

INTRODUCTORY SECTION





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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, 2013.

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, 2013, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on auditor's judgment, including the assessment of risk of material misstatement to the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies 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 sufficient and appropriate evidence for rendering an unmodified opinion that Charleston County's financial statements for the fiscal year ended June 30, 2013, 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 of 1975. 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, and appointing the Internal Auditor, and Attorney. The Administrator is responsible for implementing 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 or appointed County departments. The County has approximately 2,330 employees.

Charleston County provides or supports a broad range of services that include, but are not limited to:

- 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
- Rural street and drainage maintenance and urban maintenance upon request of the municipalities
- Waste disposal and recycling
- Planning and zoning administration
- Criminal, civil, probate, and family court administration in county Magistrates' court and in State courts with the support of the elected Clerk of Court
- Public defender assistance funding to the Public Defender office, run by an appointed official
- Property assessments, tax billing (Auditor's office), collection and disbursement to appropriate entities/municipalities (Treasurer's office)
- 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 Position 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 63.

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

The legal level of budgetary control is determined by County Council at the individual fund level. Expenditures by department, sub-organizational level, and major category (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 48-51 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-Summerville Metropolitan Statistical Area ranked ninth in the Milken Institute's "Best-Performing Cities 2012", up from 11th last year, and from 30th in 2009. The Charleston region also experienced steady growth in manufacturing jobs from the first quarter of 2012 to the fourth quarter of 2012, where Charleston ranked ninth for job recovery by the Brookings Institution Report in December 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 in the Southeast.
- The military, with significant Air Force, Navy, Army, and Coast Guard facilities in Charleston, including SPAWAR.
- The tourism industry, with a year-round tourist season.
- The medical industry, focused around the Medical University of South Carolina (MUSC), the State's primary 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 public and private colleges and universities offering a range of two-year, bachelor's, master's and doctoral degree programs.

Recent Economic Indicators. General economic indicators for 2012 were reported by the Charleston Metro Chamber Economic Outlook Board in March of 2013. Highlights are as follows:

Population - The Charleston metro area population increased by over 21 percent, 549,033 to 664,607 persons, from 2000 to 2010. According to the U.S. Census Bureau's Population Estimates Program's (PEP) report as of July 1, 2012, the population in the metro area is 697,439, meaning that the percentage growth from 2010 to 2012 was 4.9 percent. This percentage growth is significant as it surpasses the State of South Carolina's growth (2.1 percent) and the United States growth (2.2 percent) during the same period.

Labor Force & Employment – Since 2003, the civilian labor force in the Charleston region has grown by 19 percent, from 277,055 to 330,202 persons as of 2013. As of June 2013, the Charleston region is experiencing 7.2 percent unemployment, compared to the state of South Carolina at 8.7 percent.

Housing - A total of 10,496 homes were sold in the Charleston region in 2012. The forecast, by the Charleston Metro Chamber of Commerce's Center for Business Research, is for sales to increase by 9 percent in 2013.

Retail Sales - Total retail sales for the Charleston area remain stable over the previous year, totaling \$20.31 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 by over \$1 billion to the second-place city for over a decade.

Visitor Industry - The Charleston region attracted over 4.83 million visitors in 2012, generating an economic impact of \$3.58 billion. Hotel occupancy rates were 71 percent for the year, and the average daily rate for lodging was \$124 per night. Attendance rates at area attractions remain flat during 2012. Repeat visitations to the Charleston area are high and attractions are challenged to creatively attract new visitors. 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 was host to the 2012 PGA Championship golf tournament in August 2012, which had a significant impact on the tourism industry in the Charleston region. Charleston also received international recognition when it was named #1 destination by Conde Nast.

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 South Carolina harbors, carrying cargo worth more than \$150 million. In 2012, the Port of Charleston handled 1.5 million TEUs (twenty foot equivalent cargo containers), which was an increase of 9.6 percent from the previous year. Break-bulk cargo totaled 1.41 million 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 (SCPA) plans to invest nearly \$1.3 billion during the next decade on capital projects. The agency's fiscal year 2013 capital plan calls for \$594 million in the development and enhancement of new and existing facilities over the next ten years.

Airport Activity - Total passenger activity at the Charleston International Airport increased by 2.8 percent in 2012 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 2013 with the addition of JetBlue and the strong pre-bookings for flights to New York and Boston. 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. 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 South Carolina Ports Authority (SCPA) fiscal year 2013 capital improvement program called for \$594 million in development and enhancements of new and existing facilities over the next ten years. In addition, the SCPA plans to invest nearly \$1.3 billion on capital projects over the next decade.

One of these projects is the deepening of Charleston Harbor to 50 feet. With 45 feet of depth at mean low water, Charleston currently has the deepest channels in the region and can handle ships drafting up to 48 feet on high tide. Deepening Charleston Harbor to 50 feet will open the port to handling larger post-Panamax container ships 24 hours a day.

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 more than \$58 billion in 2012. Top commodities that pass through Charleston docks include consumer goods, auto parts, 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 multi-use break-bulk and roll-on/roll-off facility.

The SCPA, which operates the Port of Charleston, employs approximately 500 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 SCPA'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. It is now the region's largest single employer with 22,000 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 Wing 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 4.8 million visitors in 2012, providing an economic impact of \$3.58 billion to the local economy. The hospitality industry directly employs 28,740 people in Charleston County, accounting for 10.1 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 2012 as it was named the world's and the nation's number one destination by Conde Nast Traveler. This is the second consecutive year that Charleston has been voted the nation's favorite destination.

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 with a 71 percent occupancy rate and an average daily rate of \$124 per night. And the addition of several new high profile hotels has added 1,500 rooms to the downtown Charleston area alone...a 44 percent increase over the current room inventory.



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 SCPA 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. Currently there are three lawsuits pending challenging the proposed project. Concerns center

around the impact the project will have on the City of Charleston's historic district and limiting the number of cruise ships allowed to visit the city. 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 2012 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 2,600, with over 1,300 faculty members being employed. In fiscal year 2012, MUSC received over \$232 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.

Roper St. Francis Healthcare provides three full-service hospitals, conveniently located throughout the region, in addition to more than 90 facilities and doctors' offices. These area hospitals provide 657 patient beds and employ 4,800 employees. Roper St. Francis Healthcare is ranked among the top 100 Integrated Health Networks in the nation.

Manufacturing and Service Companies. In 2012, Charleston County continued its success in the recruitment of new jobs and capital investment. Over \$162 million in capital investment and 950 jobs were announced. These numbers have put Charleston County in the top ten in the state for 2012 and for the past 9 years.

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 was expanded 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 delivered the first North Charleston-made 787s to Air India in October 2012.

In 2010, Boeing invested again in Charleston County when it constructed the Interiors Responsibility Center at Palmetto Commerce Park, about 9 miles north of the Final Assembly campus. Here the galleys, overhead bins, restrooms and other interior components are fabricated and assembled for just-in-time delivery to Final Assembly.

The year 2013 proved eventful indeed, as Boeing expanded its 787 resources, introduced new capabilities, and brought a portion of work for the new 737-Max to North Charleston.

On April 9, 2013 Boeing announced that it intended to invest an additional \$1 billion and create 2,000 additional jobs at the Final Assembly campus. In the wake of that announcement, Boeing is currently expanding its aft-fuselage and

paint buildings to support a greater 787 production rate, as well as constructing a 'Dreamlifter Operations Center' to maintain and service the workhorse cargo planes that ferry finished 787 sections from around the world to Everett, WA and North Charleston. Boeing also announced the establishment of engineering resources in Charleston, along with one of three "IT centers of excellence." The company plans on adding about 600 information technology jobs in North Charleston during the next three years as the company makes changes to its IT sites.

During 2013, Boeing also acquired an additional 320 acres immediately adjacent to its current Final Assembly Operations, along with a right of first refusal on another 488 acres adjacent to the site. Finally, the company also revealed that it would establish a 737 Max Inlet production facility in Palmetto Commerce Park, creating an additional 300 production jobs. The North Charleston-made composite inlets will rim the nacelles of the 737 Max engines, with final aircraft assembly slated to occur in Renton, WA.

InterTech subsidiary TIGHITCO opened a 120,000 square foot composites facility in North Charleston in March 2013. TIGHITCO makes parts for everything from trucks to planes, but the focus of the new factory will be supplying aircraft makers in the Southeast. TIGHITCO currently supplies Boeing, providing parts like landing gear-well insulation to the plane maker's North Charleston 787 Dreamliner factory.

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 houses leading edge laboratory space as well as bio-tech startup 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 2012, anchored by nationally known companies servicing research and development contracts from the U.S. Navy's (SPAWAR) Center Atlantic. SPAWAR Systems Center Atlantic has a \$3.1 billion statewide economic impact and employs some 25,000 employees with a payroll of \$1.3 billion.

Energy Systems – 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 will cut its ribbon in November 2013 and is expected to be ready to receive its first turbine by December 2013. 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 2014. The project is expected to cost \$98 million, of which \$45 million will be financed by a U.S. Department of Energy grant. The entire campus is being renamed Energy Systems Innovation Center due in part to the addition of a Grid Simulator which allow for testing of the wind turbine generators compatibility to 50 or 60 Hz electrical transmission grids. The Zucker Family Graduate Education Center, financed in part by a \$5 million gift from the family, will foster collaboration and innovation in a place where students, university faculty and staff, and private industry will interact on a daily basis.

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 (armored cars), Cummins Turbo Technologies (turbo-charged engines for Dodge Ram pick-up), Daimler Vans Manufacturing (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 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; The Citadel, with 3,300 students; Charleston Southern University, with 3,200 students; and Medical University of South Carolina with 2,600 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 340 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 community 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, Colonial Athletic Association, 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 was 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 2013. *Conde Nast* ranked Charleston as the #1 tourist city in the world in 2012. Charleston was also ranked in the top 10 for job recovery amongst U.S. metros by the Brookings Institute in 2012. And the Milken Institute named Charleston amongst the Top Ten 'Best Performing U.S. Metros for High Tech & Economic Growth' and Top Ten 'Best Performing Cities.'

The Charleston region offers a sizeable real estate portfolio for a mid-sized market, with over 11.5 million square feet in upscale executive buildings and offices. The 16.8 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 11.94 percent. The average lease rate for office space is \$20.11 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 32.7 million square feet of warehouse and flex space. Vacancy stands at 11.5 percent and average lease rates are \$4.30 per square-foot for industrial space.

MAJOR COUNTY INITIATIVES

Charleston County's initiatives in fiscal year 2013 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.

Library completes Strategic Plan, looks to future: Charleston County Public Library marked a milestone with the completion and adoption of a Long-Range Strategic Plan that reviewed the library's services, facilities, technology and funding and identified specific improvements that are needed. The year-long planning process also included extensive interviews with library users and community leaders plus an independent survey of county residents to find out if they use the library, how they use it and what they want in the future. The Plan identified needs in each key area, specifically recommending current branch libraries be renovated and new libraries be built. The last major library building program was launched after residents overwhelmingly approved a referendum in 1986 to build four Regional Libraries and a new Main Library, but the county's growth has eclipsed the existing facilities. As part of the Strategic Plan, the Library's Board of Trustees adopted a new mission, vision and goals and presented the Plan's findings to County Council.

Key Findings of the Strategic Plan:

- Library circulation is up 87 percent in past 10 years and Program attendance is up 178 percent in past 10 years;
- 90 percent of residents believe library services are very important to the county;
- 75 percent of residents visited a branch library within the past six months;
- A majority of residents support increased funding for the library;
- A majority of residents want library funding to be a separate line item on their tax bill; and
- The library needs, and residents want, more and better facilities, expanded technology services and more hours Sundays and in the evenings.

Summer Youth Work Program: In the summer of 2012, Charleston County took the opportunity to extend its Summer Youth Work Program to seven weeks. In only its second year, the program hired nearly 100 students at various positions around the county. The goal is to provide area youth with valuable workforce skills and let them explore career opportunities within the County.

Officials from multiple jurisdictions celebrated the grand opening of Charleston County's **Consolidated Dispatch Center (CDC)** and **Emergency Operations Center** on January 24, 2013. The CDC uses dedicated call takers to process calls through the use of nationally-recognized protocols and has a full-time Quality Assurance Department. The 38,000 square foot structure enables the full consolidation of 9-1-1 and emergency dispatch operations in Charleston County and serves as the new location for the Emergency Operations Center and public safety information hub. It is designed to be occupied during disasters, with the ability to withstand winds of 191 mph and resist earthquake forces.

The International Academies of Emergency Dispatch awarded Accreditation to the Charleston County Consolidated Dispatch Center as an Emergency Fire and Emergency Medical Dispatch Center of Excellence. The Consolidated Dispatch Center is only the 24th Emergency Fire Dispatch Center and the 171st Emergency Medical Dispatch Center in the world to be awarded the highest distinction for their comprehensive implementation and compliance with the Fire and Medical Priority Dispatch System and associated 20 Points of Excellence.

Expanding its use of **social media communication** with the public, Charleston County added the following:

- New County Facebook page offers news releases, additional photos and video links to County programs and events.
- Consolidated 9-1-1 Center's Public Education Program Facebook page includes video examples of 9-1-1 calls to teach the proper way to call for help during an emergency.
- Emergency Management Department Facebook page plays a key role in disseminating information to citizens in the event of a hurricane or other natural or manmade disaster situation.
- The Delinquent Tax Department announced a new website service to help citizens identify unclaimed funds. The new service offers citizens the ability to identify an unclaimed balance resulting from a tax sale of property, as well as access the property Tax Sale Year link for unclaimed funds.

- The Economic Development Department implemented a new website to address a full range of informational needs for site location consultants, existing businesses seeking assistance with problems or help in expanding, and businesses seeking to do business with other local businesses.
- The Charleston County Clerk of Court's office launched the **CourtPlus** online application, which is one of the first such applications in the nation. CourtPlus makes it easier for citizens to access court information such as General Sessions's cases, Family Court cases or Common Pleas cases. With this application, all citizens of Charleston County can track cases online without needing to call or visit the office for assistance.

The **County Treasurer** and the S.C. Department of Motor Vehicles (SCDMV) implemented a new effort that will save taxpayer dollars and will streamline the process for vehicle license renewals. Through a Memorandum of Agreement, the County Treasurer participates in a service that the SCDMV offers to all counties regarding how receipts are sent to taxpayers. The SCMV will mail one document that will contain both the customer's vehicle registration and their vehicle property tax receipt. Previously, the treasurer and the SCMV sent two different pieces of mail. An estimated savings of \$72,000 annually will be realized by the County through the partnership.

Transportation Solutions:

During the year, Charleston County Government completed significant enhancements or improvements to the infrastructure of Charleston County. Some of the improvements include:

- St. Andrews Boulevard bike lanes and SC-61 Resurfacing. Dedicated bike lanes as well and shared-use bicycle/vehicle travel lanes were installed in the area as well as the resurfacing of St. Andrews Boulevard from Wesley Drive to Wallace School Road.
- The traffic flow in and out of Mount Pleasant on Highway 17 during rush hour was improved with the completion of the Johnnie Dodds Boulevard Project.
- Drainage and intersection improvements were completed in North Charleston and Isle of Palms.

Urban/Rural Parkland and Rural Greenspace:

Greenbelt projects funded during fiscal year 2013 included three rural projects that were recommended by the Greenbelt Bank Board and approved by County Council. These projects totaled \$551,950 in rural funding to protect 500 acres. The rural projects are located on Johns Island, Wadmalaw Island and near McClellanville.

Additionally, Council approved four 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 Isle of Palms. Greenbelt funds totaling \$724,871 were awarded to purchase 12 acres.

Of the total Greenbelt projects funded during FY13, \$953,571 was used to purchase 32 acres of land for public access and use.

The **South Carolina African American Heritage Commission** (SCAAHC) recognized Charleston County Government for their efforts to preserve and document the remnants of a large inland rice field located in the Palmetto Commerce Parkway area. The visible water dikes in this area were once part of a large inland rice plantation that has not been used for over a century. Charleston County created the Inland Rice Fields Project to offer citizens a chance to learn about the site. The project is registered with the State Historic Preservation Office, which is a part of the South Carolina Department of Archives and History. Included in the plan are a website, a resource guide, and a Traveling Trunk program to help educate students about the historic rice fields.

Environmental Management:

The **Environmental Management Department** implemented the following additional services to encourage recycling:

- Developed the Special Event Recycling Program to effectively recycle waste generated at special events.
- Expanded the Greening Schools Program to include food waste recycling at 10 elementary schools across the County.
- Partnered with Publix Super Markets to launch a pilot program for composting their organic waste.

- Implemented Phase V of the single stream residential recycling program to include 9,000 more homes. This program allows additional neighborhoods to start recycling more, which supports the County's 40 percent recycling goal.
- Began a collaborative effort to recycle more cardboard generated by downtown Charleston businesses.

Awards and Acknowledgements:

Charleston County Government's offices, departments and employees have been honored with numerous awards and recognitions in FY 2013. These awards reflect Charleston County employees' dedication to providing the best services to our citizens.

The American Public Works Association (APWA) awarded Accreditation to the **Public Works, Transportation Development, and Facilities** departments. Public Works is charged with maintaining county roads and drainage systems as well as managing the mosquito control program. Transportation Development is tasked with road improvement projects from the design phase to maintenance and all stages in between. Facilities ensure all County building structures are in efficient working order.

In November of 2012, Charleston County Council honored Beverly T. Craven, who has served as Clerk of Charleston County Council since November 9, 1987. Council declared November 9 as Beverly T. Craven Day and will continue the recognition on November 9 of each year to come.

Charleston County Emergency Medical Services won the S.C. Paramedic Championship for the third year in a row. They also continue to rate 90 percent or higher patient satisfaction on surveys sent out to all patients.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting for the 25th consecutive year to Charleston County for its fiscal year 2012 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 24th consecutive Distinguished Budget Presentation Award for its fiscal year 2013 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 fiscal year 2014 budget was submitted to the GFOA and we believe it will receive the award.

Charleston County maintained its AAA bond rating with Standard & Poor's Ratings Service, Moody's Investors Service and Fitch Ratings.

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, and Chrisanne Porter 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. Thanks 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 leadership and support of Charleston County Council in making this report possible.



W. Kurt Taylor
County Administrator



Keith Bustraan
Deputy Administrator for Finance



Corine Altenhein
Finance Director