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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, 2012.

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 LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2012, 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, 2012, 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 under the S.C Home Rule Act, Section 4-9-10 et seq., of the Code of Laws of S.C. (1976 as amended). 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 Clerk of Council, County 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 government (except those services provided by countywide elected officials), and for appointing the heads of the various non-elected County departments. The County has approximately 2,100 employees.

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 disbursement 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 I.B. in the Notes to Financial Statements starting on page 62.

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 three Deputy County Administrators and two 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 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 45-47 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 140.

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 Charleston region also experienced the largest growth in manufacturing jobs of any US metro area, from the first quarter of 2010 to the fourth quarter of 2011, as reported by the Brookings Institution Report in May 2012. 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 25 colleges and universities offering a range of two-year, bachelor's, master's and doctoral degree programs.

Recent Economic Indicators. General economic indicators for 2011 were reported by the Charleston Metro Chamber Economic Outlook Board in March of 2012. Highlights are as follows:

Population - The Charleston metro area population increased by over 8 percent, 506,875 to 549,033 persons, from 2000 to 2010. According to the U.S. Census Bureau's Population Estimates Program's (PEP) report as of July 1, 2011, the population in the metro area is 682,121, meaning that the percentage growth from 2010 to 2011 was 2.2 percent. This percentage growth is significant as it surpasses the State of South Carolina's growth (1.2 percent) and the United States growth (0.9 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 31.6 percent, from 245,940 to 323,653 persons as of 2011. As of June 2012, the Charleston region is experiencing 8.2 percent unemployment, compared to the state of South Carolina at 9.4 percent.

Housing - A total of 9,088 homes were sold in the Charleston region in 2011. The forecast, by the Charleston Metro Chamber of Commerce's Center for Business Research, is for sales to increase by 3.5 percent in 2012.

Retail Sales - Total retail sales for the Charleston area increased in 2011 by eight percent over the previous year, totaling \$20.38 billion with over \$13 billion of that total being spent in Charleston County. The City of North Charleston has led the state in sales tax collection for over a decade.

Visitor Industry - The Charleston region attracted over 4.51 million visitors in 2011, generating an economic impact of \$3.22 billion. Hotel occupancy rates were 70 percent for the year, and the average daily rate for lodging was \$117 per night. Attendance rates at area attractions increased by 4.5 percent during 2011. 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 in May of 2010 boosted both leisure travel as well as convention visitation. Kiawah Island will 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. Each day, an average of six vessels sail into our state's harbors, carrying cargo worth more than \$150 million. In 2011, the Port of Charleston handled 1.38 million TEUs (twenty foot equivalent cargo containers), which was an increase of 1.2 percent from the previous year. Break-bulk cargo totaled 788,288 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 South Carolina Ports Authority plans to invest nearly \$1.3 billion during the next decade on capital projects. The agency's fiscal year 2012 capital plan calls for \$81.7 million in the development and enhancement of new and existing facilities.

Airport Activity - Total passenger activity at the Charleston International Airport increased by 15 percent in 2011 as a result of Southwest's new service to Charleston. Passenger volumes for all airlines serving Charleston increased during the year with Southwest's low fare impact resulting in a dramatic drop in ticket prices for nearly all flights. An additional increase of three percent in passenger volume is expected for 2012. The Charleston International Airport

also began redevelopment and expansion of the airport terminal in 2012. The first phase will include an expansion of the parking area outside the terminal for airplanes servicing Charleston. The second phase will include terminal construction that will include additional gates, a renovated baggage handling area, and other improvements.

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 2012 capital improvement program calls for \$81.7 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 2011. 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. In the Charleston region, the Port of Charleston is directly and indirectly responsible for 50,700 jobs, which provides \$2.2 billion in labor income, and \$7.1 billion in annual economic impact. Statewide, international trade through the SPA's facilities provides 260,800 jobs paying \$11.8 billion in wages to South Carolinians. In all, trade pumps nearly \$44.8 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.

In October 2010 Charleston Air Force Base and the Charleston Naval Weapons Station 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 Naval Consolidated Brig, which houses prisoners from all branches of the armed services, is located on the Joint Base Charleston campus. The brig has 400 cells and can hold 288 inmates.

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 train 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 4.51 million visitors in 2011, providing an economic impact of \$3.22 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 received significant international and national recognition in 2011 as it was named the nation's number one destination by *Conde Nast Traveler* in late 2011, and the number three destination in the world, ranking only behind Sydney, Australia, and Florence, Italy.

Charleston hoteliers have widely expanded the regional room inventory and range of choices in the past decade. Charleston County's inventory of hotel rooms stood at 15,017 at the end of 2011, with a 70 percent occupancy rate and an average daily rate of \$117 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 \$194 per day in 2011 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 fiscal year 2011, MUSC received over \$243 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 2011, Charleston County continued its success in the recruitment of new jobs and capital investment. Over \$131.9 million in capital investment and 761 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.

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.

Local economic developers were seeking an updated economic development recruitment strategy when they hired Avalanche Consulting / McCallum Sweeney in 2010. Laboring for over a year, the group in 2011 unveiled the strategy *Opportunity Next*, identifying four primary vertical industry targets for the Charleston region:

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

In addition to the list above, local economic developers also continue to nurture the automotive sector, a long-standing source of high-paying manufacturing jobs in the tri-county region.

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 built at the North Charleston facility was completed and rolled out on April 27, 2012. The impressive Boeing campus became complete when the 1.2 million square-foot assembly building was joined 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. Boeing is scheduled to deliver the first North Charleston-made 787s to Air India in September 2012.

Biomedical - MUSC completed and opened the \$120 million two-building complex comprising a Drug Discovery Building and the Bioengineering Building in October 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 ready to receive its first turbine by December 2012. It will then undergo a four-month period to evaluate the control systems and other analytic equipment. The fully commissioned facility will be open for use by any qualified public or private partner early in 2013. The project is expected to cost \$98 million, of which \$45 million will be financed by a U.S. Department of Energy grant.

Automotive – The Charleston region's automotive sector is an important employer, represented by many of the major industry players. Within Charleston County this list includes General Dynamics Land Systems – Force Protection (mine resistant military vehicles), Streit USA Armoring (maker of armored cars), Cummins Turbo Technologies (turbo-charged engines for Dodge Ram pick-up), Daimler Vans (re-assembly of Sprinter vans), and Robert Bosch (automotive components) to name a few. Cummins and Streit grabbed headlines during 2011-12 as they expanded their operations at Palmetto Commerce Park, investing \$23.8 million and adding 63 new jobs. A newcomer Morgan Olson, a converter of Sprinter vans to cargo trucks, entered the market in 2012 creating 119 new jobs.

Higher Education. There are 25 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 14,834 students; College of Charleston, with 11,772 students; The Citadel, with 3,339 students; Charleston Southern University, with 3,231 students; and Medical University of South Carolina with 2,560 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 35. 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 Boston Bruins. 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 2012 tournament was attended by 88,972 people with an economic impact of over \$30 million. The Cooper River Bridge Run 10K hosted 44,200 runners in April 2012. Kiawah Island's world class Ocean Course has been selected to host the 94th Annual PGA Championship in August of 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 Wall Street Journal* ranked Charleston as the #1 "brain gainer metro" in 2011. In November 2010 GQ magazine named Charleston the "coolest small city in America."

The Charleston region offers a sizeable real estate portfolio for a mid-sized market, with over 17.2 million square feet in upscale executive buildings and offices. The 27.1 million square feet of retail space in the region is distributed between regional malls, strip centers, and the downtown Charleston central business district. Office space vacancy rates are currently at 12.47 percent. The average lease rate for office space is \$18.65 per square-foot in the region.

Over 20 industrial parks are strategically located throughout the Charleston region. As of March 2012, the Charleston region had over 45.3 million square feet of warehouse and flex space. Vacancy stands at 13.67 percent and average lease rates are \$5.78 per square-foot for industrial 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 2012 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.

The **Charleston County Library** adopted a five-year Strategic Plan after gathering input about services and future needs from local residents, elected officials, and community leaders. The resulting study included the following:

- 75 percent of County residents visited a library in the past six months
- 90 percent had a positive impression of the library
- The majority of residents supported increased library funding
- Key issues included the need to renovate and build new facilities, upgrade technology, and increase hours and services

The **Library** also offered numerous free programs that included:



- 13 children's programs attended by more than 4,250 people held during Piccolo Spoleto consisting of ballet, opera, music and marionette shows.
- Events, classes, lectures and exhibits attended by more than 194,000 people. This represents a 25 percent increase in program attendance in one year.
- Summer reading programs offered for children, young adults, and adults attended by more than 44,000 people during the eight-week event.
- A pre-literacy grant funded the Babygarten program that provided six-week classes for children under 18 months of age with a parent or caregiver. The play-filled environment included nursery rhymes, songs and read-aloud books. Children were taught reading skills and parents were encouraged to continue the interactive teaching at home.

In addition to free programs, the library's website now offers free downloadable e-Books, audio books, and music for county residents.

Due to an overwhelming community response, Charleston County Council voted to continue the **Summer Youth Work Program** in 2012. The program goals were 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 **Charleston County Clerk of Court** was the first in the state to provide an online juror response service. With this new option, those who receive a jury summons can go online to www.charlestoncounty.org to complete and submit the appropriate form for jury duty. Online users can also download exemption forms if applicable. The new process is more convenient for the public and more efficient for the court system.

The expansion of the **Register of Mesne Conveyance** Department website includes more than 1,100 scanned historical plats creating a permanent record in the event that the originals are lost or destroyed. The earliest plat dates to 1706. The scans have helped to correct water stains, mildew and old age damage that have made the originals difficult to read. The website is also helpful to historians wanting to know where buildings were previously located within the city.

Expanding upon the **Technology Services Business Continuity Plan**, a new web application named CourtPlus enables searches and access to court records via the Internet. Users can create a list of favorite cases and configure notifications to track filings. CourtPlus.org is optimized for mobile devices and includes a notification feature, which allows instant access to court records.

Charleston County **Coroner, Rae Wooten**, was named **2012 Coroner of the Year** by the South Carolina Coroner's Association. Ms. Wooten joined the Charleston County Coroner's Office in April 1995. She became Chief Deputy Coroner in July 1996, and continued in that position until September 1, 2006, when she was appointed by the Governor to complete the term of the previous coroner upon her resignation. She was subsequently elected to her first four-year term in 2008, and is a candidate for re-election in November 2012.

Joni Rennhack, an employee with Charleston County Government **Building's Inspection Services Department**, was awarded the first Flood Plain Manager of the Year Award by the South Carolina Association of Hazard Mitigation during the group's annual meeting in Greenville. Rennhack, a 15-year employee of the County, not only has the honor of being the first winner of the new award, but has the distinction of having the award named after her. Rennhack helped Charleston County obtain the National Flood Insurance Program Community Rating System (CRS) rating of 4. The County's rating results in an annual \$9.8 million in savings (a 30% reduction) on flood insurance premiums for citizens who live in the unincorporated areas of Charleston County.

Fitch Ratings upgraded Charleston County's **bond rating to AAA**. Fitch Ratings cited strong financial management and fiscal discipline, favorable operating results, consistent maintenance of reserves, and an increased stable local economy. Charleston County joins 33 counties out of 3,000 counties nationwide (the top one percent) with AAA ratings from all three rating agencies.

The **Technology Services Department** was recognized by the U.S. Environmental Protection Agency (EPA) for its commitment to energy savings measures and its enrollment in the LowCarbon IT Campaign with the following initiatives:

- **PC Power Settings** – More than 70 percent of PCs on the Charleston County network are configured to go into sleep mode after a brief period of inactivity. This results in an estimated savings of \$75 per computer per year.
- **Server Virtualization** – Hosting multiple virtual servers on a single physical server results in direct savings on power heating and air costs.
- **Purchasing ENERGY STAR compliant IT equipment** – All PCs and servers used by Charleston County are ENERGY STAR compliant meeting the EPA guidelines on consuming less energy.

Transportation Solutions:



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 2012 with the commencement/completion of several major bonded improvement projects throughout the County. The improvements completed helped to alleviate traffic flow and drainage problems throughout the county. The installation of dedicated bike lanes as well as shared-use bicycle/vehicle travel lanes helped to advance pedestrian and bicyclist mobility on heavily traveled roads.

Urban/Rural Parkland and Rural Greenspace:

Greenbelt projects during fiscal year 2012 included seven rural projects that were recommended by the Greenbelt Bank Board and approved by County Council. These projects totaled \$3.25 million in rural funding to protect 2,108 acres. Of the rural funds awarded, \$1.6 million was used for 344 acres of land providing public access and use. The rural projects were located in McClellanville, Hollywood and on Wadmalaw Island.

Additionally, Council approved five urban projects recommended by the Urban Grants Review Committee and the Charleston County Park and Recreation Commission. These urban projects are located in the municipalities of North Charleston and Folly Beach, as well as the Six Mile area of unincorporated Mount Pleasant. Greenbelt funds awarded for the urban projects totaled just under \$700,000. These projects provide 6.4 acres of land for public access and use.

The **Community Services Department** will administer two U.S. Environmental Protection Agency (EPA) Brownfield Assessment Grants totaling \$400,000 awarded to Charleston County. The funding will provide assessment, safe clean up and the reuse of brownfields. The program will bring in community groups and residents to help identify potentially polluted sites. The County will use the federal grant funds to further neighborhood revitalization by identifying sites located in residential areas that are in need of redevelopment and to further economic development by working to create a redevelopment plan for industrial and commercial sites.



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.

In September 2011, Environmental Management kicked off a partnership with the Charleston County School District to implement environmentally sustainable programs and practices within Charleston County Schools. Charleston County Environmental Management provided every school across the district with the ability to recycle all paper, plastic, cans and cardboard. As a result of this collaboration, the next generation of decision makers are being educated about environmental habits emphasizing the reduction of the amount of waste we produce, as well as learning how to recycle or reuse the resources we can.

Also, in partnership with food waste collectors from commercial businesses, the Environmental Management Department is composting food waste previously sent to the municipal solid waste landfill. The food is now made into finished compost and then sold to Charleston County citizens at a reasonable price. Charleston County has the only site in South Carolina that is approved by DHEC to do full-scale commercial food composting. The program allows for the acceptance of up to 100 tons per week and is part of a larger goal to recycle 40 percent of its stream of solid waste.



Awards and Acknowledgements:

Charleston County Government's offices, departments and employees have been honored with numerous awards and recognitions in FY 2012. These awards reflect Charleston County employees' dedication to providing the best services to our citizens.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting for the 24th consecutive year to Charleston County for its fiscal year 2011 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.

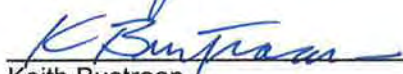
Charleston County also received its 23rd consecutive Distinguished Budget Presentation Award for its fiscal year 2012 budget from GFOA. According to the GFOA, the award reflects the commitment of Charleston County Government and its staff to meeting the highest principles of governmental budgeting. The 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 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 Gile, 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 Reggie Fuller 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 Deputy Administrator for Finance. Thank yous are also extended to the staff of Scott and Company LLC, the external auditors, for their efforts in assisting the County produce this Comprehensive Annual Financial Report.

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



W. Kurt Taylor
County Administrator



Keith Bustraan
Deputy Administrator for Finance



Corine Altenhein
Charleston County Finance Director