

# INTRODUCTORY SECTION





**W. Kurt Taylor**  
County Administrator

843.958-4000  
Fax: 843.958-4004  
[ktaylor@charlestoncounty.org](mailto:ktaylor@charlestoncounty.org)  
Lonnie Hamilton III Public Services Building  
4045 Bridge View Drive, Suite B238  
North Charleston, SC 29405

December 19, 2014

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, 2014.

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, 2014, 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, 2014, 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 *Supplemental Federal Financial Assistance Reports*.

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 2,400 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 64.

The annual budget serves as the foundation for Charleston County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the County's Budget Office by February 1 each year. The County Administrator presents the proposed budget to County Council for review during May. Council is required to hold public 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 five Deputy County 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 46-48 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 143.

## **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 2013", up from 30th in 2009. The Charleston region also experienced steady growth in manufacturing jobs from the first quarter of 2013 to the fourth quarter of 2013, where Charleston ranked 11th for job recovery by the Brookings Institution Report in December 2013. 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 numerous engines of growth:

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

### **Recent Economic Indicators.**

*Population* - The Charleston metro area population increased by over 8 percent, 506,875 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, 2013, the population in the metro area is 712,219, meaning that the percentage growth from 2010 to 2013 was 7.2 percent. This percentage growth is significant as it surpasses the State of South Carolina's growth (3.2 percent) and the United States growth (2.4 percent) during the same period.

*Labor Force & Employment* – Since 2003, the civilian labor force in the Charleston region has grown by 21 percent, from 277,055 to 336,450 persons as of 2013. As of May 2014, the Charleston region is experiencing 4.5 percent unemployment, compared to the state of South Carolina at 5.3 percent.

*Housing* - A total of 12,741 homes were sold in the Charleston region in 2013. The forecast, by the Charleston Metro Chamber of Commerce's Center for Business Research, is for sales to increase by 10 percent in 2014.

*Retail Sales* - Total retail sales for the Charleston area increased five percent in 2013 as a result of growth in the region's housing market and strong visitor industry. Gross retail sales in the region totaled \$21.31 billion with over \$13 billion of that total being spent in Charleston County.

*Visitor Industry* - The Charleston region attracted over 4.51 million visitors in 2013, generating an economic impact of \$3.22 billion. Hotel occupancy rates were 72 percent for the year, and the average daily rate for lodging was \$128 per night. Attendance rates at area attractions increased by 5.8 percent. 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 JetBlue and international exposure will attract more leisure and business travelers. Charleston also received international recognition for the third year when it was named #1 destination by Conde Nast in 2013.

*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 the state's harbors, carrying cargo worth more than \$150 million. In 2013-2014, the Port of Charleston handled 1.56 million TEUs (twenty foot equivalent cargo containers), which was an increase of 8.9 percent from the previous year. Break-bulk cargo totaled 723,420 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 billion during the next decade on capital projects. The agency's fiscal year 2015 capital plan calls for \$113.5 million in the development and enhancement of new and existing facilities.

*Airport Activity* - Total passenger activity at the Charleston International Airport increased by 3 percent in 2013 with the initiation of service by JetBlue Airlines. Passenger volumes for all airlines serving Charleston increased during the year. The Charleston International Airport also began redevelopment and expansion of the airport terminal in 2012. Phase one includes an expansion of the area outside the terminal for airplanes servicing Charleston. Phase two includes terminal construction that will create 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. The Navy Base Terminal (NBT) is slated for completion by 2019. This facility is designed specifically to host the larger Post Panamax ships and is projected to increase the container cargo capacity of the South Carolina Ports Authority (SCPA) by 50 percent. The SCPA's fiscal year 2015 capital improvement program called for \$113.5 million in development and enhancements of new and existing facilities. In addition, the SCPA plans to invest nearly \$1 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 more than \$63.6 billion in 2013. 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.

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 and pumps nearly \$45 billion into the state economy.

**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 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 \$6.7 billion to the Charleston region annually. The Air Force portion of Joint Base Charleston is home to the 437<sup>th</sup> 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, a 480-bed facility which houses prisoners from all branches of the armed services, is located on the Joint Base Charleston campus.

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 841<sup>st</sup> 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 sees more than 4 million visitors annually, providing an economic impact of \$2.8 billion to the local economy. The hospitality industry directly employs 28,949 people in Charleston County, accounting for 13.3 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 2014 as it was named No. 1 on the world's best awards list of top cities in the U.S. and Canada for the second consecutive year by *Travel & Leisure*.

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 72 percent occupancy rate and an average daily rate of \$128 per night. Several major new hotels are under way in downtown Charleston, North Charleston, and Mt. Pleasant, which will add over 1,500 new rooms.

In a city that prides itself on buying local and all things Lowcountry, it is no surprise that artisanal craft beer has taken Charleston by storm. With seven established breweries, dedicated retail stores and bars, active home brewing clubs and the annual Brewvival festival, craft beer culture is booming. The economic impact of craft beer in South Carolina is tremendous and growing. The Brewers Association report issued in December 2013 estimates a \$254 million impact, which attributes to 2,909 jobs. The Charleston market, with the lion's share of breweries and craft beer enthusiasts, accounts for the majority of the economic impact. The released figures are 2012 estimates, but craft beer grew exponentially in 2013.

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 \$170 per day 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 2,775, with over 1,300 faculty members being employed. In fiscal year 2013, 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.

**Manufacturing and Service Companies.** In 2013, Charleston County continued its success in the recruitment of new jobs and capital investment. Over \$1.15 billion in capital investment and 2,483 jobs were announced. These numbers ranked Charleston County as 1st in the state in jobs creation and 2nd in the state for capital investment for the year.

Pro-business government attitudes permeate through the State of South Carolina and the Charleston region. State commerce department officials work hand-in-hand with economic developers from 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 sought an updated economic development recruitment strategy when they hired Avalanche Consulting / McCallum Sweeney in 2010. After a year of research, the group in 2011 unveiled the strategy *Opportunity Next*, identifying four primary vertical industry targets for the Charleston region:

- Aerospace
- Biomedical
- Advanced Security & Information Technology (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 2009 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.

In the spring of 2013, Boeing again gave its vote of confidence in the Charleston area as it announced a \$1 billion expansion that would promise an additional 2,000 employees. As part of this expansion, Boeing committed to bring information technology and engineering capabilities to its campus, along with additional production workers. Later in the year, it also moved to acquire an additional 460 acres in and around the Final Assembly complex, and announced a new paint facility that would shift that task here from San Antonio, TX. The company also announced that a second aircraft program, the 737-Max, would be supported from North Charleston with an engine inlet (nacelles) production plant to be located in Palmetto Commerce Park.



The economic magnitude of building the 787 is breathtaking in and of itself, but is made all the more impressive when one considers the further impact of business visitors to the area. The multitude of business visitors to the North Charleston campus that occurs just in the normal daily course of business creates a massive spin-off effect in area restaurants, hotels, shops, and tourist venues. In addition, the delivery of aircraft is a prestigious ceremonial event that is preceded by the hosting of large entourages of airline owners, their families and staff over extended periods of time.

As Boeing increases its workforce to 8,000 employees during 2014, it will also be making a new imprint in the Charleston technology sector. The company announced that it will create engineering and IT centers of excellence, as well as a new Boeing research & technology center. Over 1,500 positions will be staffed by high tech knowledge workers, further complementing the home-grown technology sector growth the Charleston area has been experiencing.

*Biomedical* – Along with patient care and academics, research is at the heart of MUSC. With core facilities, state of the art centers and institutes, and the latest clinical trials, MUSC is poised to be a leader in medical research and development. MUSC's current strategic plan allows for the creation of the Center for Medical Innovation and Entrepreneurialism. The Center will serve as a gateway for partner engagement as well as a resource for entrepreneurial health and biomedical scientists. The South Carolina Clinical and Translation Research Institute is bringing positive change to biomedical research and creating an avenue for shared expertise and resources. Furthermore, the Foundation for Research Development is paving the way for inventors, industry, and entrepreneurs to collaborate. In patient care, for 2013-14, MUSC was ranked as the #1 hospital in South Carolina by *U.S. News & World Report*.

The Horizon Redevelopment Project is an urban revitalization and economic development vision to advance knowledge-based sectors of the Charleston region. The project aspires to be a national model for research-oriented urban infill development, an innovative initiative that will incorporate all of the elements necessary to create a vital urban place in the knowledge-based economy. The goal of the project is to create Horizon District, an urban mixed-use bio-tech research development neighborhood located in downtown Charleston adjacent to the MUSC campus. The Horizon Project Foundation, Inc. (HPF) is a South Carolina nonprofit corporation established to support the City of Charleston and the Medical University of South Carolina Foundation. As the contracting organization with the Master



Developer, HPF has performed significant pre-development work, in addition to assisting and guiding the Master Developer's efforts on the project.

*Advanced Security & IT* – Information technology companies continued to expand in Charleston during 2013, 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.

*Home-grown IT* – Charleston's technology sector has been dubbed "Silicon Harbor" by Nate DaPore, President and CEO of PeopleMatter and the Charleston County nominee as 2013 South Carolina Department of Commerce Economic Development Ambassador. Home-grown information technology and high tech firms such as PeopleMatter, SPARC, Benefitfocus, and Blackbaud have experienced exponential growth which is continuing into 2014. The recent announcement of the Boeing IT Center of Excellence showcases the pinnacle of that has been reached. The Charleston area also hosts a number of firms included in the *Inc. 500* list of fastest-growing companies and several Charleston firms successfully acquired venture capital.

Through the efforts of the Charleston Digital Corridor, the Charleston region is on the cusp of being a technology center. Knowledge based-companies and emerging companies have the convenience of utilizing one of two incubator facilities, dubbed 'Flagships,' to grow and incubate their companies and host a co-working space. The 40,000 sq. ft. Flagship 3 has just been announced and will continue to foster Charleston's development of its knowledge economy. In addition to the Digital Corridor initiatives, The Harbor Accelerator is an independent recently-founded business accelerator program for entrepreneurs with scalable business concepts. Their 14-week program caps off with introductions to potential capital sourcing to grow a start-up.

*Energy Systems* – The Clemson University Research Institute (CURI) Campus is home to the nation's newest and world's most advanced capacity wind-turbine drive train testing facility. The \$100 million Clemson University SCE&G Energy Innovation Center opened in November 2013. The center is capable of full-scale highly accelerated mechanical and electrical testing of advanced drivetrain systems for wind turbines with 7.5 MW and a 15 MW test bays. This technology will pave the way for future energy innovation.

By 2030, the U.S. Department of Energy has set a goal to generate 20 percent of the nation's power needs through wind. The South Carolina coast offers strong winds in shallow water, access to the ports of Charleston and Georgetown, and a large demand which drives development of offshore wind farms. In addition, ship-building and manufacturing facilities enhance the potential to become an industrial hub as larger turbines are created. Through the efforts of CURI, South Carolina can benefit from the wind energy industry that is coming to the forefront.

*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 Streit USA Armoring (maker of armored vehicles), Cummins Turbo Technologies (turbo-charged engines for Dodge Ram pick-up), Daimler Vans (re-assembly of Sprinter vans), Morgan Olson (converter of Sprinter vans and cargo trucks), VTL Precision (powertrain components and assemblies), and IFA Rotorion (drive shaft manufacturer) to name a few. Cummins, VTL Precision, and IFA Rotorion, are proud participants in the first Youth Apprenticeship program with Trident Technical College and local high school juniors and seniors.

**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 17,489 students; College of Charleston, with 11,619 students; The Citadel, with 3,598 students; Charleston Southern University, with 3,269 students; and Medical University of South Carolina with 2,775 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 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, 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 2013 tournament was attended by 78,147 people with an economic impact of over \$30 million. The 10K Cooper River Bridge Run hosted over 38,000 runners in March 2013 and over 31,000 in April 2014.

**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 travel company Andrew Harper. *Forbes* named Charleston one of the Best Places for Business & Careers in 2013. Charleston was named Top U.S. City by Condé Nast Traveler 2013 Readers' Choice Awards. This is the third consecutive year that Charleston has received this #1 ranking. Charleston was also ranked #11 for U.S. Cities for Economic Growth by the Milken Institute Best Performing Cities Index, December 2013.

According to Costar (second quarter 2014), the Charleston region offers a sizeable real estate portfolio for a mid-sized market with over 4.9 million square feet in upscale Class A executive buildings and offices. The 20.7 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 8.9 percent. The average lease rate for office space is \$24.66 per square-foot in the region.

Over 20 industrial parks are strategically located throughout the Charleston region. As of March 2014, the Charleston region had over 63.9 million square feet of warehouse and flex space. Vacancy stands at 9.1 percent and average lease rates are \$4.74 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 18 airports and 14 cities in the U.S. including Atlanta, Baltimore, Charlotte, Chicago, Houston, Miami, New York, and Philadelphia.

## MAJOR COUNTY INITIATIVES



**Charleston County Public Library.** Tablets, smart phones and digital devices are everywhere, and Charleston County Public Library provides residents access to free digital resources. The Library also offers Tech Talks and classes to help residents understand this new technology, how it can be used, and what devices best fit their needs. Digital content is available anytime on the Library's website: [www.ccpl.org](http://www.ccpl.org).

In March 2014, The Second Annual Charleston Tells Storytelling Festival attracted both county residents and visitors from other states, including some from as far away as Canada. The Festival offered attendees an opportunity to celebrate the art of storytelling, the human experience and the Lowcountry's rich heritage, much of it handed down verbally from generation to generation. Whether hearing the spooky echo of a passing carriage tour while listening to ghost stories or reacting to a teller's anecdote through laughter or tears, audiences were wowed by the stories, music and programs presented by a gifted group of national, regional and local performers.

The library also developed a major Construction and Renovation Plan that includes building five new libraries, three of which will serve as replacements for existing facilities. Thirteen existing branches will be renovated. The library's support staff will be moved out of the Main Library and that space will be reconfigured for public use. Technology in all buildings will be upgraded. The \$108.5 million plan was finalized after a series of 11 community meetings that drew hundreds of residents countywide. The question of funding the projects is being put before voters in the November 2014 election.

The **Human Resources Department** in conjunction with the County Veterans Affairs Department worked to set up a local Non-Paid Work Experience Program. This program helps veterans with a least a ten percent service-connected disability prepare for, find and keep suitable jobs. The program provides the veterans with on-the-job training and an opportunity to learn more about public service during their six month assignment and it provides the County with additional talent in delivering quality service to its citizens.

The **Emergency Management Department** developed an app to inform the public before, during and after an emergency situation. The app gives information such as emergency information, shelter locations, closings and contact numbers to name a few. Charleston County received a federal grant to cover the entire cost of production. The grant also provides funding for yearly maintenance costs.

The **Community Services Department** actively sought available grant funding for County programs and provided administrative and financial oversight for U.S. Department of Housing and Urban Development (HUD). These activities include the Urban Entitlement Program. Urban Entitlement funding through HUD is designed to improve housing and neighborhoods in economically disadvantaged areas. This is accomplished by various community development activities and by sub-granting funding to area organizations through the Community Development Block Grant (CDBG), Home Partnership Investment (HOME), and the newly created Emergency Solutions Grant (ESG) programs. The County assisted, either directly or through contract management, 79 households in gaining access to clean water and/or wastewater systems or providing septic system upgrades.

The **Public Works Department** introduced the YourGOV mobile device application by Cartegraph to provide a direct link for citizens to the Public Works Work Order System. The Citizen Request application allows users to report non-emergency issues and service requests for potholes, fallen trees, vandalism, street light outages and more. Designed for use nationwide, YourGOV helps prompt quicker responses to requests and issues. YourGOV opens new lines of communication, providing the access and transparency that helps build smarter, more sustainable, and more collaborative communities.

**Transportation Solutions:** During the year, Charleston County Government completed improvements to the infrastructure of Charleston County. Some of the improvements include:

- Completion of 28 County Transportation Committee projects this year with a total (expensed) value of \$6.2 million.

- The department worked on nine bonded projects during this time with a total (expensed) value of \$22.3 million.
- Transportation Development worked on 66 Transportation Sales Tax (TST) Allocations projects during this time with a total (expensed) value of \$9.5 million.

**Urban/Rural Parkland and Rural Greenspace.** The Greenbelt Bank Board reviewed fourteen rural projects that were approved by County Council. These projects totaled just under \$10 million to protect 656 acres. The rural projects are located in Hollywood, Ravenel, Awendaw, McClellanville and on Johns Island. Of the rural Greenbelt funds awarded by County Council during fiscal year 2014, \$5 million was used for the purchase of 37 acres surrounding the iconic and beloved Angel Oak on Johns Island.

Additionally, Council approved five urban Greenbelt projects recommended by the Urban Grants Review Committee and the Charleston County Park and Recreation Commission. All urban projects approved during fiscal year 2014 were for the City of North Charleston to purchase future park land. Greenbelt funds awarded to the City totaled \$682,599 for the purchase of 16 acres.

Of the total Greenbelt projects funded during fiscal year 2014, \$10.6 million was used to purchase 407 acres of land for public access and use.



**Environmental Management:** In Charleston County's continuing effort to maintain a more sustainable environment, the Environmental Management Department grew its Food Waste Composting Program. Entering the program's third year, diverse participants included schools, colleges and universities, hospitals, local restaurants, and other food waste generators. As a result, there was an 80 percent increase of tons of finished compost sold, 76 percent increase of revenue from compost sales, and 224 percent increase of incoming tons of food waste.

The Charleston County single stream residential recycling program was completed in June 2014. Urban Charleston County residences were provided a wheeled roll cart for recycling. With single stream recycling, instead of separating recyclables by type, residents can combine all paper, cardboard, glass, aluminum and plastic containers into one wheeled roll cart. This state-of-the-art program utilizes automated trucks to collect recyclables once every two weeks.

**Awards and Acknowledgements:**

Charleston County Government's offices, departments and employees have been honored with numerous awards and recognitions in FY 2014. These awards reflect Charleston County employees' dedication to providing the best services to our citizens. Five departments received national accreditation in FY 2014:

- Charleston County Consolidated 9-1-1 Center was formally awarded Accreditation by the International Academies of Emergency Dispatch as an Emergency Fire and Emergency Medical Dispatch Center of Excellence.
- Charleston County Fleet Operations becomes the first in the state to earn the Automotive Service Excellence (ASE) Blue Seal of Excellence. Also, eighty percent of Fleet Technicians have received their ASE Blue Seal of Excellence certifications in various auto-motive skills.
- Public Works was accredited by the American Public Works Association.
- Transportation Development was accredited by the American Public Works Association.
- Facilities Maintenance Department was accredited by the American Public Works Association.

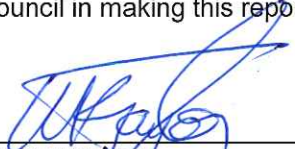
The Government Finance Officers Association of the United States and Canada (GFOA) awarded its **Certificate of Achievement for Excellence in Financial Reporting** for the 26<sup>th</sup> consecutive year to Charleston County for its fiscal year 2013 Comprehensive Annual Financial Report. The Certificate 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. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that Charleston County's current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Charleston County also received its 25<sup>th</sup> consecutive **Distinguished Budget Presentation Award** for its fiscal year 2014 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 2015 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 Chrisanne Porter and Patricia Davis 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. 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