January 27, 2012

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

State law requires that all general-purpose local governments publish at the close of each fiscal year a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) for Charleston County, South Carolina, for the fiscal year ending June 30, 2011.

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

Charleston County's financial statements have been audited by Scott and Company LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Charleston County's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

The County of Charleston was established by the state of South Carolina on April 9, 1948, under the provisions of Act 681 of 1942. The County operates under a Council-Administrator form of government. Policy-making and legislative authority is vested in a governing council consisting of nine Council members. The Council is elected to single member districts on a partisan basis.

Charleston County Council is responsible for, among other duties, passing ordinances and policies, approving the budget, appointing committee members, and hiring the County's Administrator, Internal Auditor, and Attorney. The Administrator is responsible for enforcing the policies and ordinances of the governing council, overseeing the day-to-day operations of the government services and its approximately 2,300 employees, and for appointing the heads of the various County departments.

Charleston County provides a broad range of services that include:

- Public safety - countywide law enforcement (Sheriff's Office), detention facilities, emergency preparedness plans to include activation of the County's Emergency Operations Center in an event of a disaster, as well as fire protection in the Awendaw Consolidated Fire District, the East Cooper Fire District, the West St. Andrew's Fire District, and the Northern Charleston County Fire District
- Veterans' assistance
- Health-related assistance - Emergency Medical Services (EMS), alcohol and other drug abuse services, indigent health care, and social services
- Voter registration
- Street and drainage maintenance
- Waste disposal and recycling
- Planning and zoning administration
- Criminal, civil, probate, and family court administration
- Public defender assistance
- Property assessments, tax billing, collection, and dispersal to appropriate entities/municipalities
- Mosquito control

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

Discretely presented component units are reported in a separate column in the Statement of Net Assets and in the Statement of Activities in order to emphasize that they are legally separate from the primary government, and to differentiate their financial position and results of operations from those of the primary government.
The following entities are being reported as discretely presented component units:

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

Additional information on these nine legally separate entities can be found in Note 1.B. in the Notes to Financial Statements starting on page 64.

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

The legal level of budgetary control is determined by County Council at the individual fund level. Expenditures by department, sub-organizational level, and major category (personnel, non-personnel, and capital outlay) are further defined in the budget document. The County Administrator has the authority to make transfers between major expenditure categories within departments and between departments within the same fund. The Administrator has further delegated to the Deputy County Administrator and three Assistant Administrators the authority to transfer between departments under their authority. County Council may effect changes in fund totals through amendment to the budget ordinance directive or the County Administrator has the authority to change fund totals, with the exception of the General Fund, if available sources (revenues, transfer in, and fund balance) differ from the budget.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 47-49 as part of the Basic Financial Statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the nonmajor governmental fund subsection of this report, which begins on page 145.
LOCAL ECONOMIC CONDITIONS AND OUTLOOK

Charleston’s Economy at a Glance. Charleston County’s economic base is diversified and growing. The Charleston-North Charleston Metropolitan Statistical Area ranked 11th in the Milken Institute’s “Best-Performing Cities 2011,” up from 19th last year and from 30th in 2009. The economy has gone through a significant shift in the past two decades from a military dependent economy to a more diversified economy that is stimulated by six engines of growth:

- The Port of Charleston, fueling the manufacturing and supply chain sectors in Charleston, statewide, and around the nation.
- The military, with significant Air Force, Navy, Army, and Coast Guard facilities in Charleston.
- The tourism industry, with a year round tourist season.
- The medical industry, focused around the Medical University of South Carolina (MUSC), the State’s teaching hospital.
- Manufacturing and service companies, where recruitment activity has grown with the focus on a tri-county collaborative industry recruitment program.
- Higher education, with 26 colleges and universities offering a range of two-year, bachelor’s, master’s and doctoral degree programs.

Recent Economic Indicators. General economic indicators for 2010 were reported by the Charleston Metro Chamber Economic Outlook Board in March of 2011. Highlights are as follows:

Population - The Charleston metro area population increased by over 8 percent, 506,875 to 549,033 persons, from 1990 to 2000. According to the U.S. Census Bureau’s 2010 Census, the population in the metro area is 664,607, meaning that the percentage growth from 2000 to 2010 has been just over 21 percent. The percentage growth is significant as it surpasses the State of South Carolina’s growth (15.3 percent) and the United State’s growth (9.7 percent) during the same period.

Labor Force & Employment - Since the Naval Base closed in 1995, the civilian labor force in the Charleston region has grown by 31 percent, from 245,940 to 322,107 persons as of 2010. As of June 2011, the Charleston region is experiencing 9.8 percent unemployment, compared to the state of South Carolina at 11.2 percent.

Housing - A total of 9,808 homes were sold in the Charleston region in 2010, which was an increase of 12.7 percent from the previous year. The forecast, by the Charleston Metro Chamber of Commerce’s Center for Business Research, is for sales to increase by an additional one percent in 2011.

Retail Sales - Total retail sales for the Charleston area rebounded in 2010 with a 12.9 percent increase over the previous year, totaling $18.38 billion with over $12.7 billion of that total being spent in Charleston County.

Visitor Industry - The Charleston region attracted over 4.22 million visitors in 2010, generating an economic impact of $3.03 billion. Hotel occupancy rates were 69 percent for the year, and the average daily rate for lodging was $115 per night. Attendance rates at area attractions increased by 2.6 percent during 2010. The impact of additional cruise passengers to the Charleston area contributed to the increase. The industry is expected to continue to strengthen over the next few years. The arrival of low-cost carrier Southwest Airlines is expected to boost both leisure travel as well as convention visitation. Kiawah Island will also be host to the 2012 PGA Championship golf tournament in August 2012, which is expected to have a significant impact on the tourism industry in the Charleston region.
Port Activity - The Port of Charleston is consistently recognized as one of the nation’s most efficient and productive ports. In 2010, the Port of Charleston handled 1.36 million TEUs (twenty foot equivalent cargo containers), which was an increase of 16 percent from the previous year. Break-bulk cargo totaled 647,811 tons. Port activity is expected to rise over the next decade, largely due to the new container terminal currently under construction on the former Navy base. The new 280-acre terminal is expected to open in 2014 and, at build out, will increase Charleston’s total container capacity by 50 percent. In addition, a new 25-acre yard opened in late 2008 at the Wando Welch Terminal, representing a 10 percent capacity increase for the terminal.

Airport Activity - Total passenger activity at the Charleston International Airport decreased by 7 percent in 2010 with the loss of AirTran Airlines from the market. By comparison, passenger activity also declined 7 percent in Savannah. However, passenger activity for 2011 has already significantly increased with the addition of low cost carrier Southwest Airlines in March 2011. Passenger activity is up 21 percent from January to June of 2011 when compared to the same time period in 2010. The addition of Southwest is expected to have an annual economic impact of $139 million in Charleston and bring an additional 200,000 annual passengers.

BRIEF SECTOR PROFILES

The Port. The Port of Charleston is one of the busiest container ports of the U.S. East and Gulf Coasts and is also one of the nation’s most productive and efficient ports. Port volume is expected to increase in the coming years due to the new three-berth, 280-acre marine terminal under construction at the former Charleston Naval Base. The State Ports Authority (SPA) fiscal year 2011 capital improvement program calls for $77 million in development and enhancements of new and existing facilities. In addition, the SPA plans to invest nearly $1.3 billion on capital projects over the next decade.

The Charleston customs district ranks as the nation’s eighth largest in dollar value of international shipments, with the Port of Charleston’s cargo valued at over $50 billion in 2010. Top commodities that pass through Charleston docks include consumer goods, agricultural products, vehicles, machinery, chemicals and metals. Charleston’s five port facilities, located close to the open ocean for fast turnarounds, consist of two container ports, two break-bulk ports, and one container and break-bulk port.

The SPA, which operates the Port of Charleston, employs approximately 470 people. Locally, the Port of Charleston is directly and indirectly responsible for 26,000 jobs, which provides $1.2 billion in labor income, and $4.3 billion in total output. Statewide, international trade through the SPA’s facilities provides 280,600 jobs paying $11.8 billion in wages to South Carolinians. In all, trade pumps nearly $45 billion into the state economy and generates $1.5 billion in state and local taxes.

The Military. The military has a large annual economic impact in the Charleston region. There are 22,000 active-duty, reserve personnel, civilians, and civilian contractors employed in the region by the area’s defense facilities. In total, the military provides an annual economic impact on the Charleston region estimated at $4.67 billion. This figure does not include the private sector contractors in Charleston who do work on behalf of the military.

Charleston Air Force Base and the Charleston Naval Weapons Station recently merged to create Joint Base Charleston. They are now the region’s largest single employer with 20,172 employees. The combined payroll of Joint Base Charleston has an economic impact of $4.36 billion to the Charleston region annually. The Air Force portion of Joint Base Charleston is home to the 437th Airlift along with 6,150 (airbase) employees and over 50 C-17 aircraft. The C-17s are currently serving a vital supply role to the military in both Afghanistan and Iraq.
The Space and Naval Warfare Systems Center Atlantic (SPAWAR) is a high technology, engineering facility that designs, builds, tests, fields, and supports the Navy as well as other federal customers. SPAWAR Atlantic is responsible for integrating the Mine Resistant Ambush Protected (MRAP) vehicles that are used to protect the war fighters on the ground in Iraq and Afghanistan. The facility employs over 3,100 Civil Service employees with an average salary of $75,678 and supports an estimated 80 local defense contractors operating in the region, which employ 12,000 contractor employees. SPAWAR’s economic impact on South Carolina’s economy is estimated at $2.6 billion.

Other facilities include the Nuclear Power Training Command and Nuclear Power Training Unit, which are both state-of-the-art nuclear power schools that graduate over 3,000 students each year. The Army’s Combat Equipment Group Afloat and Surface Deployment Distribution Command 841st Transportation Battalion both transport equipment to support the war efforts. The U.S. Coast Guard and Federal Law Enforcement Training Center also operate facilities in the region, and trains more than 12,000 students annually.

**Visitor Industry.** Tourism has long been an economic mainstay in one of America’s most photogenic and historic cities. In the 1990’s this sector soared, recording visitation and earnings once thought impossible. Charleston recorded 4.22 million visitors in 2010, providing an economic impact of $3.03 billion to the local economy. The hospitality industry directly employs 35,200 people in Charleston County, accounting for 12.4 percent of the workforce. When direct and indirect employment from the hospitality industry is combined, the total number employed balloons to over 50,000.

Charleston hotels have widely expanded the regional room inventory and range of choices in the past decade. Charleston County’s inventory of hotel rooms stood at 14,784 at the end of 2010, with a 69 percent occupancy rate and an average daily rate of $115 per night.

The past few years have seen the emergence of a new facet to Charleston’s tourism market – the cruise ship industry. Both Carnival Cruise Lines and Celebrity Cruise Lines have chosen to make Charleston a new departure and arrival point. In addition, many other cruise lines (including Holland America Cruises, Oceania Cruises, Princess Cruises, Costa Cruises, P & O Cruises, Aida Cruises, Regent Seven Seas Cruises, and Crystal Cruises) bring their ships to Charleston as a port of call. The SPA is in the process of upgrading its passenger terminal to more effectively meet new security requirements, as well as to better serve the growing number of cruise customers. The cruise business has an estimated $37 million annual impact on the Charleston market.

Restaurants in Charleston multiply and flourish, nourished by a constant flow of aspiring and accomplished chefs coupled with an increasingly affluent Charleston visitor. *The New York Times*, *Southern Living*, *Bon Appétit*, and *Wine Spectator* have all praised area restaurants where seafood, nouvelle, and southern cooking predominate in the over 100 restaurants in downtown Charleston alone. The average Charleston visitor is well acquainted with these wonderful restaurants, as they spent an average of $183 per day in 2010 on food, accommodations, local attractions, shopping, and other entertainment.

**The Medical Industry.** The region’s medical industry is anchored by the State’s teaching hospital, the Medical University of South Carolina (MUSC), and accounts for over 10 percent of the area’s total employment. The majority of the employment currently exists in five private regional hospitals, MUSC, and the Ralph H. Johnson VA Medical Center, along with the hundreds of general practitioners, dentists, and medical specialists in the region.

The center of energy in the region’s medical arena is MUSC. It is made up of six colleges which give students a variety of options for their focus of study. Enrollment in the six colleges collectively stands at 2,560, with over 1,300 faculty members being employed. In 2010, MUSC received over $238 million in research funding.

MUSC established one of the first infirmaries specifically for teaching purposes in 1834, which is now known as the MUSC Medical Center. Among the programs that have earned distinguished reputations at the MUSC are: neuroscience, substance abuse, cardiovascular medicine, drug sciences, prenatal medicine, ophthalmology, hearing loss, genetics, rheumatology, and cancer care.
Several of the private hospitals are currently in a growth mode. Roper St. Francis Healthcare recently completed a 308,000 square-foot, $164 million campus in Mt. Pleasant which includes a medical office building (90,000 square feet, $21 million) and a leading-edge hospital (218,000 square feet - $143 million). The 85-bed full-service hospital opened in late 2010. The hospital includes 24-hour emergency care, women’s services, inpatient and outpatient surgery, and intensive and critical care units. East Cooper Regional Medical Center also opened a new hospital on April 1, 2010, in Mt. Pleasant to replace its existing facility. The new 250,000 square-foot hospital cost $160 million to build, and is equipped with 140 beds. Along with the additional bed space, the new hospital brings 200 more jobs in addition to the over 600 that East Cooper currently provides.

**Manufacturing and Service Companies.** In 2010, Charleston County continued its success in the recruitment of new jobs and capital investment. Over $152.5 million in capital investment and 744 jobs were announced. These numbers put Charleston County in the top ten in the state in both jobs creation and capital investment for the year. These results pushed Charleston County over two previous high watermarks, as its cumulative capital investment reached $4 billion and the creation of new jobs reached 22,000.

Pro-business government attitudes permeate through the State of South Carolina and the Charleston region, where state commerce department officials work hand-in-hand with economic developers from the Charleston Regional Development Alliance, Charleston County, and its three largest municipalities: City of Charleston, City of North Charleston, and Town of Mount Pleasant. This team searches out national and international business prospects, facilitating their relocations and expansions. State and local financial incentives are strategically utilized to leverage private sector relocation and expansion decisions.

In 2010, the Charleston Regional Development Alliance hired targeted economic development strategy developers Avalanche Consulting partnered with renowned site selection consultants McCallum Sweeney to develop a new economic development strategy for the region. The study, *Opportunity Next*, identified four vertical industry targets for the Charleston region:

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

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

The Final Assembly Building had its official ribbon cutting on June 10, 2011. The first aircraft is expected to be delivered from the Charleston facility in the first quarter of 2012. The nearly one million square-foot assembly building will be accompanied by a visitor’s center, a tail fin and rudder facility, an enlarged employee training center, and a cutting-edge delivery center where aircraft customers will be entertained, delivery ceremonies held, and where the finished airliners will be presented.
This latter function deserves further mention, because the 787 Delivery Center will present unprecedented cultural and economic opportunities for the Charleston area. Heads of state, aircraft executives, and many guests comprising the international delegations will journey to Charleston to be entertained and to take part in week-long ceremonies marking the delivery of their aircraft fleets. Extensive hospitality industry impacts are anticipated, along with vast opportunities for local service providers and very significant consumerism by the international visitors.

**Biomedical** – Construction at MUSC is ongoing, and they are expected to complete the construction of both the Drug Discovery Building and the Bioengineering Building in late 2011. The Drug Discovery Building is 114,000 square feet, and will house leading edge laboratory space as well as bio-tech start up space. The South Carolina Research Authority MUSC Innovation Center continues to be a wonderful asset for the biomedical community. The Center is equipped with 11 high-tech labs for use by its entrepreneurial tenants. This facility is a critical piece of infrastructure in the commercialization of pharmaceutical discoveries emanating from the Medical University of South Carolina.

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

**Wind Energy** – Wind Energy represents a real growth opportunity for the Charleston region. The sector is anchored locally by the Clemson University Restoration Institute’s drive train test facility. The facility is expected to be completed in 2012. The project is expected to cost $98 million, of which $45 million will be financed by a US Department of Energy grant. The sector also received a boost in April 2011 when TAM Energy, an affiliate of Titan Atlas Manufacturing, announced it was bringing 75-100 jobs to Charleston that will be responsible for assembling wind turbines for the production of supplemental energy.

**Higher Education.** There are 26 colleges and universities offering a range of two-year, bachelor’s, master’s, and doctoral degree programs in Charleston. The five largest are: Trident Technical College, with 14,800 students; College of Charleston, with 11,800 students; Charleston Southern University, with 3,200 students; The Citadel, with 3,300 students; and Medical University of South Carolina with 2,500 students.

**WHY CHARLESTON?**

Companies relocating to Charleston, as well as entrepreneurs, who start businesses in the area, typically give two primary reasons for why they chose to do business here: the renowned quality of life and the enviable competitive posture.

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

Charleston’s history spans over 300 years and is widely acknowledged as among the world’s leaders in the area of historic preservation. The stunning, well-preserved eighteenth and nineteenth century homes and commercial buildings in downtown Charleston are a testament to this passion. Familiar scenes in historic downtown Charleston are sightseeing pedestrians and tourists in horse-drawn carriages. Far from receiving a staid museum-like experience, the visitor to Charleston is struck by the busy streets of a vibrant city which are packed with tourists and locals well into the night.

Charleston is a medium-sized city with big-city arts offerings. The world-renowned Spoleto Festival USA is an annual two-week celebration of opera, jazz, dance, and visual arts that attracts legendary performers to the city. Charleston has an active arts community, with over 70 arts and cultural organizations, including a first-class symphony, museums, a proliferation of art galleries, and local stage and theater groups.
Sports are an important part of the Charleston social landscape in a town where the median age is 36. Sporting events contribute over $50 million annually to the regional economy and employ nearly 1,200 people. Charleston hosts several professional teams. The Charleston RiverDogs Baseball team is a Class A affiliate of the New York Yankees, the Charleston Battery Soccer team is part of the USL First Division, and the South Carolina Stingrays Hockey team is a member of the ECHL Southern Division, and an affiliate of the NHL Washington Capitals. Southern Conference and Big South Conference collegiate sports round out the mix, with the teams of The Citadel, College of Charleston, and Charleston Southern University taking center stage.

Charleston also plays host to many high-profile sporting events throughout the year. The annual Family Circle Cup Tennis Tournament, a Women’s Tennis Association Tier 1 event, is played at the Family Circle Tennis Center (capacity 10,200) on Daniel Island. The 2011 tournament was attended by 94,241 people with a $25 million economic impact. The Cooper River Bridge Run 10K hosted 34,690 runners in April 2011. Kiawah Island’s world-class Ocean Course has been selected to host the 94th Annual PGA Championship in 2012.

**Competitive Posture.** Charleston has won numerous accolades in recent years from esteemed business and travel publications. Charleston was named one of the Top Ten Places to visit before you die by Andrew Harper. *Forbes* named Charleston one of the Best Places for Business & Careers in their July 2011 issue. The Milken Institute ranked Charleston among the nation’s Best Performing Cities in October 2010. *Travel + Leisure Magazine* named Charleston one of America’s Favorite Cities in November 2010.

The Charleston region offers a sizeable real estate portfolio for a mid-sized market, with over 9.2 million square feet in upscale executive buildings and offices. The 19.6 million square feet of retail space in the region is distributed between regional malls, strip centers, and the downtown Charleston central business district. Since 2000, over 3.5 million square feet of office space has been added to the Charleston region’s inventory. Vacancy rates are currently at 15.4 percent. The average lease rate for Class A office space is $23.13 per square-foot in the region.

Over 20 industrial parks are strategically located throughout the Charleston region. As of the end of 2010, the Charleston region had over 42.8 million square feet of warehouse and flex space. Vacancy stands at 13.5 percent and average lease rates are $4.11 per square-foot for warehouse space, and $6.60 per square-foot for flex space.

The Charleston International Airport, no more than a thirty-minute ride from anywhere in the region, has experienced great growth in recent years. The mix of passengers has shifted away from its tourist base toward one increasingly characterized by business travelers. Daily non-stop service is available to 15 cities in the U.S. including Atlanta, Charlotte, Chicago, Houston, New York, Philadelphia, and Washington D.C.

**MAJOR COUNTY INITIATIVES**

Charleston County’s initiatives in fiscal year 2011 focused on enhancing the value of services provided to our citizens, partnering with municipal governments, encouraging economic development, and continuing with an extensive facilities improvement and replacement program.

**County Council Meetings Televised:** To better serve the public, Charleston County Council began televising its committee and regular meetings, as well as streaming live on the internet through the County’s website. County Council maintains a DVD collection of past meetings for anyone who does not have a computer. In addition, for real-time emergency information, the public can follow “ChasCountyGov” on Twitter or access the County’s Emergency Management Department on Facebook.

**9-1-1 Center:** Moving towards full consolidation, four more dispatch operations were added into the County’s Consolidated 911 Center. New efficiencies obtained from the consolidation efforts allow a call taker to remain on the line with the caller, gather more information, and provide additional safety at the scene and/or medical instructions while responders are simultaneously being sent by a separate dispatcher. The ability for dispatchers to talk directly to each other as they are handling emergency calls requiring multi-jurisdictional response has already proven to reduce time spent in getting the appropriate responders.
Library Services: To promote pre-literacy and encourage families to come to the library, Charleston County Public Library created a new PLAY (Public Libraries and You) initiative with programs held in the evenings and on Saturdays so working families would have the opportunity to visit the library together. Each month, more than 100 PLAY programs were held for children at the library’s 16 branch locations.

The library increased its program and events, averaging more than 500 programs every month. Programs included: computer classes, jazz, blues and opera music, puppet shows, book discussions, business counseling, crafts and gaming, movies, story times, crafts, resume and cover letter workshops, legal assistance presentations, and much more. Also, WiFi is available at all 16 branches.

Charleston County Council authorized the employment of up to 75 students for a Summer Youth Work Program. The goal was for students to obtain summer employment and explore the various career opportunities that exist within County departments while gaining critical workforce skills. All students were screened in advance, providing them with interview training skills, professional behavior training, and an orientation.

The Elections & Voter Registration Office received federal grant funds from the Help America Vote Act enabling the use of the Curbside Ballot Call Bell System. The system improved the voting process for individuals with disabilities who required curbside voting and reduced the wait time for assistance to voters. Also, improved wheelchair-marked parking spaces, entrance ramps, and entrance rails were offered at more precinct locations.

The Emergency Medical Services Department was named EMS magazine’s National Paid EMS Service of the Year. This honor is given to one paid EMS system in the United States each year. The department was chosen based on various criteria that included its innovation in pre-hospital care, program upgrades, the high certification level of its personnel, worker safety and well-being, education and training program, involvement in the medical community, illness and injury prevention project, and public education initiatives. Charleston County EMS was established by County Council in 1973 as the first Countywide EMS service in the State of South Carolina. It serves every municipality in the County.

Through the efforts of the Economic Development Department, Charleston County celebrated the addition of Southwest Airlines to Charleston International Airport. Southwest is the nation’s largest and most profitable low-fare carrier. The airline’s arrival is credited with helping lower fares on other carriers and encouraging more passengers to fly through Charleston. Passenger activity increased 21 percent from January-June 2011 compared to January-June 2010.

Transportation Solutions:

Charleston County

RoadWise

A Program of Charleston County Government

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

The Charleston County RoadWise Program was extremely busy during FY 2011 with the commencement/completion of several major bonded improvement projects throughout the County.

The Palmetto Commerce Parkway, nearly six miles in length, is intended to relieve congestion along Dorchester Road and I-26. It will also serve as a direct route for workers traveling to facilities in the Palmetto Commerce Business Park. The Parkway is the first major bonded project that is a brand new road. It will have a tremendous impact on traffic and will be the third way to get between Ashley Phosphate Road and Ladson Road.
The Johnnie Dodds Boulevard Project will improve approximately three miles of US 17 from just north of the Arthur J. Ravenel, Jr. Bridge to the south side of the I-526 interchange, including associated frontage roads and side streets. The project also includes the design and construction of a bridge on Bowman Road over Shem Creek, including all required roadway and drainage improvements. The bridge will be approximately 90 feet long and 80 feet wide, and will include sidewalks on both sides.

Other Projects Improving Transportation: Many additional road improvements were implemented by Charleston County Government through annual funding allocated by Charleston County Council to smaller projects throughout the community. These projects included roads and streets which have been resurfaced; drainage improvement projects; intersection improvements projects; and local paving projects. Also completed during the year were the Bee Street and Courtenay Drive Improvements, as well as the Glenn McConnel Parkway/I-526 Improvements.

Detention Center: Through the receipt of federal grant funds, Charleston County completed the installation of solar panels at the Detention Center to save energy costs. Power generated by the solar power system is fed directly into the building power system eliminating the need for an energy storage system. This further reduces the effect on the environment as batteries require replacement and disposal. The system was installed with an estimated savings of $888,372 over the 30 year life of the solar panels. In the brief time the solar panels have been installed, the amount of carbon dioxide going into the atmosphere has been reduced by 17,710 pounds, which is equivalent to what 1,226 average trees remove from the atmosphere each year. The average production by the solar panel system per day is enough to run six average sized houses per day.

Land Use: Charleston County Government was awarded the 2010 Outstanding Planning Award for Large Jurisdictions by the South Carolina Chapter of the American Planning Association. The award was given to the County for its “Comprehensive Plan Update – Guiding the Future for a Lasting Lowcountry.” Adopted by Charleston County Council in November 2008, the 10-year update of the Comprehensive Plan is the future vision for preservation and development in Charleston County. The Plan established strategies for the County to pursue in order to maintain and enhance its high quality and unique landscapes with a focus on strategies that county government can achieve. The Plan includes achievable strategies and innovative implementation tools to preserve rural areas, link fiscal policies to land use and transportation planning, formalize inter-jurisdictional coordination, and promote sustainable development.

Urban/Rural Parkland and Rural Greenspace:

During fiscal year 2011, County Council approved four rural applications that were recommended by the Greenbelt Bank Board. These projects totaled $3.622 million in rural funding to protect 469 acres. Of the rural funds awarded, $2.87 million was used to purchase 178 acres for public use. The rural projects were located in the Town of Meggett, the Wiltown Community, and Edisto Island.

Additionally, the Urban Grants Review Committee and the Charleston County Park and Recreation Commission (CCPRC) recommended County Council approve four urban projects located in the municipalities of North Charleston, Mt. Pleasant and Kiawah Island. Council approved all projects which totaled $6.16 million to purchase 188 acres for public, urban parkland.

Environmental Management:

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

The Environmental Management Department received the 2011 Outstanding Composting Program Award for developing and initiating a plan to maximize productivity, expand the operations and materials, and enhance the end product quality of the compost program. This resulted in doubling the County’s recycling rate in less than a year. Criteria for the award selection included measurable waste reduction, an education component, full compliance with all applicable federal, state, and local regulators and documented end-use of compost accompanied by laboratory analysis of components.
Also, a new effort to increase curbside participation in recycling through a Single-Stream Recycling Residential Pilot program was announced. Approximately 4,600 homes are participating in the pilot program throughout selected neighborhoods with both low and high recycling participation rates. The process, known as single-stream recycling, commingles paper products with containers of plastics, glass, and steel in a roll-cart. The goal is to encourage non-recyclers to participate in the curbside program and for current participants to recycle even more.

In conjunction with the Town of Mount Pleasant, 70 recycling bins were located at ten recreational facilities. The department has also partnered with rural fire stations to off more drop-off locations for recyclable materials. With the additional locations, rural residents can drop off their recycling at locations along major routes without having to drive to one of the eight regular county convenience centers.

FINANCIAL INFORMATION

Cash Management. Cash that was temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury, repurchase agreements, or interest-bearing checking accounts. The average yield on investments was less than 1 percent for the year ending June 30, 2011. Charleston County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The County's bank balances were approximately $196,671,505 at June 30, 2011, and all were collateralized or covered by insurance. More detail on the County's deposits and investments is found in Note III. A. of the Notes to Financial Statements starting on page 78.

Risk Management. The County has a limited risk management program for vehicle comprehensive and collision. As part of this plan, the County has a mandatory defensive driving training class for new employees operating County vehicles, and a refresher defensive driving training class for those County drivers who have experienced a chargeable accident. The County insures all licensed vehicles for collision and comprehensive, including a $1,000 deductible per vehicle provided by the State of South Carolina Insurance Reserve Fund. The County has also acquired commercial insurance on heavy equipment on those items exceeding $2,500. All heavy equipment claims have a 2 percent of value deductible. The County also has a $1,000 deductible per location coverage for fire and extended coverage with the State of South Carolina Insurance Reserve Fund.

During fiscal year 1991, the County insured the risk of job-related injury or illness to its employees through the South Carolina Association of Counties' (SCAC) Workers' Compensation Trust. Effective July 1, 1995, the County converted to a large deductible plan with the SCAC to fund risks associated with Workers' Compensation claims. More information on the County's risk management plan can be found in Note IV.A. of the Notes to Financial Statements starting on page 107.

Pension and Other Post Employment Benefits. Charleston County participates in the State of South Carolina Retirement System. All regular County employees are members of either the South Carolina Retirement System or the South Carolina Police Officer's Retirement System. More information on these pension plans is provided in Note IV.I. of the Notes to Financial Statements starting on page 120 of this report.

The County also provides post-employment health, life and dental care benefits (as per the requirements of a local ordinance) for certain retirees and their dependents. More information on the post-employment benefits is shown in Note IV.G. of the Notes to Financial Statements starting on page 117.

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting for the 23rd consecutive year to Charleston County for its fiscal year 2010 Comprehensive Annual Financial Report. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting given to governments that demonstrate a constructive "spirit of full disclosure" to communicate clearly the County's financial story.
A Certificate of Achievement is valid for a period of one year only. We believe that Charleston County’s current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

Charleston County also received its 22nd consecutive Distinguished Budget Presentation Award for its fiscal year 2011 budget from GFOA. According to the GFOA, the award reflects the commitment of Charleston County Government and its staff to meeting the highest principles of governmental budgeting. The award was given based not only on how well the County budgets its funds, but also on how well it communicates to the public how the money is spent.

The timely preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Charleston County’s Finance Department. Special thanks go to the team headed by Carla Ritter, who with the assistance of Summer Gillespie, Chrisanne Porter, and Marcus White of the Finance Department produced the Comprehensive Annual Financial Report, and coordinated the audit with the external auditors. Substantial contributions were also made by several financial staffs throughout the County: Mack Gilie, and Catherine Ksenzak from the Budget Office; Andrew Smith and Julie Riley-Hollar from the Treasurer’s Office, Lisa Murray from the Department of Alcohol and Other Drug Abuse Services, Jean Sullivan from Grants Administration; Jackie Proveaux from the Public Works Department; and Ashley Keene of the Economic Development Office. Much appreciation also goes to Dawn Murray of the Finance Department who provided administrative support for the financial notes and the Management’s Discussion and Analysis, as well as support to the external auditors. Substantial assistance also came from the staff members of the County Administrator and Assistant County Administrator for Finance. Thank you are also extended to the staff of Scott and Company LLP, the external auditors, for their efforts in assisting the County produce this Comprehensive Annual Financial Report.

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

Allen O’Neal
County Administrator

Keith Bustaean
Assistant County Administrator for Finance

Corine Altenheim
Charleston County Finance Director