	-	-	(48,994)
-	-	-	-	-	5,027
(4,920)	-	-	6,292	-	110,067
(3,584)	(65,353)	-	-	(500)	307,002
3,584	726,019	-	-	566	595,102
\$ -	\$ 660,666	\$ -	\$ -	\$ 66	\$ 902,104

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

Special Revenue Funds					
	Geographic Information Systems	Grants Contributions Trust	Hazardous Materials Enforcement	Mosquito Control	Safety Enforcement
Revenues:					
Property, local option sales and transportation taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,000	-	-	-	4,141,557
Fees, permits and licenses	-	-	156,000	375,665	-
Fines and forfeitures	-	-	21,681	-	24,535
Service charges	30,960	-	-	-	4,446
Interest	-	-	-	-	-
Rental and use of property	-	-	-	-	-
Other revenues	-	3,164	-	-	55,753
Total revenues	37,960	3,164	177,681	375,665	4,226,291
Expenditures:					
Current:					
General government	73,682	-	-	-	-
Public safety	-	-	298,523	-	3,796,633
Judicial	-	-	-	-	460,432
Public works	-	-	-	-	-
Health and welfare	-	3,755	-	779,151	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	73,682	3,755	298,523	779,151	4,257,065
Excess (deficiency) of revenues over (under) expenditures	(35,722)	(591)	(120,842)	(403,486)	(30,774)
Other financing sources (uses):					
Capital lease proceeds	-	-	-	-	-
Transfers in	-	-	107,954	125,000	63,191
Transfers out	-	-	-	-	(3,318)
Proceeds from sale of fixed assets	-	-	-	-	-
Total other financing sources (uses)	-	-	107,954	125,000	59,873
Net change in fund balance	(35,722)	(591)	(12,888)	(278,486)	29,099
Fund balances at beginning of year (as restated)	178,513	9,598	319,707	816,126	382,262
Fund balances at end of year	\$ 142,791	\$ 9,007	\$ 306,819	\$ 537,640	\$ 411,361

See notes to financial statements.

Special Revenue Funds					
Sheriff	Social Services	Solicitor	South Santee/ Germantown Fire Dept	Transportation	Victim Notification
\$ -	\$ -	\$ -	\$ -	\$ 5,870,000	\$ -
103,500	118,980	697,958	-	-	1,858
-	69,500	529,237	-	33,583	-
271,804	-	-	-	-	551,034
-	-	-	-	-	-
11,819	-	-	432	-	-
-	-	-	-	-	-
313,304	39,672	-	11,000	-	-
<u>700,427</u>	<u>228,152</u>	<u>1,227,195</u>	<u>11,432</u>	<u>5,903,583</u>	<u>552,892</u>
-	-	-	-	644,733	-
902,759	-	-	7,611	-	350,264
-	158,652	1,029,984	-	-	251,856
-	-	-	-	21,750	-
-	64,697	-	-	34,386	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>902,759</u>	<u>223,349</u>	<u>1,029,984</u>	<u>7,611</u>	<u>700,869</u>	<u>602,120</u>
<u>(202,332)</u>	<u>4,803</u>	<u>197,211</u>	<u>3,821</u>	<u>5,202,714</u>	<u>(49,228)</u>
-	-	-	-	-	-
240,673	-	-	-	-	-
(230,713)	-	(15,771)	(2,856)	(3,000,000)	-
-	-	-	-	-	-
<u>9,960</u>	<u>-</u>	<u>(15,771)</u>	<u>(2,856)</u>	<u>(3,000,000)</u>	<u>-</u>
(192,372)	4,803	181,440	965	2,202,714	(49,228)
<u>1,005,155</u>	<u>2,706</u>	<u>618,923</u>	<u>17,758</u>	<u>13,903</u>	<u>842,571</u>
<u>\$ 812,783</u>	<u>\$ 7,509</u>	<u>\$ 800,363</u>	<u>\$ 18,723</u>	<u>\$ 2,216,617</u>	<u>\$ 793,343</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

	Special Revenue		Capital Projects Funds	
	Workforce Investment Act	Charleston Development Corp	Construction	General Services Construction
Revenues:				
Property, local option sales and transportation taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,691,377	-	-	-
Fees, permits and licenses	40,815	-	-	-
Fines and forfeitures	-	-	-	-
Service charges	-	-	-	-
Interest	-	-	123,919	-
Rental and use of property	34,322	-	-	-
Other revenues	3,203	5,100	6,255	-
Total revenues	2,769,717	5,100	130,174	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Judicial	-	-	-	-
Public works	-	-	-	-
Health and welfare	2,769,717	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	1,671,115	-
Total expenditures	2,769,717	-	1,671,115	-
Excess (deficiency) of revenues over (under) expenditures	-	5,100	(1,540,941)	-
Other financing sources (uses):				
Capital lease proceeds	-	-	-	-
Transfers in	-	25,000	797,451	-
Transfers out	-	(5,000)	(10,091)	-
Proceeds from sale of fixed assets	-	-	1,567,572	-
Total other financing sources (uses)	-	20,000	2,354,932	-
Net change in fund balance	-	25,100	813,991	-
Fund balances at beginning of year (as restated)	-	-	6,780,047	601,322
Fund balances at end of year	\$ -	\$ 25,100	\$ 7,594,038	\$ 601,322

See notes to financial statements.

Capital Projects Funds			
Equipment Replacement Fund	ITS/ Management Information Systems	Public Works Construction	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 11,368,571
-	-	6,000	17,918,978
-	-	-	8,793,646
-	-	-	869,054
-	-	-	45,283
-	-	-	388,387
-	-	-	34,322
-	-	-	486,897
-	-	6,000	39,905,138
-	-	-	718,415
-	-	-	7,247,634
-	-	-	2,384,741
-	-	-	3,454,674
-	-	-	8,459,246
-	-	-	422,873
-	-	-	4,277,147
-	-	-	3,931,038
-	917,548	1,437,086	4,025,749
-	917,548	1,437,086	34,921,517
-	(917,548)	(1,431,086)	4,983,621
-	844,468	-	844,468
1,326,945	260,812	28,960	3,359,052
-	(1,300)	-	(6,867,148)
-	-	-	1,572,599
1,326,945	1,103,980	28,960	(1,091,029)
1,326,945	186,432	(1,402,126)	3,892,592
-	643,607	2,615,810	27,985,090
\$ 1,326,945	\$ 830,039	\$ 1,213,684	\$ 31,877,682

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



COUNTY OF CHARLESTON, SOUTH CAROLINA
 ACCOMMODATIONS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 18,000	\$ 26,980	\$ 26,980	\$ -
Fees, permits, and licenses	7,074,885	7,584,935	7,584,466	(469)
Interest	80,000	80,000	73,303	(6,697)
	<u>7,172,885</u>	<u>7,691,915</u>	<u>7,684,749</u>	<u>(7,166)</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	4,017,762	4,313,997	4,277,147	36,850
	<u>4,017,762</u>	<u>4,313,997</u>	<u>4,277,147</u>	<u>36,850</u>
Total expenditures				
Excess of revenues over expenditures	3,155,123	3,377,918	3,407,602	29,684
Other financing uses:				
Transfers out	(3,280,700)	(4,459,909)	(3,544,185)	915,724
Net change in fund balance	(125,577)	(1,081,991)	(136,583)	945,408
Fund balance at beginning of year	3,893,619	948,933	1,684,241	735,308
Fund balance at end of year	<u>\$ 3,768,042</u>	<u>\$ (133,058)</u>	<u>\$ 1,547,658</u>	<u>\$ 1,680,716</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHILD SUPPORT ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 572,479	\$ 595,252	\$ 567,540	\$ (27,712)
Total revenues	572,479	595,252	567,540	(27,712)
Expenditures:				
Current:				
Public safety	72,165	72,165	72,793	(628)
Judicial	500,314	531,529	483,817	47,712
Total expenditures	572,479	603,694	556,610	47,084
Excess (deficiency) of revenues over (under) expenditures	-	(8,442)	10,930	19,372
Fund balance at beginning of year	537	-	8,442	8,442
Fund balance at end of year	\$ 537	\$ (8,442)	\$ 19,372	\$ 27,814

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
CORONER'S TRAINING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Fees, permits, and licenses	\$ 18,360	\$ 18,360	\$ 4,380	\$ (13,980)
Total revenues	<u>18,360</u>	<u>18,360</u>	<u>4,380</u>	<u>(13,980)</u>
Expenditures:				
Current:				
Public Safety	<u>14,688</u>	<u>17,112</u>	<u>3,044</u>	<u>14,068</u>
Total expenditures	<u>14,688</u>	<u>17,112</u>	<u>3,044</u>	<u>14,068</u>
Excess of revenues over expenditures	3,672	1,248	1,336	88
Other financing uses:				
Transfers out	<u>(3,672)</u>	<u>(4,920)</u>	<u>(4,920)</u>	<u>-</u>
Net change in fund balance	-	(3,672)	(3,584)	88
Fund balance at beginning of year (as restated)	<u>2,269</u>	<u>2,269</u>	<u>3,584</u>	<u>1,315</u>
Fund balance at end of year	<u>\$ 2,269</u>	<u>\$ (1,403)</u>	<u>\$ -</u>	<u>\$ 1,403</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 311,888	\$ 311,888	\$ 357,520	\$ 45,632
Intergovernmental	-	-	-	-
Total revenues	<u>311,888</u>	<u>311,888</u>	<u>357,520</u>	<u>45,632</u>
Expenditures:				
Current:				
Economic development	<u>323,159</u>	<u>413,486</u>	<u>422,873</u>	<u>(9,387)</u>
Total expenditures	<u>323,159</u>	<u>413,486</u>	<u>422,873</u>	<u>(9,387)</u>
Deficiency of revenues under expenditures	(11,271)	(101,598)	(65,353)	36,245
Other financing sources:				
Transfers in	-	250	-	(250)
Fund balance at beginning of year	<u>624,103</u>	<u>615,403</u>	<u>726,019</u>	<u>110,616</u>
Fund balance at end of year	<u>\$ 612,832</u>	<u>\$ 514,055</u>	<u>\$ 660,666</u>	<u>\$ 146,611</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues:				
Property taxes	\$ 3,777,871	\$ 3,976,691	\$ 3,721,164	\$ (255,527)
Intergovernmental	72,129	72,129	209,874	137,745
Total revenues	<u>3,850,000</u>	<u>4,048,820</u>	<u>3,931,038</u>	<u>(117,782)</u>
Expenditures:				
Current:				
Education	<u>3,850,000</u>	<u>4,048,820</u>	<u>3,931,038</u>	<u>117,782</u>
Total expenditures	<u>3,850,000</u>	<u>4,048,820</u>	<u>3,931,038</u>	<u>117,782</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 63,189	\$ 13,329	\$ 10,413	\$ (2,916)
Total revenues	63,189	13,329	10,413	(2,916)
Expenditures:				
Current:				
Public safety	66,853	19,671	16,705	2,966
Total expenditures	66,853	19,671	16,705	2,966
Deficiency of revenues under expenditures	(3,664)	(6,342)	(6,292)	50
Other financing sources:				
Transfers in	3,664	6,342	6,292	(50)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
FIRE DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 1,203,252	\$ 1,277,423	\$ 1,355,390	\$ 77,967
Intergovernmental	230,623	240,383	286,870	46,487
Other revenues	-	-	2,000	2,000
	<u>1,433,875</u>	<u>1,517,806</u>	<u>1,644,260</u>	<u>126,454</u>
Total revenues				
Expenditures:				
Current:				
Public safety	1,541,192	1,733,304	1,447,325	285,979
	<u>1,541,192</u>	<u>1,733,304</u>	<u>1,447,325</u>	<u>285,979</u>
Total expenditures				
Deficiency of revenues under expenditures	(107,317)	(215,498)	196,935	412,433
Other financing sources and uses:				
Proceeds from sale of fixed assets	-	-	5,027	5,027
Transfers in	102,317	154,036	154,034	(2)
Transfers out	-	(48,994)	(48,994)	-
	<u>102,317</u>	<u>105,042</u>	<u>110,067</u>	<u>5,025</u>
Total other financing sources and uses				
Net change in fund balance	(5,000)	(110,456)	307,002	417,458
Fund balance at beginning of year (as restated)	489,406	70,645	595,102	524,457
	<u>484,406</u>	<u>(39,811)</u>	<u>902,104</u>	<u>941,915</u>
Fund balance at end of year				

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 GEOGRAPHIC INFORMATION SYSTEMS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 7,000	\$ (8,000)
Other revenues	7,500	7,500	30,960	23,460
	<u>22,500</u>	<u>22,500</u>	<u>37,960</u>	<u>15,460</u>
Total revenues				
Expenditures:				
Current:				
General government	22,500	96,127	73,682	22,445
	<u>22,500</u>	<u>96,127</u>	<u>73,682</u>	<u>22,445</u>
Total expenditures				
Deficiency of revenues under expenditures	-	(73,627)	(35,722)	37,905
Fund balance at beginning of year	386,070	68,715	178,513	109,798
Fund balance at end of year	<u>\$ 386,070</u>	<u>\$ (4,912)</u>	<u>\$ 142,791</u>	<u>\$ 147,703</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
HAZARDOUS MATERIALS ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Fees, permits and licenses	\$ 160,000	\$ 160,000	\$ 156,000	\$ (4,000)
Fines and forfeitures	20,000	20,000	21,681	1,681
Total revenues	<u>180,000</u>	<u>180,000</u>	<u>177,681</u>	<u>(2,319)</u>
Expenditures:				
Current:				
Public safety	<u>381,064</u>	<u>399,065</u>	<u>298,523</u>	<u>100,542</u>
Total expenditures	<u>381,064</u>	<u>399,065</u>	<u>298,523</u>	<u>100,542</u>
Deficiency of revenues under expenditures	(201,064)	(219,065)	(120,842)	98,223
Other financing sources:				
Transfers In	107,954	107,954	107,954	-
Fund balance at beginning of year	<u>351,741</u>	<u>270,268</u>	<u>319,707</u>	<u>49,439</u>
Fund balance at end of year	<u>\$ 258,631</u>	<u>\$ 159,157</u>	<u>\$ 306,819</u>	<u>\$ 147,662</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
MOSQUITO CONTROL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Fees, permits and licenses	<u>\$ 265,000</u>	<u>\$ 265,000</u>	<u>\$ 375,665</u>	<u>\$ 110,665</u>
Total revenues	<u>265,000</u>	<u>265,000</u>	<u>375,665</u>	<u>110,665</u>
Expenditures:				
Current:				
Health and welfare	<u>572,000</u>	<u>848,060</u>	<u>779,151</u>	<u>68,909</u>
Total expenditures	<u>572,000</u>	<u>848,060</u>	<u>779,151</u>	<u>68,909</u>
Deficiency of revenues under expenditures	<u>(307,000)</u>	<u>(583,060)</u>	<u>(403,486)</u>	<u>179,574</u>
Other financing sources:				
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Net change in fund balance	<u>(182,000)</u>	<u>(458,060)</u>	<u>(278,486)</u>	<u>179,574</u>
Fund balance at beginning of year	<u>814,050</u>	<u>779,490</u>	<u>816,126</u>	<u>36,636</u>
Fund balance at end of year	<u><u>\$ 632,050</u></u>	<u><u>\$ 321,430</u></u>	<u><u>\$ 537,640</u></u>	<u><u>\$ 216,210</u></u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SHERIFF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 475,959	\$ 464,852	\$ 103,500	\$ (361,352)
Interest	7,000	7,000	11,819	4,819
Fines and forfeitures	-	-	271,804	271,804
Other revenues	140,862	140,862	313,304	172,442
	<u>623,821</u>	<u>612,714</u>	<u>700,427</u>	<u>87,713</u>
Total revenues				
Expenditures:				
Current:				
Public safety	830,842	1,220,243	902,759	317,484
	<u>830,842</u>	<u>1,220,243</u>	<u>902,759</u>	<u>317,484</u>
Total expenditures				
(Deficiency) excess of revenues (under) over expenditures	(207,021)	(607,529)	(202,332)	405,197
Other financing sources and uses:				
Transfers in	43,171	240,673	240,673	-
Transfers out	-	(237,606)	(230,713)	6,893
	<u>43,171</u>	<u>3,067</u>	<u>9,960</u>	<u>6,893</u>
Total other financing sources and uses				
Net change in fund balance	(163,850)	(604,462)	(192,372)	412,090
Fund balance at beginning of year	863,297	235,384	1,005,155	769,771
Fund balance at end of year	<u>\$ 699,447</u>	<u>\$ (369,078)</u>	<u>\$ 812,783</u>	<u>\$ 1,181,861</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SOLICITOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 545,165	\$ 567,031	\$ 697,958	\$ 130,927
Fees, permits and licenses	305,000	314,041	529,237	215,196
Total revenues	850,165	881,072	1,227,195	346,123
Expenditures:				
Current:				
Judicial	1,010,274	1,041,446	1,029,984	11,462
Total expenditures	1,010,274	1,041,446	1,029,984	11,462
Excess (deficiency) of revenues over (under) expenditures	(160,109)	(160,374)	197,211	357,584
Other financing uses:				
Transfers out	-	(15,771)	(15,771)	-
Net change in fund balance	(160,109)	(176,145)	181,440	357,584
Fund balance at beginning of year (as restated)	428,045	421,569	618,923	197,354
Fund balance at end of year	\$ 267,936	\$ 245,424	\$ 800,363	\$ 554,938

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
TRANSPORTATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Transportation tax	\$ -	\$ 6,800,000	\$ 5,870,000	\$ 930,000
Fee, permits and licenses	33,138	33,138	33,583	(445)
	<u>33,138</u>	<u>6,833,138</u>	<u>5,903,583</u>	<u>929,555</u>
Total revenues	<u>33,138</u>	<u>6,833,138</u>	<u>5,903,583</u>	<u>929,555</u>
Expenditures:				
Current:				
General government		1,152,000	644,733	507,267
Public works		2,248,000	21,750	2,226,250
Health and welfare	33,138	47,041	34,386	12,655
	<u>33,138</u>	<u>3,447,041</u>	<u>700,869</u>	<u>2,746,172</u>
Total expenditures	<u>33,138</u>	<u>3,447,041</u>	<u>700,869</u>	<u>2,746,172</u>
Deficiency of revenues under expenditures	-	3,386,097	5,202,714	1,816,617
Other financing uses:				
Transfers out	-	(3,000,000)	(3,000,000)	-
Fund balance at beginning of year	<u>25,128</u>	<u>25,128</u>	<u>13,903</u>	<u>-</u>
Fund balance at end of year	<u>\$ 25,128</u>	<u>\$ 411,225</u>	<u>\$ 2,216,617</u>	<u>\$ 1,816,617</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
VICTIM NOTIFICATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 1,858	\$ 1,858
Fines and forfeitures	505,000	505,000	551,034	46,034
	<u>505,000</u>	<u>505,000</u>	<u>552,892</u>	<u>47,892</u>
Total revenues				
	<u>505,000</u>	<u>505,000</u>	<u>552,892</u>	<u>47,892</u>
Expenditures:				
Current:				
Public safety	367,490	367,490	350,264	17,226
Judicial	291,541	299,554	251,856	47,698
	<u>659,031</u>	<u>667,044</u>	<u>602,120</u>	<u>64,924</u>
Total expenditures				
	<u>659,031</u>	<u>667,044</u>	<u>602,120</u>	<u>64,924</u>
Deficiency of revenues under expenditures	(154,031)	(162,044)	(49,228)	112,816
Other financing uses:				
Transfers out	-	-	-	-
Net change in fund balance	(154,031)	(162,044)	(49,228)	112,816
Fund balance at beginning of year	759,141	717,909	842,571	124,662
Fund balance at end of year	<u>\$ 605,110</u>	<u>\$ 555,865</u>	<u>\$ 793,343</u>	<u>\$ 237,478</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
VICTIM NOTIFICATION SPECIAL REVENUE FUND
STATEMENT OF FINES, ASSESSMENTS AND SURCHARGES COLLECTED
For the Year Ended June 30, 2005

	Total Collections	Remittance to State	Retained by County	General Fund	Victim Notification	Total County Revenue
Magistrates:						
Fines :						
Traffic/criminal	\$ 1,980,619	\$ -	\$ 1,980,619	\$ 1,980,619	\$ -	\$ 1,980,619
Wildlife/littering	85,867	27,267	58,600	58,600	-	58,600
DUI	60,108	60,108	-	-	-	-
Assessments	1,870,017	1,675,949	194,068	-	194,068	194,068
Surcharges	767,500	657,525	109,975	-	109,975	109,975
	<u>4,764,111</u>	<u>2,420,849</u>	<u>2,343,262</u>	<u>2,039,219</u>	<u>304,043</u>	<u>2,343,262</u>
Clerk of Court:						
Fines:						
General sessions	88,675	35,840	52,835	52,835	-	52,835
Family court	3,450	1,518	1,932	1,932	-	1,932
DUI	7,896	7,896	-	-	-	-
Assessments	92,656	59,384	33,272	-	33,272	33,272
Surcharges	298,670	84,951	213,719	-	213,719	213,719
	<u>491,347</u>	<u>189,589</u>	<u>301,758</u>	<u>54,767</u>	<u>246,991</u>	<u>301,758</u>
	<u>\$ 5,255,458</u>	<u>\$ 2,610,438</u>	<u>\$ 2,645,020</u>	<u>\$ 2,093,986</u>	<u>\$ 551,034</u>	<u>\$ 2,645,020</u>

See notes to financial statements.



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CHARLESTON COUNTY COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS

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

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2005

<u>ASSETS</u>	<u>DAODAS</u>	<u>E-911 Communications</u>	<u>Totals</u>
Current assets:			
Non-pooled cash and cash equivalents	\$ 700	\$ -	\$ 700
Pooled cash and cash equivalents	4,378,425	1,034,090	5,412,515
Accounts receivables (net of allowances for uncollectibles)	1,148,119	841,995	1,990,114
Internal balances - current	2,975,578	108,347	3,083,925
Total current assets	8,502,822	1,984,432	10,487,254
Deferred issuance costs	88,943	-	88,943
Capital assets:			
Buildings	9,326,808	-	9,326,808
Improvements other than buildings	497,838	-	497,838
Machinery and equipment	310,711	1,221,334	1,532,045
Less accumulated depreciation	(1,785,236)	(131,065)	(1,916,301)
Total capital assets (net of accumulated depreciation)	8,350,121	1,090,269	9,440,390
Total noncurrent assets	8,439,064	1,090,269	9,529,333
Total assets	\$ 16,941,886	\$ 3,074,701	\$ 20,016,587

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2005

<u>LIABILITIES AND EQUITY</u>	<u>DAODAS</u>	<u>E-911 Communications</u>	<u>Totals</u>
Current liabilities:			
Accounts payable	\$ 110,728	\$ 24,784	\$ 135,512
Accrued payroll and fringe benefits	331,392	3,756	335,148
Compensated absences-current	43,769	958	44,727
Intergovernmental payable	36,002	-	36,002
Accrued interest payable	23,279	-	23,279
Certificates of participation - current	315,646	-	315,646
Total current liabilities	860,816	29,498	890,314
Certificates of participation (net of unamortized discounts)	4,768,323	-	4,768,323
Compensated absences	310,263	-	310,263
Total noncurrent liabilities	5,078,586	-	5,078,586
Total liabilities	5,939,402	29,498	5,968,900
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	3,266,152	1,090,269	4,356,421
Unrestricted	7,736,332	1,954,934	9,691,266
Total net assets	\$ 11,002,484	\$ 3,045,203	\$ 14,047,687

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2005

	DAODAS	E-911 Communications	Totals
Operating revenues:			
Charges for services	\$ 6,073,145	\$ 1,916,127	\$ 7,989,272
Other revenues	156	-	156
Total operating revenues	6,073,301	1,916,127	7,989,428
Operating expenses:			
Personnel services	5,361,936	66,280	5,428,216
Contractual services	1,795,116	35,011	1,830,127
Materials and supplies	480,667	8,641	489,308
Utilities	199,160	557,824	756,984
Repairs and maintenance	173,092	212	173,304
Rental expenses	170,517	-	170,517
Vehicle fleet charges	42,602	617	43,219
Other expenses	872,184	129,786	1,001,970
Depreciation and amortization	291,010	156,400	447,410
Total operating expenses	9,386,284	954,771	10,341,055
Operating income (loss)	(3,312,983)	961,356	(2,351,627)
Nonoperating revenues (expenses):			
Interest expense	(333,402)	-	(333,402)
Intergovernmental revenues	954,861	24,504	979,365
Loss on disposal of assets	(5,581)	(272,643)	(278,224)
Total nonoperating revenues (expenses)	615,878	(248,139)	367,739
Income (loss) before contributions and transfers	(2,697,105)	713,217	(1,983,888)
Transfers in	2,859,322	-	2,859,322
Change in net assets	162,217	713,217	875,434
Total net assets beginning as previously reported	7,860,689	2,218,977	10,079,666
Prior period adjustments	4,000	4,662	8,662
Total net assets - beginning, as restated	7,864,689	2,223,639	10,088,328
Total net assets - ending	\$ 8,026,906	\$ 2,936,856	10,963,762
Adjustment to reflect the elimination of indirect costs charged by general fund			(1,197,783)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			4,281,708
Net assets of nonmajor business-type activities			\$ 14,047,687

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended June 30, 2005

	DAODAS	E-911 Communications	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 5,833,533	\$ 1,456,885	\$ 7,290,418
Cash payments to suppliers for goods and services	(3,773,429)	(710,192)	(4,483,621)
Cash payments to employees for services	(5,347,964)	(66,980)	(5,414,944)
Net cash provided by operating activities	(3,287,860)	679,713	(2,608,147)
Cash flows from noncapital financing activities:			
Transfers in	2,859,332	-	2,859,332
Intergovernmental receipt	1,240,843	24,504	1,265,347
Property and other taxes	1,550	-	1,550
Net cash provided by (used in) noncapital financing activities	4,101,725	24,504	4,126,229
Cash flows from capital and related financing activities:			
Principal paid on long-term debt	(371,901)	-	(371,901)
Interest paid	(293,584)	-	(293,584)
Proceeds from refunding	1,820,188	-	1,820,188
Proceeds from sale of fixed assets	4,420	13,305	17,725
Payment to refunding escrow agent	(1,785,518)	-	(1,785,518)
Debt issuance costs	(33,576)	-	(33,576)
Acquisition and construction of capital assets (including capitalized interest)	(51,830)	(1,013,034)	(1,064,864)
Net cash used in capital and related financing activities	(711,801)	(999,729)	(1,711,530)
Cash flows from investing activities:			
Interfund loan principal payment received	-	-	-
Interest received	-	-	-
Net cash provided by investing activities	-	-	-
Net increase in cash and cash equivalents	102,064	(295,512)	(193,448)
Cash and cash equivalents at beginning of year	4,277,061	1,329,602	5,606,663
Cash and cash equivalents at end of year	\$ 4,379,125	\$ 1,034,090	\$ 5,413,215
Reconciliation to balance sheet:			
Non-pooled cash and cash equivalents	\$ 700	\$ -	\$ 700
Pooled cash and cash equivalents	4,378,425	1,034,090	5,412,515
Cash and cash equivalents at end of year	\$ 4,379,125	\$ 1,034,090	\$ 5,413,215

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended June 30, 2005

	DAODAS	E-911 Communications	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (3,312,983)	\$ 961,356	\$ (2,351,627)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	291,010	156,400	447,410
Provision for uncollectible accounts	534,652	-	534,652
Changes in assets and liabilities:			
(Increase) decrease in receivables	(771,907)	(459,240)	(1,231,147)
Increase (decrease) in accounts payable	(42,604)	21,897	(20,707)
Increase in accrued payroll	13,972	(700)	13,272
Total adjustments	25,123	(281,643)	(256,520)
Net cash provided by (used in) operating activities	\$ (3,287,860)	\$ 679,713	\$ (2,608,147)

See notes to financial statements.

CHARLESTON COUNTY COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

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

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

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

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

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2005

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits Trust	Totals
<u>ASSETS</u>					
Current assets:					
Pooled cash and cash equivalents	\$ 2,817,588	\$ 587,981	\$ 3,446,365	\$ 652,616	\$ 7,504,550
Cash with fiscal agent	-	-	125,000	-	125,000
Receivables (net of allowances for uncollectibles)	41,792	9,988	25	193,369	245,174
Due from other funds	-	-	281,655	522,273	803,928
Inventories	242,596	-	-	-	242,596
Total current assets	3,101,976	597,969	3,853,045	1,368,258	8,921,248
Capital assets:					
Buildings	1,550,503	131,801	-	-	1,682,304
Machinery and equipment	24,321,934	741,399	19,306	-	25,082,639
Less accumulated depreciation	(17,018,447)	(494,034)	(1,609)	-	(17,514,090)
Total capital assets (net of accumulated depreciation)	8,853,990	379,166	17,697	-	9,250,853
Total assets	\$ 11,955,966	\$ 977,135	\$ 3,870,742	\$ 1,368,258	\$ 18,172,101
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	\$ 474,933	\$ 137,170	\$ 3,136,575	\$ 483	\$ 3,749,161
Accrued payroll and fringe benefits	97,988	53,832	12,399	-	164,219
Compensated absences-current	237,166	93,242	30,535	-	360,943
Intergovernmental payable	1,305	430	-	70	1,805
Deferred revenue	11,923	-	-	-	11,923
Accrued interest payable	16,672	-	-	-	16,672
Note payable - current	47,366	-	-	-	47,366
Leases payable - current	-	16,599	-	-	16,599
Total current liabilities	887,353	301,273	3,179,509	553	4,368,688
Noncurrent liabilities:					
Compensated absences	-	-	-	-	-
Leases payable	-	31,689	-	-	31,689
Note payable	500,878	-	-	-	500,878
Total noncurrent liabilities	500,878	31,689	-	-	532,567
Total liabilities	1,388,231	332,962	3,179,509	553	4,901,255
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	8,305,746	330,878	17,697	-	8,654,321
Unrestricted	2,261,989	313,295	673,536	1,367,705	4,616,525
Total net assets	\$ 10,567,735	\$ 644,173	\$ 691,233	\$ 1,367,705	\$ 13,270,846

See notes to financial statements.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2005

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits Trust	Totals
Operating revenues:					
Charges for services	\$ 7,097,212	\$ 3,035,386	\$ 4,205,984	\$ 15,532,764	\$ 29,871,346
Total operating revenues	7,097,212	3,035,386	4,205,984	15,532,764	29,871,346
Operating expenses:					
Personnel services	1,682,088	945,185	221,927	-	2,849,200
Contractual services	547,114	119,124	39,176	-	705,414
Materials and supplies	4,782,789	481,244	115,773	-	5,379,806
Utilities	83,706	1,145,477	-	420	1,229,603
Repairs and maintenance	12,003	65,013	24,290	-	101,306
Rental expenses	1,339	270,825	-	-	272,164
Vehicle fleet charges	75,643	17,503	13,845	-	106,991
Employee benefits	-	-	3,613,164	16,056,484	19,669,648
Other expenses	563,471	27,662	167,824	-	758,957
Depreciation	2,579,576	111,849	1,610	-	2,693,035
Total operating expenses	10,327,729	3,183,882	4,197,609	16,056,904	33,766,124
Operating income (loss)	(3,230,517)	(148,496)	8,375	(524,140)	(3,894,778)
Nonoperating revenues (expenses):					
Interest income	-	-	54,878	24,140	79,018
Interest expense	(34,033)	-	-	-	(34,033)
Loss on disposal of fixed assets	374,048	-	-	-	374,048
Total nonoperating revenues (expenses)	340,015	-	54,878	24,140	419,033
Income (loss) before transfers	(2,890,502)	(148,496)	63,253	(500,000)	(3,475,745)
Transfers out	(261,763)	-	-	-	(261,763)
Transfers in	2,674,366	75,000	355,000	-	3,104,366
Change in net assets	(477,899)	(73,496)	418,253	(500,000)	(633,142)
Total net assets - beginning as previously reported	11,110,634	717,669	272,980	1,867,705	13,968,988
Prior period adjustments	(65,000)	-	-	-	(65,000)
Total net assets - beginning as restated	11,045,634	717,669	272,980	1,867,705	13,903,988
Total net assets - ending	\$ 10,567,735	\$ 644,173	\$ 691,233	\$ 1,367,705	\$ 13,270,846

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended June 30, 2005

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits Trust	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 6,899,059	\$ 2,967,137	\$ 4,088,710	\$ 15,627,920	\$ 29,582,826
Cash receipts from interfund services provided	197,924	72,818	-	-	270,742
Cash payments to suppliers for goods and services	(5,865,901)	(2,113,681)	(3,876,903)	(16,056,386)	(27,912,871)
Cash payments to employees for services	(1,650,159)	(930,566)	(216,618)	-	(2,797,343)
Net cash provided by (used in) operating activities	(419,077)	(4,292)	(4,811)	(428,466)	(856,646)
Cash flows from noncapital financing activities:					
Transfers in (out)	2,412,603	75,000	355,000	-	2,842,603
Net cash provided by noncapital financing activities	2,412,603	75,000	355,000	-	2,842,603
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(78,645)	(15,090)	-	-	(93,735)
Interest paid	(1,356)	-	-	-	(1,356)
Proceeds from sale of capital assets	600,556	-	-	-	600,556
Acquisition and construction of capital assets (including capitalized interest)	(2,409,634)	(73,179)	(19,306)	-	(2,502,119)
Net cash used in capital and related financing activities	(1,889,079)	(88,269)	(19,306)	-	(1,996,654)
Cash flows from investing activities:					
Interest received	-	-	54,878	24,140	79,018
Net cash provided by investing activities	-	-	54,878	24,140	79,018
Net increase (decrease) in cash and cash equivalents	104,447	(17,561)	385,761	(404,326)	68,321
Cash and cash equivalents at beginning of year	2,713,141	605,542	3,185,604	1,056,942	7,561,229
Cash and cash equivalents at end of year	<u>\$ 2,817,588</u>	<u>\$ 587,981</u>	<u>\$ 3,571,365</u>	<u>\$ 652,616</u>	<u>\$ 7,629,550</u>
Reconciliation to balance sheet:					
Pooled cash and cash equivalents	\$ 2,817,588	\$ 587,981	\$ 3,446,365	\$ 652,616	\$ 7,504,550
Cash with fiscal agent	-	-	125,000	-	125,000
Cash and cash equivalents at end of year	<u>\$ 2,817,588</u>	<u>\$ 587,981</u>	<u>\$ 3,571,365</u>	<u>\$ 652,616</u>	<u>\$ 7,629,550</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended June 30, 2005

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits Trust	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (3,230,517)	\$ (148,496)	\$ 8,375	\$ (524,140)	\$ (3,894,778)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,579,576	111,849	1,610	-	2,693,035
Changes in assets and liabilities:					
(Increase) decrease in receivables	(229)	4,568	237,726	95,156	337,221
(Increase) decrease in inventory	(40,819)	-	-	-	(40,819)
Increase (decrease) in accounts payable	240,485	13,167	(257,832)	518	(3,662)
Increase (decrease) in accrued payroll	31,929	14,620	5,310	-	51,859
Decrease in deferred revenue	498	-	-	-	498
Total adjustments	2,811,440	144,204	(13,186)	95,674	3,038,132
Net cash provided by (used in) operating activities	\$ (419,077)	\$ (4,292)	\$ (4,811)	\$ (428,466)	\$ (856,646)

See notes to financial statements.

CHARLESTON COUNTY COMBINING STATEMENTS - FIDUCIARY FUNDS

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

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2005

	Balance July 1, 2004 (As restated)	Additions	Deductions	Balance June 30, 2005
<u>ASSETS</u>				
Non-pooled cash and cash equivalents:				
Held by Business License/User Fee Third parties	\$ 63,808	\$ 62,396	\$ 67,049	\$ 59,155
Held by Clerk of Court Third parties	9,275,224	11,193,660	14,458,860	6,010,024
Held by Controller Third parties	29,901	4,062	21,545	12,418
Held by Delinquent Tax Third parties	2,157,770	25,685,289	26,548,350	1,294,709
Held by Family Court Third parties	306,254	32,920,886	32,810,480	416,660
Held by Magistrates Third parties	152,669	139,336	152,669	139,336
Held by Master-In-Equity Third parties	1,118,983	23,137,463	22,730,007	1,526,439
Held by Sheriff Third parties	111,941	3,685,497	3,698,360	99,078
Held by Solicitor Third parties	45,035	115,436	99,958	60,513
Total non-pooled cash and cash equivalents	13,261,585	96,944,025	100,587,278	9,618,332
Investments				
Held by Treasurer Third parties	509,766	300,001	590,004	219,763
Held by Delinquent Tax Third parties	4,047,669	16,585,404	13,727,134	6,905,939
Total Investments	4,557,435	16,885,405	14,317,138	7,125,702

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See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2005

	Balance July 1, 2004 (As Restated)	Additions	Deductions	Balance June 30, 2005
<u>ASSETS</u>				
Pooled cash and cash equivalents:				
Held by Treasurer				
C & B Fire Department	\$ 1,524	\$ 6,186	\$ 1,993	\$ 5,717
Charleston County Airport	(1,026)	1,327,875	1,327,887	(1,038)
Charleston County PRC	56,587	14,598,036	14,739,397	(84,774)
Charleston County School District	12,423,961	227,504,161	229,784,766	10,143,356
City of Charleston	503,843	45,031,095	42,510,566	3,024,372
City of Folly Beach	8,200	1,464,248	1,464,221	8,227
City of Isle of Palms	24,811	2,942,260	2,948,960	18,111
City of North Charleston	193,100	25,468,700	24,495,545	1,166,255
Cooper River PPC	2,351	215,515	215,629	2,237
East Cooper Fire District	68	-	-	68
James Island PSD	222,582	4,912,963	4,899,124	236,421
James Island Fireman's Fund	34,288	45,011	45,011	34,288
North Charleston District	18,378	1,322,404	1,325,494	15,288
S. C. Fireman's Association	-	1,407,711	1,407,711	-
St. Andrew's PPPC	40,202	1,204,689	1,218,991	25,900
St. Andrew's Public Service District	127,262	4,212,993	4,242,966	97,289
St. John's Fire District	130,829	7,310,606	7,265,474	175,961
St. John's Firemen's Fund	196,414	223,680	196,414	223,680
St. Paul's Fire District	58,621	2,942,165	2,948,445	52,341
State Agencies	-	3,369,601	3,182,910	186,691
Third parties	8,728	8,825,946	9,532,815	(698,141)
Town of Lincolntonville	3,722	116,365	117,519	2,568
Town of McClellanville	5,892	164,787	169,194	1,485
Town of Mount Pleasant	2,599,317	16,240,596	16,160,947	2,678,966
Town of Ravenel	-	-	-	-
Town of Sullivan's Island	10,455	1,576,448	1,579,662	7,241
Town of Summerville	99	4,069	385	3,783
Total held by Treasurer	16,670,208	372,438,110	371,782,026	17,326,292
Held by Drug Seizure Trust				
Third parties	124,161	109,361	101,141	132,381
Total pooled cash and cash equivalents	16,794,369	372,547,471	371,883,167	17,458,673
Total assets	\$ 34,613,389	\$ 486,376,901	\$ 486,787,583	\$ 34,202,707

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2005

	Balance July 1, 2004 (As Restated)	Additions	Deductions	Balance June 30, 2005
<u>LIABILITIES</u>				
Due to component units:				
Charleston County PRC	\$ 56,587	\$ 14,598,036	\$ 14,739,397	\$ (84,774)
Cooper River PPC	2,351	215,515	215,629	2,237
James Island PSD	222,582	4,912,963	4,899,124	236,421
North Charleston District	18,378	1,322,404	1,325,494	15,288
St. Andrew's PPPC	40,202	1,204,689	1,218,991	25,900
St. John's Fire District	130,829	7,310,606	7,265,474	175,961
St. Paul's Fire District	58,621	2,942,165	2,948,445	52,341
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Total due to component units	529,550	32,506,378	32,612,554	423,374
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Intergovernmental payable:				
C & B Fire Department	1,524	6,186	1,993	5,717
Charleston County Airport	(1,026)	1,327,875	1,327,887	(1,038)
Charleston County School District	12,933,727	227,804,162	230,374,770	10,363,119
City of Charleston	503,843	45,031,095	42,510,566	3,024,372
City of Folly Beach	8,200	1,464,248	1,464,221	8,227
City of Isle of Palms	24,811	2,942,260	2,948,960	18,111
City of North Charleston	193,100	25,468,700	24,495,545	1,166,255
East Cooper Fire District	68	-	-	68
James Island Fireman's Fund	34,288	45,011	45,011	34,288
St. John's Fireman's Fund	196,414	223,680	196,414	223,680
St. Andrew's Public Service District	127,262	4,212,993	4,242,966	97,289
State Agencies	-	3,369,601	3,182,910	186,691
Town of Lincolnville	3,722	116,365	117,519	2,568
Town of McClellanville	5,892	164,787	169,194	1,485
Town of Mount Pleasant	2,599,317	16,240,596	16,160,947	2,678,966
Town of Ravenel	-	-	-	-
Town of Sullivan's Island	10,455	1,576,448	1,579,662	7,241
Town of Summerville	99	4,069	385	3,783
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Total intergovernmental payable	16,641,696	329,998,076	328,818,950	17,820,822
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Due to third parties	17,442,143	123,872,447	125,356,079	15,958,511
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Total liabilities	\$ 34,613,389	\$ 486,376,901	\$ 486,787,583	\$ 34,202,707
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See notes to financial statements.

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



COUNTY OF CHARLESTON, SOUTH CAROLINA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function
June 30, 2005

Function	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 3,219,184	\$ 75,352,019	\$ 1,055,674	\$ 26,789,935	\$ -	\$ -	\$ 106,416,812
Public safety	63,535	29,955,623	-	10,826,632	-	455,390	41,301,180
Judicial	-	60,450,130	-	848,169	-	-	61,298,299
Public works	125,898	392,048	67,192	1,301,073	56,441,303	-	58,327,513
Health and welfare	-	1,532,836	2,081,223	683,795	-	-	4,297,854
Culture and recreation	554,488	33,658,658	-	24,269	-	-	34,237,415
Total	\$ 3,963,104	\$ 201,341,314	\$ 3,204,089	\$ 40,473,873	\$ 56,441,303	\$ 455,390	\$ 305,879,073

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

COUNTY OF CHARLESTON, SOUTH CAROLINA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function
For the Year Ended June 30, 2005

Function	Balance July 1, 2004	Additions *	Deletions *	Balance June 30, 2005
General government	\$ 94,233,724	\$ 34,909,830	\$ (22,726,742)	\$ 106,416,812
Public safety	40,513,192	3,143,793	(2,355,805)	41,301,180
Judicial	61,487,749	0	(189,450)	61,298,299
Public works	50,553,877	8,673,507	(899,870)	58,327,513
Health and welfare	4,692,724	0	(394,870)	4,297,854
Culture and recreation	37,543,602	0	(3,306,187)	34,237,415
Total	\$ 289,024,868	\$ 46,727,131	\$ (29,872,924)	\$ 305,879,073

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

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

STATISTICAL TABLES (UNAUDITED)



COUNTY OF CHARLESTON, SOUTH CAROLINA
GOVERNMENT- WIDE EXPENSES BY FUNCTION
LAST FOUR FISCAL YEARS *

Fiscal Year	General Government	Public Safety	Judicial	Public Works	Health and Welfare	Economic Development	Culture and Recreation	Education	Interest and Fiscal Charges	Total Expenditures
2005	\$ 48,480,730	\$ 65,411,630	\$ 17,626,761	\$ 14,569,632	\$ 11,823,614	\$ 943,669	\$ 16,731,110	\$ 3,931,038	\$ 10,107,693	\$ 189,625,877
2004	44,073,903	60,199,756	16,303,000	13,047,445	12,259,223	1,057,507	17,464,877	3,735,895	9,306,029	177,447,635
2003	42,030,869	57,667,474	15,150,950	14,249,365	13,698,800	584,991	14,744,185	3,592,277	10,697,842	172,416,753
2002	40,355,391	49,424,542	13,274,645	12,371,692	11,240,334	730,879	14,145,906	3,549,382	9,931,428	155,024,199

* Due to the implementation of GASB Statement 34, FY 2002 is the first year of available data.

COUNTY OF CHARLESTON, SOUTH CAROLINA
GOVERNMENT- WIDE REVENUES BY FUNCTION
LAST FOUR FISCAL YEARS *

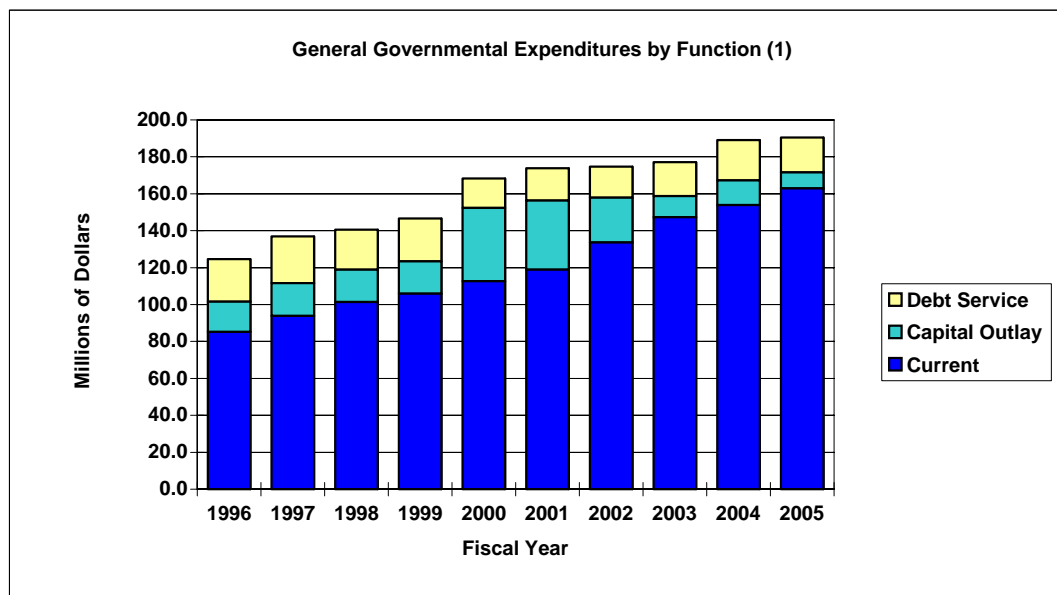
Fiscal Year	Program Revenue			General Revenue							Total Revenues
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Intergovern- mental Revenue	Unrestricted State Aid	Grants and Contributions Not Restricted to a Specific Program	Unrestricted Investment Earnings	Gain on Sale of Capital Assets	Transfers	
2005	\$ 32,520,608	\$ 19,298,359	\$ 3,131,573	\$ 129,715,786	\$ 1,786,126	\$ 13,959,555	\$ -	\$ 2,495,650	-	\$ (3,289,535)	\$ 199,618,122
2004	31,389,936	16,592,529	-	119,567,552	1,792,876	13,781,116	-	469,755	387,618	8,151,631	192,133,013
2003	27,280,120	17,389,105	-	115,936,834	1,815,333	13,654,987	-	727,946	24,645	(2,509,762)	174,319,208
2002	22,363,521	15,693,824	-	115,985,098	1,779,570	13,839,678	217,231	3,957,860	-	(2,816,345)	171,020,437

* Due to the implementation of GASB Statement 34, FY 2002 is the first year of available data.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS**

Fiscal Year	CURRENT									Capital Outlay	Debt Service	Total Expenditures
	General Govt.	Public Safety	Judicial (2)	Public Works	Health & Welfare (3)	Culture & Recreation	Economic Development	Education (2)	Inter-Governmental			
2005	\$ 39,019,532	\$ 63,543,857	\$ 16,001,052	\$ 11,762,912	\$ 11,665,243	\$ 16,029,300	\$ 953,526	\$ 3,931,038	\$ -	\$ 8,693,817	\$ 18,865,891	\$ 190,466,168
2004	36,301,070	58,756,537	14,573,036	12,461,062	11,980,147	15,121,758	1,055,405	3,735,895	-	13,306,572	21,828,758	189,120,240
2003 (4)	36,219,659	54,047,731	13,741,592	11,679,447	13,388,372	14,061,914	582,206	3,592,277	-	11,437,194	18,348,068	177,098,460
2002 (2)	36,599,028	51,775,854	13,288,448	12,492,420	11,470,130	3,783,440	732,242	3,549,382	-	24,235,436	16,739,695	174,666,075
2001	44,105,433	47,515,828	-	7,424,993	9,272,398	3,476,376	654,977	-	6,497,866	37,390,926	17,457,223	173,796,020
2000	39,517,215	45,649,373	-	6,768,380	10,315,546	3,570,766	632,264	-	6,280,381	39,618,803	15,871,375	168,224,103
1999	37,148,373	41,022,122	-	6,417,127	10,552,005	4,089,267	646,337	-	6,058,147	23,209,960	17,470,455	146,613,793
1998	34,309,536	38,255,494	-	6,801,878	7,617,649	6,281,437	663,659	-	7,473,611	21,647,210	17,478,418	140,528,892
1997 (3)	31,684,338	35,672,045	-	6,268,727	7,916,305	3,798,756	628,274	-	8,048,390	25,323,171	17,517,728	136,857,734
1996 (3)	28,714,448	33,181,741	-	5,819,447	7,795,116	1,043,943	593,205	-	8,058,546	23,157,403	16,299,560	124,663,409

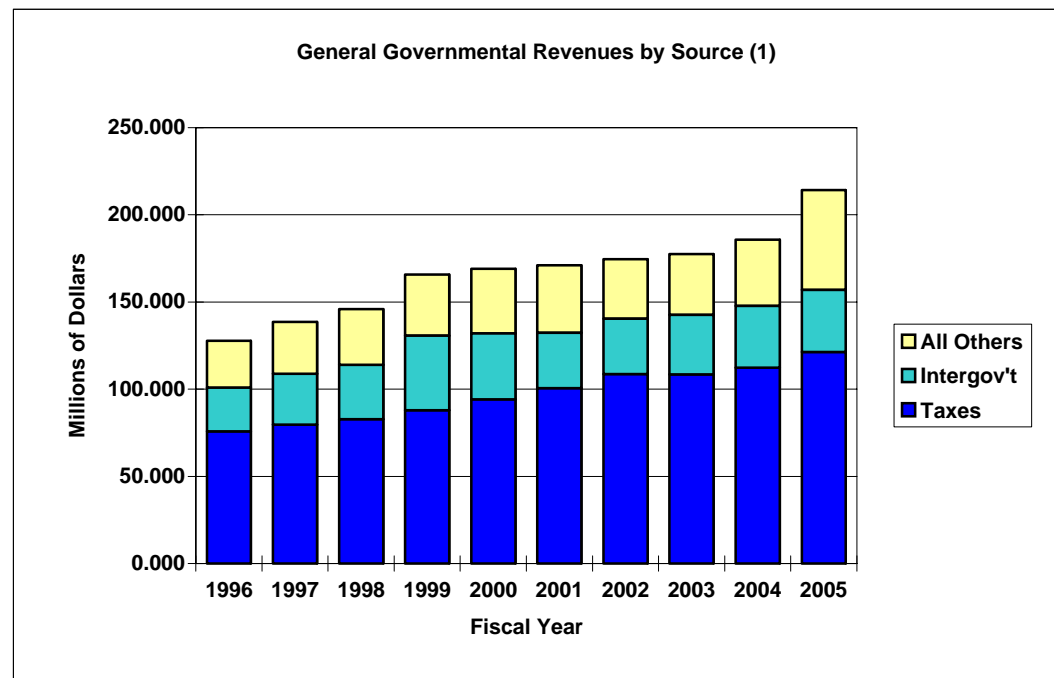
- (1) This table includes General, Special Revenue, Debt Service, and Capital Projects Funds.
- (2) The County's functions have been reclassified in order to match the functions used in the Statement of Activities. The Statement of Activities is required by GASB Statement 34.
- (3) FY 1996 and FY 1997 have been restated to reflect the current functional categories for comparative purposes. FY 1996 has also been restated to include the activity of the Education Special Revenue Fund and the East Cooper and West St. Andrew's Fire Districts.
- (4) Transfer to Charleston County Library has been reclassified as a current expense, Culture & Recreation. In prior years, this has been recorded as a transfer to a component unit.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS**

Fiscal Year	Property Taxes Transportation Taxes and L.O.S.T.	Inter- governmental	Fees, Permits and Licenses	Fines and Forfeitures	Interest	Service Charges	Rental and Use of Property	Other Revenues	Total Revenues
2005	\$ 121,323,032	\$ 35,529,286	\$ 28,134,114	\$ 3,093,825	\$ 4,211,316	\$ 5,362,174	\$ 764,147	\$ 15,712,452	\$ 214,130,346
2004	112,266,108	35,526,262	23,974,732	2,950,070	2,690,076	5,005,436	913,155	2,429,717	185,755,556
2003	108,505,391	34,026,407	21,240,225	2,934,280	3,151,337	4,395,844	977,369	2,151,627	177,382,480
2002	108,679,637	31,708,211	19,395,825	3,417,423	4,159,112	3,992,204	987,732	2,168,314	174,508,458
2001	100,675,094	31,671,123	18,404,737	3,503,947	7,818,507	3,682,270	1,772,953	3,522,925	171,051,556
2000	94,224,176	37,800,052	17,049,868	3,211,203	8,206,682	3,768,561	2,338,124	2,429,757	169,028,423
1999	88,010,446	42,716,262	17,306,387	2,539,845	5,855,946	3,707,788	2,366,356	3,279,960	165,782,990
1998	82,767,449	31,179,500	15,179,504	2,419,628	5,772,393	3,609,168	2,388,548	2,601,044	145,917,234
1997	79,676,116	29,109,295	12,570,363	2,542,644	7,502,610	3,280,030	2,491,074	1,465,132	138,637,264
1996 (2)	75,793,741	25,222,835	10,803,770	2,580,244	6,680,747	2,804,797	2,366,285	1,466,761	127,719,180

- (1) This table includes General, Special Revenue, Debt Service, and Capital Projects Funds.
- (2) FY 1996 has been restated to include the activities of the Education Special Revenue Fund and the addition of the East Cooper and West St. Andrew's Fire Districts.



COUNTY OF CHARLESTON, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS (A)
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Abatements and Adjustments	Outstanding Delinquent Tax
2005	\$ 71,982,912	\$ 69,530,828	96.6%	\$ 1,053,814	\$ 70,584,642	98.1%	\$ (295,217)	\$ 1,693,487
2004	73,504,819	70,729,990	96.2%	1,213,557	71,943,547	97.9%	1,024,583	536,689
2003	70,724,092	67,801,645	95.9%	2,321,483	70,123,128	99.2%	207,368	393,596
2002	69,979,712	66,574,527	95.1%	2,580,900	69,155,427	98.8%	482,967	341,318
2001	62,990,678	60,011,687	95.3%	1,979,023	61,990,710	98.4%	665,341	334,627
2000	59,000,991	56,322,447	95.5%	2,010,259	58,332,706	98.9%	381,805	286,480
1999	56,070,347	53,371,581	95.2%	2,160,214	55,531,795	99.0%	283,558	254,994
1998	53,226,024	51,089,822	96.0%	1,715,998	52,805,820	99.2%	214,135	206,069
1997	52,851,086	50,596,564	95.7%	1,850,689	52,447,253	99.2%	224,518	179,315
1996	52,826,581	49,871,145	94.4%	2,007,235	51,878,380	98.2%	717,532	230,669
								<u><u>\$ 4,457,244</u></u>

Taxes receivable as of June 30, 2005:

General Fund	\$ 3,451,587
Debt Service Fund	<u>1,005,637</u>
Total (B)	<u><u>\$ 4,457,224</u></u>

(A) This table contains only the General Fund and the Debt Service Fund levies.

(B) See Note III.B.

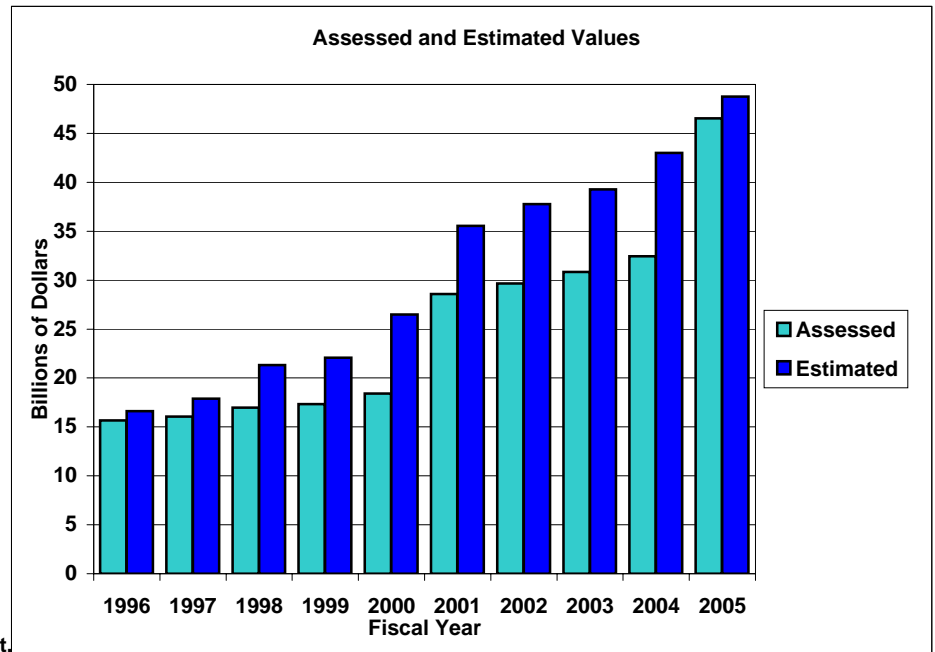
Note: This information was provided by the Charleston County Treasurer's Office.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property		Ratio of Assessed to Estimated Value	Personal Property	Total		Ratio of Total Assessed Value to Total Estimated Value
	Assessed Value (3) (4)	Estimated Value		Assessed and Estimated Value (1) (2) (3)	Assessed Value (3) (4)	Estimated Value	
2005	\$ 42,432,112,781	\$ 44,665,381,969	95%	\$ 4,104,875,121	\$ 46,536,987,902	\$ 48,770,257,090	95%
2004	27,602,106,530	38,164,320,153	72%	4,823,513,157	32,425,619,687	42,987,833,310	75%
2003	26,663,006,339	35,082,903,078	76%	4,188,199,212	30,851,205,551	39,271,102,290	79%
2002	25,701,303,209	33,817,504,222	76%	3,965,685,997	29,666,989,206	37,783,190,219	79%
2001	24,626,437,036	31,572,355,174	78%	3,968,880,547	28,595,317,583	35,541,235,721	80%
2000	15,002,926,800	23,081,425,846	65%	3,407,215,085	18,410,141,885	26,488,640,931	70%
1999	14,287,572,307	19,050,096,409	75%	3,031,291,464	17,318,863,771	22,081,387,873	78%
1998	13,801,861,076	18,160,343,521	76%	3,170,103,002	16,971,964,078	21,330,446,523	80%
1997	13,346,796,674	15,166,814,402	88%	2,722,975,278	16,069,771,952	17,889,789,680	90%
1996	12,767,823,223	13,728,842,175	93%	2,897,196,520	15,665,019,743	16,626,038,695	94%

- (1) For FY 1989, the State passed legislation that exempted business inventory from property tax. The assessed value of the exempted inventory for FY 1990 was approximately \$209,000,000. In place of the property tax, the State now pays the County, through State shared revenues the amount of tax that was received in FY 1988. This amount is frozen for all future years at the FY 1988 level.
- (2) Personal property is assessed at 100% of current value; therefore, assessed and estimated values are the same.
- (3) Under SC law all real property is appraised at actual market value then adjusted to reflect the county-wide composite average of appraised value to sales for the prior year, to arrive at assessed value. This value of both real estate and personal property is then adjusted to a taxable value of between 4% and 10.5% depending on the type of property. This is used to determine the legal debt margin.
- (4) Reassessment was implemented in Fiscal Year 2001.

Note: This information was provided by the Charleston County Auditor and Assessor Offices and is subject to the appeals process after reassessment.



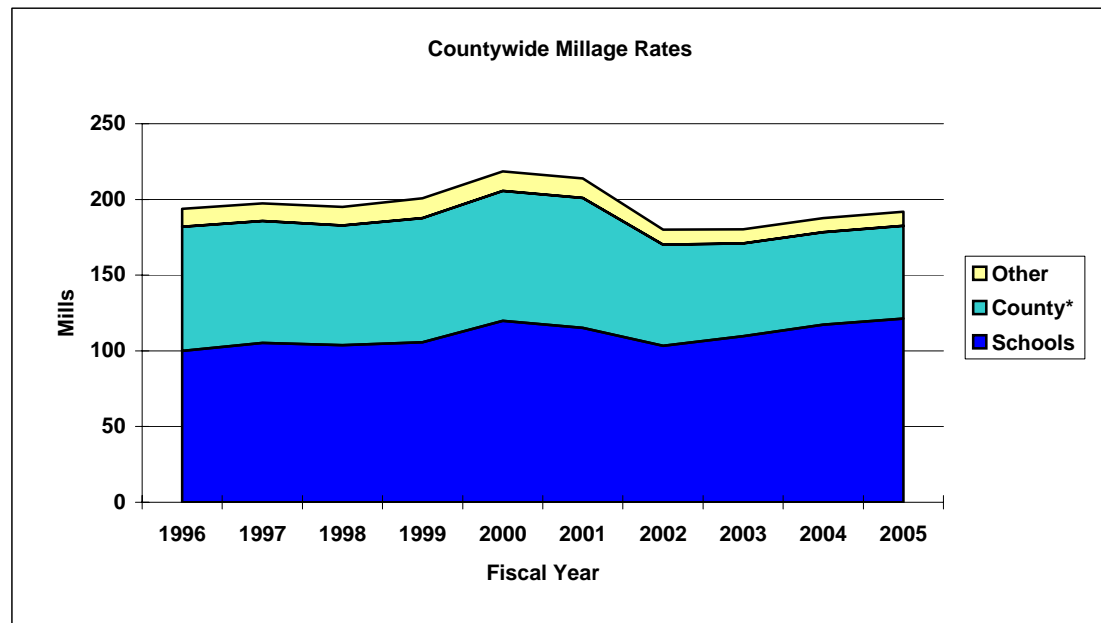
**COUNTY OF CHARLESTON, SOUTH CAROLINA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(MILLAGE RATES PER THOUSAND)
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Charleston County *</u>	<u>School Districts</u>	<u>Other County (1)</u>	<u>County Sub-total</u>	<u>Cities & Other Districts (2)</u>
2005	61.2	121.4	9.3	191.9	54.8
2004	61.2	117.2	9.3	187.7	53.6
2003	61.2	109.7	9.3	180.2	53.2
2002	66.8	103.4	9.8	180.0	54.5
2001	85.8	115.2	12.9	213.9	61.8
2000	85.8	119.8	12.9	218.5	60.4
1999	82.1	105.6	13.0	200.7	58.4
1998	79.1	103.7	12.3	195.1	57.6
1997	80.6	105.2	11.5	197.3	59.0
1996	82.1	99.9	11.8	193.8	56.9

(1) County-wide levies for Trident Technical College and Park and Recreation Commission.

(2) Average rate of all cities, public service districts, fire districts, and park and playground commissions.

Note: The above millage rates were provided by the Charleston County Auditor's Office.



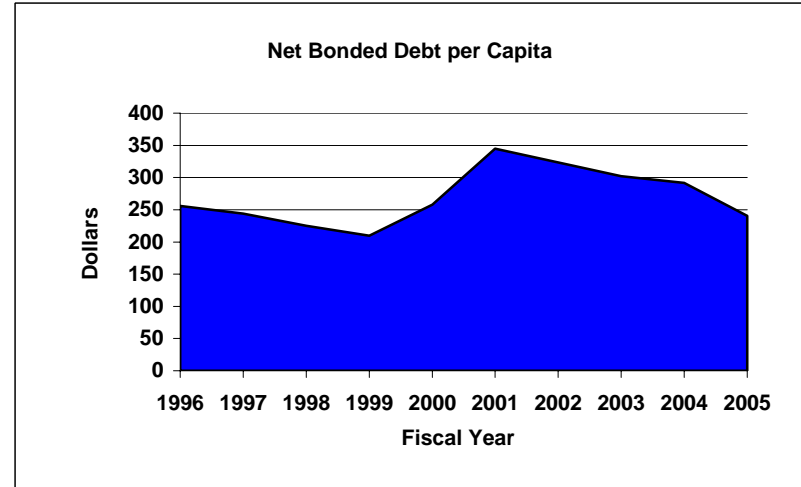
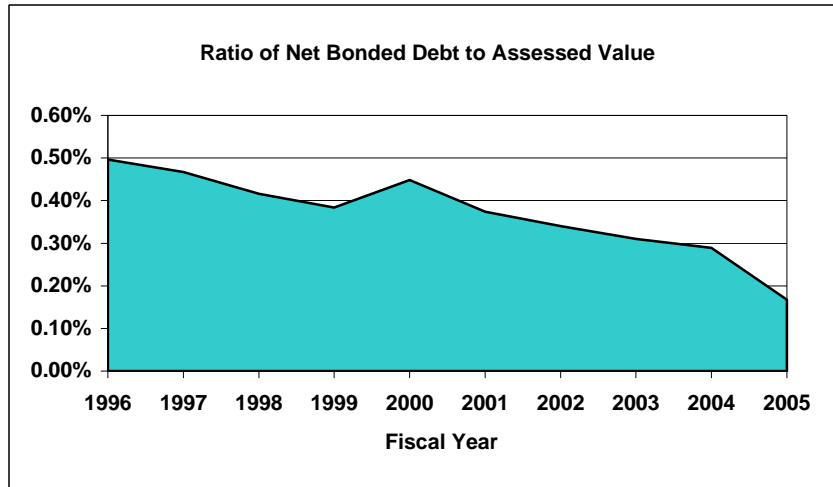
**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO
ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Estimated Population (1)	Assessed Value (2)	Gross G.O. Bonded Debt	Less: Debt Service Funds (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2005	324,224	\$ 46,536,987,902	\$ 97,535,000	\$ 19,566,709	\$ 77,968,291	0.17%	\$ 240
2004	321,014	32,425,619,687	100,755,000	7,108,778	93,646,222	0.29%	292
2003	316,611	30,851,205,551	101,745,000	6,048,242	95,696,758	0.31%	302
2002	312,365	29,666,989,206	106,850,000	5,843,177	101,006,823	0.34%	323
2001	309,969	28,595,317,583	110,400,000	3,527,327	106,872,673	0.37%	345
2000	319,921	18,410,141,885	84,625,000	2,129,105	82,495,895	0.45%	258
1999	316,482	17,318,863,771	66,890,000	491,577	66,398,423	0.38%	210
1998	313,478	16,971,964,078	71,525,000	974,893	70,550,107	0.42%	225
1997	307,945	16,069,771,952	75,975,000	916,818	75,058,182	0.47%	244
1996	303,789	15,665,019,743	80,430,000	2,648,650	77,781,350	0.50%	256

(1) Estimated population for Charleston County was obtained from the Charleston Metro Chamber of Commerce. For 2001 and after, the estimated population is based on the 2000 Census.

(2) Assessed valuations were taken from page 173.

(3) Amount available for repayment of General Obligation Bonds.



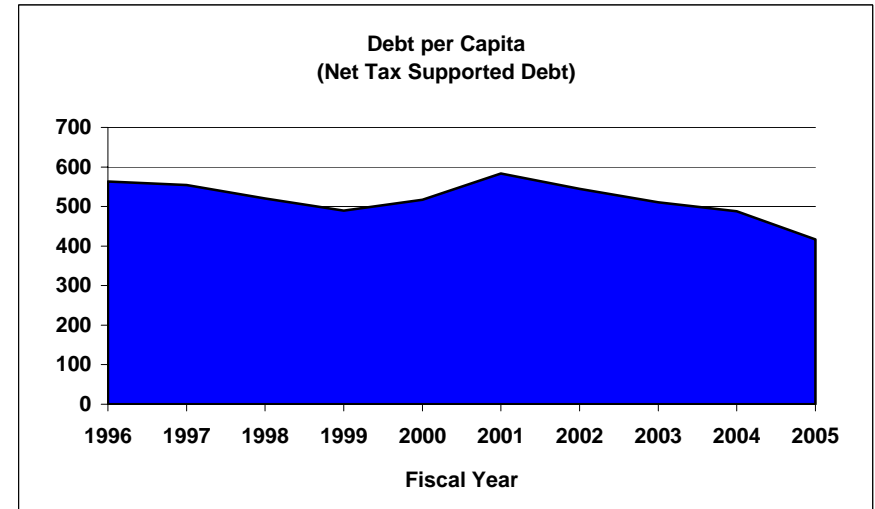
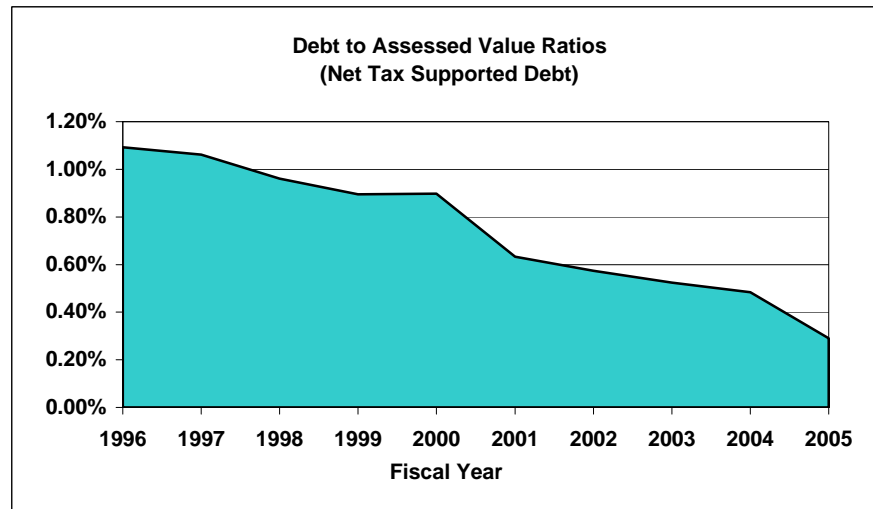
**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF TOTAL NET TAX SUPPORTED DEBT TO
ASSESSED VALUE AND TOTAL NET TAX SUPPORTED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Estimated Population (1)	Assessed Value (2)	General Obligation Bonds	Certificates of Participation	Total Tax Supported Debt	Less: Debt Service Funds (3)	Net Tax Supported Debt	Ratio of Net Tax Supported Debt to Assessed Value	Net Tax Supported Debt Per Capita
2005	324,224	\$ 46,536,987,902	\$ 97,535,000	\$ 66,992,312	\$ 164,527,312	\$ 29,393,716	\$ 135,133,596	0.29%	\$ 417
2004	321,014	32,425,619,687	100,755,000	71,254,819	172,009,819	15,244,321	156,765,498	0.48%	488
2003	316,611	30,851,205,551	101,745,000	71,416,680	173,161,680	11,364,230	161,797,450	0.52%	511
2002	312,365	29,666,989,206	106,850,000	74,816,433	181,666,433	11,586,259	170,080,174	0.57%	544
2001	309,969	28,595,317,583	110,400,000	78,048,825	188,448,825	7,515,689	180,933,136	0.63%	584
2000	319,921	18,410,141,885	84,625,000	86,248,700	170,873,700	5,564,657	165,309,043	0.90%	517
1999	316,482	17,318,863,771	66,890,000	90,295,471	157,185,471	2,181,426	155,004,045	0.90%	490
1998	313,478	16,971,964,078	71,525,000	94,120,528	165,645,528	2,551,419	163,094,109	0.96%	520
1997	307,945	16,069,771,952	75,975,000	97,693,518	173,668,518	2,978,687	170,689,831	1.06%	554
1996	303,789	15,665,019,743	80,430,000	100,865,690	181,295,690	10,206,594	171,089,096	1.09%	563

(1) Estimated population for Charleston County was obtained from the Charleston Metro Chamber of Commerce. For 2001 and after, the estimated population is based on the 2000 Census.

(2) Assessed valuations were taken from Page 173.

(3) Amount available for repayment of General Obligation Bonds and Certificates of Participation.

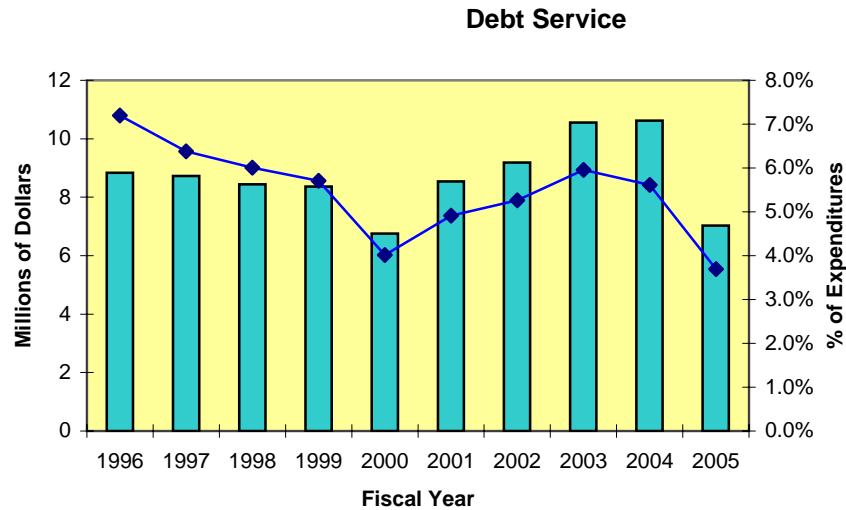


**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal Retirement (1)	Interest (1)	Total Debt Service (1)	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2005	\$ 3,220,000	\$ 3,812,139	\$ 7,032,139	\$ 190,466,168	3.7%
2004	6,350,000	4,268,324	10,618,324	189,120,240	5.6%
2003	5,105,000	5,444,700	10,549,700	177,098,458	6.0%
2002	3,550,000	5,640,356	9,190,356	174,666,075	5.3%
2001	4,225,000	4,318,417	8,543,417	173,796,020	4.9%
2000	3,615,000	3,136,625	6,751,625	168,224,103	4.0%
1999	4,635,000	3,734,858	8,369,858	146,613,793	5.7%
1998	4,450,000	3,996,841	8,446,841	140,528,892	6.0%
1997	4,455,000	4,276,363	8,731,363	136,857,734	6.4%
1996	4,280,000	4,552,747	8,832,747	122,672,172	7.2%

(1) Includes General Obligation Bond Debt Service Fund expenditures only.

(2) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.



COUNTY OF CHARLESTON, SOUTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
JUNE 30, 2005

<u>Name of Jurisdiction</u>	<u>Principal Balance</u>	<u>Percentage of Debt Applicable to this Jurisdiction</u>	<u>Jurisdiction's Share of Debt</u>
County of Charleston			
Refunding Bonds 1999	\$ 24,875,000	100%	\$ 24,875,000
Refunding Bonds 2001	9,475,000	100%	9,475,000
Refunding Bonds 2004	<u>63,185,000</u>	<u>100%</u>	<u>63,185,000</u>
Subtotal	<u>97,535,000</u>	<u>100%</u>	<u>97,535,000</u>
Overlapping:			
Park & Recreation Commission	20,030,000	100%	20,030,000
Public School Districts	<u>173,545,000</u>	<u>100%</u>	<u>173,545,000</u>
Subtotal	<u>193,575,000</u>	<u>100%</u>	<u>193,575,000</u>
Total	<u>\$ 291,110,000</u>	<u>100%</u>	<u>\$ 291,110,000</u>

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

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

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

<u>Fiscal Year (1)</u>	<u>Gross Revenues (2)</u>	<u>Operating Expenses (3)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements (4)</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2005	\$ 34,588,461	\$ 27,570,465	\$ 7,017,996	\$ 1,161,955	\$ 703,308	\$ 1,865,263	3.76
2004	33,291,523	25,611,601	7,679,922	1,060,000	716,904	1,776,904	4.32
2003	30,172,896	23,621,983	6,550,913	1,005,000	1,002,579	2,007,579	3.26
2002	30,482,043	24,733,210	5,748,833	950,000	1,053,880	2,003,880	2.87
2001	30,937,885	23,767,198	7,170,687	905,000	1,101,599	2,006,599	3.57
2000	30,313,065	21,292,411	9,020,654	860,000	1,153,540	2,013,540	4.48
1999	28,909,220	21,133,135	7,776,085	820,000	1,202,498	2,022,498	3.84
1998	28,750,189	22,073,268	6,676,921	780,000	1,248,615	2,028,615	3.29
1997	26,903,455	23,084,338	3,819,117	750,000	1,292,147	2,042,147	1.87
1996	25,886,818	20,034,842	5,851,976	715,000	1,333,189	2,048,189	2.86

(1) FY 1995 was the first year that the County had Revenue Bonds outstanding.

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

(3) Total operating expenses are exclusive of depreciation and amortization.

(4) Includes principal and interest of Revenue Bonds only.

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

<u>Fiscal Year</u>	<u>Residential</u>		<u>Non-Residential</u>	
	<u>Single Family Residences (1)</u>	<u>Multi-Family Residences (2)</u>	<u>One-half Cubic Yard or Less Per Week (3)</u>	<u>More Than One-half Cubic Yard Per Week (4)</u>
2005	\$89	\$63	\$78	\$155
2004	89	63	78	155
2003	89	63	78	155
2002	89	63	78	155
2001	89	63	78	155
2000	89	63	78	155
1999	89	63	78	155
1998	89	63	78	155
1997	79	56	69	137
1996	79	56	69	137

(1) Per residence

(2) Per unit.

(3) Per property.

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

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

<u>Fiscal Year</u>	<u>User Fee Billed</u>	<u>User Fee Revenue</u>	<u>User Fee Applied to Payment of the Disposal Fee</u>	<u>User Fee Applied to Other Purposes</u>	<u>Net Unused User Fee</u>	<u>Year End Working Capital Balance (A)</u>
2005	\$ 22,808,943	\$ 21,802,327	\$ 6,347,904	\$ 22,689,167	\$ (7,234,744)	\$ 44,456,594
2004	21,547,735	21,321,884	4,868,276	7,286,315	9,167,293	51,691,338
2003	21,093,317	20,689,423	7,006,550	11,517,490	2,165,383	42,524,045
2002	20,135,112	20,212,756	7,936,098	6,939,688	5,336,970	40,358,662
2001	20,159,507	20,212,264	6,897,169	8,430,582	4,884,513	35,021,692
2000	19,233,423	18,924,112	6,098,808	8,289,193	4,536,111	30,137,179
1999	18,810,183	18,615,860	5,952,212	7,604,711	5,058,937	25,601,068
1998	18,303,773	18,059,456	7,456,504	6,523,273	4,079,679	20,542,131
1997	15,971,877	15,936,038	7,936,217	8,314,495	(314,674)	16,462,452
1996	15,992,908	15,572,051	7,372,433	(8,577,508)	16,777,126	16,777,126

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

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

Fiscal Year	Disposal Fee			Sources Used To Pay Disposal Fee					
	Incinerator Operations	Debt Service	Total Disposal Fee	Steam Sales (1)	Electric Sales	Equity Payment	Interest Income	User Fee Applied to Disposal Fee	Total Sources Used to Pay Disposal Fee
2005	\$ 7,910,814	\$ 7,326,349	\$ 15,237,163	\$ 3,634,265	\$ 4,493,514	\$ -	\$ 761,480	\$ 6,347,904	\$ 15,237,163
2004	7,719,190	5,768,142	13,487,332	3,498,333	4,856,830	-	263,893	4,868,276	13,487,332
2003	7,849,844	6,064,112	13,913,956	3,363,333	3,329,393	-	214,680	7,006,550	13,913,956
2002	8,364,178	6,518,299	14,882,477	3,302,912	3,288,578	-	354,889	7,936,098	14,882,477
2001	6,902,651	6,206,723	13,109,374	2,959,441	2,730,311	104,167	418,286	6,897,169	13,109,374
2000	6,849,886	6,271,086	13,120,972	3,595,295	2,547,428	437,500	441,941	6,098,808	13,120,972
1999	6,862,392	5,692,091	12,554,483	3,197,637	2,187,468	804,167	412,999	5,952,212	12,554,483
1998	6,595,010	7,209,886	13,804,896	2,988,875	1,711,664	1,054,167	593,686	7,456,504	13,804,896
1997	7,159,129	8,291,200	15,450,329	3,242,629	2,332,882	1,304,167	634,434	7,936,217	15,450,329
1996	6,458,697	8,103,953	14,562,650	2,893,509	2,184,141	1,554,167	558,400	7,372,433	14,562,650

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

**COUNTY OF CHARLESTON, SOUTH CAROLINA
FINANCIAL ASSURANCE COVERAGE
MUNICIPAL SOLID WASTE LANDFILL FACILITIES**

LOCAL GOVERNMENT FINANCIAL TEST:

1. Financial component:

A. Bond rating requirement: Investment grade bond rating of no less than BBB.

The County's current general obligation bond ratings are:

Moody's Investors Service	Aa1
Standard & Poors Corporation	AA+
Fitch, Inc.	AA

B. Financial ratio alternative:

The prescribed financial ratios computed under GAAP are:

1. Ratio of cash and marketable securities to total expenditures - Primary Government

Cash and cash equivalents	\$ 139,057,809	
Total expenditures	\$ 266,847,018	
Requirement is no less than 5%		<u>52.11%</u>

2. Ratio of annual debt service expenditures - Primary Government

Total debt service expenditures	\$ 22,299,026	
Total expenditures	\$ 266,847,018	
Requirement is no more than 20%		<u>8.36%</u>

2. Financial assurance limitation test:

Financial assurance limitation under financial test:

Total Revenue - Primary Government	\$ 291,315,320	
Maximum percent of revenue eligible for self-insured local government financial test	<u>43%</u>	
Limitation on deferred cost of closure		\$ 125,265,588

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

Estimated costs from Note III.G. on landfill closure	\$ 25,575,005	
Less: Expenditures to date	\$ (12,755,005)	
Restricted assets committed to closure	<u>\$ (12,223,426)</u>	
Balance of closure costs being deferred		<u>\$ 596,574</u>
Additional permissible deferred cost		<u>\$ 124,669,014</u>

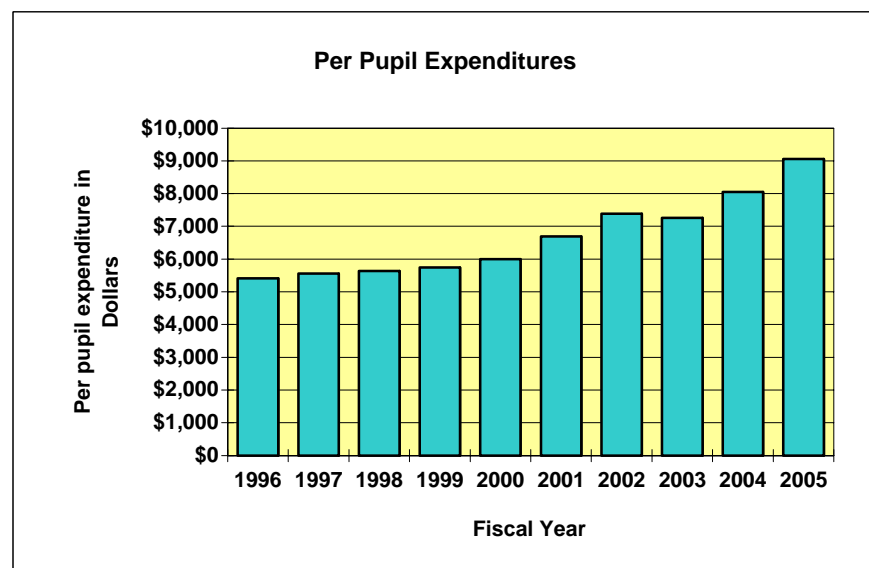
**COUNTY OF CHARLESTON, SOUTH CAROLINA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>County Population</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>	<u>School Enrollment</u>	<u>Per Pupil Expenditure</u>
2005	324,224	\$ 32,210	35.5	4.7%	41,912	\$ 9,054
2004	321,014	31,272	35.4	4.4%	41,870	8,047
2003	316,611	30,361	34.5	4.2%	43,783	7,261
2002	312,365	29,346	33.9	3.8%	41,830	7,390
2001	309,969	28,725	31.9	3.2%	41,864	6,693
2000	319,921	28,466	31.8	3.0%	43,212	5,994
1999	316,482	26,085	31.6	3.3%	43,443	5,739
1998	313,478	24,490	31.4	3.0%	44,878	5,637
1997	307,945	22,839	31.1	4.1%	43,067	5,556
1996	303,789	21,923	30.1	6.0%	44,100	5,410

Employment by sector of the economy:

20%	Trade, Transportation, Utilities
20%	Government/Public Administration
13%	Professional & Business Services
12%	Leisure & Hospitality
11%	Education & Health Services
8%	Manufacturing
8%	Construction
4%	Finance/Insurance/Real Estate
4%	Information & Other Services

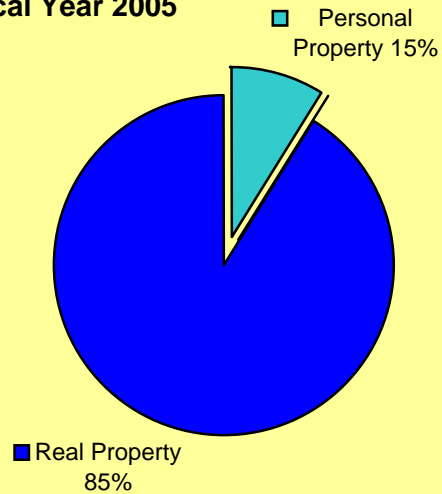
Information was obtained from the Charleston Metro Chamber of Commerce, the South Carolina Office of Research and Statistics, and the Charleston County School District. Some figures have been updated from previous reports, and some figures are based on estimates and interpolation.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS**

Fiscal Year	Property Value (1)			Construction (2)			Financial Institutions Deposits (3)
	Personal	Real	Total	Number of Permits	Commercial Value	Residential Value	
2005	\$ 4,104,875,121	\$ 42,432,112,781	\$ 46,536,987,902	6,538	\$ 44,571,910	\$ 222,391,075	\$ 7,161,000,000
2004	4,823,513,157	27,602,106,530	32,425,619,687	5,500	31,880,979	192,838,892	6,448,000,000
2003	4,188,199,212	26,663,006,339	30,851,205,551	4,873	67,783,866	118,014,137	5,723,217,000
2002	3,965,685,997	25,701,303,209	29,666,989,206	5,645	18,564,007	179,773,595	5,015,683,000
2001	3,968,880,547	24,626,437,036	28,595,317,583	5,474	31,330,023	124,903,732	4,721,274,000
2000	3,407,215,085	15,002,926,800	18,410,141,885	5,682	56,104,750	154,253,928	4,312,883,000
1999	3,031,291,464	14,287,572,307	17,318,863,771	5,388	51,394,450	138,593,278	4,006,795,000
1998	3,170,103,002	13,801,861,076	16,971,964,078	5,300	15,165,078	210,500,983	3,774,552,000
1997	2,722,975,278	13,346,796,674	16,069,771,952	4,709	18,449,322	86,837,252	3,529,111,000
1996	2,897,196,520	12,767,823,223	15,665,019,743	4,106	23,650,171	67,062,178	3,363,470,000

**Property Value Percentages
Fiscal Year 2005**



(1) Assessed values were taken from Page 173.

(2) Construction data was obtained through the Charleston County Building Services Department.

(3) Bank, Savings & Loan, and Credit Union Deposits were obtained through the S.C. State Board of Financial Institutions and the Federal Deposit Insurance Corporation (FDIC).

**COUNTY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL TAXPAYERS
JUNE 30,2005**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Taxable Assessed Value (1) (2)</u>	<u>Percentage of Total Assessed Valuation (3)</u>	<u>Amount of County Tax (2)</u>
S.C. Electric & Gas	Electric and Gas Utility	\$ 36,377,480	2.01%	\$ 5,555,881
BellSouth	Telephone Company	17,574,180	0.97%	2,684,079
Westvaco/West Virginia Pulp & Paper	Paper Products and Chemicals	16,995,713	0.94%	2,833,936
Kiawah Real Estate Company	Real Estate	7,965,460	0.44%	1,165,347
Charleston Center	Hotel and Convention Center	5,380,080	0.30%	787,106
G and I III	Developer/Property Manager	5,263,640	0.29%	776,888
Kiawah Resort Associates LP	Real Estate	5,151,690	0.28%	753,692
North Charleston Joint Venture	Real Estate	4,929,300	0.27%	721,157
Berkeley Electric Coop	Electric and Gas Utility	4,660,160	0.26%	711,740
Cellco	Telecommunications	4,416,040	0.24%	474,983
	Totals	<u>\$108,713,743</u>	<u>6.01%</u>	<u>\$ 16,464,809</u>

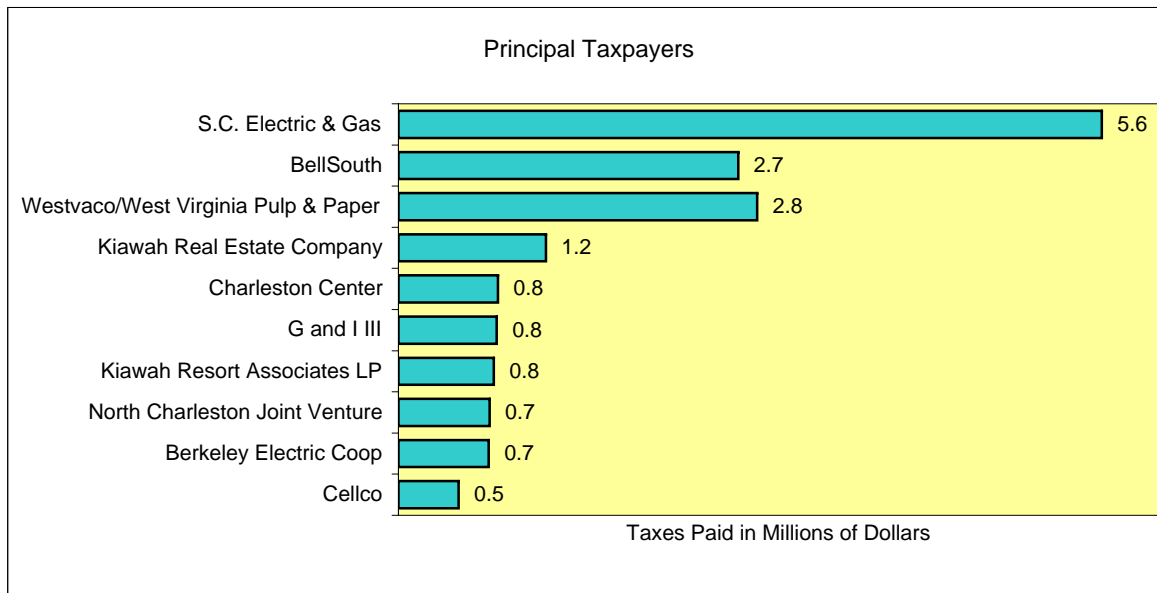
- (1) South Carolina law applies an assessment ratio to assessed value (Page 175) to arrive at taxable assessed value.

The percentages are:

- 4.0% - principal residence and farm land
- 6.0% - other residences and commercial property
- 9.5% - railroad, real and personal property
- 10.5% - all utility and manufacturing real and personal property and all other personal property

- (2) The taxable assessed values and County taxes are shown net of all County exemptions and deductions in order to reflect the portion taxable for County operations and debt service.
- (3) Total taxable assessed value of all property, taken from Note III.I. of the 2005 CAFR, is \$2,447,335,760. Assessed value is taxable as defined in Item (1) above.

Note: This information was provided by the Charleston County Treasurer's Office and the Charleston County Auditor's Office.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
MISCELLANEOUS STATISTICS**

TAX STRUCTURE:

STATE CORPORATE TAX: Domestic & Foreign (5% of Net Taxable Income)

REAL PROPERTY TAX: Assessment Ratio (Owner-Occupied Homes - 4%)

FORMULA FOR CALCULATION OF REAL PROPERTY TAX:

(Market Value of Home x Assessment) x (District Millage Rate x .001) = Tax

NOTE: There are no municipal income taxes.

NOTE: State deductions are basically the same as the Federal Government.

CLIMATE: Average Daily Temperatures: High: 76 Low: 56

TEMPERATURE: Average Annual Temperature: 66
Average January: 48 Average July: 82

RAINFALL: 51.5 Inches (Annual Average) **SNOWFALL:** Infrequent

ELEVATION: 0 to 80 Feet Above Sea Level **HUMIDITY:** Average 86%

EDUCATION:

COLLEGES/UNIVERSITIES:

Medical University of South Carolina
The Citadel, The Military College of S.C.
Charleston Southern University
College of Charleston
University of Charleston
Webster University
Limestone College

DEGREES/DIPLOMAS:

Bachelors, Masters, Doctorates
Bachelors, Masters
Bachelors, Masters
Bachelors
Masters
Masters
Bachelors, Masters

TECHNICAL/VOCATIONAL:

Trident Technical College
Johnson and Wales University,
Culinary Arts, South Division
Miller-Motte Technical College

Associate Degrees, Diplomas, & Certificates
Bachelors, Associate Degrees in
Culinary Arts & Hospitality Management
Associate Degrees, Diplomas, & Certificates



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