COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

INDEX

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, 2008.

B. Financial Reporting Entity

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

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

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

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 North Charleston, SC 29405 Telephone: (843) 958-4600	Single purpose corporate entity established on July 31, 1990, which is prohibited from engaging in any business other than to construct, own and lease facilities to be used for essential County functions in connection with the issuance of tax-exempt Certificates of Participation to finance such facilities. The Corporation is governed by a Board of Directors who is appointed to staggered terms by County Council. The Corporation exists solely for the benefit of Charleston County.	Debt Service Fund - Certificates of Participation Enterprise Fund - Parking Garages DAODAS
Charleston Development Corporation Administrative Office Address: 4045 Bridge View Drive Suite B226 North Charleston, SC 29405 Telephone: (843) 958-4600	Non-Profit Corporate entity established September 16, 2004, to further human, social, and economic development in the County of Charleston, to promote a healthier and safer community, and apply for funding that the County would otherwise not be eligible to receive. The Corporation is governed by a Board of Directors which shall consist of one member of Charleston County Council, two Charleston County employees and two Charleston County citizens. The Corporation exists solely for the benefit of Charleston County.	Special Revenue Fund - Charleston Development Corporation

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 11 member Board of Trustees which is appointed by County Council. County Council approves the budget and all general obligation debt for the Library.

Discretely Presented Component Units	Brief Description of Activities and Relationship to the County
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: PO Box 71846 N. Charleston, SC 29415 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.

Discretely Presented Component Units	Brief Description of activities and relationship to the County
St. John's Fire District (SJFD) Administrative Office Address: P.O. Box 56 Johns Island, SC 29457 Telephone: (843) 559-9194	The Fire District was created by Act 369 of the South Carolina General Assembly on April 9, 1959. The Fire District provides fire protection services to residents within its geographic boundaries. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Fire District.
St. Paul's Fire District (SPFD) Administrative Office Address: P.O. Box 65 Hollywood, SC 29449 Telephone: (843) 889-6450	The Fire District was formed under Act 440 of the South Carolina General Assembly in 1949. The Fire District provides fire protection services to the western portion of the County. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Fire District.
Charleston County Volunteer Fire and Rescue Squad, Inc. (CCVRS) Administrative Office Address: P.O. 5012 North Charleston, SC 24906 Telephone: (843) 225-7728	The Rescue Squad received its Charter January 30, 1973, from the State of South Carolina. The primary purpose is to provide volunteer rescue services for the citizens of Charleston County. The rescue squad is exempt from federal and state income taxation under Section 501(c) (3) of the U.S. Internal Revenue Code and is not a private foundation. The rescue squad is economically dependent on the County.

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

C. Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

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

Fund Accounting

The major fund types are:

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

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

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

General Obligation Bond Capital Projects Fund - This fund accounts for financial resources to be used to complete several construction projects funded by bond issues. These include the Azalea Auto Shop, Detention Center, Judicial Center repairs and the Radio System.

Transportation and Road Sales Tax Special Revenue Fund - This fund accounts for revenues generated by the half cent sales tax for roads, public transportation and greenbelts.

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

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

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

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

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

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

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

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

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

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

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

Telecommunications - This fund is used to account for the centrally administered telecommunications system, which includes pagers and cellular telephones.

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

Employee Benefits - This fund is used to account for costs of providing health and life insurance to the County's employees and retirees. Funding is provided by a percentage charge against all departmental payrolls, 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 Revenue Collections 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.

Basis of Accounting

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

Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise on the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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, 2007, but which were levied to finance fiscal year 2009 operations have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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 statues authorize investments in the following:

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

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

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

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

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

The County bills and collects property taxes for itself and all other taxing entities within the County. Property taxes are recognized in the period for which they are levied and available for financing current expenditures. Property taxes receivable represent current and delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year-end, except those collected within 60 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds. Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 - 3 percent, February 1 - an additional 7 percent, March 16 - an additional 5 percent. On March 16, the property tax bills are turned over to the delinquent tax office and the properties are subject to sale. Taxes on licensed motor vehicles are levied during the month when the taxpayer's vehicle license registration is up for renewal. The County must provide proof of payment to the South Carolina Department of Transportation before that agency will renew the taxpayer's vehicle license.

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

3. Inventories and Prepaid Items

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

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

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

4. Restricted Assets

Certain assets of the County's Debt Service and Enterprise Funds and component units derived from proceeds of various General Obligation Bonds, Revenue Bonds and Certificates of Participation are set aside for their repayment or earmarked by the Trustee for specific purposes. These assets are classified as restricted assets on the balance sheet in both the government-wide and fund financial statements, because their use is limited by applicable bond covenants. All restricted assets are considered expendable.

5. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended June 30, 2008.

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.

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. Restrictions of fund balance 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. As of June 30, 2008, $261,382,140 of net assets is restricted by enabling legislation.

11. Operating Revenues and Expenses

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

12. Interfund Activity

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

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The legal level of budgetary control is determined by County Council at the individual fund level. Expenditures by department, sub-organizational level and major category, i.e. personnel, non-personnel and capital outlay, are further defined in the budget document and are subject to County Administrator approval. The County Administrator is authorized to make transfers between major expenditure categories within departments and between departments within the same fund.

The administrator has further delegated to the Deputy Administrators the authority to transfer between departments. The budget ordinance must be amended by Council to effect changes in fund totals.

Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations were necessary.

The results were increases and decreases within the individual departments within the funds. All annual appropriations lapse at year-end.

Encumbrance accounting is employed in the governmental funds except for the Capital Projects funds which reserve all of their fund balances for Capital Projects. 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.

B. Restatement of Prior Year Fund Equities

During the fiscal year ended June 30, 2008, the County performed a comprehensive review of its capital assets and has corrected several errors from the prior years due to the overstatement/understatement of various capital asset amounts and the related accumulated depreciation in the governmental activities. This restatement is related to years prior to 2007.

	Primary Government Governmental Activities
Net Assets July 1, 2007	$ 174,750,731
Restatements:	
Capital assets	9,000,100
Accumulated depreciation	1,410,392
Net Assets July 1, 2007 (as restated)	$ 185,161,223

Detail of restatement:

	As Originally Reported July 1, 2007	Adjustment	Restated July 1, 2007
Land	$ 3,969,604	$12,364,555	$ 16,334,159
Building	203,389,584	(3,455,525)	199,934,059
Machinery equipment	80,953,233	91,070	81,044,303
	$ 288,312,421	$ 9,000,100	$ 297,312,521
Accumulated depreciation	$(120,982,441)	$ 1,410,392	$(119,572,049)

III. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits, Cash Equivalents and Investments

Custodial Credit Risk - Deposits

Custodial Credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County follows Section 6-5-15, *South Carolina Code of Law, 1976* (as amended) as its policy for custodial credit risk which states that to the extent that these deposits exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation, the bank or savings and loan association at the time of deposit must: (1) furnish an indemnity bond in a responsible surety company authorized to do business in this State; or (2) pledge as collateral: (a) obligations of the United States; (b) obligations fully guaranteed both as to principal and interest by the United States; (c) general obligations of this State or any political subdivision of this State; or (d) obligations of the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation, in which the local entity is named as beneficiary and the letter of credit other wise meets the criteria established and prescribed by the local entity.

As of June 30, 2008, $774,208 of the County's bank balance of $222,681,151 was exposed to custodial credit risk as follows:

Under collateralized	$ 51,044
Collateralized by securities held by the pledging Bank's Trust department not in the County's name	$723,164
TOTAL	$774,208

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, 2008, the County had no exposed custodial credit risk on their investments which total $283,983,801. $282,275,958 is reported on the Statement of Net Assets and $1,707,843 is reported with Agency Funds. The County does not have a formal investment policy to address custodial credit risk.

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

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

Funds belonging to any entity that are on deposit with the South Carolina Local Government Investment Pool represent participation units in a portfolio comprised of the above referenced securities, and the external investment pool is not rated.

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

Credit Risk

The County had $246,126,643 invested in the South Carolina Local Government Investment Pool (SCLGIP). $16,935,000 has been invested in certificates of deposits or U.S. Treasuries or U.S. obligations and therefore by definition are not subject to credit risk. $16,256,364 has been invested in debt securities of the Federal Home Loan Mortgage Corporation and $4,665,794 has been invested in debt securities of the Federal National Mortgage Assocation. They are rated AAA for long-term unsecured debt and A1+ for short-term notes by Standards & Poor's.

Investment Policy

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

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

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

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

The County's investments have a fair value of $283,983,801 as of June 30, 2008.

Investments Maturity:	Fair Value as of June 30, 2008
Less than one year	
Federal Home Loan Mortgage Corporation:	$ 16,256,365
Certificates of Deposits	16,935,000
SCLGIP	246,126,643
Federal National Mortgage Association	4,665,793
	$ 283,983,801

Concentrations of Credit Risk
More than 5 percent of the County's investments are in US Government sponsored Agencies. Investments in Federal Home Loan Mortgage Corporation represent 5.72 percent and Federal National Mortgage Association represents 1.64 percent of the County's total investments. The remaining investments are not subject to credit risk.

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 $1,165,235 at June 30, 2008. These are uninsured and unregistered with securities held by the counterparty, or by its trust department or agent, but not in St Paul's Fire District's name. At December 31, 2007, Charleston County Volunteer Fire & Rescue Squad, Inc. had a bank balance exceeding FDIC limits by $43,195. The Charleston County Volunteer Fire & Rescue Squad maintains cash and investments accounts with a local office of a national securities broker. The investments held by the broker are not federally insured. Thus, there is some credit risk associated with these investments. The fair value of these investments at December 31, 2007, is $178,175. At June 30, 2008, the Charleston County Park and Recreation Commission had bank balances exceeding FDIC limits and uncollateralized of $2,594,254.

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 percent of their investments in any one issuer.

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

Cash on hand – primary government	$ 32,386
Cash on hand – component units	124,501
Carrying amount of deposits - primary government	219,395,409
Carrying amount of deposits - component units	37,141,176
Carrying amount of investments - primary government	283,983,801
Carrying amount of investments – component units	8,034,036
Cash with fiscal agent – primary government	125,000
Total carrying amount of cash and investments	$ 548,836,309
Non-pooled cash and cash equivalents	$ 62,655,407
Pooled cash and cash equivalents	64,126,354
Restricted cash and cash equivalents	129,911,711
Pooled investments	277,865,710
Non-pooled investments	14,152,127
Cash with fiscal agent	125,000
Total carrying amount of cash and investments	$ 548,836,309

B. Receivables

Receivables as of June 30, 2008, including the applicable allowances for uncollectible accounts, are as follows:

Primary government:	Governmental Funds			
	General	Debt Service	Transportation Special Revenue Fund	Non-major Governmental Funds
Receivables:				
Current property taxes	$ 109,750,598	$ 18,018,755	$ -	$ 7,110,203
Delinquent property taxes	3,141,464	794,526	-	348,616
Accounts	17,919,052	-	-	817,442
Intergovernmental	13,299,342	-	16,790,662	8,090,221
Notes	-	-	-	226,684
Interest	-	170	319,485	1,339
Gross receivables	144,110,456	18,813,451	17,110,147	16,594,505
Less allowance for uncollectibles:				
Current property taxes	5,838,732	897,334	-	445,322
Delinquent property taxes	1,157,063	289,122	-	126,910
Accounts	14,628,418	-	-	585,031
Notes	-	-	-	226,684
Gross allowance	21,624,213	1,186,456	-	1,383,947
Net total receivable	$ 122,486,243	$ 17,626,995	$ 17,110,147	$ 15,210,558

	Proprietary		Totals
	Business-type Activities	Governmental Activities- Internal Service Funds	Primary Government
Receivables:			
Current property taxes	$ -	$ -	$ 134,879,556
Delinquent property taxes	-	-	4,284,606
Accounts	9,940,054	30,473	28,707,021
Intergovernmental	549,362	48,296	38,777,883
Notes	-	-	226,684
Interest	12,709	-	333,703
Gross receivables	10,502,125	78,769	207,209,453
Less allowance for uncollectibles:			
Current property taxes	-	-	7,181,388
Delinquent property taxes	-	-	1,573,095
Accounts	4,322,965	-	19,536,414
Notes	-	-	226,684
Gross allowance	4,322,965	-	28,517,581
Net total receivable	$ 6,179,160	$ 78,769	$ 178,691,872

Component Units:	CCL	CCPRC	CRPPC	JIPSD	NCD
Receivables:					
Current property taxes	$ -	$ 15,307,714	$ 162,311	$ 4,759,500	$ 998,836
Delinquent property taxes	-	627,149	13,894	233,110	92,061
Accounts	13,481	162,404	-	787,207	-
Intergovernmental	-	427,473	-	-	2,159
Gross receivables	13,481	16,524,740	176,205	5,779,817	1,093,056
Less allowance for uncollectables:					
Current property taxes	-	757,732	10,777	241,782	66,323
Delinquent property taxes	-	226,524	5,921	12,218	40,802
Accounts	-	-	-	25,000	-
Gross allowance	-	984,256	16,698	279,000	107,125
Net total receivable	$ 13,481	$ 15,540,484	$ 159,507	$ 5,500,817	$ 985,931

	SAPPPC	SJFD	SPFD	Total Component Units
Receivables:				
Current property taxes	$ 1,151,863	$ 9,856,340	$ 3,609,595	$ 35,846,159
Delinquent property taxes	67,362	222,151	299,246	1,554,973
Accounts	-	536	-	963,628
Intergovernmental	-	-	-	429,632
Gross receivables	1,219,225	10,079,027	3,908,841	38,794,392
Less allowance for uncollectables:				
Current property taxes	66,002	362,713	303,928	1,809,257
Delinquent property taxes	22,187	68,388	299,246	675,286
Accounts	-	-	-	25,000
Gross allowance	88,189	431,101	603,174	2,509,543
Net total receivable	$ 1,131,036	$ 9,647,926	$ 3,305,667	$ 36,284,849

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

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

The following reflects the future minimum payments receivable at June 30, 2008, under these notes receivable:

	Primary Government
Year Ending June 30	Business-type Activities
2009	$ 80,001
2010	80,001
2011	80,001
2012	80,001
2013	80,001
2014	80,001
Total minimum note payments	480,006
Less amount representing interest	(82,814)
Present value of minimum note payments	397,192
Less current portion	(56,693)
Long-term portion	$ 340,499

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2008, was as follows:

Governmental Activities:	Balance (as Restated) July 1, 2007	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 2008
Capital assets not being depreciated:				
Land	$ 16,334,159	$ -	$ -	$ 16,334,159
Construction in progress	4,279,701	16,869,832	(3,316,506)	17,833,027
Infrastructure-easements, land	8,500,461	54,827	(108,396)	8,446,892
Total capital assets not being depreciated	29,114,321	16,924,659	(3,424,902)	42,614,078
Capital assets being depreciated:				
Buildings	199,934,059	3,605,172	(5,050,185)	198,489,046
Improvements other than buildings	3,204,089	-	-	3,204,089
Machinery and equipment	81,044,303	7,330,504	(4,953,190)	83,421,617
Infrastructure	36,441,041	548,945	(628,023)	36,361,963
Total capital assets being depreciated	320,623,492	11,484,621	(10,631,398)	321,476,715
Less accumulated depreciation:				
Buildings	(47,953,019)	(4,496,096)	1,804,315	(50,644,800)
Improvements other than buildings	(1,446,933)	(75,064)	-	(1,521,997)
Machinery and equipment	(46,210,009)	(8,379,853)	4,210,270	(50,379,592)
Infrastructure	(23,962,088)	(2,487,336)	438,585	(26,010,839)
Total accumulated depreciation	(119,572,049)	(15,438,349)	6,453,170	(128,557,228)
Total capital assets being depreciated, net	201,051,443	(3,953,728)	(4,178,228)	192,919,487
Governmental activities, Total capital assets, net	$ 230,165,764	$ 12,970,931	$ (7,603,130)	$ 235,533,565

	Balance as July 1, 2007	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 2008
Business-type Activities				
Capital assets not being depreciated:				
Land	$ 3,950,930	$ -	$ -	$ 3,950,930
Construction in progress	15,953,840	4,378	-	15,958,218
Total capital assets not being depreciated	19,904,770	4,378	-	19,909,148
Capital assets being depreciated:				
Buildings	24,933,128	-	-	24,933,128
Improvements other than buildings	850,907	-	-	850,907
Machinery and equipment	14,996,148	2,493,427	(1,777,046)	15,712,529
Total capital assets being depreciated	40,780,183	2,493,427	(1,777,046)	41,496,564
Less accumulated depreciation:				
Buildings	(6,368,781)	(562,072)	-	(6,930,853)
Improvements other than buildings	(436,813)	(52,045)	-	(488,858)
Machinery and equipment	(8,518,935)	(1,509,539)	1,433,857	(8,594,617)
Total accumulated depreciation	(15,324,529)	(2,123,656)	1,433,857	(16,014,328)
Total capital assets being depreciated, net				
Business-type activities	25,455,654	369,771	(343,189)	25,482,236
Total capital assets, net	$ 45,360,424	$ 374,149	$ (343,189)	$ 45,391,384

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

Governmental Activities:	
General government	$ 7,951,042
Public safety	2,708,253
Judicial	1,418,463
Public works	2,598,674
Health and welfare	147,405
Culture and recreation	614,512
Total	$ 15,438,349
Business-type Activities:	
Solid Waste	$ 1,323,495
Parking Garages	396,354
DAODAS	257,239
E-911 Communications	127,809
Radio Communications	18,759
Total	$ 2,123,656

Component Units:

Capital assets not being depreciated:	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Land	$ 28,041,437	$ 14,640,104	$ -	$ 42,681,541
Artwork	11,000	-	-	11,000
Construction in progress	2,339,412	1,528,335	(3,033,533)	834,214
Total capital assets not being depreciated	30,391,849	16,168,439	(3,033,533)	43,526,755
Capital assets being depreciated:				
Buildings	52,829,416	4,274,660	(68,165)	57,035,911
Improvements other than buildings	19,299,318	271,209	(172,731)	19,397,796
Machinery and equipment	26,509,019	3,095,862	(940,509)	28,664,372
Infrastructure	34,458,838	399,022	(41,510)	34,816,350
Library materials	21,835,366	1,922,234	(1,375,771)	22,381,829
Total capital assets being depreciated	154,931,957	9,962,987	(2,598,686)	162,296,258
Less accumulated depreciation	(68,739,545)	(7,143,591)	2,396,105	(73,487,031)
Total capital assets being depreciated, net	86,192,412	2,819,396	(202,581)	88,809,227
Component units Total capital assets, net	$ 116,584,261	$ 18,987,835	$ (3,236,114)	$ 132,335,982

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

General government	$ 1,955,075
Public safety	1,130,005
Culture and recreation	2,300,291
Health and welfare	109,723
Family recreation center	135,657
Park operations	862,905
Waste water	649,935
Total	$ 7,143,591

Construction in progress in the Governmental Activities as of June 30, 2008, is composed of the following:

Primary government:	Project Authorization	Expended to June 30, 2008	Commitments Outstanding	Required Future Financing
Radio System Phase II	$ 2,400,000	$ 934,029	$ 1,210,399	General obligation bonds
Consolidated Dispatch Center	15,000,000	72,955	-	General obligation bonds
Jail Modular Temporary Housing	4,500,000	4,401,239	31,888	None
Permitting & Inspection Software	585,500	148,134	388,449	None
Property Tax Software	2,000,000	445,983	1,268,123	None
Law Enforcement Software	1,500,000	734,056	693,308	None
Fleet Auto Shop	4,910,000	2,194,208	2,148,003	General obligation bonds
Adult Detention Facility	99,200,000	8,431,795	82,986,438	General obligation bonds
K9 facilities/impound lot	1,170,000	470,628	503,639	General obligation bonds
Total primary government	$ 131,265,500	$ 17,833,027	$ 89,230,247	

Commitments outstanding represent signed contracts and outstanding encumbrances of the County. As of June 30, 2008, the County has assets under capital lease with a total cost of $5,751,813 and a net book value of $3,826,586. 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, 2008, in the Business-type activities is composed of the following:

Primary government:	Project Authorization	Expended to June 30, 2008	Commitments Outstanding	Required Future Financing
Solid Waste Lined Landfill	$ 16,117,966	$ 15,958,218	$ 159,748	None
Total primary government	$ 16,117,966	$ 15,958,218	$ 159,748	
Component Unit:				
CCPRC				
Remley's Point boat landing	$ 530,550	$ 73,440	$ 343,744	None
Beach Walker erosion control	240,000	34,415	-	None
CRM comprehensive study	15,400	15,400	-	None
Limehouse boat landing	42,000	19,073	16,917	None
Cherry Point boat landing	98,450	12,418	11,022	None
James Island playground renovations	400,000	17,127	23,573	None
Palmetto Island playground renovations	400,000	21,970	17,330	None
Palmetto Island access master plan	40,000	3,327	673	None
Palmetto Island canoe launch	53,000	2,717	3,783	None
James Island trail crossing	15,000	6,047	318	None
Palmetto Island paving	26,477	7,550	700	None
Headquarters generator	22,000	4,300	625	None
Palmetto Island deck	130,410	67,390	6,250	None
CRM breakwater repair	50,000	2,253	-	None
Total CCPRC	2,063,287	287,427	424,935	
JIPSD				
Waste water upgrade	636,622	546,787	89,835	Impact fees
Ellis Creek project	234,825	-	-	Impact fees
Pump Station 49	78,126	-	-	Impact fees
Total JIPSD	949,573	546,787	89,835	
Total Component Units	$ 3,012,860	$ 834,214	$ 514,770	

D. Interfund Receivables and Payables

The composition of primary government interfund balances at June 30, 2008, is as follows:

	Receivable Fund	Payable Fund
Major governmental funds: General Fund	$ 1,140,667	$ 486,812
Non-major governmental funds	-	1,140,667
Internal service funds	486,812	-
Total	$ 1,627,479	$ 1,627,479

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. Interfund Transfers

A summary of transfers is as follows:

	Transfer In	Transfer Out
Major governmental funds:		
General Fund	$ 2,836,765	$ (12,394,063)
Debt Service Fund	8,354,726	(760,322)
Transportation and road sales tax	7,784,193	(10,629,193)
Non-major governmental funds	11,268,588	(13,424,622)
Major business-type activities:		
Parking Garage	-	(154,958)
Non-major business-type activities	5,610,992	(1,575,000)
Internal Service Funds	4,501,767	(1,418,873)
Total	$ 40,357,031	$ (40,357,031)

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

F. Leases

Operating Leases

In March 2008 the Charleston County Library entered into a new lease agreement for copiers. The lease agreement is for a sixty-month period commencing January 2008, with a minimum monthly charge of $12,450, for a total minimum commitment of $747,000 over the term of the lease. In addition to this lease the Library holds other verbal agreements with various parties for the rental of Library branches. These leases run on a month-to-month basis and are cancelable by either party. Rental expense associated with the copier and facilities leases for the year ended June 30, 2008, is $156,401.

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

Year Ending June 30	CCL
2009	$ 149,400
2010	149,400
2011	149,400
2012	149,400
2013	149,400
	$ 747,000

G. Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the County to place a final cover on its Romney Street and Bees Ferry landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $2,683,000 reported as the accrual for landfill closure and post-closure at June 30, 2008, represents the estimated remaining cost reported of $19,673,000 less $16,990,000 deferred to date based on the following information:

Landfill Site	Percentage Of Capacity Used	Estimated Costs Recognized: Closure	Postclosure	Total	Balance To Be Recognized
Romney Street	100%	$ 5,244,478	$ 1,319,200	$ 6,563,678	$ -
Bees Ferry:					
Ash storage facility	100%	929,018	448,500	1,377,518	-
72 acres	100%	6,038,809	-	6,038,809	-
68 acres	100%	6,190,000	3,537,000	9,727,000	-
Bees Ferry lined landfill	8.31%	1,126,040	413,960	1,540,000	16,990,000
Totals		$19,528,345	$ 5,718,660	$ 25,247,005	$ 16,990,000

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2008. The County began to close the Landfills in 1994. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The County anticipates that available resources will be the primary source of funds to pay the cost of closure.

The County has issued under separate cover, a certification signed by its 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 198 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, 2008. James Island PSD borrowed $600,000 at 4.0 percent interest per annum from its enterprise fund. The activity in short-term debt for the fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
JIPSD	$ -	$ 600,000	$ 600,000	$ -
SJFD	-	500,000	500,000	-
SAPPPC	-	300,000	300,000	-
	$ -	$ 1,400,000	$ 1,400,000	$ -

I. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2008.

Primary Government:	Balance July 1, 2007	Increase	Decrease	Balance June 30,2008	Amounts Due in One Year
Governmental activities					
General obligation bonds	$146,394,774	$ 235,789,016	$ 8,679,360	$ 373,504,430	$ 10,059,861
Certificates of participation	57,631,034	-	5,003,025	52,628,009	5,314,607
Intergovernmental note payable	36,107,877	-	931,019	35,176,858	984,366
Capital lease payable	3,873,002	100,539	1,026,402	2,947,139	718,053
Compensated absences	8,054,666	996,567	326,473	8,724,760	326,473
Total	$252,061,353	$ 236,886,122	$15,966,279	$ 472,981,196	$ 17,403,360
Business-type activities					
Certificates of participation	$ 10,231,634	$ -	$ 874,879	$ 9,356,755	$ 938,640
Revenue bonds	10,491,229	-	1,296,392	9,194,837	1,300,511
Accrual for landfill closure	3,583,000	-	900,000	2,683,000	900,000
Compensated absences	989,837	220,157	50,584	1,159,410	50,584
Total	$ 25,295,700	$ 220,157	$ 3,121,855	$ 22,394,002	$ 3,189,735

Internal Service Funds predominantly serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences are generally liquidated from the applicable governmental fund's budgeted operations monies.

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, 2008, are comprised of the following:

		Principal Amount	
Issue Date	Title of Issues	Original	Outstanding
September 30, 1999	General Obligation Improvement and Refunding Bonds, Series 1999, 5.00 percent to 6.125 percent interest, semi-annual principal and interest payments beginning in 2000, matures 2019, the first principal payment was paid in fiscal year 2003. These bonds were partially refunded in April 2004.	$ 49,360,000	$ 20,295,000
May 1, 2001	General Obligation Refunding and Capital Improvement Bonds, Series 2001, 4.10 percent to 5.25 percent interest, semi-annual principal and interest payments beginning in 2001, matures 2021, the first principal payment was due in fiscal year 2004. These bonds were partially refunded in April 2004.	30,000,000	5,640,000
April 2, 2004	General Obligation Refunding Bonds, Series 2004, 2.00 percent to 4.00 percent interest, semi-annual principal and interest payments beginning in 2004, matures 2021, the first principal payment was due in fiscal year 2005.	63,740,000	48,705,000
May 2, 2006	General Obligation Transportation Sales Tax Bonds, Series 2006 (referendum) 4.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2006, matures 2027; the first annual principal payment was due in fiscal year 2008.	65,000,000	63,090,000
December 5, 2007	General Obligation Bonds, Series 2007, 4.30 percent to 5.0 percent interest, semi-annual interest payments beginning in May 2008, matures 2028; the first annual principal payment is due in fiscal year 2010.	75,000,000	75,000,000
December 5, 2007	General Obligation Transportation Sales Tax Bonds, Series 2007 (referendum), 4.00 percent to 5.25 percent interest, semi-annual interest payments beginning in May 2008, matures 2027; the first annual principal payment is due in fiscal year 2010.	150,000,000	150,000,000
Subtotal		$ 433,100,000	362,730,000
Less: Deferred refunding cost			(2,722,063)
Add: Premium			13,496,493
General obligation debt per statement of net assets			373,504,430
Less current portion, including deferred refunding cost and premium			(10,059,861)
Long-term portion outstanding			$ 363,444,569

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

Primary government Certificates of Participation payable at June 30, 2008, is comprised of the following:

		Principal Amount	
Issue Date	Title of Issues	Original	Outstanding
November 1, 1995	Certificates of Participation, Series 1995, Charleston Public Facilities Corporation, 3.80 percent to 6.00 percent interest, semi-annual principal and interest payments beginning in 1996, matures 2021. These bonds were partially refunded in May 2004.	$ 85,000,000	$ 8,885,000
May 1, 2004	Certificates of Participation, Series 2004, Charleston Public Facilities Corporation, 2.00 percent to 5.00 percent interest, semi-annual principal and interest payments beginning in 2004, matures 2016.	44,160,000	33,590,000
March 3, 2005	Certificates of Participation, Series 2005, Charleston Public Facilities Corporation, 5.00 percent to 5.125 percent interest, semi- annual interest payments beginning in 2005, annual principal payments beginning in 2011, matures 2019.	19,945,000	19,945,000
Subtotal		$ 149,105,000	62,420,000
Less: Discount applicable to business-type activities			(7,290)
Deferred refunding cost			(2,635,924)
Add: Premium			2,207,978
Certificate of participation debt per statement of net assets			61,984,764
Less current portion, including deferred refunding cost, premium and discount			(6,253,247)
Long-term portion outstanding			$ 55,731,517

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, 2008, is comprised of the following:

		Principal Amount	
Issue Date	Title of Issues	Original	Outstanding
May 4, 2004	Charleston County Solid Waste User Fee Revenue Refunding Bonds, Series 2004, 2.00 percent to 5.00 percent interest, semi-annual principal and interest payments beginning in 2005, matures in 2014.	$ 14,525,000	$ 9,445,000
		$ 14,525,000	9,445,000
Less: Deferred refunding cost applicable to business-type activities			(534,540)
Add: Premium applicable to business-type activities.			284,377
Revenue bond debt per statement of net assets			9,194,837
Less current portion, including deferred refunding cost and premium			(1,300,511)
Long-term portion outstanding			$ 7,894,326

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, 2008, is comprised of the following:

		Principal Amount	
Issue Date	Title of Issues	Original	Outstanding
April 1, 1999	Solid Waste Revenue Bond Fund Promissory Note, semi-annual payments of $40,000 including interest at 6.08 percent, matures in 2014.	$ 791,600	$ 397,192
Less current portion		$ 791,600	(56,693)
Debt per statement of net assets			$ 340,499

Annual requirements to amortize primary government notes payable outstanding at June 30, 2008, are as follows:

Year Ending June 30	Internal Service Fund	Principal	Interest
2009	$ 80,001	$ 56,692	$ 23,309
2010	80,001	60,193	19,808
2011	80,001	63,910	16,091
2012	80,001	67,856	12,145
2013	80,001	72,046	7,955
2014	80,001	76,495	3,506
Total	$ 480,006	$ 397,192	$ 82,814

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

Annual requirements to amortize the intergovernmental note payable outstanding at June 30, 2008, are as follows:

Year Ending June 30	Intergovernmental Note Payable	Principal	Interest
2009	$ 3,000,000	$ 984,366	$ 2,015,634
2010	3,000,000	1,040,770	1,959,230
2011	3,000,000	1,100,406	1,899,594
2012	3,000,000	1,163,460	1,836,540
2013	3,000,000	1,230,126	1,769,874
2014-2018	15,000,000	7,292,254	7,707,745
2019-2023	15,000,000	9,635,023	5,364,977
2024-2028	15,000,000	12,730,453	2,269,547
Total	$ 60,000,000	$ 35,176,858	$ 24,823,142

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, 2008, include the following:

Governmental Activities	Original	Outstanding
Lease dated March 2006 payable to Ontario Investments Inc, for the purchase of new computers. Payable in six equal payments of $145,870 through November 2008 and includes principal and interest at 1.8 percent to 3.7 percent per annum.	$ 841,831	$ 139,269
Lease dated November 2004 payable to Chicora Center, Inc. for the purchase of the building at 3366 Rivers Ave. Payable in 120 monthly payments of $25,725 through October 2014 and includes principal and interest at 5.0 percent per annum.	2,425,425	1,672,852
Leases dated August 2006 to February 2007 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in six equal installments of $98,639 through November 2009, includes principal and interest at 2.26 percent to 3.042 percent per annum.	567,698	233,745
Lease dated June 2007 payable to Bank of America for the purchase of new fire trucks. Payable in seven annual installments of $144,656 through June 2014, includes principal and interest at 4.19 percent per annum.	862,105	753,589
Lease dated April 2008 payable to Ontario Investments, Inc. for the purchase of EMS computer equipment. Payable in eight equal installments of $13,990 through December 2011, includes principal and interest at 6.059 percent per annum.	100,539	87,068
Internal Service Fund		
Lease dated February 2006 payable to IKON for the purchase of color copiers. Payable in sixty equal payments of $2,357 through April 2011 and includes principal and interest at 15.35 percent per annum.	100,110	60,616
	$ 4,897,708	2,947,139
Less current portion		(718,053)
Long-term portion outstanding		$ 2,229,086

A summary of the annual requirements are as follows:

Year Ending June 30	Principal	Interest	Totals
2009	$ 718,053	$ 133,366	$ 851,419
2010	450,068	102,116	552,184
2011	419,439	79,154	498,593
2012	408,945	58,405	467,350
2013	414,413	38,948	453,361
2014-2015	536,221	20,040	556,261
Total	$ 2,947,139	$ 432,029	$ 3,379,168

CHARLESTON COUNTY
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, 2008, excluding notes payable and accrued compensated absences, are as follows:

Year Ending June 30	General Obligation Bonds		Certificates Of Participation		Revenue Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Totals
2009	$ 9,465,000	$ 16,575,582	$ 6,320,000	$ 3,073,281	$ 1,405,000	$ 472,250	$ 37,311,113
2010	12,090,000	16,146,318	6,635,000	2,749,806	1,480,000	402,000	39,503,124
2011	10,220,000	15,677,419	7,740,000	2,377,856	1,555,000	328,000	37,898,275
2012	11,300,000	15,174,732	4,340,000	2,036,781	1,630,000	250,250	34,731,763
2013	12,480,000	14,586,954	4,270,000	1,833,119	1,710,000	168,750	35,048,823
2014	13,755,000	13,921,597	4,490,000	1,633,050	1,665,000	83,250	35,547,897
2015	15,120,000	13,193,680	4,690,000	1,414,393	-	-	34,418,073
2016	16,490,000	12,432,103	4,920,000	1,178,768	-	-	35,020,871
2017	18,010,000	11,633,184	5,190,000	927,787	-	-	35,760,971
2018	19,650,000	10,748,984	5,450,000	663,513	-	-	36,512,497
2019	21,445,000	9,775,658	4,135,000	385,945	-	-	35,741,603
2020	23,365,000	8,766,508	2,820,000	177,000	-	-	35,128,508
2021	19,725,000	7,784,595	1,420,000	35,500	-	-	28,965,095
2022	21,015,000	6,779,657	-	-	-	-	27,794,657
2023	21,030,000	5,787,339	-	-	-	-	26,817,339
2024	22,955,000	4,799,177	-	-	-	-	27,754,177
2025	25,015,000	3,722,890	-	-	-	-	28,737,890
2026	27,210,000	2,541,237	-	-	-	-	29,751,237
2027	29,550,000	1,258,730	-	-	-	-	30,808,730
2028	12,840,000	296,925	-	-	-	-	13,136,925
Totals	362,730,000	191,603,269	62,420,000	18,486,799	9,445,000	1,704,500	646,389,568
Less amount in Business-type activities before discounts and deferred costs	-	-	(9,784,844)	(2,861,106)	(9,445,000)	(1,704,500)	(23,795,450)
Subtotal	362,730,000	191,603,269	52,635,156	15,625,693	-	-	622,594,118
Less discounts and deferred refunding costs	(2,722,063)	-	(1,913,783)	-	-	-	(4,635,846)
Add Premiums	13,496,493	-	1,906,636	-	-	-	15,403,129
Total debt-governmental activity	$373,504,430	$191,603,269	$52,628,009	$ 15,625,693	$ -	$ -	$ 633,361,401

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

Year Ending June 30	Certificates Of Participation		Revenue Bonds		
	Principal	Interest	Principal	Interest	Totals
2009	$ 1,020,490	$ 486,315	$ 1,405,000	$ 472,250	$ 3,384,055
2010	1,074,263	431,994	1,480,000	402,000	3,388,257
2011	1,229,122	370,675	1,555,000	328,000	3,482,797
2012	682,257	317,467	1,630,000	250,250	2,879,974
2013	679,651	285,055	1,710,000	168,750	2,843,456
2014	715,301	252,786	1,665,000	83,250	2,716,337
2015	748,083	217,766	-	-	965,849
2016	784,692	180,218	-	-	964,910
2017	827,667	140,152	-	-	967,819
2018	869,367	97,953	-	-	967,320
2019	613,117	53,620	-	-	666,737
2020	359,706	22,577	-	-	382,283
2021	181,128	4,528	-	-	185,656
Subtotal	9,784,844	2,861,106	9,445,000	1,704,500	23,795,450
Less discounts and deferred refunding costs	(729,431)	-	(534,540)	-	(1,263,971)
Add Premiums	301,342	-	284,377	-	585,719
Total business-type activities debt	$ 9,356,755	$ 2,861,106	$ 9,194,837	$ 1,704,500	$ 23,117,198

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, 2008.

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

The following is a summary of the County's conduit debt at June 30, 2008:

Number of Issues	Current Amount Outstanding (in millions)	Original Issue Amount (in millions)
11	$382	$490

The following is a summary of the changes in long-term obligations of the component units for the year ended June 30, 2008:

Component Units:	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Amounts Due in One year
Accrued compensated absences	$ 2,600,571	$ 870,658	$ (639,791)	$ 2,831,438	$ 1,248,939
Net other post employment benefits	-	1,093,481	-	1,093,481	-
General obligation bonds	22,836,786	-	(2,328,563)	20,508,223	2,819,383
Capital lease obligations	9,438,809	2,813,825	(1,977,710)	10,274,924	2,151,197
Revenue bonds	7,754,078	-	(586,827)	7,167,251	606,676
Notes payable	157,598	-	(70,194)	87,404	67,620
Total	$ 42,787,842	$ 4,777,964	$ (5,603,085)	$ 41,962,721	$ 6,893,815

	Range of Maturity Dates	Range of Interest Rates	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
Accrued compensated absences:						
CCL			$ 861,903	$ 586,410	$ (540,623)	$ 907,690
CCPRC			722,357	76,600	-	798,957
JIPSD			321,527	6,310	(4,780)	323,057
SAPPPC			22,219	5,284	-	27,503
SJFD			578,177	88,856	-	667,033
SPFD			94,388	107,199	(94,388)	107,199
Total accrued compensated absences			2,600,571	870,658	(639,791)	2,831,439
Net other post employment benefits:						
CCPRC			-	378,935	-	378,935
JIPSD			-	347,446	-	347,446
SPFD			-	367,100	-	367,100
Total net other post employment benefits			-	1,093,481	-	1,093,481
General obligation bonds:						
CCPRC	2009 - 2015	2.00% - 6.75%	22,396,636	-	(2,286,636)	20,110,000
JIPSD	2009 - 2037	4.30% - 7.625%	440,150	-	(41,927)	398,223
Total general obligation bonds			22,836,786	-	(2,328,563)	20,508,223
Capital lease obligations:						
CCPRC	2009 - 2010	2.05% - 4.41%	1,812,946	1,400,000	(806,475)	2,406,471
JIPSD	2009 - 2016	4.07% - 6.88%	1,178,931	1,277,225	(424,265)	2,031,891
SAPPPC	2009 - 2008	4.67%	19,597	136,600	(32,288)	123,909
SJFD	2009 - 2021	3.695% - 5.593%	6,263,854	-	(676,400)	5,587,454
SPFD	2009 - 2011	4.67%	163,481	-	(38,282)	125,199
Total capital lease obligations			9,438,809	2,813,825	(1,977,710)	10,274,924
Revenue Bonds:						
SAPPPC	2009 - 2016	3.95% - 3.99%	667,627	-	(103,742)	563,885
JIPSD	2009 - 2037	3.60% - 5.75%	7,724,765	-	(541,556)	7,183,209
Less deferred refunding costs			(638,314)	-	58,471	(579,843)
Total revenue bonds			7,754,078	-	(586,827)	7,167,251
Notes payable						
SAPPPC	2008 - 2010	3.89% - 5.81%	157,598	-	(70,194)	87,404
Total component units long-term obligations			$42,787,842	$ 4,777,964	$ (5,603,085)	$ 41,962,721

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

General Obligation Bonds:

Year Ending June 30	CCPRC	JIPSD	Total Component Units
2009	$ 3,567,189	$ 30,902	$ 3,598,091
2010	3,038,639	30,902	3,069,541
2011	2,413,991	30,902	2,444,893
2012	2,495,791	30,902	2,526,693
2013	2,771,391	30,902	2,802,293
2014-2018	7,954,663	154,510	8,109,173
2019-2023	1,895,974	136,049	2,032,023
2024-2028	-	113,130	113,130
2029-2033	-	113,130	113,130
2034-2037	-	77,252	77,252
Total	24,137,638	748,581	24,886,219
Less interest and plus unamortized premium included above	(4,027,638)	(350,358)	(4,377,996)
Debt per statement of net assets	$ 20,110,000	$ 398,223	$ 20,508,223

Future minimum capital lease payments:

Year Ending June 30	CCPRC	JIPSD	SAPPPC	SJFD	SPFD	Total Component Units
2009	$1,138,509	$ 455,054	$ 39,669	$ 904,040	$ 45,694	$ 2,582,966
2010	881,983	455,053	39,670	819,722	45,694	2,242,122
2011	488,984	407,410	36,453	819,722	45,694	1,798,263
2012	-	353,806	15,634	749,982	-	1,119,422
2013	-	291,617	-	589,627	-	881,244
2014-2018	-	317,577	-	2,489,975	-	2,807,552
2019-2021	-	-	-	952,070	-	952,070
Future minimum capital lease payments	2,509,476	2,280,517	131,426	7,325,138	137,082	12,383,639
Less amount representing interest	(103,005)	(248,626)	(7,517)	(1,737,684)	(11,883)	(2,108,715)
Debt per statement of net assets	$2,406,471	$ 2,031,891	$ 123,909	$ 5,587,454	$ 125,199	$ 10,274,924

Revenue Bonds:

Year ending June 30	JIPSD	SAPPPC	Total Component Units
2009	$ 864,816	$ 128,329	$ 993,145
2010	869,940	128,329	998,269
2011	867,140	105,752	972,892
2012	873,739	60,605	934,344
2013	874,338	60,605	934,943
2014-2018	3,707,595	151,509	3,859,104
2019-2023	727,409	-	727,409
2024-2028	298,320	-	298,320
2029-2033	234,147	-	234,147
2034-2038	92,786	-	92,786
Total	9,410,230	635,129	10,045,359
Less interest and deferred refunding costs included above	(2,806,864)	(71,244)	(2,878,108)
Debt per statement of net assets	$ 6,603,366	$ 563,885	$ 7,167,251

Notes Payable:

Year ending June 30	SAPPPC
2009	$ 71,364
2010	20,431
Total	91,795
Less interest included above	(4,391)
Debt per statement of net assets	$ 87,404

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, 2008, the following debt issues outstanding are considered defeased:

	Governmental Activities	Business-type Activities
Primary government:		
General Obligation Bonds:		
Series 1994	$ 12,355,000	
Series 1999	20,045,000	
Series 2001	18,200,000	
Total General Obligation Bonds	50,600,000	
Certificates of Participation:		
Series 1995	37,304,936	$ 8,795,064
Total Certificates of Participation	37,304,936	8,795,064
Revenue Bonds:		
Solid Waste User Fee Revenue Bonds		
Series 1994	-	9,855,000
Total Revenue Bonds	-	9,855,000
Total primary government	$ 87,904,936	$ 18,650,064

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

Beginning January 1, 1996, the South Carolina Legislature changed the definition of debt subject to the 8 percent limit to include all Certificates of Participation at the time of issue subsequent to December 31, 1995. The following computation reflects the County's compliance with this limitation:

Assessed value of real and personal property			$ 2,916,300,291
Value of merchants inventory and manufacturers depreciation			30,454,011
Total assessed value			$ 2,946,754,302
Debt limitation - eight percent of total assessed value			$ 235,740,344
Total bonded debt:			
General Obligation Bonds		$362,730,000	
Less:			
Bonds issued pursuant to referendum:			
Series 2007 G.O. Bond Transportation Sales tax	$(150,000,000)		
Series 2006 G.O. Bond Transportation Sales tax	(63,090,000)		
Series 2004 Refunding G.O. Bond:	(8,379,659)		
Series 1999 Refunding G.O. Bond:	(5,000,000)	(226,469,659)	
Total debt subject to debt limit			136,260,341
Legal debt margin			$ 99,480,003

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, are reserved for the acquisition of capital assets, for the completion of existing projects and for future projects.

Reserved for Transportation and Road Sales Tax Special Revenue Fund. Fund equity subject to the provisions of bond restrictions on expenditures. This amount is $230,106,543 for the current fiscal year.

Designated for rainy day. An amount of $8,000,000 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 2009 budget ordinance designates $2,500,000 of the ending fiscal year 2008 General Fund Balance for fiscal year 2009 appropriations. Remaining Special Revenue Fund Balances, after the reserve for encumbrances, have been designated in accordance with the various use restrictions placed on their assets under the applicable grant agreements and legislation.

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 $2,175,000 reported in the Fund at June 30, 2008, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County purchases insurance contracts from commercial insurers to satisfy certain liabilities under workers' compensation claims; accordingly, no liability is reported for those claims.

Changes in the Fund's estimated claims liability amount in fiscal year 2008 and 2007 were:

Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2008	$ 2,290,000	$ 3,105,688	$ (3,220,688)	$ 2,175,000
2007	2,880,000	1,723,905	(2,313,905)	2,290,000

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

For all of the above risk management programs, except workers' compensation, the County and its component units have not significantly reduced insurance coverages from the previous year; settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the County and its Component units have effectively transferred all risk with no liability for unfunded claims.

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:

	DAODAS
Assets:	
Current assets	$ 4,953,323
Deferred issuance costs	65,882
Capital assets	7,585,012
Total assets	$ 12,604,217
Liabilities:	
Current liabilities	748,421
Certificates of participation	3,678,614
Other long-term obligations	419,539
Total liabilities	4,846,574
Net Assets:	
Invested in capital assets, net of related debt	3,515,000
Unrestricted	4,242,643
Total net assets	7,757,643
Total liabilities and net assets	$ 12,604,217

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

	DAODAS
Operating revenues	$ 6,774,672
Depreciation and amortization	(264,927)
Other operating expenses	(10,404,261)
Operating income (loss)	(3,894,516)
Nonoperating revenues (expenses):	
Interest income	171,723
Interest expense	(316,965)
Intergovernmental revenue	1,135,211
Gain (loss) on disposal of assets	(441)
Total nonoperating revenues (expenses)	989,528
Transfer out	(1,500,000)
Transfers in	3,131,667
Change in net assets	(1,273,321)
Beginning net assets	9,030,964
Ending net assets	$ 7,757,643

Condensed Statement of Cash Flows:

	DAODAS
Net cash provided (used) by:	
Operating activities	$ (3,777,683)
Noncapital financing activities	2,766,878
Capital and related financing activities	(695,269)
Investing activities	171,723
Net increase (decrease)	(1,534,351)
Beginning cash and cash equivalents	5,192,752
Ending cash and cash equivalents	$ 3,658,401

C. Subsequent Events

On October 14, 2008, the James Island Public Service District borrowed $650,000 from its proprietary fund on a promissory note that matures March 12, 2009. Interest will be paid at 1.4 percent during the period the note is outstanding.

During the fiscal year, Charleston County Council approved the future issuance of a tax anticipation note (TAN) in the amount of $1,000,000 for St. John's Fire District. Subsequent to June 30, 2008, the District has not borrowed any funds on this TAN. The entire $1,000,000 is available to the District as of the date of their audit report (November 5, 2008). 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 2009.

In March 2004 the James Island Public Service District's enterprise fund received various sewer system assets from the Charleston Commissioners of Public Works. As of June 30, 2008, 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, 2009, and the estimated fair market value will be recorded accordingly.

On September 5, 2008, the Charleston County Park and Recreation Commission signed a contract to purchase 61 acres known as the Bulls Bay property for use in developing a future park location. The purchase price of $5,700,000 is to be provided from proceeds of the taxpayer approved half-cent sales tax and from the Greenbelt Bank Board.

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

Effective July 2008 the Retirement Division of the State Budget and Control Board increased the employer's required contributions for the South Carolina Retirement System from 9.06 percent to 9.24 percent of annual covered payroll.

D. Contingent Liabilities

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

Litigation. The County and its component units are party to various lawsuits that are normal in the operations of a county government. These lawsuits involve disputes arising from various matters, including the termination of employment, wrongful death and survival, personal injury and other tort actions, delinquent tax sales, contractual agreements and civil rights violations. It is the opinion of legal counsel that it cannot be determined whether resolution of these matters, individually or in the aggregate in excess of insurance coverage, will have a material adverse effect on the financial condition of the County and its component units.

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 Note I of these financial statements.

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

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

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

In July 2005 the county entered into an agreement with the LPA Group Incorporated for program management services of the County's $150,000,000 roads portion of the half-cent sales tax monies (Roadwise Program). The original contract amount was $18,329,782 over a five year period beginning July 2005. The services are to include; design work, right of way easements, consulting on feasibility, land acquisitions, engineering work, developing bid specifications, and construction services. Amendment 1 of the contract was approved August 23, 2007, changing the contract amount to $17,973,126 and leaving the contract length unchanged. Amendment 2 of the contract was approved October 20, 2008, changing the contract amounty to $17,882,899 and leaving the contract length the same. Starting November 2008, the contract contains for a monthly base fee of $316,824, plus 10 percent of work completed. This base fee increases each fiscal year.

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

Year ending June 30	
2009	3,793,383
2010	3,981,232
TOTAL	$ 7,774,615

The amount paid for these services for the year-ended June 30, 2008, was $5,512,323.

On April 7, 2008, the County entered into a 10-year agreement with the Charleston Animal Society formerly the John Ancrum Society for the Prevention of Cruelty to Animals for the care and impoundment of animals delivered to the shelter by the County. The original agreement with the Society was dated January 23, 1979, and has been updated several times since then. The amended noncancelable portion of the agreement calls for the County to pay a base monthly fee of $34,539. Additionally, the County agrees to pay the Society $5.77 for the receiving and immunization of each animal placed in custody and $5.77 boarding fee per animal per day. The County will also pay a euthanasia fee of $5.77 fee for each animal. The County also agrees to pay any reasonable out-of-pocket expenses associated with animal cruelty cases.

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

The non-cancelable portion of the agreement states the County shall continue to pay the Society the current monthly fee for a five-year period plus any annual increases in the CPI during such five-year period if the County terminates the contract.

On July 10, 2007, the Charleston County Park and Recreation Commission signed a contract to purchase 1,568 acres known as the Long Savannah Plantation property for use in developing a future park location. The purchase price was $6,500,000, to be provided from proceeds of the taxpayer approved half-cent sales tax. The property is expected to close by the end of calendar year 2008.

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. During the year ended June 30, 2008, $0 funds were transferred to the City of Folly Beach for re-nourishment. Capital Projects fund balance of $219,697 has been reserved for beach re-nourishment.

As of June 30, 1997, the Charleston County Park and Recreation Commission had provided approximately $2,065,171 to the City of Charleston for the construction of the Charleston Maritime Center which was to be leased to and operated by the Commission. On August 4, 1997, the City of Charleston and Charleston County Park and Recreation Commission entered into an agreement that terminated the Master Lease of the Charleston Maritime Center dated August 1, 1995, between the two parties. This agreement grants the Commission the right of first refusal for the purchase of the Maritime Center for a period of 50 years from the date of execution of the agreement. In the event that the Commission does elect to purchase the Maritime Center, then the City of Charleston will credit $1,500,000 toward the purchase price. If the Commission elects not to purchase the Maritime Center, then the City of Charleston will pay the Commission $1,500,000 from the proceeds of the sale.

The Charleston County Park and Recreation Commission has an agreement with the Charleston County School District to cooperate in the operation of a Community Education Program. Each sponsor has determined which of its facilities and resources is available to the Community Education Program and agrees to supply the cost of necessary part-time professional staff that may be required. Available state, federal, and private funding is sought with the remaining costs shared to the extent agreed upon by the parties. The agreement with the School District was modified in July 1992 to provide for one-half of the Commission's share of the expenses to be paid to the school district prior to December 21 of each fiscal year and the balance to be paid by March 12 of the following year. Total payments made prior to June 30, 2008, for the 2008 program year were $429,202. The agreement was modified for the 2007 program year to provide for an equitable sharing of increased program fees collected during the year. The amount accrued as program revenue under this agreement was $363,637.

In July 1995 the Commission entered into a lease agreement with Charleston County whereby the Commission assumed the responsibilities of operating and maintaining 19 boat landings throughout Charleston County. The lease is for a term of 99 years and commenced on July 1, 1995. The Commission pays a nominal fee of $1 per year under the lease terms, but the agreement expressed the intent of Charleston County to transfer millage each year to help fund related expenses. Funding is contingent upon future County Council approval.

On June 29, 1988, Kiawah Island was sold to Kiawah Resort Associates. The Charleston County Park and Recreation Commission has been in contact with the 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 a Quitclaim Deed. The property conveyed includes areas presently known as the Cooper River Marina, previously known as the Old Navy Base Marina facilities. The conveyance has several restrictions including the following: the property must be used and maintained for the public park and recreation purposes for which it was conveyed in perpetuity, the property shall not be sold, leased, assigned or otherwise disposed of except to another eligible governmental agency that the Secretary of the Interior agrees in writing can assure the same continued use of the property, and funds generated on the property may not be used for non-recreational purposes and, furthermore, must be used for the development, operation and maintenance of the property until it is fully developed in accordance with the Program of Utilization. There are also various reporting requirements.

On August 22, 2005, the Charleston County Park and Recreation Commission entered into an agreement with K.L.B. Group DBA Locklear's Beach City Grill to allow this corporation to operate the restaurant at the Folly Pier. The original lease term was for five years beginning October 1, 2005. The building held for rent had an estimated cost of $1,253,494 and an estimated net book value of $1,013,398. Rent started at $7,400 per month and increases each October based on the current CPI. The new rental per month based on the CPI increased to $7,835 per month on March 1, 2008. The lease also provided for contingent rentals of 6 percent of annual sales greater than $1,200,000.

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

The following is a schedule by years of the minimum future rentals on the non-cancelable operating lease as of June 30, 2008:

Year Ending June 30	Amount
2009	$ 88,800
2010	88,800
2011	29,600
Total minimum lease rentals	$ 207,200

Total rent income of $78,359 was recorded during the year.

The Cooper River Park and Playground Commission contracted on July 1, 1996, with the City of North Charleston (City) to provide recreational services for the fiscal year to the citizens within the Commission's jurisdictional boundaries. Since the original contract date, the Commission and the City have renewed this contract annually with a effective date of July 1 of each fiscal year. Under the terms of this contract, the City agrees to pay all reasonable administrative and professional costs incurred by the Commission, and the Commission agrees to transfer and pay over to the City all appropriated funds, from whatever source, in the accounts of the Commission except for the remaining unreserved fund balance carried forward from June 30, 2007, in the amount of $56,843. The City also assumed control and possession (but not legal title) of fixed property and equipment. Due to the declining tax base and the fractured property lines of the Commission, it would be difficult or impractical to provide services to its citizens without this contract with the City. On June 26, 2008, the Commission entered into another one year contract with the City covering the period from July 1, 2008 to June 30, 2009, with essentially identical terms as previous contracts.

Certain real estate and facilities acquired by the Cooper River Park and Playground Commission are located within the corporate limits of the City of North Charleston. Those facilities were originally leased to the City for a 25-year lease term commencing May 23, 1980, at a $1 annual rental fee. This lease was renegotiated and signed May 23, 2006, for a 50-year term at a $1 annual rental fee. Additional facilities were leased in February and May of 1990 for a 100-year term also at an annual rental fee of $1.

Under the annual contract with the City of North Charleston, the Cooper River Park and Playground Commission has agreed to assign to the City all of its assets, real and personal, thereby allowing the City exclusive use, possession, control and management of these assets. As of June 30, 2008, the leased assets have a book value of $90,482.

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 Districts 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, 2009.

F. Deferred Compensation Plan

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

During the year ended June 30, 2000, the deferred compensation plans were amended to allow for employer matching contributions of up to $300 per year for each covered participant. The total contributions made by the County and plan members were $3,014,252 for the fiscal year ending June 30, 2008. 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.

Effective December 23, 2008, the County suspended this match of $75 per quarter.

G. Other Post Employment Benefits

Plan Description
The County provides post-retirement health, life and dental care benefits, as per the requirement of a local ordinance, for certain retirees and their dependents. Substantially all employees who retire under the State retirement plans are eligible to continue their coverage with the County paying 50 percent of health insurance premiums and the retiree paying 100 percent of life and dental insurance premiums and the remaining 50 percent of the health insurance premiums. The County's regular insurance providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The James Island Public Service District also provides a retiree benefit equal to 100 percent of the health insurance premiums over age 65 and a portion if under age 65. The retiree must pay for all life and dental insurance premiums.

Funding Policy
As of year-end, there were 449 employees who had retired from the County and are receiving 50 percent health insurance premium coverage benefit. The County currently finances the plan on a pay-as-you-go basis. Within the next twelve months, the County intends on establishing a Trust at which time, the plan will be financed on a level percent funding basis. For the year ended June 30, 2008, the County recognized expenses of $1,043,301 for healthcare, which were net of retiree contributions of $1,081,636. The James Island Public Service District had 26 employees who had retired and receiving benefits under their plan. The District recognized expenses of $133,622 for health care premium net of retiree contributions of $60,681. The St. Paul’s Fire District had 2 employees who had retired and receiving benefits under their plan. The District recognized expenses of $8,603 for health care premiums.

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

For the current year, the County's year of implementation of GASB Statement 45, the annual OPEB expense of $4,211,804 is equal to the ARC. The ARC for the year ended June 30, 2008, is computed as follows:

Normal cost for current year	$ 2,064,762
Amortization of the unamortized accrued liability	2,147,042
Total Annual Required Contribution	$ 4,211,804

Calculations of benefits for financial reporting purposes are based on the substantive plan understood by the employer and the plan members. The calculations include the types of benefits provided at the time of each valuation and the historical costs, shared by the employer and the plan members. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about future events and costs. The Projected Unit Credit, Level Percent Funding actuarial cost method was used to calculate the ARC for this valuation. The current rate used to compute the ARC is based on a level percent funding and assumed a 7.25 percent rate of return on investments for the current year.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

The County's management has elected not to reduce the total ARC dollar amount by current year contributions as it is expected that the ARC may increase due to current economic conditions. Accordingly, the net OPEB obligation recorded at June 30, 2008 is $4,211,804.

The Entry Age Normal Actuarial Cost Method was used in the July 1, 2006 valuation. The actuarial assumptions included 7.25% investment rate of return. For all retirees the healthcare cost trends 2006 to 2007 were a rate of 10%. The trends rate will decrease in 0.5% steps until it reaches 4.5% and then will remain level. General inflation is assumed to be 3.0% per year. The Plan's unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll on an open basis. The remaining amortization period at June 30, 2008 was twenty-nine years.

H. Funds Held by Coastal Community Foundation

As of June 30, 2008, the Coastal Community Foundation was holding $378,551 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, $8,429 is available for grants to the Library.

As of June 30, 2008, the Coastal Community Foundation was holding $71,928 in the Roper Foundation Community Wellness Endowment for the Charleston County Library. The endowment was established for the purpose of updating the health education information collection. At year-end, $16 is available for grants to the Library.

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

I. Employee Retirement Systems and Plans

South Carolina Retirement and Police Officers' Retirement Systems

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

Funding Policy - SCRS. Plan members are required to contribute 6.50 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 9.06 percent of annual covered payroll. The contribution requirements of plan members and employers are established under authority of Title 9 of the *South Carolina Code of Law, 1976 (as amended).* Effective July 2008, the Retirement Division of the State Budget and Control Board increased the employer's required contribution for the South Carolina Retirement System from 9.06 percent to 9.24 percent of annual covered payroll.

Funding Policy - SCPORS. Plan members are required to contribute 6.7 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 10.3 percent of annual covered payroll. The contribution requirements of plan members and employers is established under authority of Title 9 of the *South Carolina Code of Law, 1976 (as amended).*

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

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, 2008, 2007, and 2006:

	Fiscal Year Ended June 30		
SCRS Contributions	2008	2007	2006
Primary government:	$ 5,721,280	$ 4,764,224	$ 4,313,704
Component units:			
CCL	684,830	542,314	485,754
CCPRC	605,375	497,760	428,048
JIPSD	363,871	328,657	297,892
SAPPPC	110,901	90,314	88,968
SJFD	42,971	33,575	31,956
SPFD	5,261	4,405	4,954
Total SCRS	$ 7,534,489	$ 6,261,249	$ 5,651,276
SCPORS Contributions			
Primary government:	$ 3,157,167	$ 2,831,604	$ 2,839,254
Component units:			
SJFD	407,113	385,573	378,872
SPFD	175,945	173,041	158,866
Total SCPORS	$ 3,740,225	$ 3,390,218	$ 3,376,992

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

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